



Fortior Tech
峰昭科技

峰昭科技(深圳)股份有限公司
Fortior Technology(Shenzhen)Co., Ltd.

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

Stock code : 1304

**FORTIOR
TECH**

2025
ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Bi Lei (*Chairman*)

Dr. Bi Chao

Independent Non-executive Directors

Dr. Lin Mingyao (*appointed on 22 April 2025*)

Dr. Niu Shuangxia

Mr. Chen Jingyang (*appointed on 10 January 2025*)

AUDIT COMMITTEE

Mr. Chen Jingyang (*Chairperson*)

Dr. Lin Mingyao

Dr. Niu Shuangxia

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Chen Jingyang (*Chairperson*)

Mr. Bi Lei

Dr. Niu Shuangxia

NOMINATION COMMITTEE

Dr. Niu Shuangxia (*Chairperson*)

Mr. Bi Lei

Dr. Lin Mingyao

STRATEGY AND ESG COMMITTEE

Mr. Bi Lei (*Chairperson*)

Dr. Bi Chao

Dr. Niu Shuangxia

JOINT COMPANY SECRETARIES

Ms. Ma Wing Yee (*appointed on 2 December 2025*)

Mr. Sun Yunzi (*appointed on 24 December 2025*)

Ms. Jiao Qianqian (*resigned on 2 December 2025*)

Mr. Hou Haowen (*resigned on 2 December 2025*)

AUTHORIZED REPRESENTATIVES

Mr. Bi Lei

Ms. Ma Wing Yee (*appointed on 2 December 2025*)

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

203, Building 11

Software Park (Phase II)

1 Keji Central Road II, Gaoxin Central Zone

Nanshan District, Shenzhen

Guangdong

PRC

PLACE OF BUSINESS IN HONG KONG

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248 Queen's Road East

Wanchai

Hong Kong

COMPANY'S WEBSITE

www.fortiortech.com

HONG KONG LEGAL ADVISOR

Paul Hastings (Hong Kong) LLP

22/F, Bank of China Tower

1 Garden Road

Central

Hong Kong

COMPLIANCE ADVISOR

Altus Capital Limited

21 Wing Wo Street

Central

Hong Kong

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKS

Bank of China, Shenzhen Shenzhen Bay Branch

Ping An Bank, Shenzhen Xiangmi Lake Branch

Bank of Ningbo, Shenzhen Nanshan Branch

H SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong



Dear Shareholders,

In 2025, the global semiconductor industry faced a dual opportunity of technological iteration and industrial restructuring. Amid the wave of new-quality productivity development, intelligence, automation, and electrification have become the core drivers of industrial development. As a key component in the high-end manufacturing sector, brushless direct current (BLDC) motor drive control chips, their market applications continue to expand into high-value-added sectors. The process of domestic substitution in the integrated circuit industry is advancing deeply into high-end sectors such as automotive, industrial, and robotics, ushering in a golden window of opportunity for the industry's development. We remain firmly committed to our strategic goal of "becoming a leading global supplier of motor drive control chips and control systems." By focusing on our core expertise in the design of BLDC motor drive control chips and leveraging technological innovation as our primary driving force, we have continued to expand our strategic presence in emerging sectors such as automotive electronics and industrial control, achieving high-quality growth in our annual operating performance. During the Reporting Period, our revenue was approximately RMB773.9 million, representing an increase of 28.9% compared to approximately RMB600.3 million for the full year of 2024. The Company's profit for 2025 was approximately RMB218.9 million, compared to approximately RMB222.4 million for the full year of 2024. Excluding the impact of share-based payments recognized during the Reporting Period and after taking into account the impact of income taxes, our profit increased by 18.9% year-over-year. During the Reporting Period, the Company's core profitability metrics maintained steady growth, with overall operating performance aligning with expectations for high-quality development; both the quality and efficiency of the company's development improved in tandem.

I. WE ARE FOCUSING ON OUR CORE BUSINESS SEGMENTS TO SOLIDIFY THE KEY DRIVERS OF OUR REVENUE GROWTH

Leveraging our years of accumulated technical expertise, proprietary drive control algorithms, and end-to-end system-level solution capabilities, we have driven breakthrough growth in emerging sectors such as automotive electronics and industrial control while maintaining a strong foothold in core markets like consumer electronics. We have also sustained steady growth in the white goods sector. With synergistic efforts across all business segments, our business structure continues to shift toward higher value-added and high-growth areas, further highlighting our core competitiveness. During the Reporting Period, the Company continued to consolidate its market share in its traditional areas of strength, such as smart small appliances, power tools, and sports and mobility products, which accounted for 53.5% of total sales. Leveraging deep partnerships with leading clients and its ability to rapidly iterate on products, the Company maintained its industry-leading position, serving as the cornerstone of its steady performance growth.





CHAIRMAN'S STATEMENT

II. OUR REVENUE IN THE AUTOMOTIVE ELECTRONICS SECTOR HAS GROWN BEYOND EXPECTATIONS, AND THE MASS PRODUCTION OF AUTOMOTIVE-GRADE PRODUCTS HAS ACCELERATED ACROSS THE BOARD

Against the backdrop of the global automotive industry's profound transformation toward electrification and intelligitization, BLDC motors, leveraging their core advantages of high energy efficiency, high reliability, and compact design, are seeing their adoption accelerate rapidly in key applications such as in-vehicle thermal management, body control, chassis systems, and intelligent cockpits. Consequently, the market demand for automotive-grade motor drive control chips is experiencing explosive growth. The Company's multiple automotive-grade BLDC motor driver and control chips have completed AEC-Q100 automotive certification and ISO 26262 functional safety management system certification. The relevant product certification framework continues to be refined, and the technical performance and product quality have earned high recognition from the entire automotive industry supply chain. During the Reporting Period, the Company's automotive electronics business achieved better-than-expected growth, with revenue from automotive-grade chips rising significantly to account for 11.8% of total revenue, marking a leap in revenue scale year-on-year. The Company's automotive-grade chip products are widely used in core automotive applications such as in-vehicle water pumps, fuel pumps, electric fans, compressors, electric seat adjustment systems, and window and sunroof controls. Meanwhile, the Company has established deep strategic partnerships with numerous well-known automakers and Tier 1 suppliers, continuously expanding its customer base from the domestic market to a global scale, and taking its product supply capabilities and market recognition to new heights.

III. RAPID DEVELOPMENT IN THE INDUSTRIAL SECTOR HAS INJECTED NEW MOMENTUM INTO OUR REVENUE GROWTH

Driven by the accelerating global Industry 4.0 initiative and the rising demand for server cooling resulting from increased computing power requirements in data centers, the industrial sector is seeing exponential growth in demand for motor drive control chips that offer high precision, fast response times, and high stability. Leveraging its forward-looking R&D strategy and technological expertise in the industrial servo sector, the Company achieved dual success in both technological breakthroughs and market expansion. During the Reporting Period, the proportion of revenue from the industrial sector rose to 15.6%, maintaining a trajectory of rapid growth and becoming a key driver of the Company's performance growth.

IV. WE HAVE ACHIEVED KEY TECHNOLOGICAL AND MARKET BREAKTHROUGHS IN THE INTELLIGENT ROBOTICS SECTOR

With the rapid rise of emerging sectors such as artificial intelligence, embodied robots, collaborative robots, and industrial automation equipment, the Company leverages its technological advantages to continuously optimize the hardware implementation path of motor drive architecture algorithms, complete iterative upgrades of core algorithms, and engage in in-depth technical collaboration and joint development with key downstream customers and Tier 1 suppliers. These efforts have driven the large-scale mass production of industrial servo products in sectors such as industrial automation production lines, high-end server cooling, and robotics. The Company established a joint venture with Sanhua Holding Group Co., Ltd. to focus on R&D and industrialization in the field of hollow-cup motors, successfully achieving a breakthrough in core joint technology solutions for humanoid robots; the Company has unveiled the FU75XX series of chips – the industry's first MCU specifically designed for motor drives based on a 32-bit RISC-V dual-core architecture. This product integrates the second-generation Motor Control Engine (ME2) with a high-performance RISC-V core, tailored for robotics applications, laying a technological foundation for the Company's expansion into the robotics sector.



V. GOING FORWARD, WE WILL CONTINUE TO EXPAND OUR GLOBAL FOOTPRINT AND PLACE A HIGH PRIORITY ON INVESTOR RETURNS

2025 marks the first year since the Company's successful listing on the Main Board of the Hong Kong Stock Exchange, signaling the Company's official entry into a new phase of global development. Moving forward, the Company will leverage the A+H share structure across both mainland and Hong Kong capital markets as a key foundation to further expand its global footprint. Meanwhile, the Company will continue to place a high priority on investor returns, adhere to a consistent and stable profit distribution policy, and, taking into account its business operations, cash flow status, and future development plans, implement a proactive cash dividend policy to effectively reward our shareholders, strengthen investor confidence, and promote the long-term mutual growth of the Company and its investors!

Bi Lei
Chairman



FOUR-YEAR FINANCIAL SUMMARY

Unless otherwise stated in this annual report, all monetary amounts are expressed in Renminbi.

The financial statements for 2022 to 2025 have been prepared in accordance with International Accounting Standards and relevant regulations. The financial statements for 2021 and prior years have been prepared in accordance with the generally accepted accounting principles of the PRC and were not prepared in accordance with International Financial Reporting Standards.

RESULTS

For the year ended December 31

RMB: thousands

	2025	2024	2023	2022
Revenue	773,904	600,325	411,359	322,973
Gross profit	400,747	316,022	218,681	185,199
Other income and gains	95,763	83,307	84,376	58,967
Selling and distribution expenses	(40,428)	(24,670)	(18,396)	(12,605)
Administrative expenses	(58,179)	(35,621)	(27,193)	(24,543)
Research and development costs	(169,146)	(116,730)	(84,674)	(63,845)
Other expenses	(1,608)	(785)	(1,780)	(2)
Finance costs	(600)	(513)	(490)	(62)
Profit before tax	225,680	221,037	170,381	143,144
Income tax (expense)/credit	(6,744)	1,325	4,466	(1,143)
Profit for the year	218,936	222,362	174,847	142,001

FOUR-YEAR FINANCIAL SUMMARY

Unless otherwise stated in this annual report, all monetary amounts are expressed in Renminbi.

ASSETS AND LIABILITIES

December 31

RMB: thousands

	2025	2024	2023	2022
Non-current assets	1,028,475	1,013,070	523,242	145,048
Current assets	4,195,644	1,636,181	1,970,446	2,227,883
Current liabilities	135,105	78,954	92,979	90,640
Non-current liabilities	14,495	17,362	9,591	27,232
Net assets	5,074,519	2,552,935	2,391,118	2,255,059
Equity attributable to the Shareholders of the Company	5,074,519	2,552,935	2,391,118	2,255,059
Total equity	5,074,519	2,552,935	2,391,118	2,255,059

CASH FLOW

December 31

	2025	2024	2023	2022
Cash and cash equivalents	299,803	297,355	608,696	519,585
Current ratio	31.1	20.7	21.2	24.6
Quick ratio	29.7	18.7	19.3	22.9
Trade receivables turnover (days)	4.3	3.5	3.2	2.4

The Company is a joint-stock limited company established in the People's Republic of China (the "PRC") on 21 May 2010. Following approval from the China Securities Regulatory Commission, the Company completed its initial public offering on 20 April 2022, and was listed on the STAR Market of the Shanghai Stock Exchange (Stock Code: 688279). Its H Shares have been listed on the Main Board of the Stock Exchange (Stock Code: 01304) since 9 July 2025.

This report has been prepared in accordance with IFRS 34.

MANAGEMENT DISCUSSION AND ANALYSIS

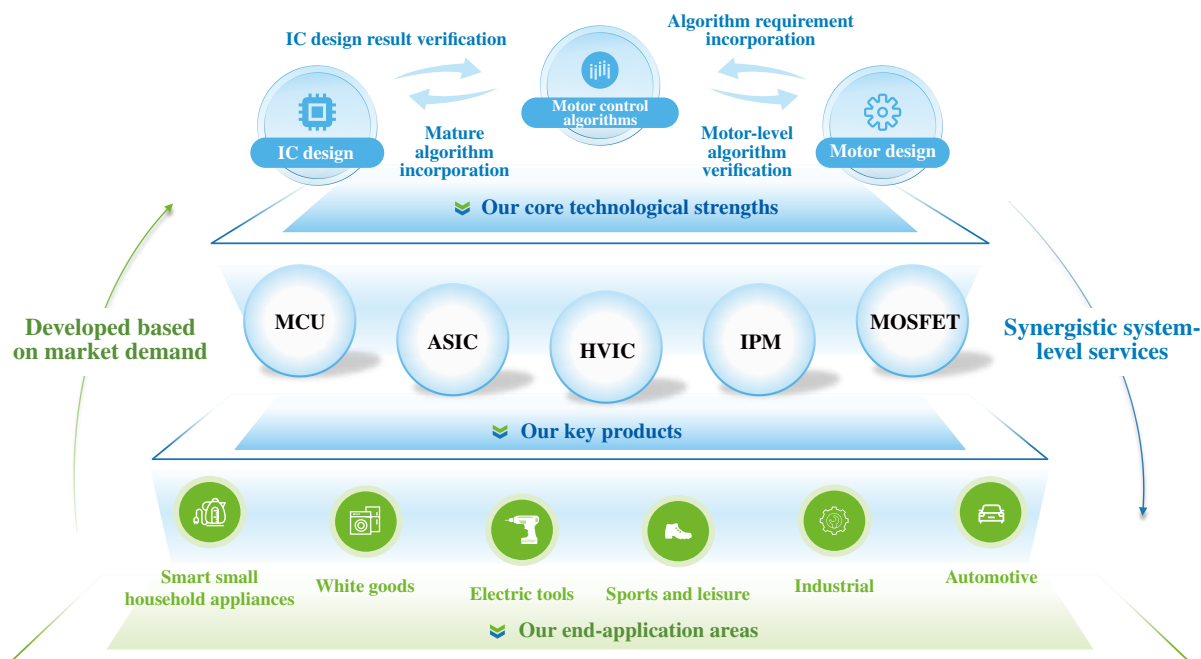
I. BUSINESS OVERVIEW

Principal Business Analysis

(I) During the year ended 31 December 2025 (the “Reporting Period”), the principal business of Fortior Technology (Shenzhen) Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group” or “we”)

The Group is an IC design company dedicated to the design and R&D of BLDC motor control ICs and has established a strong market position within the BLDC motor control and driver chip industry. A BLDC motor is a type of brushless motor driven by electronic commutation, which changes the electromagnetic fields to drive the rotor of the motor. According to Frost & Sullivan, as compared with traditional motors, BLDC motors offer advantages such as high efficiency, low power consumption, high control precision and low noise, and are widely used in various applications. Our products are designed to help BLDC motors optimize their performance advantages and achieve highly efficient, low-noise, and high-precision operation, including (i) motor control chips such as MCUs and ASICs, (ii) motor driver chips such as HVICs, (iii) IPMs, and (iv) power devices, such as MOSFETs.

The following diagram sets forth our business model:



- We are the first Chinese IC design company that focuses on the design of BLDC motor control ICs; and
- We are the only Chinese company among top five companies in the same market.

MANAGEMENT DISCUSSION AND ANALYSIS

Our main products include MCUs/ASICs, HVICs, MOSFETs, and IPMs, which are the key components of a typical BLDC motor control system. Among them, our MCUs/ASICs, as the motor control chips, receive electrical signals, execute motor control algorithms and generate precise control instructions. Our HVICs serve as driver chips to provide high and low voltage isolation and amplify driving capacity, allowing MCUs/ASICs to drive MOSFETs. Based on the control instructions from the MCUs/ASICs, the MOSFETs, driven by the HVICs, generate specific electromagnetic fields, which drive the rotation of the motor, allowing the BLDC motor to operate efficiently.

During the Reporting Period, the revenue breakdown by business type for the Group was as follows: MCU accounted for 62.3%, ASIC accounted for 17.2%, HVIC accounted for 12.3%, MOSFET accounted for 0.3%, IPM accounted for 7.8%, and other revenue accounted for 0.1%.

Our products are used in BLDC motors that have been widely used in multiple downstream applications, including smart small household appliances, white goods, electric tools, sports and leisure, industrial, automotive and humanoid robot applications. Leveraging our solid R&D capabilities, reliable product quality and cost-efficiency advantages, we have accumulated a broad base of high-quality end customers.

Industry Overview:

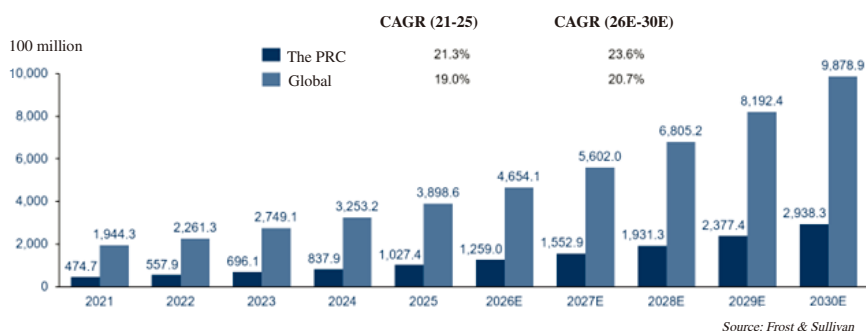
(i) The BLDC motor market continues to grow in both growth rate and penetration rate

Compared to other types of motors, BLDC motors offer higher energy efficiency and lower power consumption, thereby meeting the energy-saving and emission-reduction needs of downstream industries. According to a Frost & Sullivan report, the global BLDC motor market grew rapidly from RMB194.43 billion in 2021 to RMB389.86 billion in 2025, at a compound annual growth rate (CAGR) of 19.0%. It is expected to further increase from RMB465.41 billion in 2026 to RMB987.89 billion in 2030, at a CAGR of 20.7%. In 2021 and 2025, the global BLDC motor market accounted for 16.0% and 24.8% of the global motor market, respectively. With the widespread adoption of BLDC motors in downstream applications, the penetration rate is expected to increase to 36.0% by 2030.

MANAGEMENT DISCUSSION AND ANALYSIS

The BLDC motor market in the PRC grew from RMB47.47 billion in 2021 to RMB102.74 billion in 2025, representing a CAGR of 21.3%. It is expected to further increase from RMB125.90 billion in 2026 to RMB293.83 billion in 2030, with a CAGR of 23.6%. In 2021 and 2025, the BLDC motor market in the PRC accounted for 18.0% and 27.2% of the overall motor market in the PRC, respectively, and this share is expected to increase to 40.0% by 2030.

Global and Chinese BLDC Motor Market Size (by Revenue), 2021-2030 (Estimated)



The rising growth rates and penetration rates of the BLDC motor markets both globally and in the PRC have opened up vast growth opportunities for our market.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Our major products – BLDC motor control and driver chips – are experiencing strong growth in their respective market segments

According to a Frost & Sullivan report, driven by the increasing penetration of BLDC motors in downstream industries and the advantages of BLDC motor control and driver chips, the global market for BLDC motor control and driver chips grew rapidly from RMB19.11 billion in 2021 to RMB36.12 billion in 2025, representing a CAGR of 17.2%. It is expected to further grow from RMB42.5 billion in 2026 to RMB78.66 billion in 2030, with a CAGR of 16.6%.

The BLDC motor control and driver chip segment continues to demonstrate strong growth. According to the Frost & Sullivan report, (1) The PRC market for BLDC motor control and driver chips in the smart small appliance and white goods sectors is expected to grow at CAGRs of 7.2% and 4.4%, respectively, from 2026 to 2030. This growth is primarily driven by the ability of BLDC motor control and driver chips to enhance the energy efficiency and performance of home appliances, as well as by consumer demand for higher-performance appliances as technology advances. (2) Due to their advantages of high efficiency, low power consumption, long service life, and low noise, BLDC motors are gradually replacing traditional motors in applications such as drones, electric two-wheelers, treadmills, and selfbalancing scooters. As a result, the PRC market for BLDC motor control and drive chips is expected to grow from RMB1.38 billion in 2026 to RMB3.12 billion in 2030, representing a CAGR of 22.5% over the period. (3) The market size for BLDC motor control and drive chips in China's industrial applications sector is expected to grow from RMB1.67 billion in 2026 to RMB4.46 billion in 2030, representing a CAGR of 27.9%. This growth is primarily driven by the widespread use of BLDC motors in servo systems, personal computers, and data centers. (4) Driven by the rising penetration of BLDC motors in the automotive industry and the expansion of their applications to areas such as main drives and auxiliary components, the market size for BLDC motor control and drive chips in the automotive sector is expected to grow rapidly from RMB6.27 billion in 2026 to RMB13.91 billion in 2030, representing a CAGR of 22.0%. (5) China's intelligent robotics market is growing rapidly, and demand for high-performance motors continues to rise. With advantages such as high energy efficiency and control precision, BLDC motors hold significant application potential in this industry, which will greatly drive future demand for BLDC motor control and driver chips. The market is expected to grow from RMB290 million in 2026 to RMB780 million in 2030, representing a CAGR of 28.1% during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) We rank among the top players in the Chinese market for BLDC motor drive and control products

In 2025, our revenue from the BLDC motor drive and control product business (including MCU, ASIC, and HVIC businesses) in the Chinese market was RMB655 million. According to a Frost & Sullivan report, in terms of revenue from BLDC motor drive and control products in the Chinese market in 2025, we ranked the fourth among all companies in this sector in China, with a market share of 5.7%. In terms of revenue from BLDC motor drive control product in 2025, we were the largest domestic company in China's BLDC motor drive and control product market.

Analysis of the Core Competitiveness/Strengths of the Group

Our R&D efforts focus on three core technological fields, namely (i) IC design, (ii) motor control algorithms, and (iii) motor technology, and we have achieved several competitive technologies in these fields. The combination of our technologies in these three fields forms the foundation of our core competitiveness in the BLDC motor control and driver chip industry.

Our comprehensive achievement of technologies in the three core technological fields include:

IC design	Motor control algorithms	Motor technology
<ul style="list-style-type: none">❑ ME core (our proprietary motor control processor core)❑ Hardware-based algorithm technology❑ Functional integration ability in chip products	<ul style="list-style-type: none">❑ Sensorless FOC algorithms❑ Sensorless high-torque motor startup	<ul style="list-style-type: none">❑ High torque density❑ Three-phase low-speed motors❑ Ultra-thin motors

The synergies among our IC design, motor control algorithms, and motor technology allow us to deliver high-quality products that satisfy the needs of our end customers' diverse applications. Guided by the needs of end-use applications and leveraging our deep understanding of motor technology, we translate the specific requirements of end customers for their motors into effective motor control algorithms, which are then implemented through hardware logic circuits at the IC design level.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of IC design:

- We have developed our proprietary ME core and hardware-based motor control algorithms. Additionally, we have successfully developed chip products that integrate other functions. According to Frost & Sullivan, to enhance the reliability and control performance of motor control ICs while reducing the size of motor control systems to accommodate the miniaturization and customization trends in BLDC motors, the industry trend is gradually towards products with greater levels of functional integration. We have achieved a comprehensive product line layout across varying levels of integration, ranging from integrated op-amps and LDOs to integrated HVICs and MOSFETs.

In terms of motor control algorithms:

- We have successfully developed sensorless FOC algorithms, positioning ourselves at the forefront of the R&D of this mainstream control algorithm field. According to Frost & Sullivan, sensorless FOC algorithms can best achieve objectives such as high efficiency, low vibration, low noise and quick response, making it the mainstream trend in BLDC motor control technology for applications such as white goods, smart small household appliances and industrial automation. Our proprietary ME core implements the FOC algorithm through hardware-based algorithms, which is able to complete one round of FOC computation in 6 to 7 microseconds, which is faster than the time required for software-based algorithms and offers faster calculation execution speed. Our sensorless FOC control solution supports the electric cycle up to 270 thousand RPM, higher than the maximum speed achievable with softwarebased algorithms.
- We have strategically invested in the R&D layout for the current mainstream sensorless algorithms and FOC algorithms and have developed tailored motor control algorithms for various downstream applications. For instance, we have developed sensorless FOC algorithms for smart small household appliances and sensorless high-torque motor startup algorithms for electric tools. These innovations allow our end customers to address industry challenges such as sensorless high-torque motor startup, silent motor operation and ultra-high speed motor rotation. By doing so, we help expand the application of high-performance motors across more diverse uses.

In terms of motor technology:

- With a deep understanding of motor electromagnetic principles, we are able to propose specific motor control methods tailored to the characteristics of our end customers' motors. We are also able to optimize the electromagnetic structure of the motor product in a cost-effective manner to achieve the optimal motor system performance.

Highly reliable products with efficient upgrades, broad application versatility and large-scale commercialization capabilities

Our motor control ICs deliver computational power and control performance with high reliability. Our product portfolio comprehensively covers household, industrial and automotive-grade applications and is widely used in downstream sectors such as smart small household appliances, white goods, electric tools, sports and leisure, industrial and automotive applications. In 2023, we received ISO 26262 functional safety management system certification, marking it a significant milestone in the development of our automotive-grade chips. Our ability to provide system-level services to end customers allows us to quickly identify and respond to changes in downstream market demand and to address specific issues encountered during the application of our products and swiftly respond to these changes and issues by upgrading our products and innovating our technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of expanding our application field, we obtained ISO 26262 functional safety management system certification in 2023. In 2024, we joined the Guangdong Humanoid Robot Innovation Center, which is led by The Chinese University of Hong Kong (Shenzhen) Asset Management Company Limited (港中大(深圳)資產經營有限公司) and jointly established with other partners. We continued to conduct R&D in emerging application fields such as industry, automotive, and humanoid robots. In January 2025, we established a joint venture with Sanhua Holdings focused on the R&D, design, manufacturing, and sales of hollow-cup motor bodies and related products, with a commitment to further expanding our presence in the high-end humanoid robotics sector. In November 2025, we launched the FU75xx series – the first MCU specifically designed for motor control based on a 32-bit RISC-V dualcore architecture. The FU75xx series features high integration, abundant resources, strong scalability, and powerful algorithms, making it suitable for a wide range of applications. It is particularly well-suited for use in industrial and robotics, automotive electronics, and consumer electronics sectors. In addition, we have adopted a diversified strategy in the sensor sector. We launched the SR3511N rotary encoder decoder chip and an innovative dual-magnet rotary encoder. These products enhance stability in applications with stringent requirements for dynamic accuracy and anti-interference, such as servo drives and robotic joints, and will help the Company achieve further breakthroughs in fields including robotics and new energy vehicles.

We have established a comprehensive mechanism for collecting end-customer needs and integrating them into our product development processes. By conducting regular visits to end customers, participating in their product development and organizing technical exchange seminars, we gain deep insight into end customer needs. This feedback is then promptly communicated to our R&D team so that we can continuously optimize and improve our products. Additionally, we have established efficient product development processes, enhancing our responsiveness to end-customer requirements.

With our outstanding product quality, quick responsiveness to end customer needs, innovative motor control algorithms and technical services that address system-level challenges, the application of our IC products has expanded from consumer electronics into industrial, automotive and other applications, earning wide recognition from end customers, which demonstrates the broad application versatility of our products:

- **Smart Small Household Appliances and White Goods:** Our IC products are widely applied in smart small household appliances such as robotic vacuum cleaners, hair dryers, vacuum cleaners and fans, as well as white goods such as air conditioners, washing machines and refrigerators;
- **Sports and Leisure:** Our IC products are widely applied in outdoor transportations such as electric scooters and self-balancing scooters, as well as products for exercise, such as treadmills, or products such as unmanned aerial vehicles;
- **Industrial:** Our IC products are widely applied in applications such as server cooling, inverters and industrial servo systems; and
- **Automotive:** Our IC products are widely applied in automotive motor control systems, including active grille shutters, seat ventilation, water pumps, oil pumps, water valves, electronic valves and electronic fans.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

Our strategic development goal is to become a leading global supplier of motor control chips and control systems. We adhere to a path of independent innovation in R&D, focusing on the development of motor control chips and control systems. We are committed to providing global end customers with high-performance motor control chips and comprehensive system-level services. We will develop our strategy around this strategic goal, promoting its realisation through technological R&D, downstream application areas, overseas market expansion, and talent cultivation.

(I) Continuous investment in R&D to consolidate and strengthen technological advantages

We regard technology R&D as a key strategic initiative for our corporate development and remain committed to the path of independent innovation. We intend to continue our in-depth exploration in motor control IC design, motor control algorithms and motor technology. We aim to focus on the new demands and changes in applications such as smart small household appliances, white goods, automotive, robots and industrial, and conduct independent R&D. In the future, we plan to continuously build our R&D team and invest in R&D activities to consolidate and enhance our technological advantages. We strive to deliver high-performance products through innovative technologies, and leverage our superior technology and product performance to drive the penetration of our products into downstream application fields.

(II) Consolidating our advantages in consumer applications and collaborating with our business partners to seize opportunities in the industry

We will continue our development in consumer markets such as smart small household appliances and white goods, deepening our strategic partnerships with top-tier brand end customers. Together with our peers and amid opportunities and challenges of the motor control IC industry, we aim to consolidate and enhance the competitiveness of our IC products in consumer applications. According to Frost & Sullivan, with the development of artificial intelligence and automation technologies, the application sectors we have deeply cultivated, such as smart small household appliances and white goods, are expected to have broad prospects. The white goods sector, for instance, is characterized by high entry barriers, long verification cycles and high reliability requirements for motor control ICs. We have many years of experience and strategic planning in the white goods sector. We have accumulated a high-quality end customer base consisting of leading brands and have achieved mass production of our products in the white goods sector. As we continue to grow our business in consumer applications, we expect it to continue driving our business and revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS

(III) Strategic deployment in emerging applications such as industrial, automotive and robot sectors

In light of the trend of the fourth industrial revolution, technologies driven by intelligence and automation are rapidly developing and interacting with each other. In emerging applications such as industrial, automotive and robot sectors, downstream industries require motors to achieve more efficient control and silent operation. In the past few years, we have carried out R&D and strategic deployments around these emerging applications:

- **IC design:** we have accumulated a rich portfolio of core technologies for industrial and automotive-grade high-power motor control ICs, and have conducted the development of automotive-grade motor control ICs, and high-precision sensors, among others;
- **Motor control algorithms:** we have maintained a first-mover advantage in the mainstream sensor-less control algorithms, including FOC, servo control, and other control algorithms tailored for industrial applications; and
- **Motor technology:** we have conducted research on motor technology in relation to industrial control, robots and other fields, accumulating extensive R&D results.

Our R&D accumulation has laid a solid foundation for us to further expand into applications with higher powers and higher reliability requirements. Based on our advantages in the above fields, we intend to comprehensively deploy in emerging downstream applications such as industrial, automotive and robots on the basis of our existing R&D planning. We aim to stay at the forefront of industry with our technological advantages, seize new market opportunities brought about by the development of emerging industries and continue to explore new revenue growth opportunities.

(IV) Expanding overseas markets, promoting products globally and developing our business with an international perspective

Expanding our overseas markets is essential to our strategic goal. After more than a decade of experience and accumulation in technology, products, end customer base and commercialization, we believe that our strengths in technologies and products allow us to compete globally. We intend to continue advancing our overseas market layout, broadening overseas sales channels, developing overseas business partners, building leading overseas R&D teams, responding promptly to overseas market demands, promoting the application of our products and technologies in overseas markets and providing high-quality IC products to global end customers.

The rapid development of the semiconductor industry and artificial intelligence technology has brought opportunities for resource integration, technological interaction and collaborative development in the industry. We aim to fully leverage our technological advantages, foster synergies with industry peers and upstream and downstream partners, to seize opportunities in the global industry. With an international perspective in mind, we strive to strategically expand our products, technologies, markets and end customer base globally, and become an industry leader through technology development and upstream and downstream collaboration in the industry. We intend to closely monitor potential strategic investment and acquisition opportunities in overseas markets and actively and prudently pursue acquisitions of potential targets.

MANAGEMENT DISCUSSION AND ANALYSIS

(V) Attracting top global talent and continuously building talent teams

We attach great importance to building our talent team. We adhere to the values of “simplicity, openness, trust and forward-thinking”. We are committed to achieving the mutual growth and development of our Company and its employees. We plan to continue attracting global talent through attractive incentive mechanisms, an open corporate culture, and a vigorous working environment. We intend to continuously improve our R&D personnel training system, and enhance our R&D team through social and campus recruitment. We aim to build an open and dynamic talent cultivation framework that supports clear and accessible career progression. We intend to further strengthen our multi-level R&D talent team. By fostering effective communication and collaboration within our team, we strive to create a vibrant, knowledge-driven organization that unlocks team potential and drives innovation.

II. FINANCIAL REVIEW

The board (the “**Board**”) of directors (the “**Director(s)**”) of Fortior Technology (Shenzhen) Co., Ltd. (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with comparative figures for the same period last year as follows:

Revenue

For the year ended 31 December 2025, the Group achieved revenue of RMB773.9 million, representing an increase of 28.9% compared to approximately RMB600.3 million in 2024.

The revenue of the Group is derived from the following products: (i) MCU; (ii) ASIC; (iii) HVIC; (iv) MOSFET; (v) IPM; and (vi) others.

	2025		2024		Change	
	Amount RMB'000	%	Amount RMB'000	%	Amount RMB'000	Percentage %
Revenue						
MCU	482,336	62.3	384,574	64.1	97,762	25.4
ASIC	133,019	17.2	84,748	14.1	48,271	57.0
HVIC	95,053	12.3	84,268	14.0	10,785	12.8
MOSFET	2,511	0.3	2,331	0.4	180	7.7
IPM	60,182	7.8	43,369	7.2	16,813	38.8
Others	803	0.1	1,035	0.2	-232	-22.4
Total revenue	773,904	100.0	600,325	100.0	173,579	28.9

MANAGEMENT DISCUSSION AND ANALYSIS

MCU

During the Reporting Period, revenue from MCU products increased from RMB384.6 million in 2024 to RMB482.3 million, representing an increase of 25.4%, accounting for approximately 62.3% of total revenue (for the year ended 31 December 2024: 64.1%).

The increase in MCU product revenue was primarily due to an increase in our sales volume of MCU as a result of increased market demand from industrial, automotive, white goods and smart small household appliances sectors.

ASIC

During the Reporting Period, revenue from ASIC products increased from RMB84.7 million in 2024 to RMB133.0 million, representing an increase of 57.0%, accounting for approximately 17.2% of total revenue (for the year ended 31 December 2024: 14.1%).

The increase in ASIC product revenue was primarily due to increased market demand from automotive, smart small household appliances and industrial sectors, resulting in an increase in sales volume.

HVIC

During the Reporting Period, revenue from HVIC products increased from RMB84.3 million in 2024 to RMB95.1 million, representing an increase of 12.8%, accounting for approximately 12.3% of total revenue (for the year ended 31 December 2024: 14.0%).

The increase in HVIC product revenue was primarily due to an increase in market demand in sectors such as sports and leisure and industrial, which led to higher sales revenue.

MOSFET

During the Reporting Period, revenue from MOSFET products increased from RMB2.3 million in 2024 to RMB2.5 million, representing an increase of 7.7%, accounting for approximately 0.3% of total revenue (for the year ended 31 December 2024: 0.4%).

IPM

During the Reporting Period, revenue from IPM products increased from RMB43.4 million in 2024 to RMB60.2 million, representing an increase of 38.8%, accounting for approximately 7.8% of total revenue (for the year ended 31 December 2024: 7.2%).

The increase in IPM product revenue was primarily due to the increase in sales of IPM products with motor control function for white goods and smart small household appliances.

After years of R&D effort and technical accumulation in the field of motor drive control, the Company has developed and launched sensor products, expanding its product range and empowering downstream customers continuously. With the launch and market introduction of the Company's sensor products, it is expected to drive the future growth curve of the Company.

During the Reporting Period, the Company's products achieved a sales contribution of 53.5% in its existing business segments, including smart small household appliances, electric tools and sports and leisure. Sales revenue from the white goods continued to grow, however, due to rapid sales growth in the industrial and automotive sectors and the optimization of the overall revenue structure, the proportion of revenue from white goods fell to 18.3% during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, benefiting from the steady and increasing demand for server cooling driven by data centre computing power requirements, as well as the Company's continuous R&D investment in the industrial sector, the Company's products also achieved rapid growth in industrial applications. The Company carried out forward-looking R&D planning in the field of industrial servo systems during the Reporting Period, with revenue from the industrial sector accounting for 15.6% of total sales revenue. The Company will continue to optimise the hardware path of motor drive architecture algorithms, upgrade its algorithm framework, and leverage its in-depth understanding of motor technologies. It will also actively engage in technical exchanges with downstream customers and Tier 1 manufacturers to promote the mass production and application of its industrial servo products in areas such as industrial servo systems and robotics.

Brushless DC motors (BLDC) are rapidly penetrating core automotive system with their high reliability, excellent energy efficiency and compact structure. Amidst the automotive electrification transition, BLDC motors can meet the stringent requirements of automotive system for long lifespan and low energy consumption. The Company's automotive-grade BLDC drive control chip products have undergone long-term R&D, and have passed AEC-Q100 automotive certification and ISO 26262 functional safety management system certification. The proportion of automotive-grade chips to operating revenue has increased to 11.8%, representing a rapid growth rate. Meanwhile, ISO 26262 functional safety management product certification for automotive-grade chips is ongoing. In the future, the Company will utilize system-level technology to expand its customer base to additional automotive companies and Tier 1 manufacturers, support the further mass production of chip products in the automotive electronics field, and continuously broaden and deepen the application fields of automotive electronics.

Cost of sales

The cost of sales of the Group primarily includes (i) cost of wafers, (ii) cost of packaging and testing, (iii) other cost of sales, mainly including costs in relation to the cost of sales of other products such as semiconductor DEMO boards and analog devices, and (iv) inventory impairment losses.

During the Reporting Period, the cost of sales of the Group was RMB373.2 million (for the year ended 31 December 2024: RMB284.3 million), representing an increase of 31.3% compared to 2024. This increase was primarily due to the increase in cost of sales brought by the increase in sales revenue.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group was RMB400.7 million, representing an increase of 26.8% from RMB316.0 million in 2024. The increase in sales revenue has resulted in the growth in gross profit. The gross profit margin decreased slightly from 52.6% in 2024 to 51.8% in the Reporting Period, but remained at a healthy level.

Other income and gains

The other income and gains of the Group primarily consist of interest income, investment income from financial assets at fair value through profit or loss, government grants, fair value gain on financial assets at fair value through profit or loss, and others.

During the Reporting Period, other income and gains amounted to RMB95.8 million (for the year ended 31 December 2024: RMB83.3 million), representing an increase of 15.0% compared to last year, which was primarily due to an increase in bank interest income, other interest income from debt investments at fair value through other comprehensive income, and government grants.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development costs

The research and development costs of the Group primarily consist of (i) employee compensation, which primarily include the salaries, bonus and welfare paid to our R&D staff, (ii) cost of R&D materials, (iii) lease property expenses related to our R&D activities, (iv) share-based payments, (v) technical service fees related to our R&D activities, (vi) depreciation and amortization related to our R&D infrastructure and (vii) others, mainly including travelling expenses and office expenses.

During the Reporting Period, research and development costs amounted to RMB169.1 million (for the year ended 31 December 2024: RMB116.7 million), representing an increase of 44.9% compared to last year, primarily due to: (i) the increase in share-based payments; (ii) the increase in employee compensation paid to our R&D personnel, primarily attributable to the rising R&D staff headcount and salaries; (iii) the increase in depreciation and amortization; (iv) the increase in technical service fees; and (v) the increase in leased property expenses related to our R&D activities.

As of the end of the Reporting Period, the Company had obtained a total of 138 patents at home and abroad, including 85 invention patents. These abundant innovation achievements continue to empower and support the Company's sustainable high-quality development.

Selling and distribution expenses

During the Reporting Period, selling and distribution expenses amounted to RMB40.4 million (for the year ended 31 December 2024: RMB24.7 million), representing an increase of 63.9% compared to last year. The selling and distribution expenses of the Group primarily consist of (i) employee compensation; (ii) share-based payments; (iii) leased property expenses; (iv) travelling and office expenses; and (v) others. The increase in selling and distribution expenses was primarily due to (i) the increase in share-based payments, and (ii) the increase in employee compensation primarily attributable to the increasing sales and marketing personnel salaries and headcounts.

Administrative expenses

During the Reporting Period, administrative expenses amounted to RMB58.2 million (for the year ended 31 December 2024: RMB35.6 million), representing an increase of 63.3% compared to last year. The administrative expenses of the Group mainly consist of (i) employee compensation; (ii) professional service fees; (iii) tax and surcharges; (iv) depreciation and amortization; (v) share-based payments; (vi) leased property expenses; (vii) office expenses; and (viii) others. The increase in administrative expenses was primarily due to (i) the increase in share-based payments; (ii) increase in depreciation and amortization; (iii) the increase in management compensation; and (iv) increase in office expenses.

Share of losses of an associate

During the Reporting Period, the share of losses of an associate amounted to RMB0.6 million (for the year ended 31 December 2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment losses on financial assets, net

During the Reporting Period, impairment losses on accounts receivable amounted to RMB0.2 million (for the year ended 31 December 2024: net reversal of impairment losses on financial assets of RMB27,000), primarily due to an increase in trade receivables during the Reporting Period.

Other expenses

During the Reporting Period, other expenses amounted to RMB1.6 million (for the year ended 31 December 2024: RMB0.8 million), primarily due to foreign exchange losses.

Income tax expense

During the Reporting Period, income tax expense amounted to RMB6.7 million (for the year ended 31 December 2024: RMB-1.3 million), representing an increase of RMB8.0 million compared to last year, which is primarily due to the transition of the corporate income tax rate of the parent company from a tax-exempt period to a 15% preferential tax rate period.

Profit for the Reporting Period

During the Reporting Period, the net profit of the Group was RMB218.9 million (for the year ended 31 December 2024: RMB222.4 million), representing a decrease of 1.5% compared to last year.

During the Reporting Period, the profit attributable to the Shareholders was RMB218.9 million (for the year ended 31 December 2024: RMB222.4 million), representing a decrease of 1.5% compared to last year, which is primarily due to the implementation of the 2024 Restricted Share Incentive Plan by the Company in November 2024. The share-based payments accrued during the Reporting Period increased by approximately RMB52.4 million year-on-year. Excluding the impact of such factor and taking income tax into account, the profit attributable to the Shareholders increased by 18.9% year-on-year.

Property, plant and equipment

The property, plant and equipment of the Group primarily consist of buildings, machine equipment, electronic equipment, furniture and fixtures, and leasehold improvements. As at 31 December 2025, the net property, plant and equipment of the Group amounted to RMB155.3 million, representing an increase of RMB7.7 million from RMB147.6 million as at 31 December 2024, primarily due to the acquisition of new machine equipment during the Reporting Period.

Intangible assets

The intangible assets of the Group primarily consist of software and IP license. As at 31 December 2025, the intangible assets of the Group amounted to RMB9.2 million, representing an increase of RMB0.1 million from RMB9.1 million as at 31 December 2024, primarily attributable to the purchase of IP licenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss of the Group mainly comprise structured deposits and wealth management products. As at 31 December 2025, the financial assets at fair value through profit or loss of the Group amounted to RMB1,069.4 million, representing an increase of RMB245.0 million from RMB824.4 million as at 31 December 2024, mainly due to the purchase of structured deposits and wealth management products without utilizing any proceeds from the Listing of H Shares (as defined below in the section headed “OTHER INFORMATION – H Shares Listing and the Use of Proceeds from the Listing” in this annual report).

Debt investments at fair value through other comprehensive income

The debt investments at fair value through other comprehensive income of the Group mainly comprise negotiable certificates of deposit. As at 31 December 2025, the debt investments at fair value through other comprehensive income of the Group amounted to RMB1,003.9 million, representing an increase of RMB27.7 million from RMB976.2 million as at 31 December 2024, mainly due to the purchase of negotiable certificates of deposit without utilizing any proceeds from the Listing of H Shares.

Other non-current assets

The other non-current assets of the Group mainly comprise prepayment for purchase of property, plant and equipment, cooperative building construction and prepayment for purchase of a building. As at 31 December 2025, the other non-current assets of the Group amounted to RMB248.5 million, representing an increase of RMB218.9 million from RMB29.6 million as at 31 December 2024, mainly due to the prepayment for purchase of a building.

Time deposits

The time deposits of the Group increased from RMB116.5 million as of 31 December 2024 to RMB2,128.9 million as of 31 December 2025, primarily attributable to the Net Proceeds from the Listing of H Shares (not immediately used for the purposes as stated in the Prospectus) which were deposited into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions).

Trade payables and bills payables

The trade payables and bills payables of the Group primarily consist of payments due to our suppliers for wafer manufacturing and chip packaging and testing. Our trade payables and bills payables are non interest-bearing.

As at 31 December 2025, the trade payables and bills payables of the Group amounted to approximately RMB31.6 million, representing an increase of approximately RMB24.3 million from approximately RMB7.3 million as at 31 December 2024, which is primarily due to (i) our increase of chip packaging and testing services in anticipation of increased sales; and (ii) increase in bills payables, primarily due to our increased use of bill payments for certain chip packaging and testing suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

Other payables and accruals

The other payables and accruals of the Group mainly comprise deposits payable, accruals and other payables, and other tax payables. As at 31 December 2025, the other payables and accruals of the Group amounted to RMB94.6 million, representing an increase of RMB28.1 million from RMB66.5 million as at 31 December 2024, mainly due to the receipt of investment proceeds from the equity incentive scheme, under which no Shares had been issued as at 31 December 2025.

Lease liabilities

The lease liabilities of the Group decreased from RMB16.1 million as of 31 December 2024 to RMB12.4 million as of 31 December 2025, primarily due to the payment of rent.

Contract liabilities

Contract liabilities primarily represents payment in advance from our customers based on sales order, before delivery of products under the contracts by the Group. As of 31 December 2025, the contract liabilities of the Group amounted to approximately RMB4.8 million, representing an increase of approximately RMB3.5 million from RMB1.3 million as of 31 December 2024.

Borrowing

As of 31 December 2025, the Group had no bank or other borrowings (as of 31 December 2024: the Group had no bank or other borrowings). As such, gearing ratio is not applicable to the Group.

Debt-to-asset ratio

The debt-to-asset ratio is calculated by dividing the total liabilities on the same date by the total assets on the same date. As of 31 December 2025, the debt-to-asset ratio of the Group was 2.9% (the debt-to-asset ratio as of 31 December 2024 was 3.6%).

Asset pledge

The Group did not have any mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of 31 December 2025.

CONTINGENT LIABILITIES

As of 31 December 2025, the Group did not have any material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, RESERVES, AND CAPITAL STRUCTURE

The Group maintained a sound financial position during the Reporting Period. As of 31 December 2025, the cash and cash equivalents of the Group amounted to RMB299.8 million, representing an increase of 0.8% from RMB297.4 million as of 31 December 2024, which is primarily due to an increase in purchase of debt investments at fair value through other comprehensive income and financial assets at fair value through profit or loss. The use of cash of the Group was primarily related to operating activities and investing activities, and the Group makes decisions to invest in these investment products such as negotiable certificates of deposit, structured deposits and, to a lesser extent, wealth management products, selectively, on the basis that the Group has remaining liquidity and seeks incremental yield enhancement and subject to compliance with the applicable Listing Rules. These products are chosen primarily when they are at low risk, issued by highly reputable institutions with strong internal controls, and provide clear explanation of underlying asset classes and risk profiles. The Board carefully evaluates the liquidity, transparency, and creditworthiness of the issuing institutions before investing.

As at 31 December 2025, the total equity of the Group amounted to RMB5,074.5 million, representing an increase of RMB2,521.6 million from RMB2,552.9 million as at 31 December 2024, or an increase of 98.8%, which is primarily due to (i) the Listing (as defined below in the section headed “OTHER INFORMATION – H Shares Listing and the Use of Proceeds from the Listing” in this annual report) on the Main Board of The Stock Exchange of Hong Kong Limited and the issuance of H Shares (as defined below in the section headed “OTHER INFORMATION – H Shares Listing and the Use of Proceeds from the Listing” in this annual report) in July 2025, as well as the vesting of shares in the third vesting period in October 2025 from the first grant and the second vesting period of the reserved grant under the Restricted Share Incentive Plan of the Company approved on 1 September 2022, resulting in an increase in share capital of RMB22.5 million and an increase in capital reserves of RMB2,305.1 million; (ii) increase in retained profits of RMB136.2 million attributable to our profit for the period of RMB218.9 million, partially offset by the dividends declared of RMB71.9 million in 2025; and (iii) increase in share option reserve of RMB47.5 million.

EXCHANGE RATE RISK

The principal sales business of the Group is conducted in China, and our business is primarily denominated in Renminbi and is gradually expanding into overseas markets. Some procurement business is conducted overseas, with prices and settlements primarily denominated in US dollars.

In response to potential risks, the Group has established the Foreign Exchange Hedging Management System to mitigate and prevent exchange rate risks. The Board has set an annual cap on the size of foreign exchange hedging business (refer to the circular of the Company dated 20 August 2025) and proposed to the general meeting of the Company to authorize the Board, and approve the Board’s authorization to the Company’s management in reviewing daily foreign exchange hedging business plans and executing relevant contracts. The Group will closely monitor our foreign exchange exposure and, when necessary, use appropriate financial instruments to mitigate foreign exchange risks for hedging purposes.

DIRECTORS AND SENIOR MANAGEMENT



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT BOARD OF DIRECTORS

The Board consists of five Directors, including two executive Directors and three independent non-executive Directors. Directors will serve a three-year term and may be re-elected upon the expiration of their term.

Board

Executive Directors

Mr. Bi Lei (畢磊), aged 54, is our executive Director, chairman of our Board, general manager and chief executive officer. As the founder of our Group, Mr. Bi has been our Director, general manager and chief executive officer since the inception of our Company, and the chairman of our Board since September 2013. He was redesignated as our executive Director on 10 January 2025 with effect from the Listing Date. He is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group. Prior to founding our Group, Mr. Bi served as a research and development vice president at Shenzhen Chipsbank Technologies Co., Ltd. (深圳芯邦科技股份有限公司) from October 2004 to February 2010. Before that, he was an IC design engineer at the Asia Pacific R&D Center of Philips Electronics Singapore Pte Ltd (Semiconductors – Asia Product Innovation Centre) and an R&D engineer at the Data Storage Institute under the Agency for Science, Technology and Research (A*STAR), Singapore. Mr. Bi was recognized as an Overseas High-Caliber Personnel (Level A) under Shenzhen's "Peacock Plan" in 2012 and a "High-Level Talent" in Nanshan District, Shenzhen, in 2016. Mr. Bi Lei obtained a master's degree of science in applied physics and electrical engineering from Linköping University in Sweden.

Dr. Bi Chao (畢超), aged 67, is our executive Director and chief technology officer. Dr. Bi joined our Group in June 2014 as chief technology officer, and was appointed as our Director on 16 June 2020 and was redesignated as an executive Director on 10 January 2025 with effect from the Listing Date. He is primarily responsible for overseeing business and daily operations of our Group and leading the overall technology development of our Group. Prior to joining our Group, Dr. Bi worked at the Data Storage Institute under the Agency for Science, Technology and Research (A*STAR), Singapore, with his last position as the senior scientist. Previously, he served as a senior engineer at Western Digital (Singapore) Pte. Ltd. and a lecturer in electrical engineering at Southeast University, the PRC. Dr. Bi received the National Technology Award of Singapore for his achievements in the field of motor technology in 2006, and was recognized as an Overseas High-Caliber Personnel (Level A) under Shenzhen's "Peacock Plan" in 2015, and a "High-Level Talent" in Nanshan District, Shenzhen, in 2016. Dr. Bi Chao obtained a bachelor's degree of engineering in motor technology from Hefei University of Technology (合肥工業大學) in the PRC in January 1982, a master's degree of engineering in motor technology from Xi'an Jiaotong University (西安交通大學) in the PRC in October 1984, and a doctor of philosophy degree with a focus on motor technology from the National University of Singapore in Singapore in July 1995.

DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Directors

Dr. Lin Mingyao (林明耀), aged 66, was appointed as our independent non-executive Director on 22 April 2025. He is primarily responsible for providing independent advice on the operations and management of our Group. Dr. Lin has been working at Southeast University (東南大學, previously known as Nanjing Institute of Technology (南京工學院)) for nearly 40 years with his study focusing on motor control. He has been a professor at Southeast University since April 2004. Previously, he was an associated professor at Southeast University from April 1994 to March 2004, and a lecturer at Southeast University from May 1985 to March 1994. Dr. Lin currently serves or has served as an independent director for several listed companies, including his current role as an independent director of Wetown Electric Group Co., Ltd. (威騰電氣集團股份有限公司, 688226.SH) since February 2023 and Jiangsu Daybright Intelligent Electric Co., Ltd. (江蘇大燁智能電氣股份有限公司, 300670.SZ) since December 2020. Dr. Lin obtained a bachelor's degree, a master's degree and a doctoral degree in electric engineering from Southeast University in the PRC in July 1982, July 1985 and November 1995, respectively.

Dr. Niu Shuangxia (牛雙霞), aged 44, has been our independent Director since 8 August 2024, and was redesignated as an independent non-executive Director on 10 January 2025 with effect from the Listing Date. She is primarily responsible for providing independent advice on the operations and management of our Group. Dr. Niu has been working at the Faculty of Engineering of the Hong Kong Polytechnic University, serving successively as a research assistant professor, assistant professor, associate professor and professor since 2012. Dr. Niu obtained a bachelor's degree of engineering in automation and a master's degree of engineering in control theory and control engineering from Tianjin University (天津大學) in the PRC in June 2002, and March 2005, respectively. Dr. Niu also obtained a doctor of philosophy degree with a focus on electrical engineering from The University of Hong Kong in December 2009.

Mr. Chen Jingyang (陳井陽), aged 43, was appointed as our independent non-executive Director on 10 January 2025. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Chen has been the chairman of the board and general manager at Shenzhen Baocheng Investment Management Co., Ltd. (深圳市寶誠私募股權基金管理有限公司) since September 2016, an independent director and the chairman of the audit committee of the board of Huizhou ROYPOW Technology Co., Ltd. (惠州市樂億通科技股份有限公司) since October 2023, and the general manager and director at Shenzhen Huiju Gongchuang Enterprise Management Consulting Co., Ltd. (深圳匯炬共創企業管理諮詢有限公司) since November 2024. Prior to joining our Group, Mr. Chen worked at Dasheng Times Cultural Investment Co., Ltd. (大晟時代文化投資股份有限公司, 600892.SH, "Dasheng Cultural") from March 2016 to November 2024, with his last position as the vice chairman of the board and a member of the audit committee of the board. Previously, he worked at Shenke Slide Bearing Corporation (申科滑動軸承股份有限公司, 002633.SZ) from July 2008 to June 2015, successively serving as the deputy head of finance department, head of finance department, assistant to board secretary, the board secretary and a director. Previously, Mr. Chen served as an audit assistant of the Hangzhou Branch of BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)杭州分所) from November 2006 to May 2008 and Hangzhou Zhongheng Certified Public Accountants Co., Ltd. (杭州中恆會計師事務所有限公司) from August 2004 to October 2006. Mr. Chen obtained a bachelor's degree of finance from Zhejiang Gongshang University (浙江工商大學) in the PRC in July 2004. He has been a member of the Chinese Institute of Certified Public Accountant since July 2012 and was qualified as a senior accountant by Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳) in November 2021. Mr. Chen also obtained the Legal Professional Qualification Certificate of the PRC in June 2023.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. Mr. Bi Lei, our executive Director, chairman of our Board, general manager and chief executive officer, is also a member of our senior management team. For his biography, see “– Directors – Executive Directors” in this section.

Ms. Zhang Hongmei (張紅梅), aged 44, has been our finance director since 23 February 2024. She is primarily responsible for financial operations and capital management of our Group. Prior to joining our Group, Ms. Zhang served as the chief financial officer at Shenzhen MTN Electronics Co., Ltd. (深圳市邁騰電子有限公司) from October 2021 to July 2023 and the vice president at Guangdong Liwang High-tech Co., Ltd. (廣東力王高新科技股份有限公司, NEEQ: 835692) from May 2020 to July 2021. Prior to that, she served as the chief financial officer at Guangdong Redwall New Materials Co., Ltd. (廣東紅牆新材料股份有限公司, 002809.SZ). Ms. Zhang obtained a bachelor's degree of management in accounting from Jinan University (暨南大學) in the PRC in December 2013. She obtained the Accounting Professional Qualification (Mid-level) in May 2004, and has been a member of The Institute of Certified Management Accountants since June 2021 and obtained the Accounting Professional Qualification (Advanced) in December 2025.

Ms. Jiao Qianqian (焦倩倩), aged 31, is the secretary of our Board and was previously our joint company secretary (resigned as joint company secretary in December 2025). Ms. Jiao joined our Group in December 2021 as the head of securities affairs and has been the secretary of our Board since 26 January 2024. She is primarily responsible for the Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group. Prior to joining our Group, Ms. Jiao worked at Shenzhen ATEC Clean Energy Co., Ltd. (深圳市安泰科清潔能源股份有限公司) from December 2020 to March 2021, Shenzhen Megmeet Electrical Co., Ltd. (深圳麥格米特電氣股份有限公司, 002851.SZ) from March 2019 to November 2020, and Haimo Technologies Group Corp. (海默科技(集團)股份有限公司, 300084.SZ) from March 2017 to January 2019. Ms. Jiao obtained a bachelor's degree of management from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in July 2016.

JOINT COMPANY SECRETARIES

Ms. Ma Wing Yee (馬詠儀), is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 10 years of experience in corporate governance and company secretarial practice in listed companies on the Stock Exchange. She is currently the company secretary or joint company secretary of a number of listed companies on the Stock Exchange. Ms. Ma obtained a bachelor's degree in Arts from the University of Hong Kong. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. Sun Yunzi (孫允孜), has joined the Group in November 2025. He has served at Guotai Haitong Securities Co., Ltd. (formerly known as Guotai Junan Securities Co., Ltd.), listed on both the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), from June 2018 to November 2025. Mr. Sun obtained a master's degree in Statistics from Southwestern University of Finance and Economics in the People's Republic of China (the “PRC”) in June 2018. He holds the Certified Public Accountant (CPA) qualification and has obtained the sponsor representative qualification in the PRC.

DIRECTORS' REPORT

The relevant sections of this annual report referred to in this Directors' Report form part of this Directors' Report.

DIRECTORS AND SUPERVISORS

The Directors and supervisors of the Company for 2025 financial year and up to the date of this report are as follows:

Executive Directors

Mr. Bi Lei (Chairman)

Dr. Bi Chao

Independent Non-executive Directors

Dr. Lin Mingyao (appointed on 22 April 2025)

Dr. Niu Shuangxia

Mr. Chen Jingyang (appointed on 10 January 2025)

Mr. Wang Lin (resigned on 10 January 2025)

Mr. Wang Jianxin (resigned on 22 April 2025)

Supervisors

Ms. Wang Yuhong (ceased as supervisor on 10 September 2025)

Ms. Liu Haimei (ceased as supervisor on 10 September 2025)

Mr. Bai Yuhong (ceased as supervisor on 10 September 2025)

The Board of Supervisors of the Company was cancelled on 10 September 2025.

PRINCIPAL ACTIVITIES

We are an IC design company dedicated to the design and R&D of BLDC motor control ICs and have established a strong market position within the BLDC motor control and driver chip industry. A BLDC motor is a type of brushless motor driven by electronic commutation, which changes the electromagnetic fields to drive the rotor of the motor. According to Frost & Sullivan, compared with traditional motors, BLDC motors offer advantages such as high efficiency, low power consumption, high control precision and low noise, and are widely used in various applications. Our products are designed to help BLDC motors optimize their performance and achieve highly efficient, low-noise, and high-precision operation. According to Frost & Sullivan, our product portfolio covers all key components of a typical motor control system, including (i) motor control chips such as MCUs and ASICs, (ii) motor driver chips such as HVICs, (iii) IPMs, and (iv) power devices such as MOSFETs. Details of the names, principal places of operation, countries of incorporation and issued share capital of the Group's principal subsidiaries are set out in Note 1 to the consolidated financial statements. For the year ended 31 December 2025, there was no material change in the nature of the Group's principal business. As of the date of this annual report, the Board has no intention to make any significant changes to the Group's principal business.

RESULTS

The Group's results for the year ended 31 December 2025, are set forth in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Comprehensive Income on pages 86 to 87. A discussion and analysis of the Group's operating results for the Year and the significant factors affecting its operating results and financial position is included in the "Management's Discussion and Analysis" section on pages 8 to 24 of this report.

ANNUAL DIVIDENDS

The Board has resolved to recommend the declaration of a final cash dividend of RMB0.78 per share (including tax) for the year ended 31 December 2025. Based on the total number of issued shares of the Company as of the date of this report, consisting of 21,556,000 H Shares and 93,558,080 A Shares, the total amount of the final cash dividend for the year ended 31 December 2025, is approximately RMB89,788,982.40 (including tax), representing a final cash dividend of RMB0.78 per share (including tax). The cash dividend is denominated and declared in Renminbi and will be paid in Renminbi to shareholders holding A Shares ("**A Shareholders**") and in Hong Kong dollars to shareholders holding H Shares ("**H Shareholders**"; together with the A Shareholders, collectively referred to as "**Shareholders**"). The actual amount paid in Hong Kong dollars will be calculated based on the average mid-market rate of the Renminbi against the Hong Kong dollar published by the People's Bank of China five business days prior to the date of the Company's 2025 annual general meeting ("**AGM**").

During the Reporting Period, there were no arrangements whereby Shareholders waived or agreed to waive any dividends.

RESERVES

Details of changes in the Group's reserves for the year ended 31 December 2025, are set out in Note 33 to the consolidated financial statements. As at 31 December 2025, the consolidated distributable reserves of the Group amounted to approximately RMB673.9 million.

SHARE CAPITAL

As of the date of this report, the Company has 115,114,080 issued Shares. Details of the share capital of the Company for the year ended 31 December 2025 are set out in Note 31 to the consolidated financial statements.

MAJOR SUBSIDIARIES

Details regarding the principal business activities of the Company's major subsidiaries are set forth in Note 1 to the consolidated financial statements.

PROPERTY, PLANT, AND EQUIPMENT

Details of changes in the Group's property, plant, and equipment for the year ended 31 December 2025, are set out in Note 14 to the consolidated financial statements.

DIRECTORS' REPORT

WORKING CAPITAL, FINANCIAL RESOURCES, AND CAPITAL STRUCTURE

For details regarding the Group's working capital, financial resources, and capital structure, please refer to the "Management Discussion and Analysis" section on pages 8 to 24 of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

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

(a) Long position in Shares and underlying Shares of the Company

Name of Director	Positions in the Company	Nature of Interest	Number and class of Shares held	Approximate percentage of interest in the relevant class of Shares ⁽¹⁾	Approximate percentage of interest in the total issued share capital ⁽¹⁾
Mr. Bi Lei ⁽³⁾⁽⁴⁾⁽⁶⁾⁽⁷⁾	Executive Director, chairman of the Board, general manager and chief executive officer	Beneficial owner	60,000 A Shares	0.06%	0.05%
		Interest of controlled corporation	35,154,431 A Shares	37.69%	30.61%
		Interest of spouse	1,350,716 A Shares	1.45%	1.18%
		Interests held jointly with another person	20,000 A Shares	0.02%	0.02%
			36,585,147 A Shares	39.22%	31.86%
Dr. Bi Chao ⁽⁵⁾⁽⁷⁾	Executive Director and chief technology officer	Beneficial owner	20,000 A Shares	0.02%	0.02%
		Interests held jointly with another person	36,565,147 A Shares	39.20%	31.84%
			36,585,147 A Shares	39.22%	31.86%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 93,276,780 A Shares (inclusive of 193,000 treasury A Shares) and 21,556,000 H Shares in issue as at 31 December 2025.
- (3) As at 31 December 2025, Fortior Technology (HK) Company Limited (峰昭科技(香港)有限公司) (“**Fortior HK**”) was held as to 35.25% by Mr. Bi Lei. By virtue of the SFO, Mr. Bi Lei is deemed to be interested in those Shares held by Fortior HK. For details of interests of Fortior HK in the Company, please refer to the paragraphs headed “Substantial Shareholders” in this section.
- (4) As at 31 December 2025, Mr. Bi Lei was interested in 60,000 restricted Shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 60,000 A Shares subject to vesting.
- (5) As at 31 December 2025, Dr. Bi Chao was interested in 20,000 restricted Shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 20,000 A Shares subject to vesting.
- (6) Mr. Bi Lei and Ms. Gao Shuai are spouses. By virtue of the SFO, Mr. Bi Lei is deemed to be interested in those Shares held by Ms. Gao Shuai. For details of interests of Ms. Gao Shuai in the Company, please refer to the paragraphs headed “Substantial Shareholders” in this section.
- (7) Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into the acting-in-concert agreement dated 17 March 2021, as renewed on 10 January 2025 to extend its term to 19 April 2028 (the “**Acting-in-Concert Agreement**”). By virtue of the SFO, they are deemed to be interested in those Shares and underlying Shares held by each other.

Save as disclosed above, as of 31 December 2025, so far as is known to any Director or chief executive of the Company, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2025, the following persons (other than the Directors and chief executive of the Company whose interests have been disclosed in this report), who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/Nature of interest	Number and class of Shares ⁽¹⁾	Approximate percentage of interest in the relevant class of Shares ⁽¹⁾	Approximate percentage of interest in the total issued share capital of the Company ⁽¹⁾
Fortior HK ⁽³⁾⁽⁸⁾	Beneficial owner	35,154,431 A Shares	37.69%	30.61%
Ms. Gao Shuai ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁸⁾	Interest of controlled corporation	1,350,716 A Shares	1.45%	1.18%
	Interest of spouse	35,214,431 A Shares	37.75%	30.67%
	Interest held jointly with another person	20,000 A Shares	0.02%	0.02%
	Beneficial owner	11,180,273 A Shares	11.99%	9.74%
Shanghai Huaxin Venture Capital Partnership (Limited Partnership) ⁽⁷⁾	Beneficial owner	11,180,273 A Shares	11.99%	9.74%
Moselle Limited ⁽⁷⁾	Interest of controlled corporation	11,180,273 A Shares	11.99%	9.74%
Temasek Holdings (Private) Limited ⁽⁹⁾	Interest of controlled corporation	1,762,200 H Shares	8.17%	1.53%
Seletar Investments Pte. Ltd. ⁽⁹⁾	Interest of controlled corporation	1,762,200 H Shares	8.17%	1.53%
Aranda Investments Pte Ltd ⁽⁹⁾	Beneficial owner	1,762,200 H Shares	8.17%	1.53%
Taikang Insurance Group, Inc. ⁽¹⁰⁾	Interest of controlled corporation	1,650,000 H Shares	7.65%	1.44%
Taikang Asset Management (Hong Kong) Company Limited ⁽¹⁰⁾	Investment manager	1,650,000 H Shares	7.65%	1.44%
Taikang Asset Management Company Limited ⁽¹⁰⁾	Interest of controlled corporation	1,650,000 H Shares	7.65%	1.44%
HHLR Advisors, Ltd.	Investment manager	1,107,500 H Shares	5.14%	0.96%
TF-B, L.P.	Beneficial owner	1,107,500 H Shares	5.14%	0.96%
HACF, L.P.	Interest of controlled corporation	1,107,500 H Shares	5.14%	0.96%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 93,276,780 A Shares (inclusive of 193,000 treasury A Shares) and 21,556,000 H Shares in issue as of 31 December 2025.
- (3) As at 31 December 2025, Fortior HK was held as to 35.25% by Mr. Bi Lei. By virtue of the SFO, Mr. Bi Lei is deemed to be interested in the Shares held by Fortior HK.
- (4) As at 31 December 2025, Xinyun Technology (Shenzhen) Co., Ltd. (芯運科技(深圳)有限公司) (“**Xinyun Technology**”) was interested in 1,350,716 A Shares of the Company and was wholly owned by Ms. Gao Shuai. By virtue of the SFO, Ms. Gao Shuai is deemed to be interested in the Shares held by Xinyun Technology.
- (5) Mr. Bi Lei and Ms. Gao Shuai are spouses. By virtue of the SFO, they are deemed to be interested in the Shares and underlying Shares held by each other.
- (6) Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into the Acting-in-Concert Agreement. By virtue of the SFO, they are deemed to be interested in the Shares and underlying Shares held by each other.
- (7) As at the date of this report, the general partner of Shanghai Huaxin Venture Capital Partnership (Limited Partnership) (上海華芯創業投資合夥企業(有限合夥)) (“**Shanghai Huaxin**”) was Moselle Limited. By virtue of the SFO, Moselle Limited is deemed to be interested in the Shares held by Shanghai Huaxin.
- (8) By virtue of the SFO, since Mr. Bi Lei, Dr. Bi Chao, Ms. Gao Shuai and Fortior HK controlled one-third or more of the voting power at general meetings of the Company as at the date of this report, they may be deemed to be interested in the 193,000 treasury Shares held by the Company as at the date of this report.
- (9) Temasek Holdings (Private) Limited is deemed to be interested in the 1,762,200 H Shares held by Aranda Investments Pte. Ltd., which is wholly-owned by Seletar Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited.
- (10) Taikang Insurance Group, Inc. is deemed to be interested in the 1,650,000 H Shares held by Taikang Asset Management (Hong Kong) Company Limited, which is wholly-owned by Taikang Asset Management Company Limited, an indirect wholly-owned subsidiary of Taikang Insurance Group, Inc..

Save as disclosed above, as of 31 December 2025, the Company has not been notified by any person, other than the Directors and chief executive whose interests are set out in the above section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or any of its Associated Corporations” who had any interest or short position in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would fall to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, each Director has confirmed that he or she has complied with the required standards set out in the Model Code from the Listing Date to the date of this report, and the Company is not aware of any incident of non-compliance by the Directors.

H SHARES LISTING AND THE USE OF PROCEEDS FROM THE LISTING

The H shares of the Company (the "H Share(s)") were listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 July 2025 (the "Listing Date") and 18,744,400 H Shares were issued. Following the full exercise of the Over-Allotment Option on 24 July 2025, the number of H Shares issued and listed increased from 18,744,400 to 21,556,000. After deducting underwriting fees and related expenses, the total net proceeds from the Listing (the "Net Proceeds") amounted to approximately HK\$2,467.2 million. As of the date of this report, there has been no changes to the intended use of the Net Proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 June 2025 (the "Prospectus").

From the Listing Date up to 31 December 2025 (the "Relevant Period"), the Group utilized approximately HK\$184.6 million of the Net Proceeds in the same manner, allocations and proportions as stated in the Prospectus. Further details on the utilization of the Net Proceeds during the Relevant Period are detailed below:

Item(s)	Net Proceeds in the same manner and proportion as described in the Prospectus upon the Listing <i>Approximate HK\$ million</i>	Percentage of total Net Proceeds raised from the Listing <i>Approximate</i>	Actual use of Net Proceeds from the Listing Date to 31 December 2025 <i>Approximate HK\$ million</i>	Net Proceeds unutilized as at 31 December 2025 <i>Approximate HK\$ million</i>	Expected timetable for utilizing the remaining unutilized Net Proceeds
Strengthen our R&D and innovation capabilities	838.8	34%	17.9	820.9	By the end of 2030
Further enrich our product portfolio and expand downstream application	246.7	10%	1.6	245.1	By the end of 2030
Expand our overseas sales network and promoting our products in overseas markets	394.8	16%	–	394.8	By the end of 2030
Strategic investments and/or acquisition to achieve our long-term growth strategies	740.2	30%	–	740.2	By the end of 2030
Working capital and general corporate uses	246.7	10%	165.1	81.6	By the end of 2030
Total	2,467.2	100%	184.6	2,282.6	

Note:

- (1) The difference between the figures set forth in this table and the figures stated under "Net Proceeds unutilized as at the date of this report" in the section headed "H SHARES LISTING AND THE USE OF PROCEEDS FROM THE LISTING" in the 2025 interim report of the Company published on 30 September 2025 is primarily attributable to the difference between the listing expenses actually incurred and listing expenses estimated and as disclosed in the Prospectus.

If the Net Proceeds are not immediately used for the above purposes, or if the Company is unable to implement any part of the above plans as originally intended, and to the extent permitted by relevant laws and regulations, the Company will deposit the Net Proceeds into a short-term interest bearing account with a licensed commercial bank and/or other authorized financial institution (as defined under the Securities and Futures Ordinance or applicable laws and regulations of other jurisdictions). In such circumstances, the Company will comply with the applicable disclosure requirements under the Hong Kong Listing Rules.

The Company confirms that, from the Listing Date and up to the date of this report, the Net Proceeds that have not been immediately used for the aforementioned purposes have been deposited into short-term interest-bearing accounts with authorized commercial banks and/or other licensed financial institutions.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, revenue from the Group's largest customer accounted for approximately 13.2% of the Group's total revenue, while revenue from the Group's top five customers accounted for 43.4% of the Group's total revenue.

For the year ended 31 December 2025, purchases from the Group's largest supplier accounted for approximately 40.3% of the Group's total costs, while purchases from the Group's top five suppliers accounted for 81.6% of the Group's total purchases. All transactions between the Company and its relevant customers and suppliers were entered into on normal commercial terms.

To the best of the Directors' knowledge, none of the Company's Directors or any Shareholder holding 5% or more of the Shares of the Company, together with their associates (as defined in the Hong Kong Listing Rules), held any interest in the aforementioned top five suppliers and customers during the Reporting Period.

MAJOR RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the Group has maintained good relationships with its stakeholders including employees, customers and suppliers. The Group will continue to ensure effective communication and good relations with all key stakeholders. Further information on the Group's relationships with its employees, customers and suppliers is set out in our published Environmental, Social, and Governance (ESG) Report.

ENVIRONMENTAL POLICY AND PERFORMANCE

We adhere to all applicable environmental regulations and legal requirements, striving to minimize our negative impact on the environment.

For details of the Group's environmental policies and performance, please refer to our published Environmental, Social, and Governance (ESG) Report.

DIRECTORS' REPORT

COMPLIANCE WITH LAWS AND REGULATIONS

The business operations of the Group are primarily regulated by the laws, rules and regulations in the PRC. During the Reporting Period, the Company has complied with the relevant laws, rules and regulations that have a significant impact on the Company.

PRE-EMPTIVE RIGHTS

Pursuant to the Company's Articles of Association and the PRC laws, there is no provision requiring the Company to offer existing Shareholders pre-emptive rights to purchase new shares in proportion to their current shareholdings.

PENSION SCHEMES

Details of the pension schemes are set out in notes 2.4, 7 and 9 to the consolidated financial statements in this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates had any interest in any business that competes or may compete (whether directly or indirectly) with the business of the Group, which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MAJOR RISK FACTORS

The major risk factors affecting the Company's core business are as follows:

New technological advancements or trends could render our products uncompetitive or obsolete.

Our success depends on our ability to develop and integrate core technologies, including our proprietary ME kernel, to support our products. To remain competitive, we must maintain and enhance our core technologies to meet the latest downstream market demands, technological advancements, and industry standards. Development activities related to our core technologies may involve significant time, risk, and uncertainty: our R&D team may be unable to coordinate and manage development projects effectively; expenses associated with these investments may impact our profits and operating results; and these investments may fail to generate sufficient revenue to offset the related liabilities and expenses. In addition, our products are widely used in various application areas and downstream industries. Technological advancements and new industry standards in these downstream industries may affect the application requirements of our end customers and their products. If we fail to develop new products or improve our technology to meet the changing or new requirements of our end customers, our product sales may decline, and our business, financial condition, and results of operations may be adversely affected. Furthermore, according to Frost & Sullivan, many of our competitors use ARM-licensed Cortex-M series cores for their MCU products. ARM's ongoing upgrades to the Cortex-M series of cores could enable competitors to launch products with features that surpass our own, thereby reducing the appeal of our products or even rendering them obsolete. Furthermore, to reduce their reliance on ARM licenses, certain competitors may invest significant resources in developing proprietary MCU cores. If such competitors successfully develop their own advanced proprietary MCU cores or other technologies, they may gain a competitive advantage over our products. We cannot guarantee that our core technologies will remain competitive in the future compared to alternative technologies developed by competitors.



We rely on a small number of third-party foundry partners to manufacture our products.

We currently rely on Supplier A to manufacture the majority of our wafer products. Purchases from Largest Supplier A accounted for 40.3% of our total purchases for the year ended 31 December 2025.

Due to the complex proprietary nature of our products, if a disaster or other business disruption were to occur at the facilities of any of our foundry partners, the time required to identify a new foundry partner and transition to it would be significant and could have an adverse effect on our inventory, business, operating results, and financial condition. In addition, we are vulnerable to the risk that our current foundry partners may be unable to meet our product demand or may cease operations entirely. Furthermore, any shortage of raw materials used by our foundry partners could result in a shortage in their supply of our products. Consequently, we are vulnerable to the risk that our current foundry partners may be unable to meet our needs.

In addition, natural disasters such as earthquakes, droughts, and typhoons, as well as geopolitical challenges in the regions where our suppliers operate, could adversely affect our ability to secure an adequate supply of products. Our ability to secure an adequate supply of products may also be adversely affected by international trade policies, geopolitical developments, and trade protection measures, including the imposition of trade restrictions and sanctions.

In addition, stricter regulations regarding responsible procurement practices or heightened stakeholder expectations in this regard may increase our compliance costs. If our foundry partners fail to comply with such regulations or meet these expectations, it could result in negative publicity that adversely affects our reputation. Since we do not directly control the procurement or employment practices of our wafer fabrication partners, we may face financial or reputational risks arising from their actions. If we fail to manage these risks, our ability to deliver competitive products in a timely manner will be impaired, our costs will increase, and our business, operating results, and financial condition will be adversely affected.

We generate the majority of our revenue through our distribution network. Any decline in sales or losses incurred by our distributors would have an adverse effect on our business, operating results, and financial condition.

The majority of our revenue is derived from sales to distributors. For the year ended 31 December 2025, our total sales to distributors amounted to RMB746.9 million, accounting for 96.5% of our revenue for the same period. Our revenue and sales volume depend on our ability to maintain and expand our distributor network. The effective management and expansion of our distributor network depend on our ability to (i) renew agreements with existing distributors on terms favorable to us (such as credit terms) and (ii) develop new business relationships with additional distributors. If sales by any of our distributors decline or result in losses due to changes in their business models or any other reasons, and sales by other distributors do not grow accordingly, our business, operating results, financial condition, and cash flows will be adversely affected.

DIRECTORS' REPORT

We rely on the continued service and contributions of our founders, senior management, and other key employees, including core R&D personnel and technical engineers.

Our future performance depends on the continued service and contributions of our founders, senior management, and other key employees to oversee and execute our business plans, identify and pursue new opportunities, and conduct effective product design and research and development. We rely on our experienced senior management team to oversee and execute our business operations, including maintaining relationships with distributors and suppliers, complying with applicable laws and regulations, and facilitating the commercialization and production of our products. The departure or reassignment of any key personnel could significantly delay or hinder our ability to achieve our strategic business objectives and could have an adverse effect on our business, financial condition, and results of operations. Recruiting suitable replacements and integrating them into our team also requires a significant investment of time, training, and resources, and may impact our existing corporate culture. Our future success depends largely on our ability to attract, train, and retain qualified talent, particularly skilled engineers with expertise in chip design, motor drive architecture algorithms, and motor technology. However, we cannot guarantee that we will be able to develop or retain the qualified talent necessary to achieve our strategic objectives. If we are unable to respond promptly to the departure or job changes of key personnel, our business, financial condition, and operating results may be adversely affected.

Our products are primarily used by end customers in various industries and sectors. Factors that adversely affect these industries and sectors may have a negative impact on our business, financial condition, and operating results.

Our products are primarily supplied to end customers in various industries and are used in smart small appliances, white goods, industrial, automotive, power tools, robotics and sports and mobility sectors. Consequently, factors that adversely affect these industries may also have a material adverse effect on our business, financial condition, results of operations, and prospects. Such factors include, but are not limited to:

- Declining demand for products in these industries, or the emergence of negative perceptions or publicity;
- Rising costs of materials and labor associated with the design and manufacture of motor drive control chips for these industries;
- Reduction or elimination of tax incentives and economic incentives for manufacturers in these industries;
- Regulatory restrictions, trade disputes, industry quotas, tariffs, non-tariff barriers, and taxes may restrict exports from the PRC in these industries;
- A downturn in the overall economic conditions of the major countries and regions importing products from these industries; and
- Increasing competition from suppliers of motor drive control chips in these industries based in other countries and regions.

The industry in which we operate is highly competitive. If we are unable to compete with other market participants, our business, operating results, and financial condition could be materially and adversely affected.

The BLDC motor control and driver chip industry in which we operate is highly competitive. We primarily compete with other companies that specialize in developing and commercializing BLDC motor control and driver chips. If we compete against participants with a longer operating history, or if we do not have, or fail to obtain more financial resources in the future, more advanced technological capabilities, or a broader customer base and network than our competitors, we may not be able to respond as quickly or effectively as our competitors to new business opportunities, technologies, industry standards, customer needs, or regulatory requirements.

We may also face challenges from new entrants, who may in the future offer competitive products at lower prices. Such new entrants could intensify competition in the industry and adversely affect the sales, pricing, and profit margins of our products, as well as our market share. In addition, we may need to make significant additional investments in research and development, marketing and sales, recruiting and retaining talent, and acquiring technologies that complement or are necessary for our current and future products in order to address this potential competition, and we cannot guarantee to you that these measures will be effective.

If we are unable to succeed in the competitive environment, or if we are required to take costly measures to counter our competitors' actions in order to succeed, our business, operating results, and financial condition could be materially and adversely affected.

Our performance is influenced by macroeconomic conditions in the semiconductor industry in which we operate. According to Frost & Sullivan, the semiconductor industry has historically experienced sharp fluctuations, including cyclical downturns caused by continuous and rapid technological change, short product life cycles, and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by sudden declines in product demand, accelerating declines in average selling prices, reduced capacity utilization, rising inventory levels, and lower inventory valuations. Because the factors described above are beyond our control, we may be unable to adjust our inventory levels in response to declining demand, and product prices may be adversely affected. We may also face such adverse effects during future market fluctuations. If we are unable to anticipate market changes or adjust to unforeseen fluctuations, our business, financial condition, and results of operations may be adversely affected.

SIGNIFICANT INVESTMENTS HELD, AND SIGNIFICANT ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES

Except as disclosed below, the Company did not hold any significant investments during the Reporting Period (including any investments in investee companies that accounted for 5% or more of the Group's total assets as of 31 December 2025).

Subscription of Structural Deposit

Reference is made to the announcement of the Company dated 22 August 2025. To maximise returns on idle funds while maintaining high liquidity and low risk, the Group reasonably and strategically utilises idle funds of the Group to conduct cash management, subscribing for negotiable certificates of deposit, structured deposits (the "**Structured Deposit Products**") and/or other wealth management products for investment purposes, without utilizing any proceeds from the Listing. As stated in the Company's announcement dated 22 August 2025, the Group has subscribed to structured deposit products on 22 August 2025 with a total principal amount of approximately RMB45.0 million, which were funded by the internal resources of the Group without utilizing any proceeds from the Listing.

DIRECTORS' REPORT

In conducting the aforesaid investments, the Group will take into account factors such as (i) the market prevailing interest rates and practices; and (ii) the available surplus cash of the Company for treasury management purpose, against the minimum subscription amount as determined by the issuer of the relevant products.

The significant investments held by the Group as at the end of the Reporting Period are as follows:

Name of licensed bank	Outstanding principal amount/ cost as at 31 December 2025 RMB'000 (approximately)	Nature/type of product	Fair value as at 31 December 2025 RMB'000 (approximately)	Accumulated profit through comprehensive income/interest income as at 31 December 2025 RMB'000 (approximately)	Percentage to the total assets of the Group as at 31 December 2025 (approximately)
Bank of Ningbo Co., Ltd.	525,000	Principal-guaranteed structured deposit with floating return, classified as financial assets at fair value through profit or loss	530,153	5,153	10.1%
Total	525,000		530,153	5,153	–

Note: As of 31 December 2025, the total amount of the structured deposits purchased from different licensed banks under PRC laws was RMB900,137,000 and the total amount of negotiable certificates of deposit was RMB1,003,918,000. Save for the above, the aggregate value of the structured deposits and the negotiable certificates of deposit purchased from each other licensed bank on an aggregated basis was less than 5% of the total assets of the Group as at 31 December 2025.

In the event that any subscription of wealth management products (including without limitation, the Structured Deposit Products referred to above), individually or aggregated with the previous subscriptions that are of similar nature and were completed within 12 months, constitute a notifiable transaction under Chapter 14 and/or a connected transaction under Chapter 14A of the Listing Rules, the Company endeavors to comply with the applicable requirements under the Listing Rules as and when necessary.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

Save as disclosed below, the Company did not make any material acquisitions or disposals of subsidiaries, associates, or joint ventures during the Reporting Period.

On 25 December 2025, the Board considered and approved the Shenzhen commodity housing agreements entered into between the Company and Shenzhen Qianhai Shekou Qidi Industrial Co., Ltd.* (深圳市前海蛇口啟迪實業有限公司) (the "**Vendor**") on substantially the same terms, pursuant to which, the Company agreed to purchase, and the Vendor agreed to sell, Block 1, Runrong Tower (Phase 2), the commodity housing to be constructed on land parcel T102-0482 located in 02 Jiefang, Unit 15, Mawan, Qianhai Shenzhen-Hong Kong Cooperation Zone, Nanshan, Shenzhen, the PRC, with 32 office property titles and 9 commercial properties titles, for a consideration of RMB709,731,278. Further details regarding the above transaction are set forth in the announcement of the Company dated 25 December 2025.

On 26 December 2025, the Company entered into the formal contract of sale and purchase agreement in respect of the commodity housing with the Vendor.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as the plans disclosed in the section headed "*Future Plans and Use of Proceeds*" in the Prospectus, the Group has no specific plans to make significant investments or acquire material capital assets. However, the Group will continue to seek new opportunities for strategic investments and/or acquisitions to achieve its long-term growth strategies. For further details, please refer to the section headed "*Future Plans and Use of Proceeds*" in the Prospectus.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2025, the Group had a total of 315 full-time employees (31 December 2024: 269). During the Reporting Period, the employee remuneration of the Group included (i) employee salaries of approximately RMB147.1 million, representing an increase of 20.4% as compared to RMB122.1 million for the same period in 2024; and (ii) share-based payments of approximately RMB64.7 million, representing an increase of 426.8% as compared to RMB12.3 million for the same period in 2024. The Group places great emphasis on the potential of our employees and invests significant effort and resources in recruitment and training. In addition to regular recruitment programs through professional recruitment companies and other third parties, the Group also implements an internal referral policy to attract potential talent to join the Group. Given the long-term benefits of talent development, the Group regularly provides internal training programs for employees to enhance their technical knowledge and strengthen their industry knowledge and expertise. The Group offers employees competitive remuneration packages, including salaries, allowances, benefits in-kind, bonuses, contributions to retirement plans, and social welfare benefits. The Group contributes to social insurance schemes for its employees, including medical insurance, work injury insurance, pension insurance, maternity insurance and unemployment insurance, as well as housing provident fund.

DIRECTORS' REPORT

SHARE INCENTIVE PLANS

During the Reporting Period, the Company had two Restricted Share Incentive Plans, namely (i) the Restricted Share Incentive Plan approved by shareholders on 1 September 2022 (the “**2022 Restricted Share Incentive Plan**”); and (ii) the Restricted Share Incentive Plan approved by shareholders on 15 October 2024 (the “**2024 Restricted Share Incentive Plan**”).

Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated.

The following is a summary of the key terms of the Restricted Share Incentive Plans.

The terms of the 2022 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules, as it does not involve any grant of restricted Shares by the Company after the Listing. The terms of the 2024 Restricted Share Incentive Plan are also not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules other than Rule 17.12 as it does not involve any grant of restricted Shares by the Company after the Listing but is partially funded by the treasury Shares which are not listed on the Stock Exchange. Unless otherwise disclosed, the terms of each Restricted Share Incentive Plan are substantially the same and are summarized below.

(a) Purpose

The purpose of the Restricted Share Incentive Plans is to improve our Group's incentive mechanism and to attract and retain talents to achieve a sustained and healthy development of our Group in order to realize our Group's long-term objectives. The Restricted Share Incentive Plans are implemented to align the interests of our Shareholders with the interests of our Group and employees.

(b) Administration

The Restricted Share Incentive Plans are subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of the Board of Supervisors and Independent Directors of our Company.

(c) Eligible Participants

The participants of our 2022 Restricted Share Incentive Plan include the Company's senior management and key technical (business) personnel. The participants of our 2024 Restricted Share Incentive Plan include the Company's Directors, senior management, core technical personnel, and key technical (business) personnel. The scope of participants in our Restricted Share Incentive Plans does not include the Company's Independent Directors and supervisors.

(d) Source and Maximum Number of Shares

The A Shares relevant to the 2022 Restricted Share Incentive Plan are A Shares to be issued by the Company.

The A Shares relevant to the 2024 Restricted Share Incentive Plan consist of A Shares to be issued by the Company and/or A Shares repurchased by the Company from the secondary market.

Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. The maximum number of restricted Shares that can be granted under each of the Restricted Share Incentive Plans is as follows:

Restricted Share Incentive Plan	Maximum number of restricted Shares to be granted under the Plan
2022 Restricted Share Incentive Plan	2,471,000 ⁽¹⁾
2024 Restricted Share Incentive Plan	1,629,000 ⁽²⁾

Notes:

- (1) 2,471,000 restricted Shares under the 2022 Restricted Share Incentive Plan include 110,000 retained restricted Shares, the grantees of which shall be determined within 12 months after the approval of the 2022 Restricted Share Incentive Plan by the Shareholders' meeting (the "**2022 Retained Restricted Shares**").
- (2) 1,629,000 restricted Shares under the 2024 Restricted Share Incentive Plan include 30,000 retained restricted Shares, the grantees of which shall be determined within 12 months after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders' meeting (the "**2024 Retained Restricted Shares**", together with the 2022 Retained Restricted Shares, the "**Retained Restricted Shares**").

(e) Date of Grant and Term of the Restricted Share Incentive Plans

The date on which the restricted Shares are granted shall be determined by the Board after the approval of the Restricted Share Incentive Plans by the Shareholders' meeting. Under our 2024 Restricted Share Incentive Plan, the initial grant of restricted Shares shall be announced within 60 days after the approval of such plan by the Shareholders' meeting. The Restricted Share Incentive Plans shall be effective from the date of the initial grant of restricted Shares under the plans up to the date when all of the restricted Shares granted under the plans have been vested or void and lapsed, provided that the term of the plans shall not exceed 60 months. No participants may be granted with an aggregate number of the Company's shares of more than 1% of the Company's total share capital through any equity incentive plans in effect. As of 31 December 2025, the 2022 Restricted Share Incentive Plan has been fully vested (no remaining validity period), and the remaining validity period of the 2024 Restricted Share Incentive Plan is 35 months.

DIRECTORS' REPORT

(f) Lock-up for Directors and Senior Management

If the grantee is a Director or a member of senior management of our Company,

- (i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;
- (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;
- (iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and
- (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the Grant of Restricted Shares

The restricted Shares under the Restricted Share Incentive Plans will only be granted to selected participants if the following conditions are fulfilled:

- (i) with respect to our Company, none of the following circumstances having occurred: (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year; (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year; (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing; (4) applicable laws and regulations prohibit the implementation of share incentive; or (5) other circumstances determined by the CSRC; and
- (ii) with respect to a grantee, none of the following circumstances having occurred: (1) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months; (2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months; (3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months; (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law; (5) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or (6) other circumstances determined by the CSRC.



(h) Vesting of Restricted Shares

The restricted Shares will only be vested when

- (i) the conditions set out under paragraph (g) above are fulfilled;
- (ii) the grantee has served our Group for more than 12 months; and
- (iii) the annual assessment and performance targets as set out under the respective Restricted Share Incentive Plan are achieved.

The restricted Shares (other than the Retained Restricted Shares) will be vested in accordance with the vesting schedule as set out under the Restricted Share Incentive Plans as follows:

- (i) under the 2022 Restricted Share Incentive Plan, vested in tranches of 20%, 40% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively; and
- (ii) under the 2024 Restricted Share Incentive Plan, vested in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.

The Retained Restricted Shares will be vested in accordance with the vesting schedule as set out under the Restricted Share Incentive Plans as follows:

- (i) if the 2022 Retained Restricted Shares are granted before the release of our Company's 2022 third quarterly report, the vesting schedule is the same as that of the other restricted Shares as described above. Otherwise, the 2022 Retained Restricted Shares shall be vested in tranches of 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant; and
- (ii) if the 2024 Retained Restricted Shares are granted before the release of our Company's 2024 third quarterly report, the vesting schedule is the same as that of the other restricted Shares as described above. Otherwise, the 2024 Retained Restricted Shares shall be vested in tranches of 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant.

The number of restricted Shares granted and/or vested and/or the grant prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. Our Company may void the granted but unvested restricted Shares upon occurrence of certain events as set out in the Restricted Share Incentive Plans, including but not limited to the termination of employment of the grantees with our Company.

There is no exercise period attached to the restricted Shares under the Restricted Share Incentive Plan; and there is no amount payable on application or acceptance of the award, and no prescribed period within which payments or calls must or may be made or loans for such purposes must be repaid.

The purchase price of restricted Shares granted under the Restricted Share Incentive Plan is determined after comprehensively considering various factors such as the effectiveness of such incentive plan and share-based payment expenses, and subject to compliance with relevant laws, regulations, and rules of procedure.

DIRECTORS' REPORT

Details of the movements of the outstanding restricted Shares previously granted to grantees who are (i) Directors, chief executive officer, or substantial shareholders of the Company; and (ii) senior management of the Company under the respective Restricted Share Incentive Plans from the Listing Date to 31 December 2025 (the “**Relevant Period**”) are as follows:

Category/name of grantee/ position(s) in the Group	Restricted Share Incentive Plan	Date of grant	Vesting period	Grant price	Number of Restricted Shares					Outstanding as at the date of this report	Outstanding as an approximate percentage of the issued share capital as at the date of this report
					Outstanding at the Listing Date	Granted during the Relevant Period	Vested during the Relevant Period	Cancelled during the Relevant Period	Lapsed during the Relevant Period		
(i) Directors, chief executive officer, or substantial shareholders of the Company and/or their respective associates											
Mr. Bi Lei Executive Director, chairman of the Board, general manager and chief executive officer	2024 Restricted Share Incentive Plan	22 November 2024	Note 2	RMB69.22	60,000	0	0	0	0	60,000	0.05%
Dr. Bi Chao Executive Director and chief technology officer	2024 Restricted Share Incentive Plan	22 November 2024	Note 2	RMB69.22	20,000	0	0	0	0	20,000	0.02%
(ii) Senior management of the Company											
Ms. Zhang Hongme Finance director	2024 Restricted Share Incentive Plan	22 November 2024	Note 2	RMB69.22	10,000	0	0	0	0	10,000	0.01%
Ms. Jiao Qianqian Secretary of the Board	2022 Restricted Share Incentive Plan	2 September 2022	Note 3, Note 5	RMB54.13	2,000	0	2,000	0	0	0	0.00%
	2024 Restricted Share Incentive Plan	22 November 2024	Note 2	RMB70.00	10,000	0	0	0	0	10,000	0.01%
Total					102,000	0	2,000	0	0	100,000	0.09%



Notes:

- (1) The calculation is based on the total number of 93,276,780 A Shares and 21,556,000 H Shares in issue as of 31 December 2025.
- (2) Under the 2024 Restricted Share Incentive Plan, 30%, 30% and 40% of the restricted Shares (other than the 2024 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.
- (3) Under the 2022 Restricted Share Incentive Plan, 20%, 40% and 40% of the restricted Shares (other than the 2022 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.
- (4) The grant price under the 2022 Restricted Share Incentive Plan takes into account the adjustment due to the dividends distributions, including (i) the Company's distribution of cash dividends of RMB4.8 (tax inclusive) per 10 Shares to the then existing Shareholders on 7 June 2023; (ii) the Company's distribution of cash dividends of RMB6.1 (tax inclusive) per 10 Shares to the then existing Shareholders on 24 June 2024; and (iii) the Company's distribution of cash dividends of RMB7.8 (tax inclusive) per 10 Shares to the then existing Shareholders on 23 May 2025.
- (5) The 27th meeting of the second session of the Board of the Company has considered and approved the Resolution on Adjusting the Grant Price of 2022 Restricted Share Incentive Plan. As the 2024 Equity Distribution Plan has been implemented, the Board has made corresponding adjustment to the grant price (including reserved grants) of the 2022 Restricted Share Incentive Plan in accordance with relevant regulations of the Management Measures and the Incentive Plan and the authorization of the 2022 First Extraordinary General Meeting of the Company, with the grant price adjusted from RMB54.91 to RMB54.13 per share.
- (6) The Company convened its 2024 annual general meeting on 22 April 2025, at which the resolution on the Company's 2024 Profit Distribution Plan was reviewed and approved, authorizing the Company to distribute a cash dividend of RMB7.8 (including tax) per 10 shares to all Shareholders. On 17 May 2025, the Company disclosed the Announcement on the Implementation of the 2024 Annual Equity Distribution. The equity registration date was 22 May 2025, and the ex-dividend date was 23 May 2025. The Company's 2024 equity distribution plan has been fully implemented. Pursuant to the authorization granted by the second extraordinary general meeting in 2024, the Board adjusted the grant price (including reserved grants) for the 2024 Restricted Share Incentive Plan, reducing it from RMB70.00 per Share to RMB69.22 per Share.

DIRECTORS' REPORT

The table below sets forth the details of outstanding restricted Shares granted to other grantees in aggregate (excluding Directors and senior management of the Company) under the respective Restricted Share Incentive Plans during the Relevant Period:

Restricted Share Incentive Plan	Number of grantees	Date of grant	Vesting period	Grant price	Number of Restricted Shares						Outstanding as at 31 December 2025	Outstanding as an approximate percentage of the issued share capital as at 31 December 2025
					Outstanding at the Listing Date	Granted during the Relevant Period	Vested during the Relevant Period	Cancelled during the Relevant Period	Lapsed during the Relevant Period	Outstanding as at 31 December 2025		
2022 Restricted Share Incentive Plan	118	2 September 2022	Note 2	RMB54.13	863,600	0	856,400	0	7,200	0	0	
	4	3 August 2023	Note 3, Note 7	RMB54.13	55,000	0	55,000	0	0	0	0	
2024 Restricted Share Incentive Plan	212	22 November 2024	Note 4	RMB69.22	1,499,000	0	0	0	18,000	1,481,000	1.29%	
	4	9 April 2025	Note 5	RMB69.22	30,000	0	0	0	0	30,000	0.03%	



Notes:

- (1) The calculation is based on the total number of 93,276,780 A Shares and 21,556,000 H Shares in issue as of 31 December 2025.
- (2) Represents the outstanding restricted Shares granted to 118 grantees who are not Directors or senior management of the Company under the 2022 Restricted Share Incentive Plan, excluding the outstanding 2022 Retained Restricted Shares, as resolved by the Board. 20%, 40% and 40% of the restricted Shares (other than the 2022 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.
- (3) Represents the outstanding 2022 Retained Restricted Shares granted to four grantees who are not Directors or senior management of the Company, as resolved by the Board. As the 2022 Retained Restricted Shares were granted on 3 August 2023, following the release of the Company's 2022 third quarterly report, 50% and 50% of the Retained Restricted Shares are vested in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.
- (4) Represents the outstanding restricted Shares granted to 215 grantees who are not Directors or senior management of the Company under the 2024 Restricted Share Incentive Plan, excluding the 2024 Retained Restricted Shares, as resolved by the Board. 30%, 30% and 40% of the restricted Shares (other than the 2024 Retained Restricted Shares) are vested in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.
- (5) Represents the 2024 Retained Restricted Shares granted to four grantees who are not Directors or senior management of the Company under the 2024 Restricted Share Incentive Plan, as resolved by the Board. 50% and 50% of the restricted Shares are vested in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.
- (6) The grant price under the 2022 Restricted Share Incentive Plan takes into account the adjustment for dividends distributions, including: (i) the Company's distribution of cash dividends of RMB4.8 (tax inclusive) per 10 Shares to the then existing Shareholders on 7 June 2023; and (ii) the Company's distribution of cash dividends of RMB6.1 (tax inclusive) per 10 Shares to the then existing Shareholders on 24 June 2024; and (iii) the Company's distribution of cash dividends of RMB7.8 (tax inclusive) per 10 Shares to the then existing Shareholders on 23 May 2025.
- (7) The 27th meeting of the second session of the Board of the Company has considered and approved the Resolution on Adjusting the Grant Price of 2022 Restricted Share Incentive Plan. As the 2024 Equity Distribution Plan has been implemented, the Board has made corresponding adjustment to the grant price (including reserved grants) of the 2022 Restricted Share Incentive Plan in accordance with relevant regulations of the Management Measures and the Incentive Plan and the authorization of the 2022 First Extraordinary General Meeting of the Company, with the grant price adjusted from RMB54.91 to RMB54.13 per share.
- (8) The 27th meeting of the second session of the Board of the Company has considered and approved the Resolution on Abolishing Certain Restricted Shares Granted but not yet vested under the 2022 Restricted Share Incentive Plan. As 2 participants initially granted shares under the 2022 Restricted Share Incentive Plan have resigned and are no longer eligible for the incentive, a total of 7,200 Restricted Shares that have been granted but not yet vested shall not be vested and shall be lapsed.
- (9) The 29th meeting of the second session of the Board of the Company has considered and approved the Resolution on Abolishing Certain Restricted Shares Granted but not yet vested under the 2024 Restricted Share Incentive Plan. As 5 participants initially granted shares under the 2024 Restricted Share Incentive Plan have resigned and are no longer eligible for the incentive, a total of 18,000 Restricted Shares that have been granted but not yet vested shall not be vested and shall be lapsed.
- (10) Save as aforesaid, no other restricted Shares have been granted under the Share Incentive Plans to (i) any director, chief executive or substantial shareholder of the Company, or their respective associate; (ii) any participant with options and awards granted and to be granted in excess of the 1% individual limit; or (iii) other employee participants, or any other related entity participants and service providers.

DIRECTORS' REPORT

CHARITABLE DONATIONS

For the year ended 31 December 2025, the Group made charitable and other donations totaling RMB34,000.

EMPLOYEE WELL-BEING

Our employees are integral to our success. We are committed to providing a safe, inclusive, and empowering workplace. We comply with laws and regulations in relation to labor employment in all material aspects. We have also formulated internal management systems that stipulate provisions for employee onboarding, attendance, transfer, performance appraisal, promotion, remuneration, incentives, benefits and allowances.

We recruit talent based on the needs identified by our human resources department. We adhere to the principles of openness, fairness, impartiality and transparency in our recruitment process. Through various channels such as headhunters, online recruitment platforms and campus recruitment, we conduct comprehensive evaluations of candidates based on their character, qualifications, abilities, experience and educational background and select the best candidates.

We provide employees with competitive compensation and offer distinct career advancement paths for technical and functional staff. We implement a performance evaluation system and motivate employees through various measures, including salary adjustments, performance bonuses and equity incentive plans. We place great importance on employee feedback and have established a platform to collect and process employee suggestions. Feedback is gathered and centrally coordinated by the human resources administration center.

We have a diverse employee composition, and we prohibit any discrimination against employees based on factors such as gender, age or educational background during the recruitment, employment, and management processes.

For detailed information regarding the Company's employee well-being, please refer to our published Environmental, Social, and Governance (ESG) Report.

MATERIAL CONTRACTS

During the Reporting Period, neither the Company nor any of its subsidiaries entered into any material contracts with the controlling shareholder or its subsidiaries, nor were there any material contracts under which the controlling Shareholder or its subsidiaries provided services to the Company or its subsidiaries.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or their connected entities had any material interests, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Company, to which the Company or any of its subsidiaries was a party.



PERMITTED INDEMNITY PROVISIONS

The Company has arranged appropriate insurance coverage for the Directors and senior management in respect of their duties, against legal liabilities to third parties that they may be exposed to arising from corporate activities.

MANAGEMENT CONTRACTS

Save for the Directors' service contracts, no contracts concerning the management or administration of the whole or substantially all of the business of the Company were entered into or existed during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2025, the Group did not enter into any equity-linked agreements.

CONNECTED TRANSACTIONS

A summary of the Group's related-party transactions for the year ended 31 December 2025 is set out in Note 36 to the Group's consolidated financial statements in this annual report. None of such related-party transactions constituted "connected transactions" or "continuing connected transactions" requiring disclosure as defined in Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, the Company had no connected transactions or continuing connected transactions that were required to be disclosed pursuant to the provisions regarding the disclosure of connected transactions under Chapter 14A of the Hong Kong Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

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

As of 31 December 2025, the Company held a total of 193,000 A Shares, which the Company held as treasury shares (as defined in the Listing Rules). On 14 January 2026, pursuant to the first vesting period under the Company's Restricted Share Incentive Plan approved on 15 October 2024, the Company transferred a total of 193,000 treasury A Shares to eligible participants upon vesting. Details are set forth in the Company's overseas regulatory announcement dated 15 January 2026.

Save as disclosed above, from the Listing Date through the date of this annual report, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities (including the sale or transfer of any Class A Shares held by the Company as treasury shares (as defined in the Listing Rules)). As of the date of this report, the Company does not hold any treasury shares (as defined in the Listing Rules).

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE HONG KONG LISTING RULES

From the Listing Date up to the date of this report, there have been no changes in director information that are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules. General information and biographies of the Directors and members of senior management are set out in the "Directors and Senior Management" section of this annual report.

DIRECTORS' REPORT

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Since the Listing on the Hong Kong Stock Exchange and up to the end of the Reporting Period, the Company amended its Articles of Association on two occasions. As announced in the Company's announcement dated 20 August 2025, the Board submitted the following proposals to the extraordinary general meeting for consideration: (1) a proposal to dissolve the Board of Supervisors and amend the Articles of Association; (2) a proposal to amend certain governance rules; (3) a proposal to grant the Board a general mandate to issue H Shares; and (4) a proposal to implement foreign exchange hedging limits. These proposals were approved on 10 September 2025. The latest version of the Articles of Association is also available on the Company's website and the Hong Kong Stock Exchange website.

As announced by the Company in its announcement dated 2 December 2025, the Board has resolved that the vesting conditions for the third vesting period of the initial grant and the second vesting period of the reserved grant under the 2022 Restricted Share Incentive Plan have been met, a total of 913,400 restricted shares have vested. According to the "Certificate of Securities Registration Change" issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the registration of the 913,400 A Shares vested under the aforementioned 2022 Restricted Share Incentive Plan. To reflect these changes in the Company's registered capital and share capital structure, the Company has made corresponding amendments to its Articles of Association, which were approved on 2 December 2025. The latest version of the Articles of Association is also available on the Company's website and the Hong Kong Stock Exchange website.

Save as disclosed above, there were no changes to the Company's Articles of Association during the Reporting Period.

SUFFICIENT PUBLIC FLOAT

From the Listing Date through the date of this report, based on publicly available information and to the best of the Directors' knowledge, the Company's public float complies with the requirements of Rules 8.08 and 19A.13A of the Hong Kong Listing Rules and the exemption from the minimum public float requirement granted by the Hong Kong Stock Exchange upon the Company's listing of its H Shares.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As of 31 December 2025, and up to the date of this report, other than the matters described in the section above titled "Purchase, Sale, or Redemption of the Listed Securities of the Company" and the aforementioned final dividend distribution, no material events affecting the Group have occurred since the end of the Reporting Period and up to the date of this report.

AUDIT COMMITTEE

The Board has established an Audit Committee (the “**Audit Committee**”) and has drawn up written terms of reference in accordance with the Hong Kong Listing Rules and the Corporate Governance Code. As of the date of this report, the Audit Committee consists of three members, including three independent non-executive Directors: Mr. Chen Jingyang, Dr. Lin Mingyao, and Dr. Niu Shuangxia. Mr. Chen Jingyang serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and oversee the Group’s financial reporting processes and internal control systems, and to provide recommendations and advice to the Board.

The Audit Committee, together with the auditors, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025. The Audit Committee has also reviewed the accounting standards and practices adopted by the Group and discussed matters relating to auditing, risk management, internal controls, and financial reporting.

AUDITORS

Except for the change of the A Shares audit firm to Zhongxinghua Certified Public Accountants LLP by the Company in November 2024, the Company has not changed its audit firms in the past three years. Since the issuance of H Shares and listing on the Main Board of the Hong Kong Stock Exchange on 9 July 2025, the Company has not changed its appointed H Shares auditor, Ernst & Young.



CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report set out in the Company's annual report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to protect the interests of Shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules as its governance code.

Since the Listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on 9 July 2025, the Company has complied with all applicable provisions set out in Part 2 of the CG Code, except for the following deviation.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Bi Lei performs both the roles of the chairman of our Board and chief executive officer of the Company. The Board believes that, in view of Mr. Bi Lei's experience, personal profile and understanding of the Group's business operations, Mr. Bi Lei is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive officer to Mr. Bi Lei can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

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



BOARD RESPONSIBILITIES, ACCOUNTABILITY, AND CONTRIBUTIONS

The Board sets out the Company's mission, values, and strategies, and ensures that they align with the Company's culture. The Board is responsible for fulfilling corporate governance duties, including formulating and reviewing corporate governance policies and practices, reviewing and overseeing the training and continuing professional development of directors and senior management, reviewing whether the Company's policies and practices comply with legal and regulatory requirements; establishing, reviewing, and monitoring the implementation of codes of conduct and compliance manuals applicable to employees and directors; and monitoring the Company's compliance with the Corporate Governance Code and reviewing the corporate governance report.

The Board places great emphasis on corporate governance and compliance, viewing them as integral components of the Company's corporate values and culture. The Board is committed to upholding integrity, transparency, and accountability in the Group's day-to-day operations and governance. By fostering a culture of ethical conduct and compliance with laws and regulations, the Company ensures that its business practices meet or exceed industry standards, thereby strengthening the trust and confidence of its stakeholders.

The Board is responsible for determining the direction and oversight of the Company's business operations, formulating policies, strategies, and plans for the Company's business development, and leading the Company toward the goal of creating value for Shareholders. All Directors shall perform their duties in good faith in accordance with applicable laws and regulations, make objective decisions, and act at all times in the best interests of the Company and its Shareholders. Directors shall disclose to the Company details of any other positions they hold.

The Board is responsible for all significant matters of the Company, including approving and overseeing all policy matters, overall strategy, major transactions, and the appointment of the general manager, the board secretary, and other senior management, as well as other important financial and operational matters.

The Board has reviewed and discussed matters including the corporate governance functions of the Group, including the functions set out in code provision A.2.1 of the CG Code, and is satisfied with their effectiveness.

With the extensive experience of the executive Directors and independent non-executive Directors, and considering the nature of the Group's business, the Board believes that the Directors possess a balanced skill set and experience that will contribute to the Group's sustainable business development.

The Company's day-to-day management, administration, and operations are led by the Board and senior management. The Board assigns various responsibilities to management, who are responsible for implementing the Board's decisions and for directing and coordinating the Company's day-to-day operations and management. The Board regularly reviews the assigned responsibilities and tasks. Management must obtain the Board's approval prior to entering into any material transactions.

If a Director, general manager, or other senior management has a potential material conflict of interest in any matter to be considered by the Board (other than their own appointment), they shall report the nature and extent of such conflict to the Board as soon as possible. In the event that a Director recuses themselves from voting, a Board meeting may be held provided that a majority of the unaffiliated Directors are present. Resolutions must be approved by a majority of the unaffiliated directors. If fewer than three unrelated Directors are present at a meeting, no vote may be taken on the motion, and it shall be submitted to the general meeting for consideration.

The Company has taken out appropriate insurance to cover the directors' liability in connection with any legal proceedings arising from the Company's business. The scope of coverage will be reviewed annually.

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD AND SUPERVISORS

Executive Directors

Mr. Bi Lei (*Chairman*)

Dr. Bi Chao

Independent Non-executive Directors

Dr. Lin Mingyao (appointed on 22 April 2025)

Dr. Niu Shuangxia

Mr. Chen Jingyang (appointed on 10 January 2025)

Mr. Wang Lin (resigned on 10 January 2025)

Mr. Wang Jianxin (resigned on 22 April 2025)

Supervisors

Ms. Wang Yuhong (ceased as supervisor on 10 September 2025)

Ms. Liu Haimei (ceased as supervisor on 10 September 2025)

Mr. Bai Yuhong (ceased as supervisor on 10 September 2025)

The Board of Supervisors of the Company was cancelled on 10 September 2025.

To the best of the Company's knowledge, apart from Mr. Bi Lei and Dr. Bi Chao being brothers, there are no other financial, business, family, or other material or relevant relationships among the members of the Board.

Mr. Bi Lei, Dr. Bi Chao and Ms. Gao Shuai have entered into the acting-in-concert agreement dated 17 March 2021, as renewed on 10 January 2025 to extend its term to 19 April 2028. For details, please refer to the section headed "Relationship with Our Controlling Shareholders – Overview" in the Prospectus.

From the Listing Date of the H Shares and up to the date of this report, the Board has complied with the relevant provisions of the Listing Rules requiring that there be at least three independent non-executive Directors (constituting at least one-third of the Board), and that one of such independent non-executive Directors possess appropriate professional qualifications or expertise in accounting or related financial management.

The composition of the Board reflects the necessary balance between the skills and experience required to meet the Group's operation needs and objectives and to exercise independent judgment.

The Company has received annual independence confirmations from each of its independent non-executive Directors in accordance with the provisions of the Hong Kong Listing Rules and the Measures for the Administration of Independent Directors of Listed Companies applicable to A-share listed companies. In accordance with the independence guidelines set forth in Rule 3.13 of the Hong Kong Listing Rules, and to the best of the Company's knowledge, the Company considers all of its independent non-executive Directors to be independent.

The Company has established feasible and effective mechanisms to ensure that the Board has access to independent views and opinions. All Directors have timely access to all relevant information, as well as the advice and services of the Company's joint company secretary and senior management, to ensure compliance with Board procedures and all applicable laws and regulations. Any Director may, upon making a reasonable request to the Board, seek independent professional advice where appropriate, with the costs borne by the Company. During the period from the Listing Date of the H Shares and up to the date of this report, the Board has reviewed the Board's independence mechanisms and considers their implementation to be effective.



The Company also recognizes and firmly believes in the benefits of board diversity for enhancing performance, and has adopted a Director Nomination and Board Diversity Policy aimed at establishing methods for nominating Directors and achieving board diversity. All Board members are expected to prioritize and fully consider the benefits of board diversity (including gender diversity) when evaluating candidates under appropriate terms. In designing the Board's composition, board diversity has been considered across multiple measurable objectives, including, but not limited to, a balance of skills, professional experience, educational background, knowledge, expertise, culture, independence, age, and gender.

The Director Nomination and Board Diversity Policy sets forth the factors to be considered in evaluating, screening, and recommending to the Board one or more candidates for appointment or re-election as directors, including but not limited to: (a) diversity of perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, regional and industry experience, ethnicity, knowledge, and length of service; (b) qualifications, including achievements, experience, and other professional credentials in industries relevant to the Company's business; (c) commitment to fulfilling Board responsibilities in terms of time commitment; (d) reputation for integrity; (e) the contributions the candidate can make to the Board; and (f) the orderly implementation of one or more Board succession plans. In addition, the Board and the Nomination Committee will evaluate and recommend one or more candidates for the position of independent non-executive Director after giving due consideration to a range of factors, including, but not limited to, the independence and eligibility requirements for independent non-executive Directors as stipulated by the regulatory rules of the jurisdiction where the Company's Shares are listed.

BOARD PRACTICES AND MEETING PROCEDURES

The annual meeting schedule and draft agendas for each meeting are typically provided to Directors in advance. Reasonable notice is generally given for regular Board meetings and other Board and committee meetings.

Board documents, together with all appropriate, complete, and reliable information, are delivered to all Directors at least three days prior to each Board meeting or committee meeting, so that Directors may be informed of the Company's latest developments and financial condition and be able to make decisions. When necessary, the Board and each Director may also contact senior management individually and independently.

Senior management typically attends regular Board meetings and, as necessary, other Board and committee meetings to provide input on business development, financial and accounting matters, legal and regulatory compliance, corporate governance, and other key aspects of the Company.

The Company's board secretary and co-secretary are responsible for recording and maintaining the minutes of all Board and committee meetings. The minutes of Board and committee meetings provide a detailed record of the matters considered and the decisions reached, including any questions raised or objections expressed by Directors.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND GENERAL MEETINGS

In 2025, the Company scheduled and held 13 Board meetings and 4 general meetings. The attendance of each Director at the Board meetings and general meetings is set forth below:

Members of the Board	2025	
	Board meetings (13 times)	Annual general meeting and extraordinary general meetings (4 times)
Executive Directors		
Mr. Bi Lei (<i>Chairman</i>)	13	4
Dr. Bi Chao	13	4
Independent Non-executive Directors		
Dr. Lin Mingyao*	9	2
Dr. Niu Shuangxia	13	4
Mr. Chen Jingyang*	13	3

* Dr. Lin Mingyao and Mr. Chen Jingyang began their terms in April 2025 and January 2025, respectively.

Apart from regular Board meetings, the chairman has also held one meeting with the independent non-executive Directors without the presence of other Directors.

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee, in accordance with applicable laws and regulations, the Company's Articles of Association, and the Code on Corporate Governance Practices under the Hong Kong Listing Rules. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The Board committees are provided with sufficient resources to perform their necessary duties. All Board committees must report their decisions or recommendations to the Board. The terms of reference for Board committees are published on the websites of the Stock Exchange and the Company and are available for shareholders to review.

AUDIT COMMITTEE

As of the date of this report, the Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Chen Jingyang, Dr. Lin Mingyao and Dr. Niu Shuangxia. Mr. Chen Jingyang serves as the chairman of the committee and possesses the appropriate professional qualifications required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules.

The primary responsibilities of the Company's Audit Committee include (but not limited to):

1. supervising and evaluating the external audit work;
2. guiding the internal audit work;
3. reviewing the financial reports of the Company;
4. assessing the effectiveness of internal controls, and reviewing and supervising the effective operation of the Company's financial reporting, internal control systems, and risk management framework;
5. be responsible for coordinating the communication between the management, internal audit department, and relevant departments and the external audit firm;
6. reporting to the Board on the matters mentioned above and other matters set forth in Code Provision D.3.3 of Appendix C1 to the Hong Kong Listing Rules (as amended from time to time), and reporting to the Board on the Audit Committee's decisions or recommendations, unless such reporting is prohibited by law or regulatory restrictions;
7. be responsible for supervising and improving the principles, structure, and systems of corporate governance; and
8. handling other matters required by laws, rules and regulations of the jurisdictions where the Shares are listed, or as authorized by the Board.

The Audit Committee held 7 meetings in 2025, reviewed and approved 16 resolutions, including the Resolution on the Appointment of the Head of the Internal Audit Institution.

During the 2025 financial year, the Audit Committee reviewed the 2024 annual results, 2025 interim results and quarterly results for the nine months ended 30 September 2025 of the Group, and discussed internal control and financial reporting matters. The Audit Committee has also reviewed this report and confirms that it complies with all applicable standards, the Listing Rules, and other applicable legal requirements and that full disclosure has been made. The Directors and the Audit Committee have no disagreement regarding the appointment of the external auditor.

CORPORATE GOVERNANCE REPORT

The attendance of committee members at the meeting is as follows:

Members of the Audit Committee	Number of Meetings Attended/Number of Meetings Held During the Director's Tenure	Attendance Rate
Mr. Chen Jingyang	5/5	100%
Dr. Lin Mingyao	5/5	100%
Dr. Niu Shuangxia	7/7	100%

REMUNERATION AND APPRAISAL COMMITTEE

As of the date of this report, the Remuneration and Appraisal Committee of the Company consists of one executive Director, Mr. Bi Lei, and two independent non-executive Directors, Mr. Chen Jingyang and Dr. Niu Shuangxia. Mr. Chen Jingyang serves as the chairman of the committee.

The primary responsibilities of the Remuneration and Appraisal Committee of the Company include (but not limited to):

1. recommending to the Board regarding the overall compensation structure for Directors and senior management, equity incentive plans, employee stock ownership plans, and shareholding arrangements for proposed spin-off subsidiaries;
2. reviewing and approving management's remuneration proposals in accordance with the Board's corporate policies;
3. determining or recommending specific remuneration packages for executive Directors and senior management (including non-monetary benefits, pensions, and compensation); recommend remuneration for non-executive Directors;
4. taking into account market remuneration levels within the industry and the Group's internal employment terms;
5. approving severance compensation and compensation arrangements related to dismissal for misconduct by Directors that are consistent with the terms of the contract and are fair and reasonable;
6. ensuring that Directors do not participate in decisions regarding their own compensation; and
7. reviewing and approving matters related to share scheme under the Listing Rules.

The Remuneration and Appraisal Committee held 4 meetings in 2025 and reviewed and approved 9 resolutions, including the Resolution on the 2025 Remuneration Plan for the Directors of the Company and equity incentive plans. During the 2025 financial year, the Remuneration Committee reviewed the remuneration and compensation of the Directors and senior management and considered such remuneration and compensation to be fair and reasonable.



The attendance of committee members is as follows:

Members of the Remuneration and Appraisal Committee	Number of Meetings Attended/Number of Meetings Held During the Director's Tenure	Attendance Rate
Mr. Chen Jingyang	2/2	100%
Mr. Bi Lei	4/4	100%
Dr. Niu Shuangxia	4/4	100%

NOMINATION COMMITTEE

As of the date of this report, the Nomination Committee of the Company consists of three Directors, including one executive Director, Mr. Bi Lei, and two independent non-executive Directors, Dr. Niu Shuangxia and Dr. Lin Mingyao. Dr. Niu Shuangxia serves as the chairperson.

The primary responsibilities of the Nominating Committee of the Company include (but not limited to):

1. researching and formulating selection criteria and procedures for Directors and senior management, and submitting recommendations to the Board. Factors to be considered include, but are not limited to: cultural background, educational background, and professional experience;
2. making recommendations on nominations for Directors to the Board; providing recommendations to the Board regarding the appointment or reappointment of Directors and succession planning for Directors (particularly the chairman and general manager); reviewing candidates for Directors (particularly the chairman and chief executive officer) and providing recommendations;
3. appointing or dismissing senior management; review candidates for senior management positions (particularly the general manager) and make recommendations;
4. assessing the independence of independent non-executive Directors;



CORPORATE GOVERNANCE REPORT

5. reviewing the Board's structure, size, composition, and diversity (including gender, age, cultural and educational background, skills, knowledge, professional experience, and tenure) at least once a year, and assist the Board in preparing a Board skills matrix, and make recommendations to the Board regarding any changes to the Board's composition that are intended to align with the Company's strategy;
6. identifying individuals with appropriate qualifications to serve as Directors, and select and nominate such individuals for appointment as Directors or provide recommendations to the Board in this regard. When identifying suitable candidates, the Nomination Committee shall consider the candidates' strengths and, based on objective criteria, fully take into account the benefits of diversity among Board members;
7. supporting the Company's regular assessment of the Board's performance; and
8. handling other matters required by laws, administrative regulations, securities regulatory rules of the Stock Exchange where the Company's shares are listed, and the Articles of Association of the Company.

The Nomination Committee held 2 meetings in 2025 and reviewed and approved two resolutions, including the Resolution on the By-Election of Independent Directors. The Company has selected and reviewed candidates for Directors and senior management and their qualifications in accordance with the Working Rules of the Nomination Committee, and has made recommendations to the Board on relevant matters.

The Nomination Committee may nominate candidates who were not nominated by members of the Board. When assessing the suitability of proposed director candidates, factors including, among others, character and integrity, professional qualifications, skills, knowledge and experience relevant to the Company's business and strategy, willingness to commit sufficient time to fulfilling the duties and significant responsibilities as a member of the Board and other Directors, diversity of the Board, and other relevant factors appropriate to the business of the Company. The Nomination Committee shall make recommendations for the Board's consideration and approval.

The attendance of committee members at the meetings is as follows:

Members of the Nomination Committee	Number of Meetings Attended/Number of Meetings Held During the Director's Tenure	Attendance Rate
Dr. Niu Shuangxia	2/2	100%
Mr. Bi Lei	2/2	100%
Dr. Lin Mingyao	1/1	100%

STRATEGY AND ESG COMMITTEE

As of the date of this report, the Board of the Company has established a strategy and ESG committee (the “**Strategy and ESG Committee**”) and has adopted written terms of reference.

The primary responsibilities of the ESG Committee are to conduct research and provide recommendations on the Company’s long-term development strategy, major decisions, and environmental, social, and governance matters. The Strategy and ESG Committee consists of Mr. Bi Lei, Dr. Bi Chao, and Dr. Niu Shuangxia, with Mr. Bi Lei serving as the chairman. The primary responsibilities of the Company’s Strategy and ESG Committee include (but not limited to):

1. conducting research on the Company’s strategic development plans and providing recommendations;
2. conducting research on major investment and financing proposals requiring Board approval and provide recommendations;
3. conducting research on major capital operations and asset management projects that, pursuant to laws, regulations, normative documents, securities regulatory rules of the Stock Exchange where the Company’s Shares are listed, and these Articles of Association, require approval by the Board or the general meeting, and provide recommendations;
4. conducting research on major matters in the ESG field, including the Company’s ESG policies, strategies, objectives, and framework, and provide recommendations for decision-making;
5. monitoring regularly and inspecting the implementation and progress of the Company’s ESG initiatives, including but not limited to the progress toward ESG goals, and provide recommendations for improving the Company’s ESG performance or regarding related major decisions;
6. reviewing the Company’s annual ESG report and other ESG-related disclosure documents and submit them to the Board to ensure the completeness and accuracy of ESG-related disclosures;
7. conducting research on other significant matters affecting the Company’s development strategy and provide recommendations; and
8. other powers and duties as delegated by the Board.

CORPORATE GOVERNANCE REPORT

The Strategy and ESG Committee held 1 meeting in 2025, during which it reviewed and approved the Proposal Regarding Matters Related to the Global Offering of the Company's H-Shares and Listing on The Stock Exchange of Hong Kong Limited. The attendance of committee members at the meeting is set out below:

Members of the Strategy and ESG Committee	Number of Meetings Attended/Number of Meetings Held During the Director's Tenure	Attendance Rate
Mr. Bi Lei	1/1	100%
Dr. Bi Chao	1/1	100%
Dr. Niu Shuangxia	1/1	100%

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive Director has entered into a service contract with the Company, effective from May 2010 until the next election of Directors (in the case of Mr. Bi Lei) or from June 2014 until the next election of Directors (in the case of Mr. Bi Chao). The Company has also issued letters of appointment to each independent non-executive Director, effective from August 2024 (in the case of Dr. Niu Shuangxia), January 2025 (in the case of Mr. Chen Jingyang), or April 2025 (in the case of Dr. Lin Mingyao), until the next election of the Board, with each term not exceeding three years. Pursuant to the Articles of Association, Directors (including non-executive Directors) shall be elected by the general meeting for a term of three years. Directors are subject to re-election upon expiration. A Director shall continue to perform his duties in accordance with the laws, administrative regulations and Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum. During the Reporting Period, none of the Directors has entered into, or has proposed to enter into, a service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

BOARD DIVERSITY POLICY

To enhance effectiveness of the Board and maintain high standard of corporate governance, the Company has adopted the Board diversity policy, which sets out the objective and approach to achieve and maintain the diversity of the Board. Pursuant to the Board diversity policy, the Company seeks to achieve Board diversity by taking into consideration of various factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. The implementation of the policy is monitored by the Nomination Committee. The Nomination Committee shall report its findings and make recommendation to the Board. Such policy and objectives will be reviewed from time to time and at least on an annual basis to ensure their appropriateness in determining the optimum composition of the Board.

As at 31 December 2025, the Board has a balanced mix of experiences and industry background. The Directors have a diverse educational background including economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. The Company has three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of the Board. Furthermore, the Board has one female Director, and has a wide age range comprising members from their 40s to 60s. The Company assessed its business model and the backgrounds and abilities of the Directors and concluded that the composition of the Board satisfies the Board diversity policy. The Company is committed to maintaining gender diversity on the Board and at the working level, including senior management. In particular, the Company will strive to maintain that the Board and senior management have at least one member who is not of the same gender as the other members. As at 31 December 2025, the Board has one female Director out of five Directors, representing 20% of the Board. Two of the Group's two senior management personnel (excluding directors) are female. The proportion of females among the Directors and senior management is 42.9%.

We possess a diversified workforce. During our recruitment, hiring and management processes, we prohibit any discrimination against employees based on factors such as gender, age or educational background. The female to male ratio in the workforce (including senior management) is 20.3%. The table below sets out our employee composition by gender, age and education level as of 31 December 2025:

	Number of employees
By gender	
Male	251
Female	64
By age group	
50 or above	6
40 to 49	36
30 to 39	100
Below 30	173
Total	315

From the Listing Date of the H Shares and up to the date of this report, the Board has reviewed the Policy of Director Nomination and Board Diversity and considered that the implementation of the policy was effective.

CORPORATE GOVERNANCE REPORT

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes, as well as the Company's operating practices, business activities, and development, in order to effectively fulfill their duties.

Each Director confirms that he/she (i) has obtained legal advice as referred to in Rule 3.09D of the Hong Kong Listing Rules on 19 March 2025 (in respect of Dr. Lin Mingyao) and on 24 December 2024 (in respect of other Directors), and (ii) understands his/her responsibilities as a Director of a listed issuer under the Hong Kong Listing Rules.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Continuing briefings and professional development trainings for the Directors are arranged whenever necessary. In addition, reading materials relating to the Company's business or Directors' duties and responsibilities, updates on applicable laws, corporate governance, regulations applicable to the Group are provided to the Directors from time to time for their studying and reference. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Directors are required to submit details of the training they have received to the Company for each financial year so that the Company may maintain proper records of director training. Prior to the Listing Date of the H Shares and for the year ended 31 December 2025, each Director attended training sessions conducted by the Company's legal counsel regarding Directors' duties and the ongoing obligations of a listed company. In addition, the Company has provided the Directors with relevant reading materials for their study and reference.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the provisions of the Model Code from the Listing Date of the H Shares and up to the date of this report.

The Company has also established written guidelines governing securities transactions by employees who may have access to the Company's inside information, the terms of which are no less stringent than those of the Model Code. The Company is not aware of any instances of employees failing to comply with these written guidelines.

Should the Company become aware of any blackout periods regarding the trading of the Company's securities, it will notify its Directors and relevant employees in advance.



REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

With a view to further improving the remuneration management system for the Directors and senior management, establishing an incentive and restraint mechanism compatible with modern enterprise system which helps match responsibilities with rights, and fully incentivizing the Directors and senior management, the Company has formulated the Management System of Remuneration of Directors and Senior Management upon approval by the first extraordinary general meeting in 2025.

According to the Management System of Remuneration of Directors and Senior Management, the Company pays allowances to independent non-executive Directors each year. The amount of the allowances is determined at the Company's general meeting. The allowances for independent non-executive Directors are issued on a semi-annual or annual basis following approval by the general meeting.

Non-independent Directors who hold specific positions in the Company shall receive remuneration according to their positions, administrative responsibilities, and their actual performance and work achievements. Non-independent Directors who do not hold positions within the Company shall not receive remuneration or Director's allowances. Directors who do not hold any positions in the Company other than the directorship shall receive a fixed Director's allowance; however, if the Director's employer has specific regulations prohibiting the acceptance of remuneration, such regulations shall be respected and followed.

The mechanism for determining remuneration for the Company's senior management is as follows: The compensation for senior executives is determined based on their position, administrative role, job performance capabilities, and work performance. The remuneration structure consists of two components: base salary and performance-based pay; which means annual compensation is the sum of base salary and performance-based salary. Specifically, basic salary is primarily determined based on factors such as position, administrative roles, job competence, and prevailing market salary levels; performance-based pay is determined through a comprehensive evaluation that includes the Company's annual operating performance and individual performance appraisals, with annual evaluations conducted. At the end of each year, the Remuneration and Appraisal Committee will conduct performance evaluations in accordance with performance evaluation standards and the Company's remuneration system, taking into account the senior executives' operating performance, work capabilities, and position levels for that year, and will ultimately review and confirm their remuneration.



CORPORATE GOVERNANCE REPORT

Details of the remuneration (excluding equity-based remuneration) received by the Directors, former supervisors and senior management of the Company are as follows:

Remuneration before tax received from the Company in 2025

Remuneration details of Directors are set out in Notes 9 and 10 to the consolidated financial statements. The table below presents the remuneration of the Company's senior management (excluding senior management members who also serve as Directors) by band:

RMB	Number of senior management in 2025
1-500,000	0
500,001-1,500,000	2
Total	2

None of the Directors has waived or agreed to waive any emoluments, and no emoluments have been paid by the Group to any Director or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Responsibilities of Directors and Auditor with Respect to the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the consolidated financial statements of the Group for the 2025 financial year, which accurately and fairly reflects the financial position, performance and cash flows of the Group for the year. The Directors continue to adopt and apply appropriate accounting policies, make prudent, fair and reasonable judgments and estimates and prepare the financial statements on a going concern basis. The responsibilities of the external auditor with respect to financial reporting are set out in this report in the independent auditor's report accompanying the financial statements of the Company for the 2025 financial year.

BOARD OF SUPERVISORS

The Company strictly complies with relevant laws, regulations, and rules, including the Company Law, the Articles of Association, and the Rules of Procedure for Shareholders' Meetings of Listed Companies. The number and composition of the Board of Supervisors comply with these provisions. The Board of Supervisors convenes meetings in strict accordance with the provisions of the Articles of Association and the Rules of Procedure for the Board of Supervisors. All members of the Board of Supervisors diligently attended meetings, conscientiously performed their duties, and supervised and reviewed the Company's major matters, related-party transactions, and financial condition. On 10 September 2025, the Board of Supervisors of the Company was dissolved.

During 2025, the Board of Supervisors of the Company held a total of 7 meetings, all of which were attended by all supervisors. The Board of Supervisors considered and approved the following matters: Resolution Regarding the Company's 2024 Board of Supervisors Work Report and other matters.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

For the year ended 31 December 2025, the annual audit fees for Ernst & Young were RMB1,800,000 (including tax), while the annual audit fees and internal control report audit fees for Zhongxinghua Certified Public Accountants LLP were RMB1,200,000 (including tax). The interim audit fee for Ernst & Young was RMB700,000 (including tax). Ernst & Young's statement regarding its responsibilities as the Company's external auditor in connection with the financial statements is included in the "Independent Auditor's Report" section of this annual report.

Ernst & Young will attend the annual general meeting to answer questions regarding the audit work, the preparation and content of the auditor's report, and the auditor's independence.

For the year ended 31 December 2025, the fees paid to or payable to the Group's external auditors (in thousands of RMB) are as follows:

Nature of Services	Remuneration (RMB'000, including tax)	
	Ernst & Young	Zhongxinghua Certified Public Accountants LLP
Audit services	1,800.00	1,200.00
Non-audit services	700.00	–
Total	2,500.00	1,200.00

Notes:

- (1) Audit fees include fees for financial statement audit services and internal control report audit services.
- (2) Non-audit services primarily include interim report review services.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Mr. Hou Haowen and Ms. Jiao Qianqian served as joint company secretaries from the Listing Date and resigned on 2 December 2025. Subsequently, the Company appointed Mr. Sun Yunzi (with effect from 24 December 2025), and Ms. Ma Wing Yee of SWCS Corporate Services Group (Hong Kong) Limited (with effect from 2 December 2025) as joint company secretaries. The principal contact person of Ms. Ma Wing Yee in the Company is Mr. Sun Yunzi, the other joint company secretary.

Mr. Sun Yunzi and Ms. Ma Wing Yee both meet the requirements for company secretaries set forth in the Listing Rules. In 2025, Mr. Sun Yunzi, Ms. Ma Wing Yee and Ms. Jiao Qianqian completed at least 15 hours of relevant professional training and complied with the requirements of Rule 3.29 of the Hong Kong Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROLS

We have established and continually maintain a robust risk management and internal control system, consisting of policies and procedures tailored to our business operations. Our risk management policies cover various critical aspects of our operations, including financial reporting, compliance, information security, and human resources management. Our Board of Directors and senior management are responsible for the establishment and periodic update of our internal control systems and the effective implementation of internal control procedures, ensuring that they remain effective and aligned with our strategic goals.

Information System Risk Management

The maintenance, storage, and protection of our data and related information are vital to our success. To safeguard against data leakage and loss, we have implemented a set of rigorous internal procedures and controls. Our data protection policies are designed to prevent unauthorized access and ensure the security of our sensitive information.

During the Reporting Period, we have not experienced any material data breaches, loss of information, or security threats such as cyberattacks, viruses, or ransomware.

Compliance and Intellectual Property Risk Management

We have implemented strict internal procedures to ensure that our operations comply with relevant laws and regulations and that our intellectual property rights are well-protected. We timely obtain necessary governmental pre-approvals and consents, submitting required documents to relevant authorities, and ensuring that all trademark, copyright, and patent registrations are timely maintained. There have been no material compliance issues or violations during the Reporting Period.



Human Resources Risk Management

We have developed comprehensive internal control and risk management policies for human resources management, covering recruitment, training, work ethics, and legal compliance. Our recruitment process is thorough, ensuring the quality of new hires. We also provide specialized training tailored to the needs of employees across different departments. Regular performance reviews are conducted, with compensation tied to performance outcomes. We closely monitor the implementation of internal risk management policies to address potential non-compliance with our code of conduct, work ethics, or internal policies.

The Board and management regularly review the operation of the risk management and internal control systems and report to the Board. The Company has implemented an internal audit functions, and the Group's risk management department has assigned dedicated auditors to conduct internal audits and oversee the Company's financial transactions and economic activities.

The Board has established an Audit Committee, which is responsible for overseeing and evaluating the Company's financial reporting system and internal control system, and for regularly reviewing the Company's financial reports and external reports issued by the auditors to ensure that the internal control system is effective and adequate. The Company has established a mechanism for regularly assessing its risk management and internal control systems, and the Board conducts a comprehensive review of the system's effectiveness at least once a year. Additionally, following specific significant events, such as major changes to the business model or significant adjustments to laws and regulations, the Company will promptly initiate a special assessment. By combining various risk identification methods, the Company implements comprehensive risk management to fully identify, accurately assess, effectively address, and continuously monitor risks across all areas. The Board regularly evaluates the status of risk management and internal controls to assess the effectiveness of the relevant systems. The Audit Committee is responsible for reviewing the effectiveness of the Group's risk management and internal control systems at least once a year. Based on the findings of the Audit Committee, management reports, and internal audit results, the Board reviews the risk management and internal control systems through fiscal year 2025, including financial, operational, and compliance controls.

The Board considers these systems to be effective and adequate. The annual review also covers financial reporting and internal audit functions, as well as staff qualifications, experience, and relevant resources.

The Board, as supported by the Risk Management Committee and the Audit Committee, considered that the risk management and internal control systems of the Company for the year ended 31 December 2025 were effective and adequate. No material issues were identified that could potentially affect the Group's finances, operations, compliance, monitoring and risk management.



CORPORATE GOVERNANCE REPORT

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING MECHANISM

The Company has implemented comprehensive policies and mechanisms to uphold integrity and ethical standards, ensuring a transparent and secure working environment.

The Company maintains a “zero-tolerance” policy toward any form of commercial bribery or corruption and is committed to fostering an ethical and transparent business environment. The Company has established strict anti-corruption and anti-bribery management policies to ensure that all business activities adhere to high standards of integrity and transparency. At the operational level, the Company has established secure, confidential, and effective internal reporting channels to encourage employees and partners to proactively report suspicious activities. We conduct thorough investigations into all reported leads and fully protect the legitimate rights and interests of whistleblowers. Additionally, prior to establishing partnerships with third parties, the Company strictly conducts background checks and compliance reviews to ensure that partners also adhere to anti-corruption and anti-bribery standards, extending integrity and compliance requirements to the end of the supply chain.

SHAREHOLDERS’ RIGHTS

The general meetings of the Company provide an opportunity for communication between shareholders and the Board. The Company is required to hold its annual general meeting annually at a location as determined by the Board. Apart from the annual general meeting, each general meeting will be referred to as extraordinary general meeting (“EGM”).

Shareholders’ Procedures and Rights for Convening Shareholders’ Meetings

The following procedures for convening general meetings are subject to the Articles of Association (as amended from time to time) and applicable laws and regulations (in particular the Listing Rules (as amended from time to time)):

- (a) According to Article 53 of the Articles of Association, shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting and such request shall be made to the Board of Directors in writing. The Board of Directors shall give a written reply as to whether it agrees or disagrees to hold an extraordinary general meeting within 10 days upon receipt of the request in accordance with laws, administrative regulations, and the Articles of Association.
- (b) Where the Board of Directors agrees to hold an extraordinary general meeting, it shall issue a notice of the shareholders’ general meeting within 5 days after the resolution is made. Any change to the original request in the notice shall be subject to approval from the relevant shareholders. Where the Board of Directors does not agree to hold an extraordinary general meeting or fails to give a reply within 10 days upon receipt of the request, shareholders who individually or together hold 10% or more of the shares of the Company shall have the right to submit a proposal to the Audit Committee on holding an extraordinary general meeting and such request shall be made to the Audit Committee in writing. Where the Audit Committee agrees to hold an extraordinary general meeting, it shall issue a notice of Shareholders’ general meeting within 5 days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders; and
- (c) Where the Audit Committee fails to give the notice of the shareholders’ general meeting within the specified time limit, it shall be deemed that the Audit Committee does not convene or preside over the meeting, in which case, shareholders who individually or together hold 10% or more of the shares of the Company for 90 or more consecutive days may convene and preside over the meeting on their own.



Right to Make Inquiries to the Board

Shareholders who request to inspect and copy relevant materials of the Company shall present evidence to the Company to prove the class and amount of shareholdings in writing (can mail to our principal business address in Hong Kong: 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong). The Company shall comply with the shareholder's request after verifying his/her/its identity.

Procedures for Shareholders to Submit Proposals at the General Meeting

In accordance with the Articles of Association, when the Company convenes a shareholders' general meeting, the Board, the audit committee and shareholders who individually or together hold 1% or more of the shares of the Company are entitled to put forward a proposal to the Company.

Shareholders individually or together holding 1% or more of the shares of the Company can put forward a temporary proposal 10 days before the shareholders' general meeting is held and submit the proposal to the convener of the meeting in writing. The convener shall issue a supplemental notice within 2 days upon receiving such proposal and notify the general meeting of the content of such ad hoc proposal. The convener shall submit such ad hoc proposal to the general meeting for consideration except where the ad hoc proposal violates the provisions of laws, administrative regulations or the Articles of Association, or is not within the scope of the general meeting's authority. If the shareholders' general meeting is required to be postponed due to the publication of a supplementary notice of the shareholders' general meeting in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed, the convening of the shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the shares of the Company are listed.

Except for circumstances provided in the above paragraph, the convener, after issuing the announcement regarding the notice of the shareholders' general meeting, shall neither modify the proposals stated in the notice of shareholders' general meeting nor add new proposals.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company maintains a website at www.fortiortech.com as a communication platform with shareholders and investors, where information and updates on the Group's business operations, developments and financial information are available for public access.

In line with the paperless listing regime, the Company will disseminate its corporate communications in English and Chinese on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.fortiortech.com) without disseminating printed form.

The general meetings of the Company provide an opportunity for communication between the Board and the Shareholders. Pursuant to the Articles of Association, a notice to Shareholders is sent by the Company at least 21 days before the annual general meeting and at least 15 days before all other general meetings.

The Company has reviewed and considered the implementation of the shareholders communication policy to be effective during the Reporting Period.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY AND ANNUAL DIVIDEND

Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號-上市公司現金分紅(2023年修訂)》), we shall pay cumulative cash dividends of any three fiscal years that account for not less than 30% of our average net profits for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long term development of the Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant. The Board will review the dividend policy from time to time as appropriate.

The Board has resolved to recommend the declaration of a final cash dividend of RMB0.78 per share (including tax) for the year ended 31 December 2025. Based on the total number of issued shares of the Company as of the date of this report, comprising 21,556,000 H Shares and 93,558,080 A Shares, the total final cash dividend for the year ended 31 December 2025, amounts to approximately RMB89,788,982.40 (including tax), representing a final cash dividend of RMB0.78 per share (including tax). The cash dividend is denominated and declared in RMB and will be paid in RMB to shareholders holding A Shares ("**A Share Shareholders**") and in HKD to shareholders holding H Shares ("**H Share Shareholders**"); together with the A Share Shareholders, collectively referred to as "**Shareholders**". The actual amount payable in Hong Kong dollars will be calculated based on the average mid-market exchange rate of the Renminbi against the Hong Kong dollar published by the People's Bank of China five business days prior to the date of the Company's 2025 annual general meeting ("**AGM**").

During the Reporting Period, there were no arrangements whereby Shareholders waived or agreed to waive any dividends.

A SHAREHOLDERS

According to the Notice of the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101), for individuals holding shares of listed companies acquired through public offerings or on the secondary market, if the holding period exceeds one year, income from dividends and bonuses is temporarily exempt from individual income tax; For shares held for a period of more than one month but not exceeding one year (including one year), income from dividends and bonuses shall be subject to a 10% tax rate; for shares held for a period of one month or less (including one month), income from dividends and bonuses shall be subject to a 20% tax rate. When a listed company distributes dividends, it shall not withhold individual income tax for shareholders who have held their shares for one year or less (including one year). Upon the transfer of shares by the individual, China Securities Depository and Clearing Corporation Limited shall calculate the tax payable based on the holding period. The securities company or other share custodian shall then deduct the tax from the individual's fund account and remit it to China Securities Depository and Clearing Corporation Limited. China Securities Depository and Clearing Corporation Limited shall transfer the funds to the listed company within five business days of the following month, and the listed company shall file and pay the tax to the competent tax authority within the statutory filing period of the month in which the tax is received.

Resident corporate shareholders holding A Shares are responsible for filing and paying the corporate income tax on the dividends they receive.

For Qualified Foreign Institutional Investors (QFIs), in accordance with the provisions of the “Notice from the State Administration of Taxation on Issues Concerning the Withholding and Remittance of Corporate Income Tax on Dividends, Bonuses, and Interest Paid by Chinese Resident Enterprises to QFIs” (Guo Shui Han [2009] No. 47), listed companies shall withhold and remit corporate income tax at a rate of 10%. If QFI shareholders wish to claim tax treaty benefits on dividend income, they may, in accordance with regulations, submit a tax refund application to the competent tax authority after receiving the dividends. Upon verification and approval by the competent tax authority, the refund will be processed in accordance with the provisions of the tax treaty.

For non-Chinese resident corporate shareholders holding A-shares, other than the aforementioned QFIs, in accordance with the “Interim Measures for the Administration of Withholding at Source of Corporate Income Tax for Non-Resident Enterprises” (Guo Shui Fa [2009] No. 3), the “Reply of the State Administration of Taxation on the Collection of Corporate Income Tax on Dividends from B-Shares and Other Stocks Received by Non-Resident Enterprises” (Guo Shui Han [2009] No. 394), and other relevant provisions, listed companies shall withhold and remit corporate income tax at a rate of 10%. If non-resident enterprise shareholders wish to claim tax treaty benefits, they shall proceed in accordance with the relevant provisions of the tax treaty.

H SHAREHOLDERS

Pursuant to the “Notice on Issues Concerning the Administration of Individual Income Tax Following the Repeal of Document Guo Shui Fa [1993] No. 045” (Guo Shui Han [2011] No. 348), non-resident individual shareholders of H-shares may enjoy tax benefits related to dividend distributions in accordance with tax treaties signed between China and their respective jurisdictions, as well as the tax arrangements between Mainland China and Hong Kong, China. To simplify tax administration, personal income tax on dividends paid to non-resident individual H-share shareholders is generally withheld at a rate of 10%. If the jurisdiction of the non-resident individual shareholder has not entered into a tax treaty with China, personal income tax must be withheld at a rate of 20%.

Pursuant to the provisions of the “Notice of the State Administration of Taxation on Issues Concerning the Withholding and Remittance of Corporate Income Tax by Chinese Resident Enterprises When Distributing Dividends to Non-Resident Shareholders of Overseas H-Shares” (Guo Shui Han [2008] No. 897), when Chinese resident enterprises distribute dividends for the 2008 and subsequent fiscal years to non-resident shareholders of overseas H-shares, corporate income tax shall be withheld and remitted at a uniform rate of 10%. After receiving dividends, overseas non-Chinese resident enterprise shareholders may, either on their own behalf or through an authorized agent or the withholding agent, submit an application to the competent tax authority to claim benefits under a tax treaty (arrangement), providing documentation proving that they are the beneficial owners as defined by the tax treaty (arrangement). After review by the competent tax authority, a tax refund will be issued for the difference between the tax already withheld and the tax payable calculated based on the tax rate specified in the tax treaty (arrangement).

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by mainland domestic individual investors and securities investment funds from investment in the H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the companies of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of such investors. The companies of such H shares will not withhold the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves.



CORPORATE GOVERNANCE REPORT

Save as disclosed above, the Directors are not aware of any tax benefits available to shareholders arising from their holding of the Company's listed securities.

CONSTITUTIONAL DOCUMENTS

The Company convened the 26th meeting of the second session of the Board on 19 August 2025, and reviewed and approved the Proposal on Abolishing the Board of Supervisors, Amendments to the Articles of Association and its Annexes, and Repealing the Rules of Procedure for the Board of Supervisors and the Proposal on Formulating and Amending the Corporate Governance System. The resolution approving the amendments to the Articles of Association was passed at the extraordinary general meeting held on 10 September 2025.

The vesting conditions for the third vesting period of the initial grant and the second vesting period of the reserved grant under the 2022 Restricted Share Incentive Plan have been met, and a total of 913,400 restricted shares have vested. Pursuant to the Certificate of Securities Registration Change issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Company has completed the registration of the 913,400 A Shares vested under the aforementioned 2022 Restricted Share Incentive Plan. To reflect these changes in the Company's registered capital and share capital structure, on 2 December 2025, the Board reviewed and approved amendments to the Articles of Association.



In this report, unless the context otherwise requires, the following terms or phrases have the meanings set forth below:

“2022 Restricted Share Incentive Plan”	our Restricted Share Incentive Plan approved by the Shareholders of the Company on 1 September 2022
“2024 Restricted Share Incentive Plan”	our Restricted Share Incentive Plan approved by the Shareholders of the Company on 15 October 2024
“Restricted Share Incentive Plans”	a collective term for the 2022 Restricted Share Incentive Plan and the 2024 Restricted Share Incentive Plan
“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the STAR Market
“A Shareholder(s)”	holder(s) of our A Share(s)
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of our Company
“Ernst & Young”	Ernst & Young
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report, excluding Taiwan, the Macao Special Administrative Region of the PRC and Hong Kong
“The Company Law”	the Company Law of the People’s Republic of China
“Company”, “our Company”, “we”, “our” or “us”	Fortior Technology (Shenzhen) Co., Ltd. (峰昭科技(深圳)股份有限公司), a company established under the laws of the PRC on 21 May 2010 and converted into a joint stock company with limited liability on 22 June 2020, whose A Shares have been listed on the STAR Market (stock code: 688279) and its H Shares have been listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1304)
“STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)
“Corporate Governance Code” or “CG Code”	Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of our Company
“ESG”	Environmental, Social, and Governance

GLOSSARY

“domestic”, or “mainland”	Mainland China (for the purposes of this report only, excluding Hong Kong, Macao, and Taiwan)
“H Share(s)”	overseas listed ordinary shares of our Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Date”	9 July 2025, being the date on which the H Shares of the Company were listed and began trading on the Main Board of the Hong Kong Stock Exchange
“IFRS”	International Financial Reporting Standards, including standards, amendments, and interpretations issued by the International Accounting Standards Board, as well as International Accounting Standards and interpretations issued by the International Accounting Standards Committee
“Independent Director(s)”	Independent non-executive director(s)
“Global Offering”	the H Shares offered by the Company for subscription, details of which are set forth in the Prospectus
“Group” “our Group”, “we”, “our” or “us”	the Company and its consolidated subsidiaries
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Hong Kong Listing Rules
“Prospectus”	Prospectus of the Company dated 30 June 2025, in relation to the Global Offering
“Reporting Period”, “the Year” or “the Period”	the year ended 31 December 2025
“Renminbi” or “RMB”	Renminbi, the lawful currency of Mainland China
“Securities Law”	the Securities Law of the People’s Republic of China



“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Supervisor(s)”	Supervisor(s) of the Company
“year-on-year”	compared with the same period last year
“%”	percent



INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Fortior Technology (Shenzhen) Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Fortior Technology (Shenzhen) Co., Ltd. (the **"Company"**) and its subsidiaries (the **"Group"**) set out on pages 86 to 170, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

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

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>For the year ended 31 December 2025, the Group recorded a revenue of RMB774 million in the consolidated financial statements, representing an increase of RMB174 million or 28.9% as compared to that in 2024, which was mainly derived from the sales of motor control chips.</p> <p>As there was a significant increase in revenue during the year and large amount of revenue was sold to distributors, inappropriate revenue recognition might have a material effect on the financial statements. Therefore, revenue recognition was identified as a key audit matter.</p> <p>Relevant disclosures are included in notes 2.4, 4 and 5 to the consolidated financial statements.</p>	<p>Our audit procedures in relation to the assessment of revenue recognition included the following:</p> <ol style="list-style-type: none"> (1) Understood, assessed and tested the design and the operating effectiveness of the controls in relation to revenue; (2) Obtained major sales contracts, checked and identified contractual terms in relation to transfer of control and revenue recognition, and assessed whether the accounting policies on revenue recognition were appropriate; (3) Tested, on a sampling basis, the timing and amount of revenue recognition are appropriate by checking the supporting documents such as sales contracts, sales orders, logistics documents, customer acceptance documents, export declarations, sales invoices and bank statements; (4) Tested, on a sampling basis, sales transactions recorded before and after the balance sheet date by tracing to the supporting documents such as sales contracts, sales orders, logistics documents, customer acceptance documents and export declarations to assess whether relevant revenue had been recognised in correct accounting periods; (5) Conducted analytical review procedures by comparing revenues and gross profit margins with prior years and analysed the reasonableness of the fluctuations; (6) Implemented confirmation procedures for major customers; (7) Performed site visit and background check for selected customers; (8) Evaluated whether revenue has been properly presented and disclosed in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><i>Existence and write-down of inventories to net realisable value</i></p> <p>As at 31 December 2025, the Group had inventories of RMB188 million, which is net of write-down of RMB9 million, and the outsourced processing materials stored at the suppliers' sites contributed more than 58% of the Group's inventory balance.</p> <p>The write-down was made based on the estimated net realisable value of respective inventories. The net realisable value was calculated based on the management's estimated selling prices, costs to be incurred upon completion of production, costs to be incurred to make the sale and relevant tax. The determination of the net realisable value reflects management's best estimate of the likely sales prices and the physical condition of inventories, based on the categories and ageing of the inventories.</p> <p>Given the significant management judgements and estimates involved and the significant of the inventories stored at the outsourcing warehouse, the existence and write-down of inventories to net realisable value was identified as a key audit matter.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 21, to the consolidated financial statements.</p>	<p>Our audit procedures in relation to the assessment of the existence and impairment of inventories included the following:</p> <ol style="list-style-type: none">(1) Understood, assessed and tested the design and the operating effectiveness of the controls in relation to existence and write-down of inventories to net realisable value;(2) Performed physical inspection and conducted confirmation procedures for inventories, observed the condition of inventories in stock-take to identify obsolete and damaged inventories;(3) Conducted analytical review procedures, analysed the reasonableness of inventory amount and whether there was any indication of impairment in combination with the industry development, product market demand and business conditions of major customers;(4) Performed test on details of inventory procurement, and selected samples to check supporting documents related to the authenticity and accuracy of inventory procurement;(5) Understood the policy of inventory impairment provision, and evaluated the reasonableness of the method used to make provision for inventories;(6) Obtained the inventory impairment provision calculation workings, reviewed the key estimations used in determining the net realisable value and recalculated the amount of the inventory impairment provision;(7) Compared and analysed the inventory impairment provision with those of comparable companies within the same industry;(8) Evaluated whether inventory has been properly presented and disclosed in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Leung Yat Him (practising certificate number: P08017).

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	773,904	600,325
Cost of sales		(373,157)	(284,303)
Gross profit		400,747	316,022
Other income and gains	6	95,763	83,307
Selling and distribution expenses		(40,428)	(24,670)
Administrative expenses		(58,179)	(35,621)
Research and development costs		(169,146)	(116,730)
(Impairment)/reversal of impairment of financial assets, net		(227)	27
Other expenses		(1,608)	(785)
Finance costs	8	(600)	(513)
Share of losses of an associate		(642)	–
PROFIT BEFORE TAX	7	225,680	221,037
Income tax (expense)/credit	11	(6,744)	1,325
PROFIT FOR THE YEAR		218,936	222,362
Attributable to:			
Owners of the parent		218,936	222,362
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
– for profit for the year		RMB2.16	RMB2.41
Diluted			
– for profit for the year		RMB2.15	RMB2.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	218,936	222,362
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	(265)	223
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(265)	223
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	(291)	(165)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(291)	(165)
Other comprehensive (loss)/income for the year, net of tax	(556)	58
Total comprehensive income for the year, net of tax	218,380	222,420
Attributable to:		
Owners of the parent	218,380	222,420

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	155,267	147,636
Right-of-use assets	15	11,707	16,150
Intangible assets	16	9,189	9,054
Investment in an associate	17	10,158	–
Equity investment designated at fair value through other comprehensive income	18	393	716
Financial assets at fair value through profit or loss	24	8,085	–
Debt investments at fair value through other comprehensive income	19	562,498	794,344
Deferred tax assets	30	22,690	15,603
Other non-current assets	20	248,488	29,567
Total non-current assets		1,028,475	1,013,070
CURRENT ASSETS			
Inventories	21	188,292	160,483
Trade receivables	22	12,494	5,638
Prepayments, other receivables and other assets	23	54,197	49,998
Financial assets at fair value through profit or loss	24	1,061,352	824,396
Debt investments at fair value through other comprehensive income	19	441,420	181,818
Tax recoverable		9,182	–
Time deposits	25	2,128,904	116,493
Cash and cash equivalents	25	299,803	297,355
Total current assets		4,195,644	1,636,181
CURRENT LIABILITIES			
Trade and bills payables	26	31,604	7,325
Contract liabilities	27	4,849	1,275
Other payables and accruals	28	93,763	66,461
Lease liabilities	15	3,974	3,640
Tax payable		915	253
Total current liabilities		135,105	78,954
NET CURRENT ASSETS		4,060,539	1,557,227
TOTAL ASSETS LESS CURRENT LIABILITIES		5,089,014	2,570,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals	28	837	–
Lease liabilities	15	8,451	12,434
Deferred income	29	5,207	4,928
Deferred tax liabilities	30	–	–
Total non-current liabilities		14,495	17,362
Net assets		5,074,519	2,552,935
EQUITY			
Equity attributable to owners of the parent			
Share capital	31	114,833	92,363
Treasury shares	31	(193)	(193)
Reserves	33	4,959,879	2,460,765
Total equity		5,074,519	2,552,935

Bi Lei
Director

Bi Chao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Share capital	Treasury shares	Capital reserve	Share option reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)	(Note 31)	(Note 33)	(Note 33)	(Note 33)	(Note 33)	(Note 33)		
At 1 January 2024	92,363	-	1,862,022	10,098	-	(830)	53,699	373,766	2,391,118
Profit for the year	-	-	-	-	-	-	-	222,362	222,362
Other comprehensive income for the year:									
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	-	-	-	-	(165)	-	-	-	(165)
Exchange differences on translation of foreign operations	-	-	-	-	-	223	-	-	223
Total comprehensive (loss)/income for the year	-	-	-	-	(165)	223	-	222,362	222,420
Dividends declared	-	-	-	-	-	-	-	(56,272)	(56,272)
Share-based payments	-	-	-	15,690	-	-	-	-	15,690
Shares repurchased	-	(193)	(19,828)	-	-	-	-	-	(20,021)
Transferred from retained profits	-	-	-	-	-	-	2,163	(2,163)	-
At 31 December 2024	92,363	(193)	1,842,194*	25,788*	(165)*	(607)*	55,862*	537,693*	2,552,935

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Share capital RMB'000 (Note 31)	Treasury shares RMB'000 (Note 31)	Capital reserve RMB'000 (Note 33)	Share option reserve RMB'000 (Note 33)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (Note 33)	Exchange fluctuation reserve RMB'000 (Note 33)	Statutory surplus reserve RMB'000 (Note 33)	Retained profits RMB'000	Total equity RMB'000
At 1 January 2025	92,363	(193)	1,842,194	25,788	(165)	(607)	55,862	537,693	2,552,935
Profit for the year	-	-	-	-	-	-	-	218,936	218,936
Other comprehensive income for the year:									
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	-	-	-	-	(291)	-	-	-	(291)
Exchange differences on translation of foreign operations	-	-	-	-	-	(265)	-	-	(265)
Total comprehensive (loss)/income for the year	-	-	-	-	(291)	(265)	-	218,936	218,380
Dividends declared	-	-	-	-	-	-	-	(71,893)	(71,893)
Share-based payments	-	-	-	77,255	-	-	-	-	77,255
Issue of new shares	22,470	-	2,275,372	-	-	-	-	-	2,297,842
Vesting of share-based payment	-	-	29,765	(29,765)	-	-	-	-	-
Transferred from retained profits	-	-	-	-	-	-	10,794	(10,794)	-
At 31 December 2025	114,833	(193)	4,147,331*	73,278*	(456)*	(872)*	66,656*	673,942*	5,074,519

* These reserve accounts comprise the consolidated reserves of RMB4,959,879,000 (2024: RMB2,460,765,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		225,680	221,037
Adjustments for:			
Bank interest income	6	(16,695)	(9,196)
Other interest income from debt investments at fair value through other comprehensive income	6	(28,046)	(21,359)
Fair value gains on financial assets at fair value through profit or loss	6	(8,008)	(6,864)
Investment income from financial assets at fair value through profit or loss	6	(11,288)	(19,964)
Foreign exchange gains		(44)	(1,127)
Finance costs	8	600	513
Depreciation of property and equipment	7	8,719	4,417
Depreciation of right-of-use assets	7	4,443	3,997
Amortisation of intangible assets	7	4,127	3,611
Impairment/(reversal of impairment) of financial assets, net	7	227	(27)
Write-down of inventories to net realisable value	7	6,099	3,582
Loss on disposal of items of property, plant and equipment	7	1	1
Gain on disposal of items of right-of-use assets	7	-	(68)
Gain on disposal of a subsidiary	7	(167)	-
Share of losses of an associate		642	-
Equity-settled share-based payments		64,660	12,273
		250,950	190,826
(Increase)/decrease in inventories		(33,815)	8,933
(Increase)/decrease in trade receivables		(7,068)	137
(Increase)/decrease in prepayments, deposits and other receivables		(15,775)	639
Increase/(decrease) in trade and bills payables		24,279	(5,013)
Increase/(decrease) in other payables and accruals		15,982	(15,911)
Increase in deferred income		279	1,477
Cash generated from operations		234,832	181,088
Interest received		3,258	5,039
Income tax paid, net		(9,843)	(1,397)
Net cash flows from operating activities		228,247	184,730

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of wealth management products and structured deposits		(2,601,039)	(3,460,253)
Proceeds from sale of wealth management products and structured deposits		2,365,477	3,713,037
Investment income from financial assets at fair value through profit or loss		18,152	19,964
Purchases of time deposits		(2,488,151)	(318,808)
Proceeds from redemption of time deposits		483,167	266,995
Interest received from time deposits		2,877	3,906
Purchases of debt investments at fair value through other comprehensive income		(185,822)	(494,133)
Proceeds from redemption of debt investments at fair value through other comprehensive income		172,031	10,000
Interest received from debt investments at fair value through other comprehensive income		14,081	1,065
Purchases of property, plant and equipment		(228,206)	(147,795)
Additions of intangible assets		(4,154)	(2,868)
Payment for cooperative building construction		(9,392)	(2,519)
Purchases of equity investment at fair value through other comprehensive income		–	(900)
Investment in an associate		(10,800)	–
Purchase of financial assets at fair value through profit or loss		(8,400)	–
Proceeds from disposal of a subsidiary		63	–
Net cash flows used in investing activities		(2,480,116)	(412,309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of expenses		2,278,994	–
Cash received from exercise of share options		82,274	–
Dividends paid		(71,893)	(56,272)
Lease payments		(4,407)	(4,240)
Payment for deferred listing expenses		(31,563)	(834)
Settlements under instalment payables		(1,951)	(2,555)
Repurchase of shares		–	(20,021)
Net cash flows from/(used in) financing activities		2,251,454	(83,922)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(415)	(311,501)
Cash and cash equivalents at beginning of year		297,355	608,696
Effect of foreign exchange rate changes, net		2,863	160
CASH AND CASH EQUIVALENTS AT END OF YEAR		299,803	297,355
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	25	299,803	297,355

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Fortior Technology (Shenzhen) Co., Ltd (the “**Company**”) is a joint stock company with limited liability established in the People’s Republic of China (“**PRC**”) on 21 May 2010. With the approval of the China Securities Regulatory Commission, the Company completed the initial public offering of its A shares and was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688279) on 20 April 2022. Its H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 9 July 2025 (stock code: 01304). The registered address of the Company is 203, Building 11, Software Park (Phase II), 1 Keji Central Road II, Gaoxin Central Zone, Nanshan District, Shenzhen, Guangdong, PRC. The Company is ultimately controlled by Dr. Bi Chao, Mr. Bi Lei and Ms. Gao Shuai who are acting in concert.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the development and commercialisation of brushless direct current (“**BLDC**”) motor control and drive products and solutions.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are set out below:

Name	Date and place of registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Fortior Technology (Qingdao) Co., Ltd.(峰昭科技(青島)有限公司) (Note (a))	11 October 2019 Mainland China	RMB25,000,000	100%	–	R&D, design and sales
Fortior Technology (Shanghai) Co., Ltd. (峰岩科技(上海)有限公司) (Note (a))	8 June 2018 Mainland China	RMB190,330,000	100%	–	R&D, design and sales

Note:

- (a) The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) as issued by the International Accounting Standards Board (the “**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Basis of consolidation

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

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

³ No mandatory effective date yet determined but available for adoption



2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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

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

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



NOTES TO FINANCIAL STATEMENTS

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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

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

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



2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.



NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in an associate

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

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

Fair value measurement

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

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

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement (continued)

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

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

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

Impairment of non-financial assets

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

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

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



NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties

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

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

or

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment and depreciation

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

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

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

Buildings	3.17%
Leasehold improvements	20% to 50%
Machine equipment	9.50%
Furniture and fixtures	19%
Electronic equipment	31.67%

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets (other than goodwill)

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

Intellectual property (“IP”) licenses

Purchased IP licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 20 years.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development costs

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

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

Leases

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

Group as a lessee

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

(a) *Right-of-use assets*

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

Plant and properties	1 to 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

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

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

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of offices and employee dormitories (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.



NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial asset designated at fair value through other comprehensive income (equity investment)

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

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

Financial assets at fair value through profit or loss

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

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets (continued)

General approach

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

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

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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



NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets (continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables)

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

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

Derecognition of financial liabilities

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

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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



NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax

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

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

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

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

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

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

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (continued)

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

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

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

Government grants

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

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

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

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



NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery or acceptance of the products as agreed in the sales contracts.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

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

Contract liabilities

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

Contract cost

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

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

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Share-based payments

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

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

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

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

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

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



NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Other employee benefits

Pension scheme

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

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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



2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies (continued)

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.



NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements

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

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed and how the managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Characteristics of contractual cash flow

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and judgement is required to determine whether they are "solely payments of principal and interest on the principal amount outstanding". The Group needs to determine whether the resulting cash flows from those of an instrument with a modified time value of money element are significantly different from an instrument that has an unmodified time value of money element when assessing modifications to the time value of money element, and the Group needs to determine whether the fair value of the prepayment feature is insignificant when assessing a financial asset with a prepayment feature.

Research and development costs

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



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each year and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each year. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised as well as the tax rate that is expected to apply to the period when the liability is settled, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Further details are given in note 30 to the financial statements.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Share-based payment

The Group makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the vesting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The fair value of the share awards to employees is determined by a Black-Scholes model at the date they are granted. Significant estimates on assumptions, including the expected volatility, risk-free interest rate and expected life of options, are made by the management of the Group. Further details are included in note 32 to the financial statements.



NOTES TO FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates as one business unit based on its products, and has one reportable operating segment, which principally engages in the development and commercialisation of BLDC motor control and drive products and solutions.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Mainland China*	717,765	563,146
Other countries/regions**	56,139	37,179
Total revenue	773,904	600,325

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

* Mainland China represents the People's Republic of China excluding Hong Kong, Macau and Taiwan.

** Other countries/regions primarily include (i) Taiwan, China; (ii) India; and (iii) Hong Kong.

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of non-current assets is presented.

Information about a major customer

Revenue derived from a single customer which accounted for 10% or more of the Group's total revenue is as follows:

	2025 RMB'000	2024 RMB'000
Customer A	101,974	89,910



5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods		
MCU	482,336	384,574
ASIC	133,019	84,748
HVIC	95,053	84,268
IPM	60,182	43,369
MOSFET	2,511	2,331
Others	803	1,035
Total revenue from contracts with customers	773,904	600,325
Geographical markets		
Mainland China	717,765	563,146
Other countries/regions	56,139	37,179
Total revenue from contracts with customers	773,904	600,325
Timing of revenue recognition		
Goods transferred at a point in time	773,904	600,325



NOTES TO FINANCIAL STATEMENTS

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5. REVENUE (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:		
Sale of products	1,275	1,030

(ii) Performance obligations

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

Sale of products

The performance obligation is satisfied upon delivery and acceptance. The Group grants credit terms to certain customers on a case-by-case basis, and a limited number of customers were granted with a credit term of less than 30 days.

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

	2025 RMB'000	2024 RMB'000
Within one year	99,250	60,167

NOTES TO FINANCIAL STATEMENTS

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6. OTHER INCOME AND GAINS

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	16,695	9,196
Other interest income from debt investments at fair value through other comprehensive income	28,046	21,359
Investment income from financial assets at fair value through profit or loss	11,288	19,964
Value-added tax additional deduction	9,012	6,484
Government grants*	22,065	18,634
	87,106	75,637
Other gains		
Fair value gains on financial assets at fair value through profit or loss	8,008	6,864
Others	649	806
	8,657	7,670
Total	95,763	83,307

* The Group has received certain government grants related to assets and income. Certain of the grants have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions.



NOTES TO FINANCIAL STATEMENTS

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7. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold*		373,157	284,303
Depreciation of property, plant and equipment**	14	8,719	4,417
Depreciation of right-of-use assets**	15	4,443	3,997
Amortisation of intangible assets**	16	4,127	3,611
Lease payments not included in the measurement of lease liabilities	15	821	517
Auditor's remuneration		3,491	1,460
Employee benefit expense (excluding directors' and supervisors' remuneration):			
Salaries, bonuses and other benefits		122,283	101,637
Pension scheme contributions, social welfare and other welfare***		17,452	13,718
Equity-settled share-based payments		61,671	11,933
Total		201,406	127,288
Impairment/(reversal of impairment) of financial assets, net:			
Impairment/(reversal of impairment) of trade receivables	22	212	(4)
Impairment/(reversal of impairment) of other receivables	23	15	(23)
Total		227	(27)
Foreign exchange losses****		1,574	783
Write-down of inventories to net realisable value *		6,099	3,582
Loss on disposal of items of property, plant and equipment****		1	1
Gain on disposal of items of right-of-use assets		-	(68)
Gain on disposal of a subsidiary		(167)	-

* Write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

** The depreciation of property, plant and equipment, the depreciation of right-of-use assets, and the amortisation of intangible assets are included in "Selling and distribution expenses", "Administrative expenses", and "Research and development costs" in the consolidated statement of profit or loss.

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

**** These items are included in "Other expenses" in the consolidated statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest expenses on lease liabilities	534	283
Other finance cost	66	230
Total	600	513

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration as recorded during the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	2025 RMB'000	2024 RMB'000
Fees	448	241
Other emoluments:		
Salaries, allowances and benefits in kind	4,039	4,332
Performance related bonuses	2,530	5,190
Pension scheme contributions	299	335
Share-based payments	2,989	340
Subtotal	9,857	10,197
Total	10,305	10,438

NOTES TO FINANCIAL STATEMENTS

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9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Mr. Wang Jianxin (note (i))	47	120
Mr. Chen Jingyang (note (ii))	147	–
Ms. Niu Shuangxia (note (iii))	150	48
Mr. Lin Mingyao (note (iv))	104	–
Mr. Shen Jianxin (note (v))	–	73
Total	448	241

(b) Executive directors, a non-executive director and supervisors

2025	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total remuneration RMB'000
Executive directors					
Mr. Bi Lei	2,050	660	110	2,242	5,062
Dr. Bi Chao	856	274	–	747	1,877
Subtotal	2,906	934	110	2,989	6,939
Non-executive director					
Mr. Wang Lin (note (vi))	–	–	–	–	–
Supervisors					
Ms. Wang Yuhong (note (vii))	530	698	83	–	1,311
Ms. Liu Haimei (note (viii))	501	720	83	–	1,304
Mr. Bai Yuhong (note (ix))	102	178	23	–	303
Subtotal	1,133	1,596	189	–	2,918
Total	4,039	2,530	299	2,989	9,857

NOTES TO FINANCIAL STATEMENTS

31 December 2025



9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and supervisors (continued)

2024	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total remuneration RMB'000
Executive directors					
Mr. Bi Lei	2,058	960	102	255	3,375
Dr. Bi Chao	836	2,540	–	85	3,461
Subtotal	2,894	3,500	102	340	6,836
Non-executive director					
Mr. Wang Lin (note (vi))	–	–	–	–	–
Supervisors					
Ms. Wang Yuhong (note (vii))	678	872	103	–	1,653
Ms. Liu Haimei (note (viii))	634	746	103	–	1,483
Mr. Bai Yuhong (note (ix))	126	72	27	–	225
Subtotal	1,438	1,690	233	–	3,361
Total	4,332	5,190	335	340	10,197



NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and supervisors (continued)

Notes:

- (i) Mr. Wang Jianxin was appointed as an independent non-executive director of the Company with effect from 16 June 2020 and resigned on 22 April 2025.
- (ii) Mr. Chen Jingyang was appointed as an independent non-executive director of the Company with effect from 10 January 2025.
- (iii) Ms. Niu Shuangxia was appointed as an independent non-executive director of the Company with effect from 8 August 2024.
- (iv) Mr. Lin Mingyao was appointed as an independent non-executive director of the Company with effect from 22 April 2025.
- (v) Mr. Shen Jianxin was appointed as an independent non-executive director of the Company with effect from 16 June 2020 and resigned on 8 August 2024.
- (vi) Mr. Wang Lin was appointed as a non-executive director of the Company with effect from 16 June 2020 and resigned on 10 January 2025.
- (vii) Ms. Wang Yuhong was appointed as a supervisor of the Company with effect from 1 June 2022 and resigned on 10 September 2025.
- (viii) Ms. Liu Haimei was appointed as a supervisor of the Company with effect from 20 July 2021 and resigned on 10 September 2025.
- (ix) Mr. Bai Yuhong was appointed as a supervisor of the Company with effect from 15 June 2023 and resigned on 10 September 2025.

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

NOTES TO FINANCIAL STATEMENTS

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one director (2024: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining four (2024: three) highest paid employees who are neither a director of the Group during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	6,558	4,042
Performance related bonuses	3,249	1,928
Pension scheme contributions	427	295
Share-based payments	5,493	1,640
Total	15,727	7,905

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

	2025	2024
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	2	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$7,500,001 to HK\$8,000,000	1	–
Total	4	3

During the year, no highest paid employees waived or agreed to waive any remuneration, and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. INCOME TAX

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

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate for the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

The Company was accredited as a “High and New Technology Enterprise” in 2022 and 2025, and therefore the Company was entitled to a preferential CIT rate of 15% during 2025. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Fortior Technology (Shanghai) Co., Ltd. was accredited as a “High and New Technology Enterprise” in 2021 and 2024, and therefore entitled to a preferential income tax rate of 15%. The qualification is subject to review by the relevant tax authority in the PRC every three years. Fortior Technology (Shanghai) Co., Ltd. successfully passed the review of “High and New Technology Enterprise” in 2024 and was subject to an income tax rate of 15% in 2025.

Pursuant to Guofa [2020] No. 8 “Several Policies to Promote the High-Quality Development of Integrated Circuit Industry and Software Industry in the New Period”(新時期促進集成電路產業和軟件產業高質量發展的若干政策), key integrated circuit design enterprises encouraged by the government shall, from the profit-making year, be exempted from enterprise income tax for the first to the fifth year, and subject to a reduction of enterprise income tax at a rate of 10% in the succeeding years. The Company, as a qualified key integrated circuit design enterprise encouraged by the government, was exempted from income tax in 2024. Fortior Technology (Shanghai) Co., Ltd., as a qualified key integrated circuit design enterprise encouraged by the government in 2024 was entitled to a preferential income tax rate of 10% in 2025. This qualification is subject to review by the relevant tax authority in the PRC every year.

Pursuant to Caishui [2022] No.13 “Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises”(關於進一步實施小微企業所得稅優惠政策的公告), Fortior Technology (Qingdao) Co.,Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 during 2024.

Pursuant to Caishui [2023] No.6 “Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses”(關於小微企業和個體工商戶所得稅優惠政策的公告), Fortior Technology (Qingdao) Co., Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB1,000,000 during 2024.

Pursuant to Caishui [2023] No.12 “Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses”(關於小微企業和個體工商戶所得稅優惠政策的公告), Fortior Technology (Qingdao) Co., Ltd. was qualified as a Small Meagre-profit Enterprise and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from 1 January 2023 to 31 December 2027.

NOTES TO FINANCIAL STATEMENTS

31 December 2025



11 · INCOME TAX (CONTINUED)

The major components of the income tax expense/(credit) for the year are as follows:

	2025 RMB'000	2024 RMB'000
Current tax expense		
Mainland China		
Charge for the year	15,944	1,486
Over provision in prior years	(1,469)	–
Total	14,475	1,486
Deferred tax credit		
Mainland China	(7,438)	(1,509)
Elsewhere	(293)	(1,302)
Total	(7,731)	(2,811)
Total tax expense/(credit) for the year	6,744	(1,325)



NOTES TO FINANCIAL STATEMENTS

31 December 2025

11 · INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the preferential rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax credit at the effective tax rate, and a reconciliation of the preferential tax rate to the effective tax rate, are as follows:

	2025		2024	
	RMB'000	%	RMB'000	%
Profit before tax	225,680		221,037	
Tax charge at the preferential tax rate of 15%	33,852	15.0	33,156	15.0
Effect of different tax rates enacted by local authorities	(2,510)	(1.1)	(18,178)	(8.2)
Adjustments in respect of current tax of previous periods	(1,469)	(0.7)	–	–
Super deduction for research and development costs	(27,442)	(12.2)	(17,384)	(7.9)
Effect on deferred tax of change in tax rates	2,331	1.0	867	0.4
Income not subject to tax	(57)	–	(58)	–
Expenses not deductible for tax	1,985	0.9	272	0.1
Tax losses and temporary differences not recognised	54	–	–	–
Tax expense/(credit) at the Group's effective rate	6,744	3.0	(1,325)	(0.6)

According to the EIT Law, the Company is entitled to an additional deduction of qualified research and development costs from the taxable income. The additional deduction rate is 100% (2024:120%)

12. DIVIDENDS

	2025	2024
	RMB'000	RMB'000
Final declared RMB0.78 (2024: RMB0.61) per share	71,893	56,272

Pursuant to the resolutions of the shareholders of the Company dated 22 April 2025, the Company declared dividends of RMB0.78 (22 May 2024: RMB0.61) per share (excluding A shares as treasury shares), amounting to a total of approximately RMB71,893,000 (2024: RMB56,272,000).

Subsequent to 31 December 2025, a final dividend, in respect of the year ended 31 December 2025 of RMB0.78 per share, totaling approximately RMB89,789,000 have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	218,936	222,362
	2025	2024
Number of shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	101,304,280	92,247,547
Effect of dilution – weighted average number of ordinary shares:		
Type II restricted shares*	581,849	463,076
Total	101,886,129	92,710,623

* Type II restricted shares refer to A shares granted to the participants, pursuant to which the participants have the right to subscribe to ordinary A shares of the Company upon the satisfaction of certain vesting conditions.

NOTES TO FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machine equipment RMB'000	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025:						
Cost	134,436	9,151	12,958	322	2,863	159,730
Accumulated depreciation	(1,419)	(1,708)	(6,683)	(260)	(2,024)	(12,094)
Net carrying amount	133,017	7,443	6,275	62	839	147,636
At 1 January 2025, net of accumulated depreciation	133,017	7,443	6,275	62	839	147,636
Additions	-	11,000	4,349	5	999	16,353
Reclassification	-	1,858	(1,858)	-	-	-
Disposals	-	-	(1)	-	-	(1)
Depreciation provided during the year	(4,257)	(1,460)	(2,441)	(10)	(551)	(8,719)
Exchange realignment	-	-	(2)	-	-	(2)
At 31 December 2025, net of accumulated depreciation	128,760	18,841	6,322	57	1,287	155,267
At 31 December 2025:						
Cost	134,436	22,009	15,416	327	3,862	176,050
Accumulated depreciation	(5,676)	(3,168)	(9,094)	(270)	(2,575)	(20,783)
Net carrying amount	128,760	18,841	6,322	57	1,287	155,267

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery equipment RMB'000	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	-	7,236	8,667	274	2,423	18,600
Accumulated depreciation	-	(939)	(4,778)	(260)	(1,720)	(7,697)
Net carrying amount	-	6,297	3,889	14	703	10,903
At 1 January 2024, net of accumulated depreciation	-	6,297	3,889	14	703	10,903
Additions	134,436	1,915	4,313	48	438	141,150
Disposals	-	-	(1)	-	-	(1)
Depreciation provided during the year	(1,419)	(769)	(1,927)	-	(302)	(4,417)
Exchange realignment	-	-	1	-	-	1
At 31 December 2024, net of accumulated depreciation	133,107	7,443	6,275	62	839	147,636
At 31 December 2024:						
Cost	134,436	9,151	12,958	322	2,863	159,730
Accumulated depreciation	(1,419)	(1,708)	(6,683)	(260)	(2,024)	(12,094)
Net carrying amount	133,107	7,443	6,275	62	839	147,636

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties. Leases of plant and properties generally have lease terms ranging from 12 months to 60 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Plant and properties RMB'000
At 1 January 2024	7,259
Additions	13,526
Depreciation provided during the year	(3,997)
Disposals	(638)
At 31 December 2024 and At 1 January 2025	16,150
Depreciation provided during the year	(4,443)
At 31 December 2025	11,707

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	16,074	7,612
Additions	–	12,895
Accretion of interest recognised during the year	534	283
Early termination	–	(706)
Payments	(4,183)	(4,010)
Carrying amount at 31 December	12,425	16,074
Analysed into:		
Current portion	3,974	3,640
Non-current portion	8,451	12,434

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. LEASES (CONTINUED)

The Group as a lessee (continued)

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	534	283
Depreciation charge of right-of-use assets	4,443	3,997
Expense relating to short-term leases/leases of low-value assets	821	517
Total amount recognised in profit or loss	5,798	4,797

16. INTANGIBLE ASSETS

	Software RMB'000	IP licences RMB'000	Total RMB'000
31 December 2025			
At 1 January 2025:			
Cost	12,110	4,973	17,083
Accumulated amortisation	(7,277)	(752)	(8,029)
Net carrying amount	4,833	4,221	9,054
Cost at 1 January 2025, net of accumulated amortisation	4,833	4,221	9,054
Additions	2,877	1,385	4,262
Amortisation provided during the year	(3,582)	(545)	(4,127)
At 31 December 2025	4,128	5,061	9,189
At 31 December 2025:			
Cost	14,987	6,358	21,345
Accumulated amortisation	(10,859)	(1,297)	(12,156)
Net carrying amount	4,128	5,061	9,189

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. INTANGIBLE ASSETS (CONTINUED)

	Software RMB'000	IP licences RMB'000	Total RMB'000
31 December 2024			
At 1 January 2024:			
Cost	12,038	1,330	13,368
Accumulated amortisation	(3,980)	(1,093)	(5,073)
Net carrying amount	8,058	237	8,295
Cost at 1 January 2024, net of accumulated amortisation	8,058	237	8,295
Additions	72	4,298	4,370
Amortisation provided during the year	(3,297)	(314)	(3,611)
At 31 December 2024	4,833	4,221	9,054
At 31 December 2024:			
Cost	12,110	4,973	17,083
Accumulated amortisation	(7,277)	(752)	(8,029)
Net carrying amount	4,833	4,221	9,054

17. INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	10,158	–

NOTES TO FINANCIAL STATEMENTS

31 December 2025



17. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Particulars of the Group's associate are as follows:

Name	Registered capital	Place of registration and business	Percentage of ownership interest attributable to the Group 31 December 2025	Principal activities
Zhejiang Sanhua Jingqu Future Technology Co., LTD	30,000	PRC	36%	Research and development, manufacture and sale of motors

In February 2025, the Company and Sanhua Holding Group Co., Ltd., an independent third party, jointly established Zhejiang Sanhua Jingqu Future Technology Co., LTD. (浙江三花精驅未來科技有限公司).

18. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity investment designated at fair value through other comprehensive income		
Unlisted equity investment, at fair value:		
Shenzhen Guochuang Embodied Intelligent Robot Co., Ltd.	393	716

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



NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Non-current asset		
Negotiable certificate of deposit	562,498	794,344
Current asset		
Negotiable certificate of deposit	441,420	181,818
Total	1,003,918	976,162

The above certificates of deposit are issued by banks in Mainland China. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling.

20. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayment for outsourced processing fees	–	708
Prepayment for purchase of property, plant and equipment	6,681	3,242
Cooperative building construction*	34,243	25,617
Prepayment for purchase of a building**	207,564	–
Total	248,488	29,567

* It represented the payments for the construction costs of the land and the buildings which are jointly owned by the Group and other independent third parties. Pursuant to the joint land bidding agreement entered into by the Group and all the independent participating parties in [2022] (the “**Joint Land Bidding Agreement**”), upon successful acquisition of the target land parcel, all participating parties jointly fund the cooperative development and construction of the project. Each party shares the costs required for the project’s full completion and operational commencement based on the agreed proportion. As no independent land use certificates have been obtained, the land remains collectively owned and does not meet the definition of an identifiable asset. The allocated construction costs of the land and the buildings borne by the Group are classified as non-current assets and separately disclosed.

** It represents a prepayment for acquisition of a building amounted to RMB207,564,000. On 25 December 2025, the Group entered into an agreement with Shenzhen Qianhai Shekou Qidi Industrial Co., Ltd. (深圳市前海蛇口啟迪實業有限公司), an independent third party, to acquire a building for a consideration of RMB709,731,000. The acquisition is expected to complete in 2027.

NOTES TO FINANCIAL STATEMENTS

31 December 2025



21. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	32,255	56,628
Finished goods	78,119	46,460
Outsourced processing materials	77,879	57,300
Goods in transit	39	95
Total	188,292	160,483

As at 31 December 2025, the inventories are net of a write-down of approximately RMB8,779,000 (2024: RMB5,800,000).

22. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	12,880	5,812
Allowance for expected credit losses	(386)	(174)
Total	12,494	5,638

The Group's trading terms with its customers are mainly received in advance, and some customers are on credit. The credit period is generally within 30 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the billing date and net of allowance for expected credit losses, is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	12,494	5,638

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. TRADE RECEIVABLES (CONTINUED)

The movements in the allowance for expected credit losses of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of year	174	178
Impairment/(reversal of impairment) losses, net (note 7)	212	(4)
At the end of year	386	174

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

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

	2025 Current	2024 Current
Expected credit loss rate	3.00%	3.00%
Gross carrying amount (RMB'000)	12,880	5,812
Expected credit losses (RMB'000)	386	174

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	25,553	7,727
Deposits and other receivables*	2,487	3,090
VAT recoverable	26,222	27,670
Deferred listing expenses	–	11,561
	54,262	50,048
Less: Impairment of other receivables**	(65)	(50)
Total	54,197	49,998

* Deposits and other receivables are unsecured, non-interest-bearing and repayable on demand.

** As at 31 December 2025 and 2024, the impairment of the financial assets included in prepayments, other receivables and other assets were measured based on 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of year	50	73
Impairment/(reversal of impairment) losses, net (note 7)	15	(23)
At the end of year	65	50

NOTES TO FINANCIAL STATEMENTS

31 December 2025

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Non-current asset		
Unlisted fund investment, at fair value:		
Shanghai Huake Zhixin Venture Capital Partnership (Limited Partnership)	8,085	–
Current assets		
Wealth management products	161,215	41,913
Structured deposits	900,137	782,483
Subtotal	1,061,352	824,396
Total	1,069,437	824,396

The unlisted fund investment at 31 December 2025 was classified as a financial asset at fair value through profit or loss as it was held for trading.

The wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

25. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	299,803	297,355
Time deposits	2,128,904	116,493
Subtotal	2,428,707	413,848
Less:		
Time deposits	(2,128,904)	(116,493)
Cash and cash equivalents	299,803	297,355

NOTES TO FINANCIAL STATEMENTS

31 December 2025



25. CASH AND CASH EQUIVALENTS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Cash and bank balances		
Denominated in		
– RMB	277,395	280,128
– USD	17,738	14,721
– Others	4,670	2,506
Total	299,803	297,355

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

26. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Bills payable	11,437	68
Trade payables	20,167	7,257
Total	31,604	7,325

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

	2025 RMB'000	2024 RMB'000
Within one year	31,604	7,325

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025 RMB'000	2024 RMB'000
Sale of products	4,849	1,275

Contract liabilities include short-term advances received to deliver products.

28. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Current liabilities		
Deposits payable	4,252	4,832
Payroll payables	43,355	37,483
Accruals and other payables	40,370	17,855
Instalments payable due within one year	811	1,701
Other tax payables	4,975	4,590
Total	93,763	66,461
Non-current liabilities		
Instalments payable for purchase of intangible assets	837	-
Total	837	-

Instalments payable relates to the purchase of intangible assets which is payable in three instalments over three years. Deposits payable represents the deposits received from the customers to secure the production capacity, which will be returned to the customers when future sales occur. Other payables included in the above balances are non-interest-bearing.

NOTES TO FINANCIAL STATEMENTS

31 December 2025



29. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	5,207	4,928

The movements of deferred income during the year are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of the year	4,928	3,452
Grants received during the year	3,000	4,500
Amounts released to profit or loss during the year	(2,721)	(3,024)
At end of the year	5,207	4,928

30. DEFERRED TAX

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

Deferred tax liabilities

	2025			
	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	692	1,663	6	2,361
Deferred tax charged/(credited) to the statement of profit or loss during the year	140	(492)	1	(351)
Gross deferred tax liabilities at 31 December 2025	832	1,171	7	2,010

NOTES TO FINANCIAL STATEMENTS

31 December 2025

30. DEFERRED TAX (CONTINUED)

Deferred tax assets

	2025							
	Impairment of trade and other receivables RMB'000	Impairment of inventories RMB'000	Unrealised internal trading profits RMB'000	Tax losses RMB'000	Share incentive plan RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	23	869	1,227	4,795	8,855	1,673	522	17,964
Deferred tax credited/(charged) to the statement of profit or loss during the year	22	351	108	3,549	3,713	(415)	52	7,380
Deferred tax charged to share option reserve during the year	-	-	-	728	(1,294)	-	-	(566)
Deferred tax credited to other comprehensive income during the year	-	-	-	-	-	-	32	32
Exchange realignment	-	-	-	(102)	(8)	-	-	(110)
Gross deferred tax assets at 31 December 2025	45	1,220	1,335	8,970	11,266	1,258	606	24,700



30. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2024			
	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	760	1,113	14	1,887
Deferred tax (credited)/charged to the statement of profit or loss during the year	(68)	550	(8)	474
Gross deferred tax liabilities at 31 December 2024	692	1,663	6	2,361

Deferred tax assets

	2024							
	Impairment of trade and other receivables RMB'000	Impairment of inventories RMB'000	Unrealised internal trading profits RMB'000	Tax losses RMB'000	Share incentive plan RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	38	634	1,754	3,230	4,377	1,179	1	11,213
Deferred tax (charged)/credited to the statement of profit or loss during the year	(15)	235	(527)	1,565	1,062	494	503	3,317
Deferred tax credited to share option reserve during the year	-	-	-	-	3,416	-	-	3,416
Deferred tax credited to other comprehensive income during the year	-	-	-	-	-	-	18	18
Gross deferred tax assets at 31 December 2024	23	869	1,227	4,795	8,855	1,673	522	17,964

NOTES TO FINANCIAL STATEMENTS

31 December 2025

30. DEFERRED TAX (CONTINUED)

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	22,690	15,603
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–

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

	2025 RMB'000	2024 RMB'000
Tax losses	304	–
Temporary difference not recognised	1	–
	305	–

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.



31. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	2025 RMB'000	2024 RMB'000
Registered, issued and fully paid: 114,832,780 (2024: 92,363,380) ordinary shares	114,833	92,363

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

	Number of shares in issue	Share capital RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	92,363,380	92,363
Issue of new shares*	21,556,000	21,556
Exercise of share options**	913,400	914
At 31 December 2025	114,832,780	114,833

* In connection with the listing of the H-shares of the Company on the Stock Exchange, 21,556,000 new ordinary shares of RMB1 each were issued at a price of HK\$120.5 (equivalent to RMB110.05) per share with a total cash consideration, before expenses, of HK\$2,597,501,000 (equivalent to RMB2,367,227,000). Dealing in the H shares of the Company on the Stock Exchange commenced on 9 July 2025

** In September 2025, 913,400 share options were exercised and all restricted shares were vested under the 2022 Equity incentive plan as the vesting conditions were satisfied.

(b) Treasury shares

	Number of shares in issue	Treasury shares RMB'000
At 1 January 2024	–	–
A shares repurchased	193,000	193
At 31 December 2024, 1 January 2025 and 31 December 2025	193,000	193

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32. EQUITY INCENTIVE PLAN

(1) 2022 Equity incentive plan

The Company operates an equity incentive plan which became effective on 2 September 2022 and will remain in force for five years from that date. The board approved a total of 2,471,000 type II restricted shares, and the grant price for each share is RMB56.00. In 2022, 133 participants were granted with 2,361,000 type II restricted shares, and 110,000 type II restricted shares were reserved. On 3 August 2023, the Second Meeting of the Second Session of the Board of Directors approved the grant of 110,000 reserved restricted shares to 4 participants.

Type II restricted shares refer to A shares granted to the participants pursuant to which the participants have the right to subscribe ordinary A shares of the Company upon the satisfaction of certain vesting conditions.

The vesting periods and vesting arrangements for the initially granted restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period*	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	20%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2022 is not less than 20%
Second vesting period*	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	40%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2023 is not less than 40%
Third vesting period**	From the first trading day 36 months after the date of the first grant to the first grant end of the last trading day within 48 months	40%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2024 is not less than 60%



32. EQUITY INCENTIVE PLAN (CONTINUED)

(1) 2022 Equity incentive plan (continued)

The vesting periods and vesting arrangements for the reserved restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period*	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	50%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2023 is not less than 40%
Second vesting period**	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	50%	Based on the revenue and net profit of 2021, the growth rate of revenue or net profit of 2024 is not less than 60%

* These vesting conditions were not met and related granted shares were forfeited accordingly.

** As at 31 December 2025, as the vesting conditions have been met, 913,000 type II restricted shares (2024: nil) were vested. The weighted average price of the shares at the time these restricted shares were vested was RMB54.13 per share.

(2) 2024 Equity incentive plan

The Company operates an equity incentive plan which became effective on 22 November 2024 and will remain in force for five years from that date. The board of directors approved a total of 1,629,000 type II restricted shares, and the grant price for each share is RMB70.00. In 2024, 221 participants were granted with 1,599,000 type II restricted shares, and 30,000 type II restricted shares were reserved. On 9 April 2025, the Twenty-first Meeting of the Second Session of the Board of Directors approved the grant of 30,000 reserved restricted shares to 4 participants.

Type II restricted shares refer to A shares granted to the participants pursuant to which the participants have the right to subscribe ordinary A shares of the Company upon the satisfaction of certain vesting conditions.



NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. EQUITY INCENTIVE PLAN (CONTINUED)

(2) 2024 Equity incentive plan (continued)

The vesting periods and vesting arrangements for the initially granted restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	30%	Based on the revenue of 2023, the growth rate of revenue of 2024 is not less than 30%
Second vesting period	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	30%	Based on the revenue of 2023, the growth rate of revenue of 2025 is not less than 60%
Third vesting period	From the first trading day 36 months after the date of the first grant to the first grant end of the last trading day within 48 months	40%	Based on the revenue of 2023, the growth rate of revenue of 2026 is not less than 85%

The vesting periods and vesting arrangements for the reserved restricted shares are as follows:

Vesting arrangements	Vesting periods	The percentage of vested/The total granted shares	Vesting conditions
First vesting period	From the first trading day 12 months after the date of the first grant to the first grant end of the last trading day within 24 months	50%	Based on the revenue of 2023, the growth rate of revenue of 2025 is not less than 60%
Second vesting period	From the first trading day 24 months after the date of the first grant to the first grant end of the last trading day within 36 months	50%	Based on the revenue of 2023, the growth rate of revenue of 2026 is not less than 85%

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. EQUITY INCENTIVE PLAN (CONTINUED)

- (3) The following restricted shares were outstanding under 2022 and 2024 Equity incentive plan during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of restricted shares '000	Weighted average exercise price RMB per share	Number of restricted shares '000
At 1 January	64.50	2,515	55.52	965
Granted during the year	69.22	30	70.00	1,599
Forfeited during the year	67.29	(21)	55.47	(49)
Vested during the year	54.13*	(913)	–	–
At 31 December	69.22*	1,611	64.50*	2,515

- (4) The following restricted shares were outstanding under the 2022 and 2024 Equity incentive plan during the year:

	Number of restricted shares '000	Vesting price* RMB per share	Vesting period
As at 31 December 2025	475	69.22	22-11-25 to 21-11-26
	475	69.22	22-11-26 to 21-11-27
	631	69.22	22-11-27 to 21-11-28
	15	69.22	9-4-26 to 8-4-27
	15	69.22	9-4-27 to 8-4-28
	1,611		
As at 31 December 2024	861	54.91	2-9-25 to 1-9-26
	55	54.91	3-8-25 to 2-8-26
	480	70.00	22-11-25 to 21-11-26
	480	70.00	22-11-26 to 21-11-27
	639	70.00	22-11-27 to 21-11-28
	2,515		

* The vesting price per share was adjusted for the dividend entitlements for 2023 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. EQUITY INCENTIVE PLAN (CONTINUED)

(5) Details of equity-settled share-based payments during the year are as follows:

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

	As at 2 September 2022	As at 3 August 2023	As at 22 November 2024	As at 9 April 2025
Share price at the grant date	RMB64.40	RMB107.00	RMB134.70	RMB187.21
Expected volatility (%)	15.65-17.13	12.99-14.92	15.97-19.39	17.10-20.19
Risk-free interest rate (%)	1.50-2.75	1.50-2.10	1.50-2.75	1.50-2.10
Expected life of restricted shares (years)	1-3	1-2	1-3	1-2

During the year ended 31 December 2025, the Group recorded share-based payment expenses of RMB64,660,000 (2024:RMB12,273,000).

33. RESERVES

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

(i) Capital reserve

The capital reserve mainly represents the difference between the value of share capital and the consideration received.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, the companies in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. The statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

(iii) Share option reserve

The share option reserve comprises the fair value of restricted shares granted that are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the capital reserve account when the related options are exercised or be transferred to retained profits should the related options expire after the vesting period.



33. RESERVES (CONTINUED)

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(v) Fair value reserve

The fair value reserve represents the fair value movement of equity investment designated at fair value through other comprehensive income.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB12,895,000 in respect of lease arrangements for office premises.

During the year ended 31 December 2025, the Group had non-cash additions to intangible assets and other payables of RMB1,644,000 (2024: nil) in respect of software.

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Instalment payables (including amounts due within one year) RMB'000
At 1 January 2024	7,612	3,800
Additions	12,895	–
Changes from financing cash flows	(4,010)	(2,331)
Accretion of interest	283	230
Early termination of lease	(706)	–
Foreign exchange movement	–	2
At 31 December 2024 and 1 January 2025	16,074	1,701
Additions	–	1,644
Changes from financing cash flows	(4,183)	(1,727)
Accretion of interest	534	66
Foreign exchange movement	–	(36)
At 31 December 2025	12,425	1,648

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	774	510
Within financing activities	4,407	4,240
Total	5,181	4,750

35. COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	508,881	2,562
Cooperative building construction	55,560	64,952
Total	564,441	67,514

36. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	4,215	3,852
Performance related bonuses	1,330	3,900
Pension scheme contributions	154	250
Share-based payments	3,743	435
Total	9,442	8,437

Supervisors' emoluments are not included in the above amounts. Further details of directors' and supervisors' emoluments are included in note 9 to the financial statements.

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31 December 2025



37. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	1,069,437	824,396
Financial assets at fair value through other comprehensive income:		
Debt investments at fair value through other comprehensive income	1,003,918	976,162
Equity investment designated at fair value through other comprehensive income	393	716
Total	1,004,311	976,878
At amortised cost:		
Cash and cash equivalents	299,803	297,355
Time deposits	2,128,904	116,493
Trade receivables	12,494	5,638
Financial assets included in prepayments, other receivables and other assets	2,422	3,040
Total	2,443,623	422,526

Financial liabilities

	2025 RMB'000	2024 RMB'000
At amortised cost:		
Trade and bills payables	31,604	7,325
Financial liabilities included in other payables and accruals	46,270	24,388
Lease liabilities	12,425	16,074
Total	90,299	47,787

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38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, time deposits, and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group invests in the wealth management products, structured deposits and negotiable certificates of deposit issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair value of unlisted fund investment has been estimated with reference to the adjusted net asset value provided by the relevant administrator. The fair value of unlisted equity investment designated at fair value through other comprehensive income has been estimated using an asset-based approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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31 December 2025



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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investment designated at fair value through other comprehensive income	-	-	393	393
Debt investments at fair value through other comprehensive income	-	1,003,918	-	1,003,918
Financial assets at fair value through profit or loss	-	1,069,437	-	1,069,437
Total	-	2,073,355	393	2,073,748

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investment designated at fair value through other comprehensive income	-	-	716	716
Debt investments at fair value through other comprehensive income	-	976,162	-	976,162
Financial assets at fair value through profit or loss	-	824,396	-	824,396
Total	-	1,800,558	716	1,801,274

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

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investment designated at fair value through other comprehensive income:		
At beginning of the year	716	–
Purchases	–	900
Total losses recognised in other comprehensive income	(323)	(184)
At end of the year	393	716

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: nil).

During the year, there were no transfers of fair measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss, and investments at fair value through other comprehensive income. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables, other receivables and other payables, which arise directly from its operations.

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



39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

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

	2025 RMB'000	2024 RMB'000
RMB/USD		
Strengthened 3% (2024: 5%)	(5,465)	(5,470)
Weakened 3% (2024: 5%)	5,465	5,470

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.



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31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs	Stage 1	Stage 2	Stage 3	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	-	-	-	12,880	12,880
Financial assets included in prepayments, other receivables and other assets					
- Normal**	2,487	-	-	-	2,487
- Doubtful**	-	-	-	-	-
Time deposits-Not yet past due	2,128,904	-	-	-	2,128,904
Cash and cash equivalents-Not yet past due	299,803	-	-	-	299,803
Total	2,431,194	-	-	12,880	2,444,074

At 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs	Stage 1	Stage 2	Stage 3	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	-	-	-	5,812	5,812
Financial assets included in prepayments, deposits and other receivables					
- Normal**	3,090	-	-	-	3,090
- Doubtful**	-	-	-	-	-
Time deposits-Not yet past due	116,493	-	-	-	116,493
Cash and cash equivalents-Not yet past due	297,355	-	-	-	297,355
Total	416,938	-	-	5,812	422,750



39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements. At the end of the year, the Group had no significant concentrations of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2025		
	Less than 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
Trade and bills payables	31,604	–	31,604
Financial liabilities included in other payables and accruals	45,465	843	46,308
Lease liabilities	4,343	8,755	13,098
Total	81,412	9,598	91,010

	As at 31 December 2024		
	Less than 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
Trade and bills payables	7,325	–	7,325
Financial liabilities included in other payables and accruals	24,414	–	24,414
Lease liabilities	4,176	13,107	17,283
Total	35,915	13,107	49,022

NOTES TO FINANCIAL STATEMENTS

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The asset-liability ratios as at the end of the reporting periods are as follows:

	2025 RMB'000	2024 RMB'000
Total assets	5,224,119	2,649,251
Total liabilities	149,600	96,316
Asset-liability ratio	3%	4%

40. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, a final dividend in respect of the year ended 31 December 2025 of RMB0.78 per share, totaling approximately RMB89,789,000, have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	24,535	14,006
Right-of-use assets	11,119	15,180
Intangible assets	8,898	7,016
Investments in subsidiaries	280,370	236,747
Equity investment designated at fair value through other comprehensive income	393	716
Financial assets at fair value through profit or loss	8,085	–
Debt investments at fair value through other comprehensive income	532,346	794,344
Deferred tax assets	11,088	6,836
Other non-current assets	248,088	29,313
Total non-current assets	1,124,922	1,104,158
CURRENT ASSETS		
Inventories	159,042	131,226
Trade receivables	27,847	5,894
Prepayments, other receivables and other assets	45,736	54,505
Financial assets at fair value through profit or loss	996,304	770,290
Debt investments at fair value through other comprehensive income	441,420	181,818
Tax recoverable	9,182	–
Time deposits	2,123,841	109,258
Cash and cash equivalents	237,259	255,906
Total current assets	4,040,631	1,508,897
CURRENT LIABILITIES		
Trade and bills payables	28,231	6,409
Contract liabilities	4,267	998
Other payables and accruals	81,665	52,760
Lease liabilities	3,663	3,272
Total current liabilities	117,826	63,439
NET CURRENT ASSETS	3,922,805	1,445,458
TOTAL ASSETS LESS CURRENT LIABILITIES	5,047,727	2,549,616

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31 December 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES		
Other payables and accruals	837	–
Lease liabilities	8,300	11,970
Deferred income	5,207	4,928
Deferred tax liabilities	–	–
Total non-current liabilities	14,344	16,898
Net assets	5,033,383	2,532,718
EQUITY		
Share capital	114,833	92,363
Treasury shares	(193)	(193)
Reserves	4,918,743	2,440,548
Total equity	5,033,383	2,532,718

Bi Lei
Director

Bi Chao
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2025



41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve	Share option reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (Note 33)	RMB'000 (Note 33)	RMB'000 (Note 33)	RMB'000 (Note 33)	RMB'000	RMB'000
At 1 January 2024	1,862,022	9,468	-	50,330	367,995	2,289,815
Profit for the year	-	-	-	-	212,393	212,393
Other comprehensive income for the year:						
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	-	-	(165)	-	-	(165)
Total comprehensive income/(loss) for the year	-	-	(165)	-	212,393	212,228
Dividends declared	-	-	-	-	(56,272)	(56,272)
Share-based payments	-	14,605	-	-	-	14,605
Issue of new shares	-	-	-	-	-	-
Share repurchased	(19,828)	-	-	-	-	(19,828)
At 31 December 2024 and 1 January 2025	1,842,194	24,073	(165)	50,330	524,116	2,440,548
Profit for the year	-	-	-	-	197,110	197,110
Other comprehensive income for the year:						
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	-	-	(291)	-	-	(291)
Total comprehensive income/(loss) for the year	-	-	(291)	-	197,110	196,819
Dividends declared	-	-	-	-	(71,893)	(71,893)
Share-based payments	-	77,897	-	-	-	77,897
Issue of new shares	2,275,372	-	-	-	-	2,275,372
Vesting of share-based payment	29,045	(29,045)	-	-	-	-
Transferred from retained profits	-	-	-	7,086	(7,086)	-
At 31 December 2025	4,146,611	72,925	(456)	57,416	642,247	4,918,743



NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.