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

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

2026
INTERIM REPORT

AAC Technologies

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

www.aactechnologies.com

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Wu Ingrid Chun Yuan

Independent Non-executive Directors

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

AUDIT AND RISK COMMITTEE

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

NOMINATION COMMITTEE

Mr. Zhang Hongjiang (Committee Chairman)
Mr. Peng Zhiyuan
Ms. Wu Ingrid Chun Yuan

REMUNERATION COMMITTEE

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

SUSTAINABILITY COMMITTEE

Mr. Mok Joe Kuen Richard (Committee Chairman)
Mr. Kwok Lam Kwong Larry
Mr. Peng Zhiyuan
Ms. Wu Ingrid Chun Yuan
Mr. Pan Kaitai Kelvin
Ms. Guo Dan *(appointed on 20 August 2026)*
Mr. Xu Bin *(appointed on 20 August 2026)*

AUTHORIZED REPRESENTATIVES

Mr. Pan Benjamin Zhengmin
Mr. Mok Joe Kuen Richard

JOINT COMPANY SECRETARIES

Ms. Guan Muyi
Mr. Ho Siu Tak Jonathan

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Herbert Smith Freehills Kramer
JunHe

PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

22 Tampines Industrial Crescent #03-01,
Singapore 528607

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

STOCK CODE

2018

WEBSITE

www.aactechnologies.com

FINANCIAL YEAR END

31 December

Core Development Strategies

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

Financial Highlights

Past 5 First-half Operating Financial Data

	1H 2022 RMB'000	1H 2023 RMB'000	1H 2024 RMB'000	1H 2025 RMB'000	**1H 2026 RMB'000**	1H 2026 vs 1H 2025 YoY Increase/ (Decrease)
Revenue	9,411,777	9,218,944	11,246,971	13,318,486	**14,506,449**	8.9%
Depreciation and Amortisation	1,450,508	1,479,975	1,537,845	1,508,288	**1,456,629**	(3.4%)
Finance costs	203,846	203,964	206,621	186,407	**214,107**	14.9%
Net profit attributable to owners of the Company	350,090	150,304	537,028	875,672	**901,298**	2.9%
EBITDA	2,078,871	1,858,771	2,372,392	2,729,534	**2,685,799**	(1.6%)
CAPEX	(1,061,928)	(616,099)	(916,891)	(1,444,279)	**(1,230,840)**	(14.8%)
Taxation paid	(187,668)	(85,580)	(145,990)	(317,340)	**(208,058)**	(34.4%)
Changes in working capital	(409,801)	756,123	595,835	888,701	**(369,667)**	(141.6%)
Free cash flow	419,474	1,913,215	1,905,346	1,856,616	**877,234**	
Gross margin	18.9%	14.1%	21.5%	20.7%	**22.4%**	1.7ppts
Net profit margin	3.7%	1.6%	4.8%	6.6%	**6.2%**	(0.4ppts)
R&D expenses to Revenue	7.7%	7.3%	8.4%	7.5%	**8.4%**	0.9ppts
Annualized ROA	1.7%	0.8%	2.6%	3.7%	**3.7%**	–
Annualized ROE	3.2%	1.4%	4.8%	7.6%	**7.4%**	(0.2ppts)
Per capita output (Revenue/Employees)	271	355	305	301	**345**	14.6%
Net gearing ratio	10.7%	4.9%	6.0%	4.7%	**4.7%**	–
Current ratio	2.10	1.96	1.59	1.44	**1.43**	(1.0ppts)
CAPEX/EBITDA	51.1%	33.1%	38.6%	52.9%	**45.8%**	(7.1ppts)

Interim Review

BUSINESS AND MARKET REVIEW

In the first half of 2026 (“1H 2026”), driven by the rapid advancement of artificial intelligence (“AI”) and the subsequent surge in demand for various types of chips, the global semiconductor supply chain underwent a reallocation of production capacity. This led to elevated prices for traditional memory chips, exerting cost pressures on various downstream industries. According to preliminary data from IDC, global smartphone shipments declined by 4.1% and 6.7% YoY in the first and second quarters of 2026, respectively. Meanwhile, with the continuous iteration of large AI models, the user-AI interaction paradigm is evolving from assistant-based dialogue to agentic AI capable of executing more complex tasks, unlocking new growth opportunities for the intelligent evolution of edge devices.

Against this backdrop, the Group remained committed to innovation, capitalized on emerging industry trends, and accelerated the R&D and delivery of new on-device AI products. As a result, the Group’s revenue reached a record high of RMB14.51 billion, representing a YoY growth of 8.9%, with acoustics and electromagnetic drives business, automotive acoustics business, and heat dissipation business serving as the primary growth drivers. The Group’s gross margin stood at 22.4%, up by 1.7 percentage points (“ppts”) YoY, primarily driven by a more favorable product mix and higher operational efficiency. Reported net profit increased by 2.9% YoY to RMB901 million, whereas excluding Other gains and losses relating to fair value gains and losses, the underlying growth in net profit for 1H 2026 increased by 37.4%.

During the reporting period, the Group’s net cash generated from operating activities was RMB1.91 billion. The Group continued to optimize operational efficiency, with cash conversion cycle improving by 30 days to less than 20 days as compared to that as at 30 June 2025. Capital expenditure (“CAPEX”) was RMB1.23 billion. As at 30 June 2026, the Group’s cash on book (including short-term fixed deposits) stood at RMB7.07 billion. The Group will continue to enhance operational efficiency and maintain a disciplined capital expenditure policy, and utilize the strong operating cash flow generated to underpin its long-term sustainable growth and innovation initiatives.

Under the current dividend policy approved by the Board, the Group will continue to implement a final dividend payout ratio of 15% with no interim dividend. The Group remains committed to a prudent approach in financial management and to maintaining a strong cash position to support business development and future innovation, creating sustainable value for shareholders of the Company (the “Shareholders”).

PERFORMANCE AND DEVELOPMENT OF BUSINESS SEGMENTS

Acoustics and Electromagnetic Drives Business

The Group continues to expand its electromagnetic product portfolio, accelerating innovation and achieving breakthroughs across diverse electromagnetic drive technologies, including micro acoustics, robotic motors, active cooling solutions, and gimbal modules. To align with industry trends, the former acoustics business and electromagnetic drives business have been consolidated and renamed as the acoustics and electromagnetic drives business. In 1H 2026, the acoustics and electromagnetic drives business generated revenue of RMB6.01 billion, representing a YoY increase of 14.2%. Its gross profit margin was 28.6%, up 0.7 ppts YoY, while the gross margin of acoustics business expanded by 0.9 ppts. The Group continued to lead in vertically integrated innovation in the premium smartphone market and further increased its market share among major customers.

During the reporting period, the acoustics and electromagnetic drives segment secured key breakthroughs across several new business lines. In particular, the Group’s active cooling fans, leveraging high-precision electromagnetic design and simulation, together with advanced precision manufacturing technologies, achieved superior electromagnetic efficiency. Relevant projects have successfully passed customer certification and are expected to become standard configurations for high-end models, with further expansion into markets such as servers and robotics.

In the robotics sector, the Group's robotic motors and modules secured project design wins from several leading global customers, with certain projects already entering mass production. In addition, leveraging its strengths in self-developed core components and complete robot assembly capabilities, the Group is strategically expanding its robot system business, with relevant projects expected to enter mass production by the end of 2026. These new businesses will inject sustained growth momentum into this segment and create new growth drivers.

Automotive Acoustics Business

Despite pressures on sales in the automotive market in 1H 2026, the Group actively expanded its customer base and capitalized on the strong demand arising from the global expansion of Chinese automakers. By persistently promoting vertically integrated, complete acoustic solutions encompassing speakers, amplifiers, microphones, system architecture, and professional tuning, revenue generated from the automotive acoustics business grew notably by 23.1% to RMB2.23 billion. Gross margin was 20.1%, down 3.2 ppts YoY, mainly due to intensified competition in the automotive industry, increased revenue contribution from the amplifier products, and geopolitical tensions that caused higher prices for magnets and other raw materials.

As intelligent cockpits gain rapid adoption and increasingly become a key product differentiator, automakers are placing greater emphasis on crafting system-level audio experiences within the cabin. By fully leveraging synergies across hardware, algorithms, tuning, and cabin layouts, and backed by a cooperative ecosystem of global top-tier Hi-Fi brands, the Group saw a significant increase in order volumes for its highly customized, high-end branded audio system solutions for automotive original equipment manufacturers ("OEMs") in 1H 2026. In addition, the Group custom-developed core solutions for customers, including an "M"-shaped titanium-diaphragm tweeter, a 40-channel amplifier, and a front-cabin subwoofer utilizing coil disc drive ("CDD") technology, further consolidating its leading position in the high-end acoustics market.

As a global leader in acoustics solutions, the Group has achieved deep integration with Premium Sound Solutions ("PSS"). Leveraging its manufacturing facilities in Germany, Belgium, Malaysia, and Mexico, together with years of localized operational experience, the Group has built a highly resilient and agile global supply chain. This enables flexible deployment of global production resources to support domestic automakers' global expansion and localized delivery needs. The Group's global footprint and flexible supply chain allocation underpin its strong competitive edge in a highly competitive industry.

Optics Business

In 1H 2026, revenue generated from the optics business was RMB2.05 billion, representing a YoY decrease of 22.7%, primarily due to lower shipment volumes of camera modules and lenses amid declining global smartphone sales. However, benefiting from the Group's unwavering premiumization strategy and proactive optimization of its product mix, the average selling prices ("ASPs") of both modules and lenses recorded double-digit YoY growth, partially offsetting the impact of lower shipment volumes on revenue. Gross margin stood at 10.2%, flat YoY.

The Group continued to expand the adoption of mid- to high-end lenses in flagship models, securing design wins for 5P lenses in a major customer's flagship model for the first time. During the period, plastic lenses of 6P and above specifications accounted for nearly 20% of shipment volume, while shipments of 7-element lenses, including 7P plastic lenses and 1G6P hybrid lenses, reached approximately 6.50 million units, further reinforcing the Group's leadership in high-end optical innovation. In terms of camera modules, the Group continued to optimize its shipment mix. Modules of 32MP and above accounted for over 50% of total module shipments, up by 16 ppts YoY, with optical image stabilization ("OIS") modules representing over 20% of the total shipments. Benefiting from its vertical integration capabilities in high-end modules and its in-house manufacturing capabilities for key components, the Group successfully secured design wins for main camera modules, periscope modules, and gimbal main camera modules in customers' flagship models scheduled for release in the second half of the year.

In terms of AR, by integrating Dispelix, a global leader in optical waveguides, with its own dedicated light engine team, the Group provides a one-stop optical system design and simulation solution covering waveguide and light engine. This marks the Group's transformation from a micro-component supplier into an end-to-end AR display module solution provider. Featuring core advantages such as high brightness, low power consumption, compact size, and high image quality, the Group, backed by leading product performance and mature mass-production capabilities, has become the industry's first company to achieve volume delivery of full-color light engines, with such deliveries serving top-tier customers. Regarding single-layer surface relief grating ("SRG") diffractive optical waveguides, the Group is the first in the industry to achieve mass production using etching processes. Featuring a large field of view ("FoV"), single-layer full color, lightweight profile, and crystal-clear image quality, its optical waveguide lens products have successfully passed performance and reliability tests conducted by multiple global leading terminal customers and secured design wins for multiple mass-production projects, laying a solid customer foundation to capitalize on future growth opportunities in the industry.

Wafer-Level Glass ("WLG") has also made significant progress in non-smartphone sectors. The Group has developed a variety of glass lenses and lens array solutions for optical communications, AI smart glasses, and automotive clients, thereby expanding into new application scenarios. Particularly in the optical communications sector, Co-Packaged Optics ("CPO"), as a key technology direction for next-generation high-speed optical interconnects, imposes stringent requirements on optical alignment, making it a critical application scenario for WLG technology. WLG molding technology offers advantages in high precision, superior consistency, and large-scale mass production: material-wise, WLG utilizes glass as the base material, perfectly matching CPO's strict requirements for thermally stable, optically stable, and durable lens components; precision-wise, WLG supports the array-level high alignment precision required by CPO through mold precision lock-in and wafer-level processing; efficiency-wise, WLG delivers a mass-production solution that balances precision and efficiency through array molding, 4-inch wafer multi-cavity molding, and passive alignment design. These advantages lay a solid foundation for achieving micro-lens arrays ("MLA") with a pitch within 1μm and a lens profile accuracy below 250nm, as well as fiber V-grooves. Currently, the Group is actively engaging in technical exchanges, factory audits, and sample submissions with leading overseas optical communications enterprises, including top-tier companies providing high-speed interconnect chips for AI and cloud infrastructure.

Precision Mechanics and Heat Dissipation Business

In 1H 2026, revenue generated from the precision mechanics and heat dissipation business grew by 12.5% YoY to RMB3.25 billion, primarily driven by rapid growth in the heat dissipation business. Gross margin stood at 23.1%, representing a significant YoY increase of 4.1 ppts. Revenue generated from the heat dissipation business surged by approximately 400% to RMB1.10 billion, primarily driven by the continued ramp-up in shipments of high-performance innovative vapor chambers ("VCs"). Mass production preparations for the next-generation products are also progressing smoothly.

The Group maintains its position among global leading players in consumer electronics thermal management market and ranks among China's top-3 AI-server liquid cooling providers by market size. In AI computing, server-grade high-capacity DRAM, SSDs, and 1.6T optical transceivers are facing mounting thermal challenges amid specification upgrades. The Group is actively collaborating with leading industry players to explore new solutions, including the integration of VCs and the optimization of metal enclosures, unlocking further growth potential. In the data center liquid cooling segment, the Group is advancing a dual-market expansion strategy covering both domestic and overseas markets. Yuandi (Guangzhou) Digital Technology Co., Ltd., a subsidiary of the Group, commenced mass production and global batch deliveries of its ATAHORAN series 2.2MW and 2.6MW centralized liquid-cooling coolant distribution units ("CDUs"). By reaching a monthly delivery capacity of over 600 units, the subsidiary has firmly established itself among the industry's leading players. The smartphone casing business recorded revenue of RMB1.53 billion, down 13.5% YoY, mainly due to pressure on ASPs. Nonetheless, the Group's market share in flagship models continued to expand despite the broader market trend, with shipment volume delivering double-digit YoY growth, partially offsetting the impact of lower ASPs on revenue.

Sensor and Semiconductor Business

In 1H 2026, revenue generated from the sensor and semiconductor business reached RMB858 million, representing a YoY increase of 41.0%. This growth was primarily driven by the Group's high share of business with major customers and its stable delivery capabilities, as well as volume shipments of new products such as voice-pick accelerometers ("VACCs") and micro-electro-mechanical systems ("MEMS") speakers. Gross margin stood at 14.6%, representing a YoY improvement of 2.5 ppts, mainly due to the increased contribution of mid- to high-end microphones to the product mix. Voice has emerged as a key modality of human-LLM interaction in the AI era, and the Group continues to enable and support voice upgrades in customers' high-end flagship devices. In the extended reality ("XR") sector, the Group secured a design win for an overseas customer's AI glasses project, leveraging the competitive advantages of its microphones, including high signal-to-noise ratio ("SNR"), high reliability, and superior waterproof performance. Stable shipments for this project are expected to commence in the second half of the year.

Furthermore, the Group extended MEMS technology to thermal management. Drawing on nearly two decades of product development and technological expertise in MEMS design and manufacturing, the Group integrated capabilities across key piezoelectric thin-film material research, actuator chip structural design and simulation, wafer-level manufacturing process optimization, and customized packaging solution development. Consequently, the Group's CoolFan series active cooling chip products successfully achieved small-batch trial production in the first half of the year. This milestone further enriches the Group's AI thermal management product portfolio and demonstrates its strong cross-disciplinary capabilities and end-to-end integration expertise.

STRATEGY DEVELOPMENT AND OUTLOOK

The year 2026 marks the accelerated evolution of large AI models from simple question-and-answer systems into agentic AI capable of executing more complex tasks, while laying a solid foundation for the future development of edge AI and embodied AI. Building on its technology platforms in acoustics, optics, electromagnetics and precision manufacturing, the Group remains committed to innovation and actively advances the development and application of AI.

To capitalize on AI industry growth opportunities, the Group will deepen the ongoing integration of its acoustics and electromagnetic drives business segments, fostering synergies across technologies, production capacity, and customer resources. While solidifying its core position in consumer electronics, the Group will expand into emerging tracks such as AI terminals, humanoid robotics, and smart cockpits, delivering comprehensive solutions that enhance product value and drive long-term business growth potential.

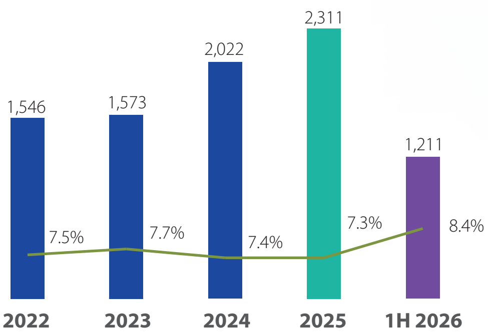
Looking ahead, the Group will capitalize on emerging strategic opportunities with RMB10-billion-scale revenue potential, including edge AI hardware, data center liquid cooling, XR, robotics and intelligent cockpits. The Group will continue to enhance its core competitiveness and resilience, further consolidate its market-leading position, create greater value for our customers, and deliver stronger returns to Shareholders.

Global Presence

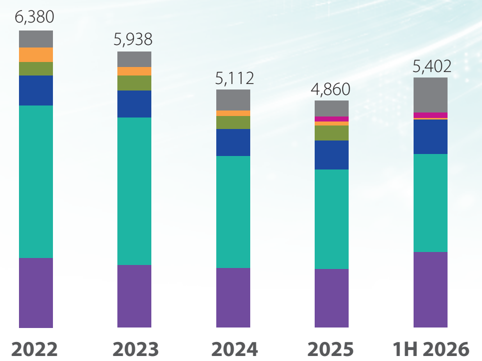
R&D

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

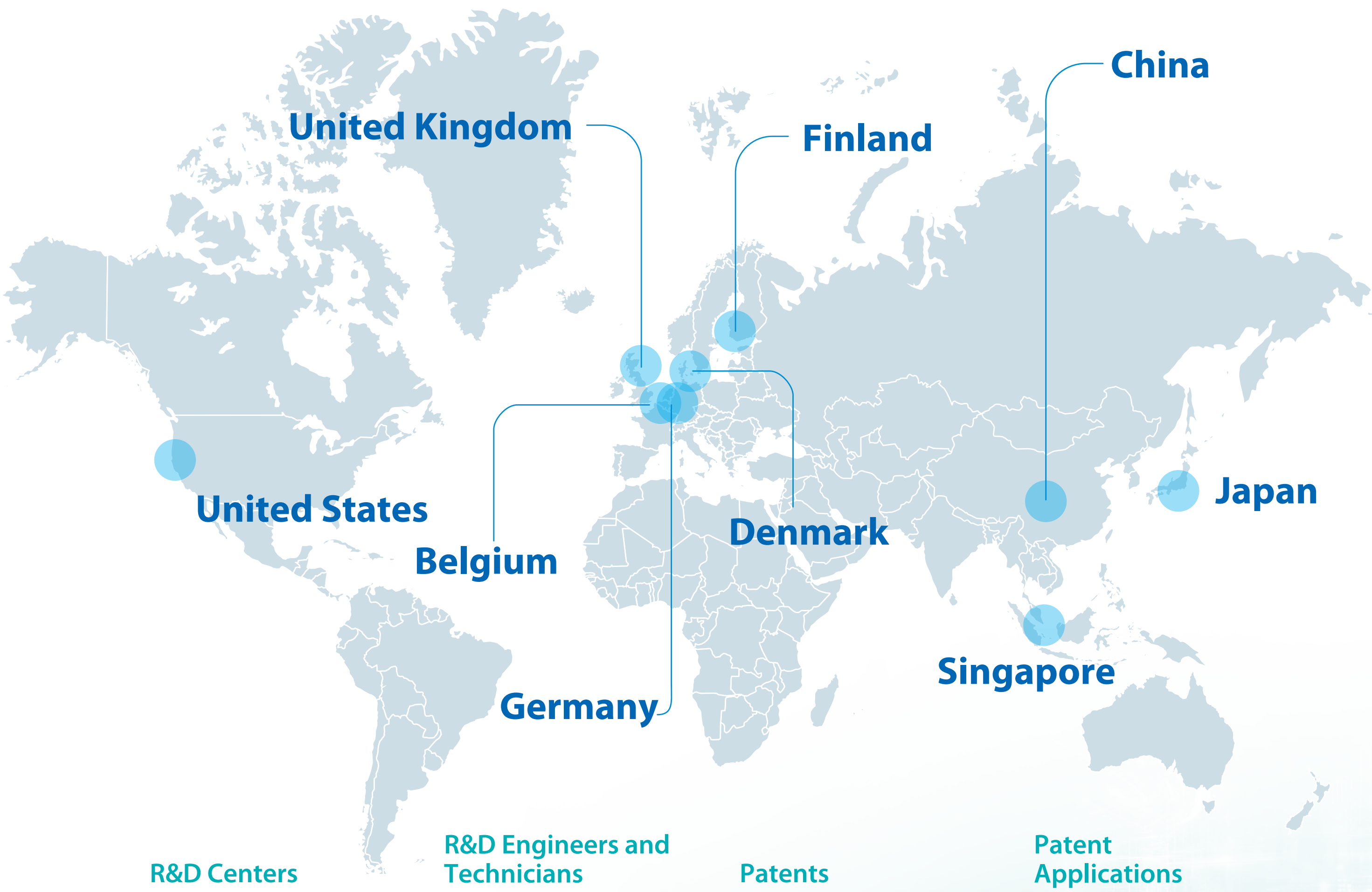
(RMB million or %)



Patents by Segments



R&D Centers



R&D Centers
18
PSS 1

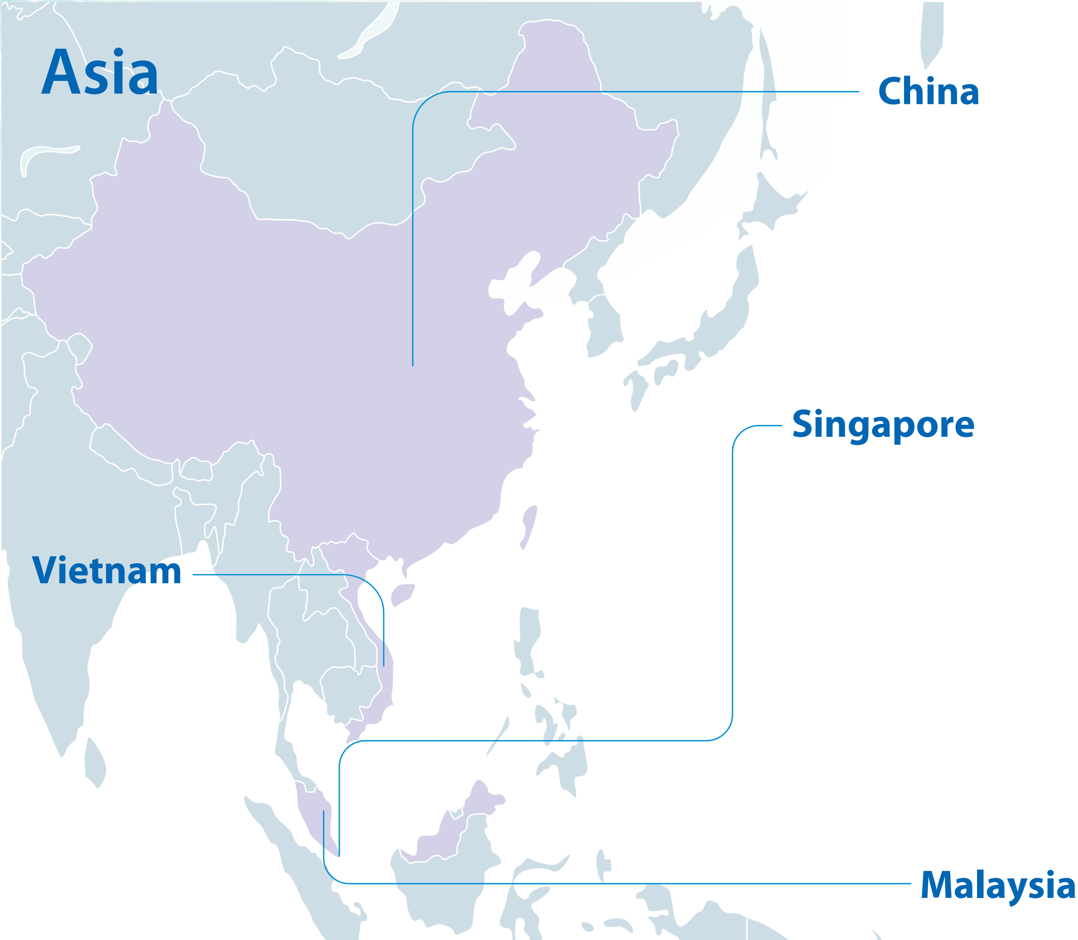
R&D Engineers and Technicians
5,799
PSS 245

Patents
5,402
Overseas: 2,994

Patent Applications
2,611
Overseas: 1,716

Global Presence

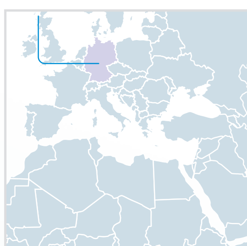
Diversified Manufacturing Bases



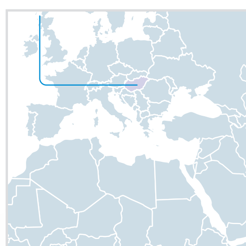
Belgium

Czech

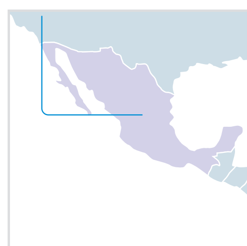
Germany



Hungary



Mexico



Financial Review

Revenue

1H 2026 Group revenue increased YoY by 8.9%, to RMB14.51 billion. As discussed under "BUSINESS AND MARKET REVIEW" above, revenue generated from the acoustics and electromagnetic drives products, automotive acoustics products, precision mechanics and heat dissipation products and sensor and semiconductor products increased by RMB746 million, RMB420 million, RMB361 million and RMB250 million respectively, while revenue generated from optics products decreased by RMB601 million.

Gross Profit and Gross Profit Margin

1H 2026 gross profit was RMB3.24 billion, representing an increase of 17.8% from RMB2.75 billion in 1H 2025. The rise in gross profit was mainly attributable to higher gross profit from acoustics and electromagnetic drives products, and precision mechanics and heat dissipation products.

Gross profit margin increased to 22.4% in 1H 2026, up from 20.7% in 1H 2025. The increase in gross profit margin was mainly due to improvement in product mix of precision mechanics and heat dissipation, acoustics and sensor and semiconductor.

Other Income and Expenses, Gains and Losses

Net other income and expenses, gains and losses decreased by RMB177 million. The decline was primarily attributable to the non-recurrence of a fair value gain on contingent consideration payables related to PSS recorded in 1H 2025 (please refer to note 21 to the Condensed Consolidated Financial Statements).

Administrative Expenses

Administrative expenses were RMB673 million in 1H 2026, representing a 5.7% increase from RMB637 million in 1H 2025. The ratio of administrative expenses to revenue decreased from 4.8% to 4.6% in 1H 2026.

Distribution and Selling Expenses

Distribution and selling expenses were RMB399 million in 1H 2026, rising by 16.5% from RMB343 million in 1H 2025. The increase was primarily driven by new business development and acquisition of subsidiaries.

Research and Development Expenses

R&D expenses in 1H 2026 were RMB1,211 million, up 21.4% from RMB998 million in 1H 2025. The higher R&D spending is attributable to the Group's increased investments in key areas supporting potential future high growth, such as heat dissipation, AR/VR products and other future AI-enabled devices.

Finance Costs

Finance costs in 1H 2026 were RMB214 million, 14.9% higher than RMB186 million in 1H 2025. The increase in finance costs was mainly attributable to the increase in bank loans drawn by the Group in 1H 2026, while the unsecured notes of RMB1,568 million (1H 2025: nil) were repaid in June 2026, resulting in a higher average bank loan balance during the period.

Taxation

Taxation expenses of the Group were calculated based on the assessable profits of the subsidiaries at the rates prevailing in the relevant jurisdictions. Taxation expenses in 1H 2026 amounted to RMB96 million. The effective tax rate reduced from 15.6% to 9.4% in 1H 2026, which was primarily driven by the utilization and recognition of previously unrecognized tax losses reflecting the expected continued improvement in the subsidiaries' profitability.

Financial Review

Profit attributable to the Owners of the Company

Reported profit attributable to the owners of the Company for 1H 2026 was RMB901 million, an increase of 2.9% from RMB876 million in 1H 2025. The increase was mainly driven by the improvement in gross profit, partially offset by the non-recurrence of the fair value gain on contingent consideration payables relating to PSS recorded in 1H 2025, and by additional investment in new R&D projects.

Earnings before Interest, Taxes, Depreciation and Amortization

As compared with the same period of last year, the EBITDA for the 12-month period ended 30 June 2026 increased by 6.3% to RMB6,280 million.

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the six months ended 30 June	
	2026	2025
	RMB million	RMB million
Net cash from operating activities	**1,914**	2,893
Net cash used in investing activities	**(3,635)**	(1,983)
Net cash used in financing activities	**(1,383)**	(830)

Operating Activities

Cash inflow from operating activities was mainly generated from cash receipts from the Group's sales. Cash outflows were related to raw material purchases, payroll, distribution and selling expenses, expenses incurred in R&D, administrative items and taxation charges. Net cash generated from operating activities was RMB1,914 million for 1H 2026 (1H 2025: RMB2,893 million).

i. Trade Receivables and Payables

As at 30 June 2026, turnover days of trade receivables decreased by 8 days to 76 days as compared to 31 December 2025. Trade receivables decreased by RMB1.40 billion to RMB5.42 billion. Aging of trade receivables (net of allowance for doubtful debts) based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB5,314 million (31 December 2025: RMB6,674 million), RMB100 million (31 December 2025: RMB139 million) and RMB8 million (31 December 2025: RMB7 million) respectively. The Company has received subsequent settlement totaling RMB2,366 million up to 31 July 2026, representing 43.6% of the total amount outstanding, net of allowances, as at the end of the reporting period.

The Group's trade payables turnover days increased by 20 days to 135 days as compared to 31 December 2025. Trade payables decreased by RMB0.68 billion to RMB8.03 billion. Aging of trade payables based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB6,187 million (31 December 2025: RMB6,700 million), RMB1,738 million (31 December 2025: RMB1,950 million) and RMB108 million (31 December 2025: RMB61 million) respectively.

ii. Inventory Turnover

As at 30 June 2026, the inventories increased by RMB0.42 billion compared to 31 December 2025. The inventory turnover days increased to 76 days as at 30 June 2026 from 62 days for 31 December 2025.

Investing Activities

Net cash used in investing activities in 1H 2026 amounted to RMB3,635 million (1H 2025: RMB1,983 million). It mainly represents the cash used in CAPEX of RMB1,599 million (1H 2025: RMB1,457 million), placement of short-term fixed deposits of RMB1,720 million (1H 2025: RMB72 million), acquisition of subsidiaries of RMB262 million (1H 2025: RMB241 million), addition of intangible assets of RMB219 million (1H 2025: RMB194 million), and acquisition of financial assets at FVTPL of RMB52 million (1H 2025: RMB169 million), offset by cash inflows from interests received of RMB126 million (1H 2025: RMB81 million).

CAPEX included acquisition of land use rights, additional production plant and property, and, latest automation machinery and equipment for modifications and upgrades as well as capacity expansion. For 1H 2026 and 1H 2025, total CAPEX incurred was RMB1,231 million and RMB1,444 million respectively. Investing activities are focused on sustained CAPEX programs in building technology platform per the Group's business progress to capture new market opportunities and support its long-term business strategies. CAPEX is funded by internal resources and bank loans, and is subject to annual CAPEX budgeting and approval by the Board.

Financing Activities

The Group recorded net cash outflows from financing activities of approximately RMB1,383 million for 1H 2026. Major outflows were due to repayment of bank loans and unsecured notes of RMB2,864 million (1H 2025: RMB1,206 million), return of capital contributions from non-controlling interests of a subsidiary of RMB440 million (1H 2025: RMB70 million), dividends paid of RMB354 million (1H 2025: RMB251 million), shares repurchased of RMB285 million (1H 2025: RMB723 million), and interests paid of RMB206 million (1H 2025: RMB180 million), and major inflows from bank loans raised of RMB2,649 million (1H 2025: RMB1,760 million).

Cash and Cash Equivalents and Short Term Fixed Deposits

As at 30 June 2026, the unencumbered cash and cash equivalents and short term fixed deposits of the Group amounted to RMB7,072 million (31 December 2025: RMB8,612 million), of which 75.0% (31 December 2025: 85.6%) was denominated in US dollar, 20.7% (31 December 2025: 10.3%) in RMB, 1.9% (31 December 2025: 1.5%) in Euros, 0.8% (31 December 2025: 1.0%) in Singapore dollar, 0.3% (31 December 2025: 0.1%) in Danish Krone, 0.3% (31 December 2025: 0.3%) in Hong Kong dollar, 0.2% (31 December 2025: 0.3%) in Vietnamese Dong and 0.8% (31 December 2025: 0.9%) in other currencies.

Gearing Ratio and Indebtedness

As at 30 June 2026, the Group's gearing ratio, defined as total loans and unsecured notes divided by total assets, was 19.7% (31 December 2025: 19.6%). Netting off cash and cash equivalents and short term fixed deposits, net gearing ratio was 4.7% (31 December 2025: 2.1%).

As at 30 June 2026, the unsecured notes of the Group were RMB1,963 million (31 December 2025: RMB3,642 million), the short-term bank loans and long-term bank loans of the Group amounted to RMB1,929 million (31 December 2025: RMB383 million) and RMB5,422 million (31 December 2025: RMB5,592 million) respectively.

Charges on Group Assets

As at 30 June 2026, certain assets of the Group with an aggregate carrying value of RMB16 million (31 December 2025: RMB13 million) were pledged as security for bank loan and other debts of the Group.

Contingent consideration payables

Details of contingent consideration payables are included in note 19 to the Condensed Consolidated Financial Statements.

OFF-BALANCE SHEET TRANSACTIONS

As at 30 June 2026, the Group had not entered into any material off-balance sheet transactions.

Key Risk Factors

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

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

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

Risks Pertaining to the Smartphone Market

A substantial part of the Group's revenue is derived from the smartphone sector of the consumer electronics market. Currently, the escalating memory costs resulting from supply chain constraints present headwinds to the smartphone market, which may result in lower shipment volume and may affect our operating results and financial performance. These risks, however, are being actively counterbalanced by the Group's strategic expansion into high-growth, AI-enabled sectors, including data center liquid cooling, XR, automotive technologies, and robotics. By broadening our technological platforms and diversifying our portfolio, the Group aims to reduce the risk of single-market concentration and capitalize on emerging demand for AI sensory infrastructure.

Reliance on a Number of Key Customers

The Group's five largest customers, which accounted for 70.9% of the Group's total revenue for 1H 2026, are all related to the consumer smart devices industry, characterized by innovation-driven and user experience-oriented business growth. Loss of or changes in market position of any of these customers may materially and adversely affect the Group's business, financial condition and results of operations. Nevertheless, the Group has focused on technology innovation to continuously enhance user experience meeting customers' specification upgrade needs. We have also implemented standardized procedures for handling all forms of customer information to ensure it is not improperly or inadvertently disclosed to third parties. The Group has established strong relationships with these major customers; all of them have been our long-standing customers with good credit records.

Production Disruption due to Unforeseeable Events and Supply Chain Adversities

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

Key Risk Factors

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

Operational, Technology Obsolescence and ESG Considerations

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

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

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

Climate Resilience and Adaptation

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

Key Risk Factors

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

The Group has established the Sustainability Committee and reorganized the Sustainability Working Group in 2024. A comprehensive Climate Change Policy has been implemented to drive sustainability progress and manage climate impacts through mitigation, adaptation, and resilience strategies. Following the identification of flooding as a material acute physical risk at the Group's key factory sites, the Group has advanced both existing and forward-looking mitigation measures to ensure operational stability. Also, our commitment to integrating climate-related issues into our sustainability management system includes the ISO standard of environmental management and energy management. To enhance long-term energy conservation opportunities, the Group continues to adopt energy-saving technologies, establish energy-efficiency facilities and develop sustainable products.

Liquidity and Interest Rate Risk

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

The Group is exposed to interest rate risks on its bank loans for working capital and CAPEX that are associated with the expansion of the Group. The Group focuses on mitigating the liquidity and interest rate risks, with an appropriate mix of RMB/USD borrowings that are constantly reviewed and adjusted. The Group's USD deposits served as a natural hedge against the risk of interest rate volatilities to some extent. The Group also maintains an appropriate mix of fixed/floating rate debts, an even debt repayment profile and a diversified source of funding, including unsecured notes. As at 30 June 2026, over 54.7% of debts were fixed rate debts.

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

Foreign Exchange Risks

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

The Group centralizes foreign exchange management to monitor total foreign currency exposure, net exposures across subsidiaries and, if necessary, consolidate hedging transactions with banks. The Group's revenues and expenditures are mostly denominated in RMB and USD, as are the majority of its assets and liabilities. Over time, the Group's cash inflows and outflows denominated in RMB and USD are broadly matched in proportion. In addition, the Group generally maintains bank facilities denominated in RMB and USD to finance its working capital and capital expenditure requirements. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts.

Key Risk Factors

On-going Global Trade Frictions and Geopolitical Risks

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

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

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

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

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

Corporate Governance

CORPORATE GOVERNANCE POLICY AND PRACTICES

The Board and the Company consider effective corporate governance not only a safeguard of the interests and confidence of our stakeholders, but also a key component in the Group's sustainable long-term development and value creation. Our Board, which is at the centre of our corporate governance structure, has regularly reviewed and refined principles, policies and practices on the conduct with an aim to support the growth of the Group's operations. Our sound corporate governance structure includes a quality Board, high standards of corporate responsibility and sustainability awareness, a high degree of transparency, accountability and independence, and an effective design, implementation and enforcement of risk management as well as internal control systems. Based on regular reviews of the Company's actual performance against the CG Code in Appendix C1 to the Hong Kong Listing Rules, the Board is satisfied that throughout 1H 2026, the Company has complied with all the Code Provision(s).

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

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

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

BOARD, EXECUTIVE MANAGEMENT AND CORPORATE CULTURE

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

The Board ensures that corporate culture is developed and reflected consistently in the operational management of the Group, workplace policies and practices as well as relations with stakeholders, through active collaboration, effective engagement and regular trainings at all levels. The core values in the Group's corporate culture include customer experience, winning the talent, innovation focused, agile collaboration and professionalism, and they are encompassed in a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible Whistleblowing Policy and Anti-Fraud and Anti-Bribery Policy, legal and regulatory compliance (including compliance with the Code of Conduct and other Group policies), as well as staff safety, well-being and support. Our mission and development strategies in achieving our mission are set out in the inside cover and the section headed "Core Development Strategies" on page 3 of this interim report. Details of our sustainability strategy, governance and implementation are set out on pages 38 to 40 of this interim report.

Corporate Governance

The positions of the Chairman and the CEO are separate. Our CEO has the overall responsibility for carrying out the strategy and direction set by the Board and, assisted by the EVP, for managing the Group's business. During 1H 2026, management runs the day-to-day operation following the related financial limits for a schedule of matters designated to management approved by the Board. Management is to submit business plans or investment proposals to the Board if they fall outside the designated limits. The Board also reviews and approves the annual operating and capital budgets, and when appropriate, incremental items/amounts outside the approved budgets will be raised to the Board for approval. Under the supervision of the CEO and the EVP, management is responsible for the daily operations of the Group. Key updates on business operations, financial results and strategic matters are provided to the Board on a timely basis.

GOVERNANCE STRUCTURE & BOARD COMMITTEES

Composition of Board and Board Committees as at 20 August 2026 (being the date of this interim report)

Board of Directors

Zhang Hongjiang	(INED & Chairman of the Board)
Kwok Lam Kwong Larry	(INED)
Peng Zhiyuan	(INED)
Cheng Kwang Ting	(INED)
Cheng James Su-Ting	(INED)
Wu Ingrid Chun Yuan	(NED)
Pan Benjamin Zhengmin	(ED & CEO)
Mok Joe Kuen Richard	(ED & MD)

Audit and Risk Committee* (all INEDs)	Nomination Committee* (all NEDs)	Remuneration Committee* (all INEDs)	Sustainability Committee*
Established in April 2005	Established in April 2005	Established in April 2005	Established in May 2024
Members	**Members**	**Members**	**Members**
Kwok Lam Kwong Larry (Chairman)	Zhang Hongjiang (Chairman)	Peng Zhiyuan (Chairman)	Mok Joe Kuen Richard (Chairman)
Peng Zhiyuan	Peng Zhiyuan	Kwok Lam Kwong Larry	Kwok Lam Kwong Larry
Zhang Hongjiang	Wu Ingrid Chun Yuan	Zhang Hongjiang	Peng Zhiyuan
			Wu Ingrid Chun Yuan
			Pan Kaitai Kelvin
			Guo Dan
			Xu Bin

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

Mr. Cheng Kwang Ting was appointed as an INED with effect from 13 January 2026. Mr. Cheng James Su-Ting was appointed as an INED with effect from 27 January 2026. Mr. Kwok Lam Kwong Larry, Mr. Cheng Kwang Ting, Mr. Cheng James Su-Ting and Mr. Mok Joe Kuen Richard stood for re-election at the AGM held on 21 May 2026 and were re-elected with the approval of the Shareholders. Ms. Guo Dan (CFO) and Mr. Xu Bin (Regional Headquarter VP) were appointed as members of the Sustainability Committee of the Company with effect from 20 August 2026. Save as disclosed above, there was no other change to the composition of the Board and Board Committees during 1H 2026 and up to the date of this interim report.

Corporate Governance

The Board's Roles and Responsibilities

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

Some of the key responsibilities of the Board include:

Strategy & Management

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

Corporate Governance & Risk Management

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

Financial Results

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

Effectiveness of Board and Board Committees

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

Sustainability Governance

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

Corporate Governance

Board Committees & Executive Management Structure

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

BOARD OF DIRECTORS

- Collectively responsible for long-term success of the Group and interests of Shareholders
- Oversees overall governance, financial performance and sustainability development of the Group

EXECUTIVE DIRECTORS & EXECUTIVE VICE PRESIDENT

- Delivers the Company's strategies and objectives including assessing and identifying technology trends and development, for the Company
- Day-to-day management of the Group's businesses operation
- Analyses the global market situation and sales performance of the Company's products
- Provides input on reviews of production planning
- Conducts products and key accounts analysis
- Implements sales & products strategy for business units
- Estimates products sales status and forecast

AUDIT AND RISK COMMITTEE

- Ensures proper financial reporting and disclosure
- Reviews the effectiveness of the Company's and its subsidiaries' risk management, compliance and internal control systems
- Ensures prudent and effective controls are in place to duly assess and manage risks
- Reviews the Company's policies and practices on corporate governance
- Reviews the Group's compliance with legal and regulatory requirements
- Reviews the Company's compliance with the CG Code and disclosure of the CG report
- Monitors internal audit, oversees the relationship and coordination between the Company, head of internal audit and external auditor

NOMINATION COMMITTEE

- Recommends Board appointments, ensuring proper and transparent procedures
- Reviews structure, size, composition, skills matrix and diversity of the Board
- Assesses independence of INEDs
- Reviews succession planning for the chief officers
- Reviews and monitors training and continuous professional development of Directors
- Being consulted upon the hiring, promotion and appointment of senior management
- Assesses each Director's time commitment and contribution to the Board

REMUNERATION COMMITTEE

- Sets remuneration policy and structure for EDs, NEDs (including INEDs) and senior management
- Reviews and approves senior management's remuneration proposals with reference to the Board's corporate goals and objectives
- Makes recommendations to the Board on the remuneration packages of individual Directors and senior management

SUSTAINABILITY COMMITTEE

- Oversees and reports to the Board on the Company's strategies, policies and practices on sustainability matters
- Reviews and evaluates the adequacy and effectiveness of the Group-level policies, and implements additional ones if appropriate, related to ESG matters including:
  - (i) climate change;
  - (ii) code of business conduct and ethics;
  - (iii) labour standards;
  - (iv) supplier code of conduct, procurement regulations;
  - (v) any other updates by the Company's management

Executive Directors & Executive Vice President	Audit and Risk Committee	Nomination Committee / Remuneration Committee	Sustainability Committee
Operations	**Internal Audit Team/ External Auditor**	**Board Composition/Senior Management/ Human Resources**	**Sustainability Development**

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

Corporate Governance

Delegation by the Board

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

Board Process

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

Individual Board Committees

Audit and Risk Committee

Roles and Authority

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

The Audit and Risk Committee, together with the Company's external auditor, has reviewed this interim report and the Group's unaudited condensed consolidated financial statements for 1H 2026 (the "Condensed Consolidated Financial Statements"). Members of the Audit and Risk Committee agree with the accounting treatments adopted in the preparation of the Condensed Consolidated Financial Statements.

Nomination Committee

Diversity

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

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

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

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

Board Skills Matrix

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

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

Name	Pan Benjamin Zhengmin	Mok Joe Kuen Richard	Wu Ingrid Chun Yuan	Zhang Hongjiang	Kwok Lam Kwong Larry	Peng Zhiyuan	Cheng Kwang Ting	Cheng James Su-Ting
Designation	**ED**	**ED**	**NED**	**INED**	**INED**	**INED**	**INED**	**INED**
Gender	**Male**	**Male**	**Female**	**Male**	**Male**	**Male**	**Male**	**Male**
Age	**57**	**62**	**55**	**65**	**70**	**53**	**65**	**66**
Academic Background	Graduated from the Jiangsu Province Wujin Teacher School	Bachelor of Economics Diploma in Applied Psychology	Graduated from Changzhou School of Public Health	Ph. D in Electrical Engineering Bachelor of Science	Master of Laws Bachelor of Economics/ Accounting	Master of Business and Administration Bachelor of Engineering and Finance	Doctorate degree in Electrical Engineering and Computer Sciences	Juris Doctor Master of Business Administration Bachelor of Science Degree in Computer Science
Length of service	22 years	21 years	22 years	7 years	8 years	7 years	7 months	6 months

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

- **Leading Core Development Strategies** – Leveraging experience in strategic planning, technology, AI, manufacturing, and investment, the Board drives innovation, smart manufacturing and diversified sustained development.

Corporate Governance

- **Ensuring Compliance and Sustainability** – With background in corporate responsibility, legal and service on other public and private companies, the Directors uphold high standards of governance, ethics, and stakeholders' engagement.

- **Supporting Financial Strength and Risk Management** – Expertise in accounting, finance, investment banking, and financial management enables prudent financial policies, business development, and robust risk controls.

- **Fostering Management and Talent Development** – Through leadership experience and human resources management capabilities, the Board advances effective talent management, reinforces core HR values, and cultivates a positive corporate culture.

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

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

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

Roles and Authority

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

Nomination Policy & Practice

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

Remuneration Committee

Roles and Authority

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

Sustainability Committee

Roles and Authority

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

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

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

Human Resources

As at 30 June 2026, the Group's permanent workforce grew by 1% to 42,086 employees, from 41,674 as at 31 December 2025. This growth reflects the integration of PSS, and several other acquisitions in 1H 2026. These strategic acquisitions successfully expanded the Group's product portfolio, manufacturing capabilities, global commercial network, and R&D expertise. Going forward, the Group maintains its strong commitment to heavy, sustainable R&D investment to drive industry-leading technological innovation.

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

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

Share Award Schemes and Subsidiary Share Incentive Scheme

2016 Share Award Scheme

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

The purpose of the 2016 Share Award Scheme was to permit the Company to grant awards to the Selected Employees as incentives for their contributions to the Group and to attract suitable personnel for the further development of the Group. The 2016 Share Award Scheme was valid for a term of 10 years, and expired and terminated on 22 March 2026 (the "Expiry Date"). After the termination of the 2016 Share Award Scheme, no further grant of awarded Shares could be made under the 2016 Share Award Scheme. All the awarded Shares of the Selected Employees which are subject to vesting shall continue to be held by Bank of Communications Trustee Limited, an independent trustee appointed by the Company for managing the 2016 Share Award Scheme (the "2016 Scheme Trustee") and become vested in the Selected Employees according to the vesting schedules and vesting conditions.

Upon the Expiry Date, out of the total 12,378,531 unvested Shares held by the 2016 Scheme Trustee under the 2016 Share Award Scheme, (i) the 3,559,294 unvested Shares awarded and held by the 2016 Scheme Trustee under the 2016 Share Award Scheme as at the Expiry Date continued to be retained by the 2016 Scheme Trustee, subject to vesting in favour of the Selected Employee(s) in accordance with the terms and conditions of the 2016 Share Award Scheme; and (ii) the remaining 8,819,237 unvested Shares held by the 2016 Scheme Trustee under the 2016 Share Award Scheme as at the Expiry Date had been transferred to the 2023 Scheme Trustee of the 2023 Share Award Scheme (as defined below). As at 30 June 2026, the 2016 Scheme Trustee held a total of 2,120,668 unvested Shares under the 2016 Share Award Scheme.

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

During the term of the 2016 Share Award Scheme,

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

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

Since the date of adoption of the 2016 Share Award Scheme and up to 30 June 2026, no new Shares had been issued to the 2016 Scheme Trustee pursuant to the 2016 Scheme Rules and trust deed of the 2016 Share Award Scheme. During the six months ended 30 June 2026, no Shares were purchased by the 2016 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2016 Share Award Scheme. Following the Expiry Date, no Shares shall be purchased by the 2016 Scheme Trustee under the 2016 Share Award Scheme.

Since the date of adoption of the 2016 Share Award Scheme and up to the Expiry Date, (i) a total of 10,230,593 awarded Shares were granted to 340 employees on 24 March 2022 at nil consideration, in which 2,722,799, 2,627,518 and 2,529,863 awarded Shares had been vested to employees on 24 March 2023, 24 March 2024 and 24 March 2025, respectively; and (ii) a total of 3,559,294 awarded Shares were granted to 536 employees on 23 May 2025 at nil consideration, in which 1,518,947 awarded Shares had been vested to employees on 23 May 2026. The awarded Shares shall be vested in the grantees at nil consideration subject to the terms of the 2016 Share Award Scheme and the vesting conditions as set out in the respective grant notice to each grantee (including a period of continued service within the Group after the grant of the awarded Shares and performance targets which must be attained).

Given that no Shares could be issued in respect of the awarded Shares granted during the six months ended 30 June 2026, the number of Shares that could be issued in respect of the awarded Shares granted under the 2016 Share Award Scheme during the six months ended 30 June 2026 divided by the weighted average number of Shares in issue for the six months ended 30 June 2026 was nil.

Details of the awarded Shares and a summary of the movements under the 2016 Share Award Scheme during 1H 2026 were set out as follows:

				Number of awarded Shares						
Grantees	Date of grant	Vesting period	Closing price of Shares immediately before the date of grant HK$	Unvested as at 1 January 2026	Granted during the period	Cancelled during the period	Lapsed during the period	Vested during the period	Unvested as at 30 June 2026	Weighted average closing price immediately before the date of vest HK$
Director of the Company										
Mr. Richard Mok	23 May 2025	23 May 2026 – 23 May 2028 *(Note (2))*	38.05	35,558	–	–	–	17,779	17,779	43.32
Other Grantees in aggregate	23 May 2025	23 May 2026 – 23 May 2028 *(Note (2))*	38.05	3,442,618	–	–	253,871	1,501,168	1,687,579	43.32
Total:				**3,478,176**	**–**	**–**	**253,871**	**1,518,947**	**1,705,358**	

Notes:

(1) Before the Expiry Date, the maximum number of Shares that might be awarded under the 2016 Share Award Scheme during its term was 1.65% of the issued share capital of the Company from time to time. As at 1 January 2026, the awarded Shares available for grant under the 2016 Share Award Scheme were 8,335,776 Shares. Since the 2016 Share Award Scheme expired and was terminated on the Expiry Date, no further grant of awarded Shares could be made as at 30 June 2026.

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

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

Organization level performance:

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

Individual level performance:

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

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

(3) According to the International Financial Reporting Standards, the fair value of the Shares granted on 23 May 2025 pursuant to the 2016 Share Award Scheme was determined with reference to market value (closing price) of the Shares at the date of grant. For details of the fair value of the awarded Shares at the date of grant, the accounting standard and policy adopted, and the fair value assumption, please refer to note 17 to the Condensed Consolidated Financial Statements.

2023 Share Award Scheme

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

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

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

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

The maximum number of Shares that may be awarded under the 2023 Share Award Scheme during its term is limited to 45,000,000 Shares, representing approximately 3.89% of the Shares in issue (excluding any treasury Shares) as at 20 August 2026. The maximum number of awarded Shares that may be granted to any one Selected Employee under the 2023 Share Award Scheme during its term shall not exceed 0.5% (i.e. 5,779,055 Shares as at 20 August 2026) of the issued share capital of the Company (excluding any treasury Shares) from time to time. Pursuant to the 2023 Share Award Scheme, Shares will be subscribed for at a subscription price as determined by the Board (including treasury Shares transferred), purchased on the Hong Kong Stock Exchange, by the 2023 Scheme Trustee at the cost of the Company, and/or transferred by another trustee of another award scheme of the Company to the 2023 Scheme Trustee. Such Shares will be held by the 2023 Scheme Trustee on trust for Selected Employee(s) under the 2023 Share Award Scheme before vesting.

Since the date of adoption of the 2023 Share Award Scheme and up to 30 June 2026, no new Shares have been issued to the 2023 Scheme Trustee pursuant to the 2023 Scheme Rules and trust deed of the 2023 Share Award Scheme. During the six months ended 30 June 2026, no Shares were purchased by the 2023 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2023 Share Award Scheme.

As mentioned under the section headed "2016 Share Award Scheme" above, 8,819,237 unvested Shares held by the 2016 Scheme Trustee under the 2016 Share Award Scheme were transferred to the 2023 Scheme Trustee of the 2023 Share Award Scheme. As at 30 June 2026, the 2023 Scheme Trustee held a total of 20,638,237 Shares under the 2023 Share Award Scheme.

Since the date of adoption of the 2023 Share Award Scheme and up to 30 June 2026, no Shares had been granted to Selected Employee(s) under the 2023 Share Award Scheme.

Subsidiary Share Incentive Scheme

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

Corporate Governance

CORPORATE GOVERNANCE CODE

The Company has continued to fully comply with the requirements of the Code Provisions for 1H 2026. The Board has ensured that the Chairman of the Board and the chairman of each Committee of the Board attend the AGM to answer questions that might be raised. To ensure a balanced understanding of the views of Shareholders is maintained by all INEDs, the Company provides Shareholders' feedback from the Company's investor relations reports from time to time.

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

Recommended Best Practices	Adopted by the Company
A significant proportion of the executive directors' remuneration should link rewards to corporate and individual performance.	A significant proportion of an ED's remuneration has been correlated with the corporate and individual performance since his appointment.
No equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors.	No equity-based remuneration with performance-related elements were granted to INEDs.
Issuers are encouraged to include the following information in their corporate governance report: (a) details of shareholders by type and aggregate shareholding; and (b) indication of important shareholders' dates in the coming financial year.	The Company disclosed the following information in its corporate governance report: (a) details of the Shareholders by type and aggregate shareholding; and (b) indication of important Shareholders' dates in the coming financial year.

LEGAL AND REGULATORY COMPLIANCE

Compliance

During 1H 2026, the Board continued to review the Company's legal framework on implementing policies and practices to ensure the operations of the Company are in compliance with existing or any new legal and regulatory requirements of all applicable jurisdictions, including updates of the Hong Kong Listing Rules and disclosure requirements under the Hong Kong Securities and Futures Ordinance, the Companies Act of the Cayman Islands as well as the Hong Kong Companies Ordinance.

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

Model Code for Securities Transactions by Directors

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

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during 1H 2026. Furthermore, based on the information submitted by the Directors, the Board is of the view that the Directors are in compliance with the required standards.

Securities Dealing Restriction to Management and Staff

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

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO which they are taken or deemed to have taken under such provisions of the SFO and pursuant to the Model Code, were as follows:

Long positions in the Shares of the Company:

Name of Directors	Capacity	Number of Ordinary Shares						Percentage of the Company's Issued Shares as at 30 June 2026[1]
		Personal interests	Corporate interests	Spouse interests	Trust interests	Interests in Treasury Shares	Total number of Shares	
Mr. Pan Benjamin Zhengmin ("Mr. Benjamin Pan")[2]	Beneficial owner/interest of spouse/ interest of controlled corporation/ founder of a discretionary trust/others	70,262,162	51,439,440	263,420,525	54,238,524	38,989,000	478,349,651	39.91%
Ms. Wu Ingrid Chun Yuan ("Ms. Ingrid Wu")[3]	Interest of spouse/interest of controlled corporation/founder of a discretionary trust/others	–	263,420,525	122,952,005	52,988,121	38,989,000	478,349,651	39.91%
Mr. Mok Joe Kuen Richard ("Mr. Richard Mok")[4]	Beneficial owner/beneficiary of a trust (other than a discretionary trust)	296,974	–	–	17,779	–	314,753	0.02%

Notes:

(1) Percentage was computed based on the 1,198,500,000 issued Shares (including treasury Shares) as at 30 June 2026.

(2) Mr. Benjamin Pan beneficially owns 70,262,162 Shares. In addition, Mr. Benjamin Pan is also deemed or taken to be interested in the following Shares for the purpose of the SFO:

(i) 51,439,440 Shares which are beneficially owned by Silver Island Limited, a company wholly-owned by Mr. Benjamin Pan;

(ii) 263,420,525 Shares representing the aggregate of (a) 134,828,594 Shares which are beneficially owned by Sapphire Hill Holdings Limited and (b) 128,591,931 Shares which are beneficially owned by K&G International Limited. These two companies are wholly-owned by Ms. Ingrid Wu and as Ms. Ingrid Wu is his spouse, he is deemed to be interested in such 263,420,525 Shares;

(iii) 54,238,524 Shares representing the aggregate of (a) 50,618,699 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10 May 2005; (b) 2,369,422 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10 May 2005. Two of Mr. Benjamin Pan and Ms. Ingrid Wu's descendants are over the age of 18 and have no discretion over distributions or investments of the trust until such distributions are made to them; and (c) 1,250,403 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendant, as beneficiaries of the Pan 2020 Exempt Trust dated 3 December 2020. One of Mr. Benjamin Pan and Ms. Ingrid Wu's descendants is under the age of 18 and has no discretion over distributions or investments of the trust until distribution is made to him; and

(iv) 38,989,000 Shares, being the treasury Shares held by the Company as at 30 June 2026, in which Mr. Benjamin Pan and Ms. Ingrid Wu are taken to have an interest by virtue of the SFO, as Mr. Benjamin Pan and Ms. Ingrid Wu together control one-third or more of the voting power at general meetings of the Company.

(3) Ms. Ingrid Wu is deemed or taken to be interested in the following Shares for the purposes of the SFO:

(i) 263,420,525 Shares representing the aggregate of (a) 134,828,594 Shares which are beneficially owned by Sapphire Hill Holdings Limited; and (b) 128,591,931 Shares which are beneficially owned by K&G International Limited. These two companies are wholly-owned by Ms. Ingrid Wu;

(ii) 122,952,005 Shares representing the aggregate of (a) 51,439,440 Shares which are beneficially owned by Silver Island Limited, a company wholly-owned by Mr. Benjamin Pan; (b) 70,262,162 Shares which are beneficially owned by Mr. Benjamin Pan; and (c) 1,250,403 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendant, as beneficiaries of the Pan 2020 Exempt Trust dated 3 December 2020, and as Mr. Benjamin Pan is her spouse, she is deemed to be interested in such 122,952,005 Shares;

(iii) 52,988,121 Shares representing the aggregate of (a) 50,618,699 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10 May 2005; and (b) 2,369,422 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10 May 2005. Two of Mr. Benjamin Pan and Ms. Ingrid Wu's descendants are over the age of 18 and they have no discretion over distributions or investments of the trust until such distributions are made to them; and

(iv) 38,989,000 Shares, being the treasury Shares held by the Company as at 30 June 2026, in which Mr. Benjamin Pan and Ms. Ingrid Wu are taken to have an interest by virtue of the SFO, as Mr. Benjamin Pan and Ms. Ingrid Wu together control one-third or more of the voting power at general meetings of the Company.

(4) On 23 May 2025, Mr. Richard Mok was granted 35,558 awarded Shares pursuant to the 2016 Share Award Scheme, in which 17,779 Shares were vested on 23 May 2026. Please refer to the section headed "2016 Share Award Scheme" for particulars of share awards granted to Mr. Richard Mok.

Other than as disclosed above, as at 30 June 2026, none of the Directors of the Company, chief executive nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register of interests required to be kept by the Company under Section 352 of the SFO.

Disclosure of Conflict of Interest

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

As at 30 June 2026, Ms. Ingrid Wu, a NED of the Company and a holder of more than 5% of the Company's share capital, held beneficial interests in one of the Group's five largest customers. At no time during the 1H 2026 and up to the date of this interim report did Ms. Ingrid Wu's interests in such customer exceed 1%.

As at 30 June 2026, Mr. Zhang Hongjiang, the Chairman of the Board and an INED of the Company, held beneficial interests in the Group's largest customers and suppliers. At no time during 1H 2026 and up to the date of this interim report did Mr. Zhang Hongjiang's interests in such customer and supplier exceed 0.1%.

To the knowledge of the Directors, neither Mr. Zhang Hongjiang nor Ms. Ingrid Wu has ever served as a director of, or been involved in the management of, these customers or suppliers.

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

MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries during 1H 2026. Apart from those disclosed in this interim report, there were no material investments or additions of capital assets authorised by the Board at the date of this interim report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Share Repurchase

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

At the AGM (the "2025 AGM") on 22 May 2025, the Shareholders granted a general mandate to the Directors to repurchase Shares of the Company (the "2025 Repurchase Mandate"). Pursuant to the 2025 Repurchase Mandate, the Company was allowed to repurchase up to 10% of the total number of issued Shares of the Company (excluding treasury Shares) as at the date of the 2025 AGM. At the AGM (the "2026 AGM") on 21 May 2026, the Shareholders granted a general mandate to the Directors to repurchase Shares of the Company (the "2026 Repurchase Mandate"). Pursuant to the 2026 Repurchase Mandate, the Company was allowed to repurchase up to 10% of the total number of issued Shares of the Company (excluding treasury Shares) as at the date of the 2026 AGM.

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

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

During 1H 2026, the Company repurchased a total of 8,739,500 Shares on the Hong Kong Stock Exchange, representing approximately 0.729% of the total issued Shares (i.e. 1,198,500,000 Shares) as at 30 June 2026, with the aggregate consideration paid (before expenses, i.e. not including brokerage, transaction levy, stamp duty and transaction cost) amounting to approximately HK$331.32 million which was paid out from the Company's retained profits. All Shares repurchased during the six months ended 30 June 2026 were held as treasury Shares which are intended to be used for satisfying any grants of awarded Shares of the 2023 Share Award Scheme. During the six months ended 30 June 2026, no treasury Shares were resold by the Company and accordingly, there were 38,989,000 Shares held by the Company in treasury as at 30 June 2026.

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

Details of the Shares repurchased during 1H 2026 are as follows:

Month	Total number of the Shares repurchased	Purchase price paid per Share Highest (HK$)	Purchase price paid per Share Lowest (HK$)	Aggregate Consideration[(1)] (HK$'000)
January 2026	1,280,000	40.18	38.14	50,573
March 2026	2,150,000	35.10	31.36	71,697
April 2026	2,546,000	37.90	33.84	91,687
May 2026	500,000	39.04	37.64	19,212
June 2026	2,263,500	46.50	41.86	98,924

Notes:

(1) including the expenses such as brokerage, transaction levy, stamp duty and transaction cost of HK$776,000.

(2) Subsequent to 30 June 2026 and up to the date of this interim report, the Company further repurchased an additional 3,700,000 Shares pursuant to the 2026 Repurchase Mandate. All such repurchased Shares have been held as treasury Shares.

Bond Redemption

The Company issued: (i) US$300,000,000 2.625 per cent. notes due 2026 (2026 Notes, stock code: 40699) in 2021; and (ii) US$350,000,000 3.750 per cent. notes due 2031 (2031 Notes, stock code: 40700) in 2021, to professional investors. As at 1 January 2026, the outstanding aggregate principal amounts of the 2026 Notes and the 2031 Notes were US$230,154,000 and US$290,123,000, respectively.

In June 2026, the 2026 Notes were matured and were fully redeemed. As at 30 June 2026, the outstanding aggregate principal amounts of the 2031 Notes remained the same at US$290,123,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during 1H 2026.

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

Changes in Directors' information since the date of the 2025 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules, are set out below.

1. With effect from 1 April 2026, the annual Directors' fee, payable in cash and determined by responsibility, was increased as follows:

Director Compensation Retainers	
Annual Retainer (NED & INEDs)	US$69,984
Chairman of the Board Annual Retainer	US$99,144
Audit and Risk Committee Chairman Annual Retainer	US$58,320
Audit and Risk Committee Member Annual Retainer	US$29,160
Nomination Committee Chairman Annual Retainer	US$10,498
Nomination Committee Member Annual Retainer	US$5,249
Remuneration Committee Chairman Annual Retainer	US$10,498
Remuneration Committee Member Annual Retainer	US$5,249
Sustainability Committee Chairman Annual Retainer	US$10,498
Sustainability Committee Member Annual Retainer	US$5,249

SUBSTANTIAL SHAREHOLDERS

So far as the Directors and chief executive of the Company are aware, as at 30 June 2026, the register of interests and short positions kept by the Company under Section 336 of the SFO, other than the Directors and chief executive of the Company, showed that the following persons held interests or short positions in the Company's Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, some of which were represented the same batch of the trust interests of Mr. Benjamin Pan and Ms. Ingrid Wu as disclosed in the section of "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES" above:

Name of Shareholders	Capacity	Number of Shares	Derivative interest	Percentage of the Company's issued Shares as at 30 June 2026[1]
JPMorgan Chase & Co.[2]	Interest of controlled corporation/ Person have security interest in Shares/Investment Manager/ Trustee/Approved Lending Agent	59,443,484 (L) 722,105 (S) 20,734,167 (P)	8,719,262 (L) 13,450,957 (S)	5.68% 1.18% 1.73%
BlackRock, Inc. [3]	Interest of controlled corporation	53,771,541 (L) 17,500 (S)	7,325,000 (L) 529,500 (S)	5.09% 0.04%

L – Long position
S – Short position
P – Lending pool

Notes:

(1) Percentage was computed based on the 1,198,500,000 issued Shares (including treasury Shares) as at 30 June 2026.

(2) JPMorgan Chase & Co., through its various 100% controlled corporations ("JPMorgan Group"), is indirectly interested in (i) an aggregate of 59,443,484 Shares and an aggregate of 8,719,262 derivative interests, including listed derivative interests of 3,604,000 Shares with physically settled, unlisted derivative interests of 3,025,576 Shares with physically settled and unlisted derivative interests of 2,089,686 Shares with cash settled in long position; and (ii) an aggregate of 722,105 Shares and an aggregate of 13,450,957 derivative interests, including listed derivative interests of 2,913,000 Shares with physically settled, listed derivative interests of 50,600 Shares with cash settled, unlisted derivative interests of 5,388,452 Shares with physically settled, and unlisted derivative interests of 5,098,905 Shares with cash settled in short position. Among Shares held by JPMorgan Group in long position, 52,988,121 Shares were held by it as a trustee, which formed part of other interests of Mr. Benjamin Pan and Ms. Ingrid Wu as disclosed in the section of "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES" above.

In addition to the above, JPMorgan Chase & Co. is also interested in 20,734,167 Shares in lending pool as described in the SFO. The term "lending pool" is defined as (i) shares that the approved lending agent holds as agent for a third party which he is authorised to lend and other shares that can be lent according to the requirements of the Securities Borrowing and Lending Rules; and (ii) shares that have been lent by the approved lending agent and only if the right of the approved lending agent to require the return of the shares has not yet been extinguished.

(3) BlackRock, Inc., through its various controlled corporations ("BlackRock Group"), is indirectly interested in (i) an aggregate of 53,771,541 shares and unlisted derivative interests of 7,325,000 shares with cash settled in long position; and (ii) an aggregate of 17,500 shares and unlisted derivative interests of 529,500 shares with cash settled in short position. BlackRock Group included non-100% controlled corporations, namely BlackRock Holdco 6, LLC (90% controlled), BR Jersey International Holdings L.P. (86% controlled) and BlackRock Group Limited (90% controlled).

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

SHAREHOLDERS ENGAGEMENT AND VALUE

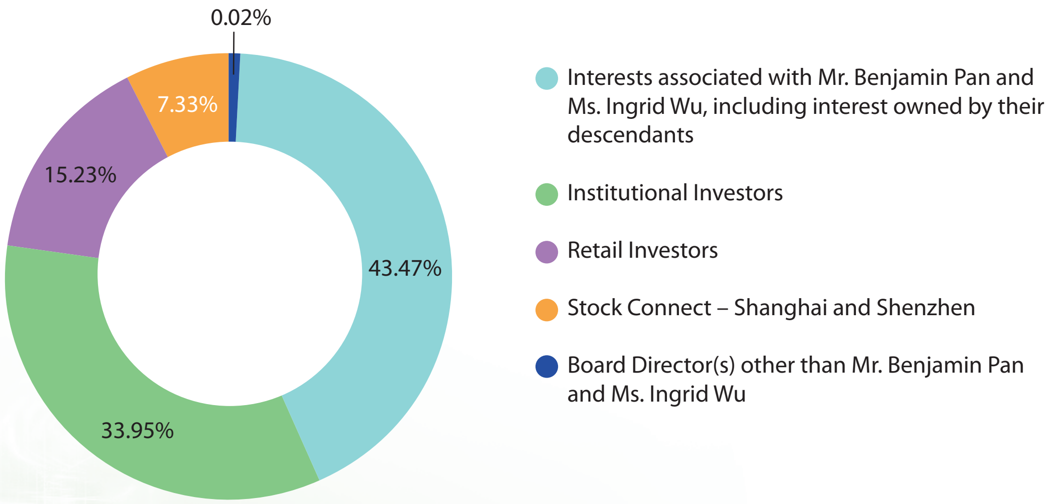
Shareholders

Almost all the Shareholders are holding the Company's Shares through nominees or intermediaries such as HKSCC Nominees Limited. Hence, the register of members of the Company only had 105 direct registered Shareholders as at 30 June 2026. Separately, as the Company's Shares are eligible for trading in the Shanghai/Shenzhen-Hong Kong Stock Connect, an aggregate shareholding was held through China Securities Depository and Clearing Corporation Limited as one single Shareholder, which as at 30 June 2026, amounted to 84.98 million Shares, or representing approximately 7.09% of total issued Shares of the Company.

The Company analyses its shareholding structure on a regular basis, including a review of the register of institutional and retail investors, to keep track of changes in shareholdings by type of investors. A shareholding register analysis was conducted as at 30 June 2026 and revealed the shareholding structure as follows:

(I) Shareholders by Category:

(per Shareholder Analysis as at 30 June 2026, rounded to nearest 0.01%)



Note: The approximate percentage of shareholding is calculated on the basis of 1,159,511,000 Shares in issue (excluding treasury Shares) as at 30 June 2026.

(II) Shareholders by Domicile:

	% of Total Issued Shares
Singapore	42.01%
Hong Kong, China	19.92%
North America	15.63%
China Mainland	9.97%
United Kingdom	7.87%
Europe (ex-United Kingdom)	3.70%
Rest of World	0.90%
Total	100.00%

Notes:

1. The shareholding in Singapore included the interests associated with Mr. Benjamin Pan and Ms. Ingrid Wu.

2. The approximate percentage of shareholding is calculated on the basis of 1,159,511,000 Shares in issue (excluding treasury Shares) as at 30 June 2026.

3. 99.98% of all issued Shares (including treasury Shares) were held through HKSCC Nominees Limited as at 30 June 2026.

Constitutional Documents

During 1H 2026, there was no amendment made to the Company's constitutional documents. An up-to-date consolidated version of the Memorandum and Articles of the Company is available on the websites of the Hong Kong Stock Exchange and the Company.

Sustainability

SUSTAINABILITY GOVERNANCE

The Group's sustainability practices and disclosures are built upon both current and emerging regulatory frameworks, including the Hong Kong Stock Exchange ("HKEX") requirements, the European Union Corporate Sustainability Reporting Directive ("CSRD"), and the IFRS S1 and S2 standards issued by the International Sustainability Standards Board ("ISSB"). These are reinforced by continuous compliance monitoring.

The Group has established robust sustainability governance through a leadership-driven approach to overseeing sustainability- and climate-related matters and ensure clear accountability. As part of the Group's efforts to further strengthen its sustainability governance and ensure that the Board, the Sustainability Committee (the "SC") and the Sustainability Working Group (the "SWG") possess the necessary skills and competencies to advance the Group's sustainability agenda, Ms. Guo Dan, Chief Financial Officer, and Mr. Xu Bin, Regional Headquarter VP, were appointed as new members of the SC in August 2026. Their appointments are expected to facilitate the timely implementation of the Group's ESG initiatives. As at the date of this Interim Report, the SC, chaired by the Managing Director, and the SWG had convened three sustainability-focused meetings. The SWG functions as a management level body tasked with implementing sustainability initiatives, monitoring ESG performance progress and developing sustainability roadmaps. Regular meetings have resulted in the endorsement of critical sustainability priorities, such as policy updates, strategic direction setting for future sustainability efforts, and budgeting to support implementation.

The Group's core sustainability priorities centre on addressing climate change, pursuing external professional audits and establishing robust target-setting approaches. Drawing on the financial impact study conducted for the Bac Ninh, Vietnam factory, we are extending the same approach to factories in Nanning and Kunshan. The Group recognizes the financial vulnerability posed by extreme weather and aligns strategy and budget toward climate risk mitigation. In response to customers' ESG expectations, corrective management measures have been formulated for deployment across key manufacturing sites.

OPERATIONAL EXCELLENCE

Customer Experience

The Group's intellectual capital is built on 18 Research and Development ("R&D") centers and over 5,000 engineers and technicians, who are instrumental in driving business growth. To sustain our market competitiveness, we continue to invest heavily in R&D, with expenditure on a steady upward trajectory.

Upholding the zero defects commitment, the Group delivers quality products by leveraging a robust and well-structured quality management system. This system is reinforced by regular audits and ongoing monitoring of the effectiveness of improvement measures. To further reinforce our customer-centric approach, we perform regular satisfaction surveys to proactively capture feedback, suggestions, and concerns that guide our ongoing improvement initiatives. As a strategic supplier managing innovative products and delivering environmental and social benefits to key customers, the Company was invited in June 2026 to showcase its initiatives at the 4th China International Supply Chain Expo. At the Expo, the Company demonstrated its expertise in leveraging intelligent technologies and green manufacturing that enhances environmental performance.

Suppliers' Management

The Sustainable Supply Chain Working Group provides top-down oversight of supply chain issues and ensures suppliers' adherence to our established standards as set out in the Supplier Code of Conduct and the CSR Commitment Letter. The Group has strengthened its supplier management with a comprehensive supply chain management roadmap with clear short- to medium-term targets and action items.

Furthermore, we are enhancing controls over conflict minerals procurement by enforcing stringent policies on suppliers and establishing targets for Tier-1 suppliers regarding the signing rate of the Conflict Minerals Declaration, as well as the achievement of the due diligence response rate. We also strictly require that our conflict minerals procurement process comply with international standards.

Talent Management

The Group takes a multi-faceted approach to talent management, with measurable targets for training and female representation serving as key metrics to track progress. We have intensified efforts on recruitment and training to drive talent acquisition and development. In alignment with the Group's strategy to attract and retain top-tier talent, the Group regularly reviews attrition rates across key manufacturing sites to inform strategic planning and pinpoint areas for improvement. The Group has also updated its Diversity and Inclusion Policy to reinforce its ongoing commitment to diversity and inclusion matters. The Group's active investments have enabled employees to access comprehensive training courses through the upgraded learning platform. The Group also fosters positive employee engagement by addressing employees' concerns with prompt and decisive action.

Community Care

The Group has demonstrated its commitment to the communities in which it operates through donations and community investment initiatives. Leveraging on our connections with the HandsOn Hong Kong and insights into societal needs, we organized and encouraged our employees to participate in targeted initiatives. Our contributions included donations to support the post-fire rehabilitation of Wang Fuk Court and address pressing community needs, while also complementing our community investment programs that emphasize e-waste management for environmental benefit.

MANAGEMENT OF ENVIRONMENTAL IMPACTS

The Group's environmental stewardship is governed by a comprehensive set of environmental policies. Our commitment is reinforced by continuous target-setting and monitoring, complemented by a strategic roadmap that directs our environmental planning. In response, the Group has set ambitious yet achievable targets, including exploring SBTi application, scaling up solar panel installations, reducing Scope 2 emissions, and exploring opportunities to align with China's carbon peak by 2030, carbon neutrality by 2060, and the EU's net-zero goal by 2050. The Group has newly set water-related targets to underscore our commitment to the responsible conservation and management of water resources.

The Group has prioritized the assessment of climate impact. We have conducted pilot studies at our three key factories, aimed at forecasting climate hazard frequencies over current and future time horizons and quantifying the financial impacts of climate change. To drive decarbonization, the Group continues to deploy resource efficiency initiatives, reinforced by training and audits to achieve targeted improvements. We also maintain our practices of conducting a full Scope 3 emissions analysis. In addition, we are progressing in installing solar panels at more factory sites. A renewable energy roadmap has also been developed to boost our renewable energy share through both procurement and application of renewable energy certificates.

Sustainability

ESG RATINGS

The Group is committed to driving continuous improvement in its sustainability ratings, and its efforts have been reflected in numerous international rating institutions.

SUSTAINALYTICS 18.5 Low risk Sustainalytics ('low ESG risk' since 2020)	S&P Global 47 DJSI Index – ESG (40 in 2023)
HKQAA AA HKQAA Sustainability Rating (AA since 2015)	FTSE4Good B+ LSEG D&A ESG Scores (a designated member since 2020)
CDP Climate Change: C Water Security: C Carbon Disclosure Project ("CDP")	MSCI BBB MSCI ESG Ratings (BBB in 2025)
Wind ESG 2026预评级 A Wind ESG Rating	商道融绿 SynTao Green Finance ESG 评级 2026 Q2 A– SynTao Green Finance ESG Rating

In addition, the Group has received various awards that further underscore its sustainability performance.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF AAC TECHNOLOGIES HOLDINGS INC.
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of AAC Technologies Holdings Inc. (the "Company") and its subsidiaries set out on pages 42 to 78, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 August 2026

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026

	NOTES	**1.1.2026 to 30.6.2026 RMB'000 (Unaudited)**	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Revenue	3	**14,506,449**	13,318,486
Cost of goods sold		**(11,262,324)**	(10,564,816)
Gross profit		**3,244,125**	2,753,670
Other income and other expenses		**241,274**	221,278
Other gains and losses		**27,272**	223,784
Share of results of an associate		**367**	294
Distribution and selling expenses		**(399,048)**	(342,628)
Administrative expenses		**(673,383)**	(637,186)
Research and development costs		**(1,211,437)**	(997,966)
Finance costs		**(214,107)**	(186,407)
Profit before taxation	4	**1,015,063**	1,034,839
Taxation	5	**(95,754)**	(161,623)
Profit for the period		**919,309**	873,216
Profit (loss) for the period attributed to non-controlling interests		**18,011**	(2,456)
Profit for the period attributed to owners of the Company		**901,298**	875,672
Earnings per share			
– Basic	7	**RMB0.79**	RMB0.76
– Diluted	7	**RMB0.79**	RMB0.76

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

	1.1.2026 to 30.6.2026 RMB'000 (Unaudited)	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Profit for the period	**919,309**	873,216
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")	**74,083**	(26,835)
Remeasurement to defined benefit obligations	**(390)**	(108)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(284,265)**	67,443
Fair value changes on derivative financial instruments	**–**	430
Loss reclassified to profit or loss on hedged items	**–**	71,379
Total comprehensive income for the period	**708,737**	985,525
Total comprehensive income for the period attributable to:		
Owners of the Company	**690,479**	982,280
Non-controlling interests	**18,258**	3,245
	708,737	985,525

Condensed Consolidated Statement of Financial Position

At 30 June 2026

	NOTES	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**17,802,371**	18,329,097
Right-of-use assets	8	**2,110,334**	2,203,363
Goodwill		**2,717,405**	2,282,612
Intangible assets		**2,372,504**	1,639,064
Deposits made for acquisition of property, plant and equipment		**623,404**	252,560
Investment properties		**278,754**	281,601
Interest in an associate		**3,751**	3,389
Equity instruments at FVTOCI	9	**712,426**	645,587
Financial assets at fair value through profit or loss ("FVTPL")	10	**531,466**	650,327
Contract costs		**53,290**	55,953
Deferred tax assets		**521,317**	431,839
Derivative financial instruments		**–**	770
		27,727,022	26,776,162
Current assets			
Inventories		**4,949,506**	4,531,796
Trade and other receivables	11	**7,564,461**	8,982,099
Amounts due from related companies		**2,252**	2,660
Taxation recoverable		**48,540**	54,925
Derivative financial instruments		**5,708**	5,554
Pledged bank deposits		**11,989**	13,000
Restricted bank deposits		**8,030**	–
Short term fixed deposits		**1,666,696**	–
Cash and cash equivalents		**5,405,549**	8,612,298
		19,662,731	22,202,332
Current liabilities			
Trade and other payables	12	**10,696,007**	11,682,169
Contract liabilities		**111,403**	105,257
Amounts due to related companies		**61,844**	61,845
Taxation payable		**151,172**	173,200
Bank loans	13	**1,928,903**	382,922
Unsecured notes	14	**–**	1,617,075
Government grants		**74,035**	46,566
Lease liabilities		**373,418**	514,098
Derivative financial instruments		**695**	2,200
Contingent consideration payables	19	**43,994**	–
Contingent settlement provision	15	**272,690**	268,250
		13,714,161	14,853,582
Net current assets		**5,948,570**	7,348,750
Total assets less current liabilities		**33,675,592**	34,124,912

Condensed Consolidated Statement of Financial Position

At 30 June 2026

	NOTES	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Non-current liabilities			
Bank loans	13	5,421,896	5,592,169
Unsecured notes	14	1,963,083	2,024,672
Government grants		402,622	465,194
Lease liabilities		674,318	699,375
Deferred tax liabilities		487,653	391,288
Defined benefit obligations		6,755	7,544
Derivative financial instruments		–	1,303
		8,956,327	9,181,545
Net assets		24,719,265	24,943,367
Capital and reserves			
Share capital	16	97,321	97,321
Reserves		23,999,560	24,259,511
Equity attributable to owners of the Company		24,096,881	24,356,832
Non-controlling interests		622,384	586,535
Total equity		24,719,265	24,943,367

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company														
	Share capital RMB'000	Treasury reserve RMB'000	Special reserve RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Investments revaluation reserve RMB'000	Non-distributable reserve RMB'000	Share-based payments reserve RMB'000	PRC statutory reserve RMB'000	Hedging reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interest RMB'000	Total RMB'000
At 1 January 2025 (audited)	97,321	(543,784)	1,135	23,391	(424,873)	165,738	87,245	39,549	2,150,607	(72,868)	(644,912)	21,875,923	22,754,472	362,407	23,116,879
Exchange differences arising from translation of foreign operations	–	–	–	–	62,288	–	–	–	–	–	–	–	62,288	5,155	67,443
Fair value changes on equity instruments at FVTOCI	–	–	–	–	–	(27,381)	–	–	–	–	–	–	(27,381)	546	(26,835)
Fair value changes on derivative financial instruments	–	–	–	–	–	–	–	–	–	430	–	–	430	–	430
Loss reclassified to profit or loss on hedged items	–	–	–	–	–	–	–	–	–	71,379	–	–	71,379	–	71,379
Remeasurement to defined benefit obligations	–	–	–	–	–	–	–	–	–	–	–	(108)	(108)	–	(108)
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	–	–	875,672	875,672	(2,456)	873,216
Total comprehensive income (expense) for the period	–	–	–	–	62,288	(27,381)	–	–	–	71,809	–	875,564	982,280	3,245	985,525
Recognition of equity-settled share based payments (note 17)	–	–	–	–	–	–	–	14,759	–	–	–	–	14,759	–	14,759
Shares vested under share award scheme (note 17)	–	68,705	–	–	–	–	–	(37,420)	–	–	–	(31,285)	–	–	–
Share-based payment reserves under the subsidiary share incentive scheme	–	–	–	–	–	–	–	–	–	–	–	–	–	1,386	1,386
Repurchase of shares (note 16)	–	(792,641)	–	–	–	–	–	–	–	–	644,912	–	(147,729)	–	(147,729)
Return capital to non-controlling interests of a subsidiary (note 15)	–	–	–	–	–	–	–	–	–	–	–	(52,337)	(52,337)	(17,378)	(69,715)
Acquisition of a subsidiary (note 19)	–	–	–	–	–	–	–	–	–	–	–	–	–	118,220	118,220
Dividends declared (note 6)	–	–	–	–	–	–	–	–	–	–	–	(258,410)	(258,410)	–	(258,410)
At 30 June 2025 (unaudited)	97,321	(1,267,720)	1,135	23,391	(362,585)	138,357	87,245	16,888	2,150,607	(1,059)	–	22,409,455	23,293,035	467,880	23,760,915
At 1 January 2026 (audited)	**97,321**	**(1,499,617)**	**1,135**	**23,391**	**(439,601)**	**175,295**	**87,245**	**51,474**	**2,344,843**	**–**	**–**	**23,515,346**	**24,356,832**	**586,535**	**24,943,367**
Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**–**	**(283,403)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(283,403)**	**(862)**	**(284,265)**
Fair value changes on equity instruments at FVTOCI	**–**	**–**	**–**	**–**	**–**	**72,974**	**–**	**–**	**–**	**–**	**–**	**–**	**72,974**	**1,109**	**74,083**
Remeasurement to defined benefit obligations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(390)**	**(390)**	**–**	**(390)**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**901,298**	**901,298**	**18,011**	**919,309**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(283,403)**	**72,974**	**–**	**–**	**–**	**–**	**–**	**900,908**	**690,479**	**18,258**	**708,737**
Recognition of equity-settled share based payments (note 17)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27,445**	**–**	**–**	**–**	**–**	**27,445**	**–**	**27,445**
Shares vested under share award scheme (note 17)	**–**	**27,438**	**–**	**–**	**–**	**–**	**–**	**(49,434)**	**–**	**–**	**–**	**21,996**	**–**	**–**	**–**
Repurchase of shares (note 16)	**–**	**(292,428)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(292,428)**	**–**	**(292,428)**
Return capital to non-controlling interests of a subsidiary (note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(331,727)**	**(331,727)**	**(107,829)**	**(439,556)**
Acquisition of a subsidiary (note 19)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**125,690**	**125,690**
Dividends declared (note 6)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(353,720)**	**(353,720)**	**(270)**	**(353,990)**
At 30 June 2026 (unaudited)	**97,321**	**(1,764,607)**	**1,135**	**23,391**	**(723,004)**	**248,269**	**87,245**	**29,485**	**2,344,843**	**–**	**–**	**23,752,803**	**24,096,881**	**622,384**	**24,719,265**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	NOTES	1.1.2026 to 30.6.2026 RMB'000 (Unaudited)	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Net cash from operating activities		**1,913,741**	2,892,532
Net cash used in investing activities			
Net cash outflow on acquisition of subsidiaries	19	**(261,683)**	(240,943)
Purchase of property, plant and equipment		**(1,064,341)**	(1,234,230)
Deposits paid for acquisition of property, plant and equipment		**(521,876)**	(222,571)
Proceeds from disposal of property, plant and equipment		**63,696**	29,652
Additions to intangible assets		**(218,590)**	(194,389)
Payments for right-of-use assets		**(12,388)**	–
Proceeds from disposal of right-of-use assets		**1,253**	247
Payments for rental deposits		**(75)**	(583)
Government grants received relating to acquisitions of non-current assets		**14,050**	37,500
Placement of short-term fixed deposits		**(1,720,389)**	(71,586)
Acquisition of financial assets at FVTPL		**(52,441)**	(169,316)
Acquisition of equity instruments at FVTOCI		**(1,125)**	(11,726)
Interest received		**126,339**	80,847
Capital return of equity instruments at FVTOCI		**–**	4,302
Withdrawal of pledged bank deposits		**12,800**	4,324
Withdrawal of restricted bank deposits		**–**	5,000
		(3,634,770)	(1,983,472)
Net cash used in financing activities			
Bank loans raised		**2,649,466**	1,760,000
Repayment of bank loans		**(1,296,672)**	(1,205,713)
Repayment of unsecured notes		**(1,567,556)**	–
Proceeds from notes financing		**235,000**	–
Interest paid		**(205,955)**	(180,298)
Return of capital contributions from non-controlling interests of a subsidiary	15	**(439,556)**	(69,715)
Dividends paid	6	**(353,983)**	(250,966)
Shares repurchased		**(285,032)**	(723,259)
Repayments of lease liabilities		**(124,597)**	(104,749)
Payment to derivative financial instruments		**(535)**	(54,704)
Receipt from derivative financial instruments		**6,574**	–
Net payments for the subsidiary share incentive scheme	17	**–**	(729)
		(1,382,846)	(830,133)
Net (decrease) increase in cash and cash equivalents		**(3,103,875)**	78,927
Cash and cash equivalents at 1 January		**8,612,298**	7,538,204
Effect of foreign exchange rate changes		**(102,874)**	62,489
Cash and cash equivalents at 30 June		**5,405,549**	7,679,620

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim financial reporting" as issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

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

The condensed consolidated financial statements have not been audited but have been reviewed by the external auditor of the Company.

2. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the annual consolidated financial statements of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The Directors of the Company consider that the application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

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

Effective from 1 January 2026, the Group reorganised its internal reporting and governance structure to better reflect its updated business strategies and align with resource allocation. Consequently, the Group's key operating decision makers start review information under a new reporting structure, and segment reporting is updated to conform to this change. Under the new structure, the acoustics business and electromagnetic drives business have been combined into a single operating segment as they exhibit similar economic characteristics and managed as a unified business unit. Prior period segment disclosure has been represented to conform with the current period's presentation.

The Group's updated operating and reportable segments under IFRS 8 "Operating Segment", which represent the major types of products manufactured and sold by the Group, are:

a) acoustics and electromagnetic drives products;
b) precision mechanics and heat dissipation products;
c) optics products;
d) automotive acoustics products;
e) sensor and semiconductor products; and
f) other products.

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

Revenue from these products is recognised at the point in time when controls of the products has been transferred.

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

3. SEGMENT INFORMATION (continued)

Information regarding these segments is presented below.

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

	1.1.2026 to 30.6.2026 RMB'000 (Unaudited)	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Operating and reportable segments		
Segment revenue – recognised at a point in time		
Acoustics and electromagnetic drives products*	**6,012,428**	5,266,515
Precision mechanics and heat dissipation products*	**3,251,468**	2,890,619
Optics products	**2,046,702**	2,647,507
Automotive acoustics products#	**2,234,931**	1,814,823
Sensor and semiconductor products	**857,841**	608,229
Other products#	**103,079**	90,793
Total revenue	**14,506,449**	13,318,486
Segment results		
Acoustics and electromagnetic drives products*	**1,716,706**	1,469,286
Precision mechanics and heat dissipation products*	**750,201**	549,431
Optics products	**207,743**	270,218
Automotive acoustics products#	**448,902**	422,215
Sensor and semiconductor products	**125,274**	73,527
Other products#	**(4,701)**	(31,007)
Segment profit	**3,244,125**	2,753,670
Unallocated amounts:		
Other income and other expenses	**241,274**	221,278
Other gains and losses	**27,272**	223,784
Share of results of an associate	**367**	294
Distribution and selling expenses	**(399,048)**	(342,628)
Administrative expenses	**(673,383)**	(637,186)
Research and development costs	**(1,211,437)**	(997,966)
Finance costs	**(214,107)**	(186,407)
Profit before taxation	**1,015,063**	1,034,839

* Prior-period amounts for the affected segments have been restated to conform with the updated segment composition.

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

3. SEGMENT INFORMATION (continued)

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

The key operating decision makers make decisions according to operating results of each segment. The Group analysed its assets and liabilities and other financial information at group level. Therefore, only segment revenue and segments results are presented.

The Group's revenue from external customers analysed by location of end customers is detailed below:

	1.1.2026 to 30.6.2026 RMB'000 (Unaudited)	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Greater China*	**6,692,276**	7,362,962
Other foreign countries:		
America**	**6,051,811**	4,505,823
Other Asian countries	**1,216,772**	852,072
Europe	**539,891**	589,837
Others	**5,699**	7,792
	14,506,449	13,318,486

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

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

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

During the period, the aggregate amount of revenue derived from the Group's top customers which individually has contributed to over 10% of the Group's revenue and included in all of the Group's segments, 2 customers contributed revenue amounted to RMB6,835,525,000 (six months ended 30 June 2025: 3 customers contributed revenue amounted to RMB7,299,325,000).

4. PROFIT BEFORE TAXATION

	1.1.2026 to 30.6.2026 RMB'000 (Unaudited)	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,272,904**	1,233,295
Depreciation of investment properties	**10,154**	9,839
Depreciation of right-of-use assets	**74,758**	97,735
Total depreciation (note a)	**1,357,816**	1,340,869
Less: Depreciation of right-of-use assets capitalised in qualifying assets	**(12,564)**	(12,564)
	1,345,252	1,328,305
Amortisation of intangible assets	**111,377**	179,983
Allowance for inventories, net, included in cost of goods sold	**800**	1,286
Cost of raw materials included in research and development costs	**97,080**	94,322
Government grants included in "other income and other expenses" (note b)	**79,186**	116,787
Interest income included in "other income and other expenses"	**128,727**	90,082
Other gains and losses (note c)	**27,272**	223,784

Notes:

a. Depreciation of RMB176,608,000 (six months ended 30 June 2025: RMB153,226,000) had been included in research and development costs.

b. Included in the amount is RMB49,123,000 (six months ended 30 June 2025: RMB65,952,000) representing amortisation of government grants. The remaining amount mainly represents the incentives granted by the People's Republic of China (the "PRC") local authorities to the Group for engaging in High Technology business and technologically advanced staff. All the grants were approved during the period of recognition with no unfulfilled conditions/contingencies.

c. Other gains and losses mainly include gains on disposal/write-off of property, plant and equipment, land use right and right-of-use assets of RMB40,662,000 (six months ended 30 June 2025: loss of RMB42,196,000), net exchange loss of RMB23,275,000 (six months ended 30 June 2025: RMB32,901,000). For the six months ended 30 June 2025, other gains and losses also include a fair value gain on contingent consideration payables (note 21).

5. TAXATION

	1.1.2026 to 30.6.2026 RMB'000 (Unaudited)	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
The current tax charge comprises:		
PRC Enterprise Income Tax	70,258	103,221
Singapore	64,817	40,788
Vietnam	8,119	7,064
Other jurisdictions	12,391	17,602
PRC and overseas withholding tax	1,562	2,310
Under provision of taxation in prior years	41,385	7,483
	198,532	178,468
Deferred tax credit	(102,778)	(16,845)
	95,754	161,623

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

In addition, certain PRC subsidiaries were officially endorsed as High-New Technology Enterprises ("HNTE") till the dates ranging from 2026 to 2027 (six months ended 30 June 2025: 2025 to 2026). Pursuant to the EIT Law, those PRC subsidiaries entitled as HNTE shall be entitled to a preferential tax rate of 15% till the expiry of the HNTE status for the respective PRC subsidiaries.

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

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

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

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

The Group is subject to the global minimum top-up tax Pillar Two Rules ("the Rules") and Pillar Two legislation was enacted or to be enacted in several of tax jurisdictions in which the group entities are incorporated or operated. Under the rules, the Group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion ("GloBE") effective tax rate in each jurisdiction and the 15% minimum rate.

5. TAXATION (continued)

The Group has performed an assessment of the tax exposure of the Rules. Based on the assessment, the Group should benefit from the transitional safe harbour for certain affected jurisdictions in which the Group operates for the six months ended 30 June 2026. Among the remaining affected jurisdictions, the Group does not expect a material exposure to the Rules. The Group continues to follow and evaluate the impact of the Rules on the future financial performance.

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

6. DIVIDENDS

During the six months ended 30 June 2026, a final dividend of HK$0.35 per share in respect of the year ended 31 December 2025 (six months ended 30 June 2025: HK$0.24 per share in respect of the year ended 31 December 2024) was paid to shareholders of the Company. The aggregate amount of the final dividend was recognised as distribution during the six months ended 30 June 2026 amounted to HK$406,621,000 (equivalent to RMB353,720,000) (six months ended 30 June 2025: HK$282,045,000 (equivalent to RMB258,410,000)).

Subsequent to the six months ended 30 June 2026, the Directors of the Company have resolved not to declare an interim dividend.

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	1.1.2026 to 30.6.2026 RMB'000	1.1.2025 to 30.6.2025 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (note)	**901,298**	875,672

	1.1.2026 to 30.6.2026 '000	1.1.2025 to 30.6.2025 '000
Number of shares		
Weighted average number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share (note)	**1,141,149**	1,158,809
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share awards granted by the Company	**2,342**	1,004
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,143,491**	1,159,813

Note: The weighted average number of shares has been calculated taking into account the shares repurchased by the Group or held by the 2016 Trustee and 2023 Trustee (as defined in note 17) under share award scheme.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, apart from the acquisition of Dispelix Oy (“Dispelix”) and 遠地（廣州）數字科技有限公司 (Yuandi (Guangzhou) Digital Technology Co., Ltd.) (“Yuandi”) (six months ended 30 June 2025: acquisition of 河北初光汽車部件有限公司 (Hebei First Light Auto Parts Co., Ltd.) (“Hebei First Light”)) as detailed in note 19, the Group acquired property, plant and equipment of RMB860,172,000 (six months ended 30 June 2025: RMB1,334,411,000). Part of the consideration of RMB151,032,000 (six months ended 30 June 2025: RMB100,139,000) was paid up in advance in prior year.

During the six months ended 30 June 2026, apart from the acquisition of Dispelix and Yuandi (six months ended 30 June 2025: acquisition of Hebei First Light) as detailed in note 19, the addition to the right-of-use assets represents the renewal of several lease agreements and new lease agreements for buildings and cars and machineries ranging from 2 to 6 years (six months ended 30 June 2025: 1 to 5 years). The Group is required to make fixed future payment and, in certain cases, is required to make prepayments. On lease commencement, the Group recognised RMB123,607,000 (six months ended 30 June 2025: RMB133,654,000) of right-of-use assets, and RMB123,532,000 (six months ended 30 June 2025: RMB133,071,000) of lease liabilities. The recognition of newly added right-of-use assets constitutes non-cash transactions.

Also, the Group disposed of certain property, plant and equipment and leasehold land with an aggregate carrying amount of RMB37,917,000 (six months ended 30 June 2025: RMB72,095,000) for proceeds of RMB64,949,000 (six months ended 30 June 2025: RMB29,899,000) and resulting in a gain on disposal of RMB27,032,000 (six months ended 30 June 2025: loss on disposal of RMB42,196,000).

In addition, the Group has derecognised right-of-use assets of RMB140,670,000 (six months ended 30 June 2025: RMB42,269,000) and lease liabilities of RMB154,300,000 (six months ended 30 June 2025: RMB42,269,000), and a gain on lease termination of RMB13,630,000 (six months ended 30 June 2025: nil) is recognised in profit or loss due to lease modification.

During the six months ended 30 June 2026 and 2025, there is no impairment indicator for property, plant and equipment, right-of-use assets, investment properties and intangible assets with finite useful lives.

9. EQUITY INSTRUMENTS AT FVTOCI

	30.6.2026 **RMB’000** **(Unaudited)**	31.12.2025 RMB’000 (Audited)
Unlisted shares	**655,817**	614,785
Listed shares	**56,609**	30,802
	712,426	645,587

These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

9. EQUITY INSTRUMENTS AT FVTOCI (continued)

Unlisted shares

The unlisted equity investments represent the Group's equity interests in private entities. The equity instruments mainly comprise of equity interests in companies which engaged in:

(i) producing semiconductor components in integrated circuits and development of intellectual properties;
(ii) research, development and manufacturing of sensor and semiconductor business;
(iii) solid state Light Detection and Ranging ("LiDAR") sensor for automotive series use;
(iv) research, development, manufacturing and marketing of electronic equipment in the field of high-end audio; and
(v) research and development of automotive electronics software.

During the six months ended 30 June 2026, the Group made addition contribution of RMB1,125,000 for an equity investment in a private entity.

During the six months ended 30 June 2025, the Group made addition contribution for an equity interest in a private entity engaged in research, development, manufacturing and marketing of electronic equipment in the field of high-end audio at a consideration of Euro1,500,000 (equivalent to approximately RMB11,726,000).

Listed shares

The amount represents the Group's investment in a company listed in Japan. As at 30 June 2026, the fair value of the investment determined by reference to the quoted market bid prices available was RMB56,609,000 (31 December 2025: RMB30,802,000).

10. FINANCIAL ASSETS AT FVTPL

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Convertible loans	**18,925**	127,464
Unlisted shares	**512,541**	522,863
	531,466	650,327

The financial assets at FVTPL mainly represent the Group's investments in:

(i) a private equity fund primarily investing in industry-leading technology companies, mainly in Germany, German speaking countries and regions, the Nordic countries and the Greater China, as well as other technologically-advanced regions with strong growth potential;
(ii) a private equity fund primarily investing in private entities in sensor and semiconductor business;
(iii) preferred shares investment in private entities in sensor and semiconductor business;
(iv) preferred shares investment in private entity in automotive business;
(v) Dispelix, a private entity in augmented reality displays manufacturing business;
(vi) a private entity in research and development, design, and sales of chips; and
(vii) a private entity in research and development of miniature laser projection display technology for AR applications.

10. FINANCIAL ASSETS AT FVTPL (continued)

During the six months ended 30 June 2026, the Group (i) made addition contribution of US$595,068 (equivalent to approximately RMB4,115,000) and GBP254,650 (equivalent to approximately RMB2,324,000) to the private equity funds mentioned above; (ii) further subscribed the convertible loan amounted to Euro3,600,000 (equivalent to approximately RMB29,374,000) issued by Dispelix; (iii) further subscribed the convertible loan amounted to Euro1,500,000 (equivalent to approximately RMB11,867,000) issued by a private entity; and (iv) subscribed the convertible loan amounted to Euro600,000 (equivalent to approximately RMB4,761,000) issued by a private entity engaged in sensor and semiconductor business.

Upon the acquisition of Dispelix on 30 April 2026 as detailed in note 19, the convertible loans with an aggregate amount of Euro19,350,000 (equivalent to approximately RMB151,135,000) issued by Dispelix and subscribed by the Group was effectively derecognised on the consolidation of Dispelix and no gain or loss was recognised upon derecognition.

During the six months ended 30 June 2025, the Group acquired certain equity interests in a private entity engaged in research and development, design, and sales of chips at a consideration of RMB20,000,000. In addition, the Group (i) made addition contribution of US$15,931,000 (equivalent to approximately RMB114,370,000) and GBP380,000 (equivalent to approximately RMB3,678,000) to the private equity funds mentioned above and (ii) further subscribed the convertible loan amounted to Euro4,000,000 (equivalent to approximately RMB31,268,000) issued by a private entity.

As the convertible loan contains derivative features for the holder to convert the outstanding into equity interest of the issuer, it is accounted for as financial assets at FVTPL.

The above investments are classified as financial assets at FVTPL and presented under non-current assets as they are not held for trading, instead, they are held for long-term strategic purpose.

11. TRADE AND OTHER RECEIVABLES

	30.6.2026	31.12.2025
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	**5,311,863**	6,558,749
Bank acceptance and commercial bills	**110,087**	260,782
	5,421,950	6,819,531
Prepayments	**509,347**	543,956
Value-added tax recoverable	**941,313**	984,340
Other receivables	**691,851**	634,272
	7,564,461	8,982,099

The following is an aged analysis of trade receivables and bank acceptance and commercial bills, net of allowance for credit losses, presented based on the invoice date or notes issued dates at the end of the reporting period, which approximates the respective revenue recognition dates.

11. TRADE AND OTHER RECEIVABLES (continued)

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Age		
0 – 90 days	5,313,965	6,673,566
91 – 180 days	99,975	139,075
Over 180 days	8,010	6,890
	5,421,950	6,819,531

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 days to 120 days of issuance. The Group accepts bank acceptance and commercial bills with maturities ranging from 30 to 180 days at the end of the credit terms in lieu of immediate cash payment.

As at 30 June 2026, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of RMB133,241,000 (31 December 2025: RMB108,820,000) which are past due as at the reporting date. Included in the past due balances, RMB8,342,000 has been past due 90 days or more (31 December 2025: RMB7,137,000).

In addition, the management of the Group is of the opinion that those trade receivables aged over 180 days are still fully recoverable due to long-term/on-going relationship and good repayment record from these customers.

12. TRADE AND OTHER PAYABLES

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Trade payables	5,216,486	5,897,449
Notes payables – guaranteed (Note)	2,816,054	2,813,681
	8,032,540	8,711,130
Payroll and welfare payables	592,242	712,497
Payables for acquisition of property, plant and equipment and intangible assets	821,015	1,212,258
Deferred considerations for acquisitions of subsidiaries (Note 19)	347,239	2,584
Other payables and accruals	844,884	985,871
Payables related to restricted shares granted to employee (Note 17)	58,087	57,829
	10,696,007	11,682,169

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

During the six months ended 30 June 2026, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the certain bills to banks. The cash flows of such transactions have been presented in cash flow statement as financing activities.

12. TRADE AND OTHER PAYABLES (continued)

Other payables are unsecured, interest-free and have no fixed repayment terms.

An aged analysis of trade and notes payables, presented based on the invoice date or the note issued date, is as follows:

	30.6.2026	31.12.2025
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Age		
0 – 90 days	**6,187,429**	6,700,689
91 – 180 days	**1,737,566**	1,949,746
Over 180 days	**107,545**	60,695
	8,032,540	8,711,130

13. BANK LOANS

The variable rate bank loans carry interest ranging from 2.08% to 3.87% (31 December 2025: 2.30% to 3.87%) per annum. The fixed rate bank loans carry interest ranging from 2.08% to 4.23% (31 December 2025: 2.34% to 4.23%) per annum. The Group and/or its subsidiaries has issued guarantees to respective banks to secure the borrowings.

14. UNSECURED NOTES

Unsecured notes issued in 2021

In 2021, the Group issued unsecured notes of US$300,000,000 due on 2 June 2026 at a fixed coupon rate of 2.625% per annum ("2026 Notes") and US$350,000,000 due on 2 June 2031 at fixed coupon rate of 3.750% per annum ("2031 Notes"). The unsecured notes are listed on the Hong Kong Stock Exchange. The effective interest rates of the 2026 Notes and 2031 Notes are 2.7023% and 3.8656% respectively.

During the period ended 30 June 2026, the principal amounts of the 2026 Notes were fully repaid. As at 30 June 2026, the principal amounts of the outstanding unsecured notes include 2031 Notes of US$290,123,000 (31 December 2025: US$290,123,000) with the carrying amount of RMB1,963,083,000 (31 December 2025: RMB2,024,672,000) under non-current liabilities.

15. CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY AND CONTINGENT SETTLEMENT PROVISION

In accordance with the shareholders agreements entered into between the Group and certain non-controlling interests of AAC Optics (Changzhou) Co., Ltd. ("AAC Optics"), subject to occurrence or non-occurrence of future events including the separate listing condition, those non-controlling interests were granted the rights to require the Group for capital repayment plus a premium. A contingent settlement provision has been recognised against equity as the Group has a contractual obligation to deliver cash.

In 2025, AAC (China) Investment Group Co., Ltd. ("AAC Investment"), an indirectly wholly owned subsidiary of the Company and AAC Optics entered into separate share transfer agreements with certain non-controlling interests ("2025 Selling Investors") in which the 2025 Selling Investors have agreed to sell a portion of its equity interest in AAC Optics to AAC Investment. The 2025 Selling Investors have agreed to sell in aggregate approximately 2.6940% of the equity interest in AAC Optics at the aggregate consideration of RMB515,974,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB388,206,000 is credited directly in equity and attributed to owners of the Company.

During the period ended 30 June 2026, AAC Investment and AAC Optics entered into separate share transfer agreements with certain non-controlling interests ("2026 Selling Investors") in which the 2026 Selling Investors have agreed to sell all or a portion of their remaining equity interests in AAC Optics to AAC Investment. The 2026 Selling Investors have agreed to sell in aggregate approximately 2.2458% of the equity interest in AAC Optics at the aggregate consideration of RMB439,556,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB331,727,000 is credited directly in equity and attributed to owners of the Company.

After the completion of the share transfer agreements in 2026 and as at 30 June 2026, AAC Optics is held (i) as to approximately 94.6094% (31 December 2025: 92.3636%) indirectly by the Company; (ii) 2% by the share incentive platforms of AAC Optics, of which 0.1374% (31 December 2025: 0.1374%) of the shares are vested but still held under the platforms; and (iii) approximately 3.3906% by the 2 remaining strategic investors in aggregate (31 December 2025: 5.6364% by the 3 remaining strategic investors in aggregate).

16. SHARE CAPITAL

	Number of shares	Amount US$'000
Shares of US$0.01 each		
Authorised:		
Ordinary shares at 1 January 2025, 30 June 2025, 1 January 2026 and 30 June 2026	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares at 1 January 2025, 30 June 2025, 1 January 2026 and 30 June 2026	1,198,500,000	11,985

	RMB'000
Presented in the condensed consolidated statement of financial position	
At 1 January 2025 and 30 June 2025, 1 January 2026 and 30 June 2026	97,321

16. SHARE CAPITAL (continued)

During the period ended 30 June 2026, the Company repurchased its own ordinary shares through the Hong Kong Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of US$0.01 each	Price per share Highest HK$	Lowest HK$	Aggregate consideration HK$'000 (note)
January	1,280,000	40.18	38.14	50,573
March	2,150,000	35.10	31.36	71,697
April	2,546,000	37.90	33.84	91,687
May	500,000	39.04	37.64	19,212
June	2,263,500	46.50	41.86	98,924
Total	8,739,500			332,093

Note: During the period ended 30 June 2026, the aggregate consideration of repurchase 8,739,500 shares amounted to HK$332,093,000 (equivalent to RMB292,428,000), out of which HK$9,855,000 (equivalent to RMB8,901,000) was prepaid in prior year.

As at 30 June 2026, the Company had treasury shares of 38,989,000 shares (31 December 2025: 30,249,500 shares), other than those held by the trustees for the share award schemes of the Company as disclosed in Note 17.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025 and 2026.

17. SHARE AWARD SCHEME

Share award scheme of the Company

2016 share award scheme of the Company

The Company on 23 March 2016 had adopted the AAC Share Award Scheme (the "2016 Scheme") constituted by a Trust Deed between the Company and Bank of Communications Trustee Limited (the "2016 Trustee"), in which employees may be selected by the Board of Directors to participate. Pursuant to the 2016 Scheme, shares of the Company will be purchased on the Hong Kong Stock Exchange, by the 2016 Trustee of the trusts declared in the Trust Deed.

On the grant of the share awards, the relevant number of shares may be legally transferred to the 2016 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares.

The expenses in relation to the share awards are charged to profit or loss over the relevant vesting periods with a corresponding increase in share-based payments reserve.

On 24 March 2022, the Company granted a total of 10,230,593 shares ("Awarded Shares") to 340 selected employees pursuant to the 2016 Scheme at nil consideration. The fair value of the shares granted pursuant to the 2016 Scheme were determined with reference to market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting periods of the shares. The shares granted would be vested over a requisite service period up to three years from the date of grant and performance targets which must be attained. Performance targets comprise a mixture of key financial performance indicators and individual targets linked to a comprehensive appraisal of each individual grantee's performance and contribution to the Group.

17. SHARE AWARD SCHEME (continued)

Share award scheme of the Company (continued)

2016 share award scheme of the Company (continued)

On 28 April 2025, for better administration of the 2016 Scheme, the Board resolved to enter into a deed of amendment to the trust deed of the 2016 Scheme (the "2016 Scheme Trust Deed") with the 2016 Trustee to amend the 2016 Scheme Trust Deed and the scheme rules under the 2016 Scheme to, amongst others, (i) remove relevant clauses for issuing or allotting new shares to the 2016 Trustee; and (ii) allow the shares held by the 2016 Trustee, except for the outstanding Awarded Shares being held by the 2016 Trustee for the benefit of the employees under the 2016 Scheme, to be transferred to other trustee(s) of any other trust(s) constituted or to be constituted for the purpose of implementing share award scheme(s) that has been adopted and/or may be adopted by the Company at any time during or after the trust period upon written instructions by the Board to the 2016 Trustee. Save for the aforementioned amendments and certain housekeeping changes, all other terms under the 2016 Scheme remain unchanged.

On 23 May 2025, the Company granted a total of 3,559,294 Awarded Shares to 536 selected employees pursuant to the 2016 Scheme at nil consideration. The fair value of the shares granted pursuant to the 2016 Scheme were determined with reference to market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting periods of the shares. The shares granted would be vested over a requisite service period of up to three years from the date of grant subject to the relevant key performance targets. Performance targets comprise organisation level and individual level including revenue, profit and target amount of the relevant business units, as well as projects undertaken by the functional departments and the employees' contribution to the Group's objectives.

The maximum number of shares that may be awarded under the 2016 Scheme during its term is limited to 1.65% of the issued share capital of the Company from time to time.

The 2016 Share Award Scheme was valid for a term of 10 years, and expired and terminated on 22 March 2026 (the "Expiry Date"). After the termination of the 2016 Share Award Scheme, no further grant of Awarded Shares could be made under the 2016 Share Award Scheme. All the Awarded Shares of the selected employees which are subject to vesting shall continue to be held by the 2016 Scheme Trustee and become vested in the selected employees according to the vesting schedules and vesting conditions.

Upon the Expiry Date, out of the total 12,378,531 unvested shares held by the 2016 Trustee under the 2016 Share Award Scheme, (i) the 3,559,294 unvested shares awarded and held by the 2016 Trustee under the 2016 Share Award Scheme as at the Expiry Date were continued to be retained by the 2016 Trustee, subject to vesting in favour of the Selected Employee(s) in accordance with the terms and conditions of the 2016 Share Award Scheme; and (ii) the remaining 8,819,237 unvested shares held by the 2016 Trustee under the 2016 Share Award Scheme as at the Expiry Date had been transferred to the 2023 Trustee of the 2023 Share Award Scheme.

As at 30 June 2026, an aggregate of 2,120,668 shares (31 December 2025: 12,378,531 shares) of the Company had been purchased and held by the 2016 Trustee, in which 415,310 (31 December 2025: 483,711) Awarded Shares were vested and were still held under the 2016 Trust. Since the date of adoption of the 2016 Scheme up to 30 June 2026, no new shares had been issued to the 2016 Trustee.

17. SHARE AWARD SCHEME (continued)

Share award scheme of the Company (continued)

2016 share award scheme of the Company (continued)

Movement of the shares vested and granted to selected employee(s) under the 2016 Scheme during the periods ended 30 June 2026 and 30 June 2025 are as follows:

For the period ended 30 June 2026

		Number of shares			
Date of grant	**Vesting period**	**At 1 January 2026**	**Vested on 23 May 2026**	**Shares entitlement forfeited**	**At 30 June 2026**
23 May 2025	23 May 2025 to 23 May 2026	**1,739,198**	**(1,518,947)**	**(220,251)**	**–**
23 May 2025	23 May 2025 to 23 May 2027	**869,560**	**–**	**(16,811)**	**852,749**
23 May 2025	23 May 2025 to 23 May 2028	**869,418**	**–**	**(16,809)**	**852,609**
		3,478,176	**(1,518,947)**	**(253,871)**	**1,705,358**

For the period ended 30 June 2025

		Number of shares			
Date of grant	Vesting period	At 1 January 2025	Granted on 23 May 2025	Shares entitlement forfeited	At 30 June 2025
23 May 2025	23 May 2025 to 23 May 2026	–	1,779,760	–	1,779,760
23 May 2025	23 May 2025 to 23 May 2027	–	889,840	–	889,840
23 May 2025	23 May 2025 to 23 May 2028	–	889,694	–	889,694
		–	3,559,294	–	3,559,294

		Number of shares			
Date of grant	Vesting period	At 1 January 2025	Vested on 24 March 2025	Shares entitlement forfeited	At 30 June 2025
24 March 2022	24 March 2022 to 24 March 2025	2,613,238	(2,529,863)	(83,375)	–

17. SHARE AWARD SCHEME (continued)

Share award scheme of the Company (continued)

2016 share award scheme of the Company (continued)

The terms and conditions of the grants are as follows:

	Number of shares	Vest condition	Date of grant	Vesting period	Market value per share HK$	Fair value of shares HK$
Shares awarded to selected employees in 2025	1,779,760	1 year from the date of grant	23 May 2025	23 May 2025 to 23 May 2026	38.0	67,630,880
	889,840	2 years from the date of grant	23 May 2025	23 May 2025 to 23 May 2027	38.0	33,813,920
	889,694	3 years from the date of grant	23 May 2025	23 May 2025 to 23 May 2028	38.0	33,808,372
	3,559,294					135,253,172

	Number of shares	Vest condition	Date of grant	Vesting period	Market value per share HK$	Fair value of shares HK$
Shares awarded to selected employees in 2022	3,406,787	1 year from the date of grant	24 March 2022	24 March 2022 to 24 March 2023	17.64	60,095,731
	3,406,787	2 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2024	17.64	60,095,731
	3,417,019	3 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2025	17.64	60,276,199
	10,230,593					180,467,661

17. SHARE AWARD SCHEME (continued)

Share award scheme of the Company (continued)

2016 share award scheme of the Company (continued)

Movements of Awarded Share purchased are as follows:

	Number of shares purchased	Cost of purchase RMB'000
At 1 January 2025	14,752,257	283,575
Awarded Shares vested	(2,529,863)	(73,224)
Awarded Shares vested and held by the 2016 Trustee	156,137	4,519
At 30 June 2025	12,378,531	214,870
At 1 January 2026	**12,378,531**	**214,870**
Transfer to 2023 share award scheme	**(8,819,237)**	**(150,574)**
Awarded Shares vested	**(1,518,947)**	**(28,971)**
Awarded Shares vested and held by the 2016 Trustee	**80,321**	**1,532**
At 30 June 2026	**2,120,668**	**36,857**

At 30 June 2026, the number of shares in respect of which awards had been granted and remained outstanding under the 2016 Scheme was 1,705,358 (31 December 2025: 3,478,176), representing 0.14% (31 December 2025: 0.29%) of the shares of the Company in issue at that date.

During the six months ended 30 June 2026, the Group recognised total expenses of RMB27,445,000 (six months ended 30 June 2025: RMB14,759,000) in relation to the 2016 Scheme shares granted by the Company.

2023 share award scheme of the Company

The Company on 17 April 2023 had adopted the share award scheme (the "2023 Scheme") constituted by a Trust Deed between the Company and BOCI Trustee (Hong Kong) Limited (the "2023 Trustee"), in which employees may be selected by the Board of Directors to participate. Pursuant to the 2023 Scheme, shares of the Company will be subscribed for at a subscription price as determined by the Board of the Company, purchased on the Hong Kong Stock Exchange, by the 2023 Trustee, and/or transferred by another trustee of another share award scheme of the Company to the 2023 Trustee.

On the grant of the share awards, the relevant number of shares may be legally issued or transferred to the 2023 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares. The maximum number of shares which may be awarded under the 2023 Scheme shall not exceed 45,000,000 shares, representing approximately 3.75% of the issued shares as at its adoption date on 17 April 2023.

On 22 May 2025, for better administration of the 2023 Scheme, the Board resolved to amend the 2023 Scheme to, amongst others, (i) allow grants of the share awards to be satisfied by the issuance and allotment of new shares and/or the transfer of treasury shares; and (ii) correspondingly, bring it in line with the applicable requirements under Chapter 17 of the Listing Rules. Save for the aforementioned amendments and certain housekeeping changes, all other terms under the 2023 Scheme remain unchanged.

17. SHARE AWARD SCHEME (continued)

Share award scheme of the Company (continued)

2023 share award scheme of the Company (continued)

The expenses in relation to the share awards are charged to profit or loss over the relevant vesting periods with a corresponding increase in share-based payments reserve.

During the six months ended 30 June 2026, 8,819,237 unvested shares held by the 2016 Trustee under the 2016 Share Award Scheme were transferred to the 2023 Trustee of the 2023 Share Award Scheme.

During the six months ended 30 June 2026 and 2025, the 2023 Trustee has no purchased shares on the Hong Kong Stock Exchange.

As at 30 June 2026, an aggregate of 20,638,237 shares (31 December 2025: 11,819,000 shares) of the Company had been purchased from open market (or transferred from the 2016 Trustee) and held by the 2023 Trustee. Since the date of adoption of the 2023 Scheme up to 30 June 2026, no new shares had been issued to the 2023 Trustee.

No share awards have been granted to any employees since adoption of the 2023 Scheme.

Subsidiary share incentive scheme ("Subsidiary Scheme")

AAC Optics, a subsidiary of the Company, entered into a capital increase agreement with three limited partnerships ("Platforms"), with the purpose to create share incentive platforms. The Subsidiary Scheme entitles selected employees of AAC Optics ("Eligible Scheme Participants") to subscribe the shares of AAC Optics, accounted for approximately 2.0% of the enlarged share capital or 135,377,918 shares of AAC Optics, corresponding to a consideration of RMB135,377,918 or at the subscription price of RMB1 per share of AAC Optics at the time of grant, which is payable at the same time. Under the Subsidiary Scheme, the Eligible Scheme Participants would settle the subscription price of shares by cash or by combination of cash and related approved loans from the Group or Platforms at market interest rate. During the six months ended 30 June 2026, no cash payment to the Eligible Scheme Participants under the Subsidiary Scheme (six months ended 30 June 2025: RMB729,000).

Except for 11,163,857 shares which were granted and vested immediately in 2021, the remaining shares would be vested over a requisite service period of up to three-and-a-half years subject to the relevant key performance targets of AAC Optics during the vesting period ("Restricted Shares"). Upon the issue of new shares that are vested under the Subsidiary Scheme, the Group's interest in AAC Optics has been changed. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity (retained profits) and attributed to owners of the Company.

During the six months ended 30 June 2025, the Group repurchased 62,500 Restricted Shares at the subscription price of RMB1 per share of AAC Optics from the Eligible Scheme Participants and no shares were granted during the six months ended 30 June 2025 (during the six months ended 30 June 2026: nil).

As at 30 June 2026, the consideration of repurchased share amounting to RMB58,087,000 (31 December 2025: RMB57,829,000) has not yet been repaid and is recorded as other payables.

17. SHARE AWARD SCHEME (continued)

Subsidiary share incentive scheme ("Subsidiary Scheme") (continued)

A summary of activities of the restricted shares with vesting condition of the Subsidiary Scheme is presented as follows:

	Number of restricted shares Six months ended 30 June	
	2026	2025
Unvested as at the beginning of period	–	23,920,595
Repurchased during the period	–	(62,500)
Unvested as at the end of period	–	23,858,095
Repurchased and available to be granted as at end of period	**126,080,691**	102,222,596

During the six months ended 30 June 2025, the subsidiary recognised share-based payment expense of RMB1,386,000 (six months ended 30 June 2026: nil) in relation to the shares granted by the subsidiary under Subsidiary Scheme and the amount is credited to the non-controlling interests in the Group.

At the end of each reporting period, the Group revises its estimates of the Restricted Shares that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share-based payments reserve including in the non-controlling interests.

18. CAPITAL COMMITMENTS

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of subsidiaries (note 19)	–	543,543
– acquisition of property, plant and equipment	**557,250**	637,132
– capital contribution to a financial asset at FVTPL	**122,690**	116,500
	679,940	1,297,175

19. ACQUISITION OF SUBSIDIARIES

Acquisitions of Subsidiaries in 2026

Acquisition of Dispelix

On 3 September 2025, the Group entered into a sale and purchase agreement pursuant to which the Group would acquire the issued shares in Dispelix from its existing equity holders (the "Sellers"), taking into account the shares subject to the put and call option arrangement entered into with the founders. Dispelix is a private entity engaged in augmented reality displays manufacturing business, as the leading waveguide designer, which expected to bring commercial synergies from combining operations of Dispelix, resulting in goodwill arising from this acquisition. In the previous years, the Group made certain investments in the convertible bond issued by Dispelix as the strategic investment which was effectively derecognised upon the acquisition of Dispelix. Pursuant to the sale and purchase agreement, the acquisition was structured in two tranches, with the first tranche and second tranche transactions comprising approximately 85% (the "First Tranche Transaction") and approximately 15% (the "Second Tranche Transaction") respectively, of the issued shares in the capital of Dispelix.

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiaries in 2026 (continued)

Acquisition of Dispelix (continued)

The purchase price of the First Tranche Transaction (the "First Tranche Consideration") shall be payable to the Sellers in two installments as follows:

(i) 50% of the equity value (the "Preliminary Purchase Price"), together with interest thereon from 10 March 2026 to the date of first installment completion less the notified leakage, unconditional closing bonus for existing employees, settlement of pre-acquisition external debt (collectively referred to as the "First Installment"); and

(ii) remaining 50% of equity value (the "Deferred Purchase Price") together with interest thereon from 1 January 2026 to the date of second installment completion on 15 July 2026 less any reminding notified leakage (collectively referred to as the "Second Installment" and recognised as "Deferred Consideration" included in "trade and other payables").

The purchase price of the Second Tranche Transaction (the "Second Tranche Consideration") represents the remaining 15% of issued shares of Dispelix held by the founders which are subject to reciprocal put and call option arrangements, with the consideration determined by reference to the achievement of specified key performance indicators ("KPIs").

The First Tranche Transaction was completed on 30 April 2026. After considering the terms of the sale and purchase agreement, the Directors of the Company concluded that the Group had obtained, in substance, present ownership of the remaining 15% equity interest and therefore consolidated a 100% interest in Dispelix upon the completion of the First Tranche Transaction. The Second Tranche Consideration is accounted for as contingent consideration. The consideration transferred and Dispelix's financial information represented below are as at acquisition date of 30 April 2026.

Acquisition Consideration as at 30 April 2026

	RMB'000
First Tranche Transaction	
– Cash consideration at completion (note a)	308,242
– Deferred Purchase Price (note b)	267,717
First Tranche Consideration	575,959
Second Tranche Transaction – Contingent consideration payable (note c)	45,345
Total consideration	621,304

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiaries in 2026 (continued)

Acquisition of Dispelix (continued)

Acquisition Consideration as at 30 April 2026 (continued)

Notes:

(a) The first installment of First Tranche Transaction purchase price paid comprise of (i) Preliminary Purchase Price of Euro33,000,000 (equivalent to approximately RMB264,188,000) plus the interest thereon from 10 March 2026 to 15 April 2026, calculated on a daily basis at the rate of 2.5% per annum; (ii) unconditional closing bonus for existing employees and (iii) the settlement of pre-acquisition external debt.

(b) The amount represents the second installment of the First Tranche Transaction of Euro33,000,000 (equivalent to approximately RMB264,188,000) in the second payment date, plus the interest thereon from 1 January 2026 to 15 July 2026 calculated on a daily basis at the rate of 2.5% per annum which was subsequently settled in July 2026.

(c) The Second Tranche Consideration ranges from Euro5,040,000 to Euro11,200,000, payable in three installments on 15 April 2027, 2028 and 2029, which is determined by reference to the achievement of KPIs of Dispelix. Pursuant to the sale and purchase agreement, KPIs consist of technology development milestones and commercial milestones. Based on management's best estimate of the expected KPIs achievement as at the completion date, the Directors of the Company estimated the fair value of the contingent consideration at Euro5,664,000 (equivalent to approximately RMB45,345,000) at 30 April 2026. As at 30 June 2026, the fair value of the contingent consideration payable remained the same as that at the completion date and was equivalent to approximately RMB43,994,000.

The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised within the "administrative expenses" line item in the condensed consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	5,255
Right-of-use assets	10,073
Intangible assets (note a)	470,735
Deferred tax assets	2,016
Cash and cash equivalents	50,181
Trade and other receivables	4,463
Trade and other payables (note b)	(216,022)
Lease liabilities	(10,082)
Deferred tax liabilities (note c)	(86,867)
Net assets	229,752

Notes:

(a) The amounts mainly represent the fair value of customer relationship of RMB216,154,000 and technology of RMB254,581,000 acquired in the acquisition of Dispelix. The useful life of the intangible assets is determined by reference to the comparable market information.

(b) Trade and other payables include the amount due to the Group of approximately RMB154,910,000.

(c) The deferred tax liabilities mainly relate to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB84,852,000, which is calculated at the Finland corporate income tax rate of 18%.

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiaries in 2026 (continued)

Acquisition of Dispelix (continued)

Goodwill arising on acquisition

	RMB'000
Total consideration	621,304
Less: recognised amounts of net assets acquired	(229,752)
Goodwill arising on acquisition	391,552

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

Net cash outflows arising on acquisition of Dispelix

	RMB'000
Total consideration	621,304
Less: Cash and cash equivalents acquired	(50,181)
Consideration payable for acquisitions of subsidiaries included in trade and other payables	(267,717)
Contingent consideration payables	(45,345)
	258,061

Impact of acquisition on the results of the Group

Included in the profit for the period ended 30 June 2026 is loss of RMB10,232,000 attributable to the additional business generated by Dispelix. Revenue for the period ended 30 June 2026 includes nil generated from Dispelix.

Had the acquisition of Dispelix been completed on 1 January 2026, revenue for the period ended 30 June 2026 of the Group would have been RMB14,506,449,000, and the profit for the period ended 30 June 2026 of the Group would have been RMB822,806,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2026, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Dispelix been acquired at the beginning of the period ended 30 June 2026, the Directors of the Company calculated amortisation of intangible assets based on their recognised amounts at the date of the acquisition.

Acquisition of Yuandi

On 18 March 2026, the Group entered into a sale and purchase agreement at a cash consideration of RMB174,061,000 to acquire 51% interest in Yuandi, which principally engaged in and primarily focusing on liquid cooling product manufacturer, which expected to bring commercial synergies from combining operations of Yuandi, resulting in goodwill arising from this acquisition. The acquisition was completed and acquisition has been accounted for as acquisition of business using the acquisition method.

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiaries in 2026 (continued)

Acquisition of Yuandi (continued)

Consideration transferred of the acquisition date

	RMB'000
Cash transferred	30,000
Consideration payables for acquisition of subsidiary	144,061
Total consideration	174,061

The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised within the "administrative expenses" line item in the condensed consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	5,684
Right-of-use assets	6,147
Intangible assets (note a)	175,900
Pledged bank deposits	1,249
Cash and cash equivalents	28,962
Trade and other receivables	78,197
Inventories	26,567
Trade and other payables	(14,120)
Lease liabilities	(6,238)
Contract liabilities	(1,784)
Deferred tax liabilities (note b)	(26,385)
Bank loans	(17,669)
Net assets	256,510

Notes:

(a) The amounts mainly represent the fair value of customer relationship of RMB125,500,000 and technology of RMB50,400,000 acquired in the acquisition of the Yuandi. The useful life of the intangible assets is determined by reference to the comparable market information.

(b) The deferred tax liabilities mainly relate to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB26,385,000, which is calculated at the income tax rate of 15% since Yuandi was officially endorsed as HNTE.

Non-controlling interests

The non-controlling interests in Yuandi recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net identifiable assets of Yuandi, amounted to RMB125,690,000.

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiaries in 2026 (continued)

Acquisition of Yuandi (continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	174,061
Plus: non-controlling interests	125,690
Less: recognised amounts of net assets acquired	(256,510)
Goodwill arising on acquisition	43,241

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

Net cash outflows arising on acquisition of Yuandi

	RMB'000
Total consideration	174,061
Less: Cash and cash equivalents acquired	(28,962)
Consideration payable for acquisitions of subsidiaries included in trade and other payables	(144,061)
	1,038

Impact of acquisition on the results of the Group

Included in the profit for the period ended 30 June 2026 is RMB3,103,000 attributable to the additional business generated by Yuandi. Revenue for the period ended 30 June 2026 includes RMB37,239,000 generated from Yuandi.

Had the acquisition of Yuandi been completed on 1 January 2026, revenue for the period ended 30 June 2026 of the Group would have been RMB14,526,194,000, and the profit for the period ended 30 June 2026 of the Group would have been RMB896,450,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2026, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Yuandi been acquired at the beginning of the period ended 30 June 2026, the Directors of the Company calculated amortisation of intangible assets based on their recognised amounts at the date of the acquisition.

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiary in 2025

Acquisition of Hebei First Light

In 2025, the Group acquired 53.74% interest in Hebei First Light, which principally engaged in and primarily focusing on developing automotive factory-installed electronic products, at a cash consideration of RMB288,371,000. The acquisition was completed and acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred of the acquisition date

	RMB'000
Cash transferred	285,787
Other payables (note)	2,584
Total consideration	288,371

Note:

The amount was paid during the period ended 30 June 2026 which was included in the net cash outflow on acquisition of subsidiaries.

The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised in profit or loss.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	29,918
Right-of-use assets	18,685
Intangible assets (note a)	140,445
Deferred tax assets	2,899
Pledged bank deposits	4,000
Cash and cash equivalents	44,844
Trade and other receivables	91,380
Inventories	86,923
Trade and other payables	(76,980)
Lease liabilities	(19,326)
Taxation payable	(1,404)
Deferred tax liabilities (note b)	(23,152)
Bank loans	(42,680)
Net assets	255,552

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiary in 2025 (continued)

Acquisition of Hebei First Light (continued)

Assets acquired and liabilities recognised at the date of acquisition (continued)

Notes:

(a) The amounts mainly represent the fair value of customer relationship of RMB135,663,000 acquired in the acquisition of the Hebei First Light. The useful life of the intangible assets was determined by reference to the comparable market information.

(b) The deferred tax liabilities mainly relating to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB20,349,000, which was calculated at the income tax rate of 15% since Hebei First Light was officially endorsed as HNTE.

Non-controlling interests

The non-controlling interests 46.26% in Hebei First Light recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net identifiable assets of Hebei First Light and amounted to RMB118,220,000.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	288,371
Plus: non-controlling interests (46.26% in Hebei First Light)	118,220
Less: recognised amounts of net assets acquired	(255,552)
Goodwill arising on acquisition	151,039

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

Net cash outflows arising on acquisition of Hebei First Light

	RMB'000
Total consideration	288,371
Less: Cash and cash equivalents acquired	(44,844)
Other payables	(2,584)
	240,943

19. ACQUISITION OF SUBSIDIARIES (continued)

Acquisitions of Subsidiary in 2025 (continued)

Acquisition of Hebei First Light (continued)

Impact of acquisition on the results of the Group

Included in the profit for the period ended 30 June 2025 was RMB2,232,000 attributable to the additional business generated by Hebei First Light. Revenue for the period ended 30 June 2025 included RMB20,592,000 generated from Hebei First Light.

Had the acquisition of Hebei First Light been completed on 1 January 2025, revenue for the period ended 30 June 2025 of the Group would have been RMB13,415,723,000, and the profit for the period ended 30 June 2025 of the Group would have been RMB882,132,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Hebei First Light been acquired at the beginning of the period ended 30 June 2025, the Directors of the Company calculated amortisation of intangible assets based on their recognised amounts at the date of the acquisition.

20. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group had the following significant transactions with related parties, all of which are transacted with entities controlled by close family members of substantial shareholders of the Company. The substantial shareholders are also certain Directors of the Company.

Nature of balances/transactions	**1.1.2026 to 30.6.2026 RMB'000 (Unaudited)**	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)
Purchase of raw materials	**67,819**	63,196
Payment for leases liabilities	**5,807**	8,153
Interest on lease liabilities	**462**	220
Lease liabilities	**30,833**	7,578

During the period, the emoluments paid to the key management personnel of the Company, who represent the Directors of the Company, were RMB4,328,000 (six months ended 30 June 2025: RMB3,646,000).

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The managements have set up an investment team, which is headed up by the Executive Vice President of the Company.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The investment team and finance team work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)				
Equity instruments at FVTOCI – Listed shares	**56,609**	30,802	Level 1	Quoted bid prices in an active market.	N/A	N/A
Equity instruments at FVTOCI – Unlisted equity investments	**125,320**	86,608	Level 3	Income approach. The discounted cash flow method was used to capture future economic benefits to be derived from the ownership of these investments.	Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model.	The higher the discount rate, the lower the fair value, and vice versa.
					Forecasted future cash flows.	The higher the forecast future cash flow, the higher the fair value, and vice versa.
Equity instruments at FVTOCI – Unlisted equity investments	**530,497**	490,226	Level 3	Market approach. The market approach was used to determine the valuation using trailing-twelve-month ("TTM") Price-to-Sales ("P/S") multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount.	The higher the lack of marketability discount, the lower the fair value.
					TTM P/S multiples of selected comparable companies.	The higher the TTM P/S multiples, the higher the fair value.
Equity instruments at FVTOCI – Unlisted equity investments	**–**	37,951	Level 3	Recent transaction prices of underlying investments.	N/A	N/A
Total equity instruments for FVTOCI	**712,426**	645,587				

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets/ liabilities	Fair value as at 30.6.2026 RMB'000 (Unaudited)	Fair value as at 31.12.2025 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
Financial assets at FVTPL	–	125,038	Level 3	Binomial Option Pricing Model	Volatility	The higher the volatility, the higher the fair value, and vice versa.
Financial assets at FVTPL	473,293	502,863	Level 3	Market approach. The market approach was used to determine the valuation based on the recent transaction prices of underlying investments or using TTM P/S multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability Discount. TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the TTM P/S multiples, the higher the fair value.
Financial assets at FVTPL	58,173	22,426	Level 3	Recent transaction prices of underlying investments.	N/A	N/A
Total financial assets at FVTPL	531,466	650,327				
Foreign currency forward contracts	Assets – 5,708 (not under hedge accounting) Liabilities – 695 (not under hedge accounting)	Assets – 6,324 (not under hedge accounting) Liabilities – 3,503 (not under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and contracted exchange rates, discounted at a rate that reflects the credit risks of various counterparties.	N/A	N/A
Contingent consideration payables	43,994	–	Level 3	The discounted cash flow method with probability-weighted scenario in achieving the KPIs was used.	Discount rate, taking into account incremental borrowing rate. Forecasted future cash flows.	The higher the discount rate, the lower the fair value, and vice versa. The higher the forecast future cash flow, the higher the fair value, and vice versa.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(ii) Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Contingent consideration payables RMB'000
At 1 January 2025 (audited)	566,990	449,662	(1,260,837)
Purchase made	11,726	169,316	–
Fair value gain (loss):			
– in profit or loss	–	3,908	319,517
– in other comprehensive income	(22,680)	–	–
Currency realignment	(484)	(2,384)	–
At 30 June 2025 (unaudited)	555,552	620,502	(941,320)
At 1 January 2026 (audited)	**614,785**	**650,327**	**–**
Purchase made	**1,125**	**52,441**	**–**
Acquisition of Dispelix	**–**	**(151,135)**	**(45,345)**
Fair value (loss) gain:			
– in profit or loss	**–**	**(1,121)**	**–**
– in other comprehensive income	**45,154**	**–**	**–**
Currency realignment	**(5,247)**	**(19,046)**	**1,351**
At 30 June 2026 (unaudited)	**655,817**	**531,466**	**(43,994)**

Fair value changes for the period included in "other gains and losses" in the consolidated statement of profit or loss, of which RMB1,121,000 fair value loss (six months ended 30 June 2025: RMB3,908,000 fair value gain) relates to financial assets at FVTPL and no fair value gain (six months ended 30 June 2025: RMB319,517,000 fair value gain) relates to contingent consideration payables at the end of the current reporting period.

Included in other comprehensive income is an amount of RMB45,154,000 fair value gain (six months ended 30 June 2025: RMB22,680,000 fair value loss) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of FVTOCI.

(iii) Fair value of the Group's financial instruments that are not measured at fair value on a recurring basis

Except for those listed unsecured notes in which there is fair value based on the quoted bid price in an active market, amounting to RMB1,852,262,000 (31 December 2025: RMB3,540,196,000), the management considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Past 5 First-half Financial Summary

	Six months ended 30 June				
RESULTS	2022	2023	2024	2025	**2026**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	9,411,777	9,218,944	11,246,971	13,318,486	**14,506,449**
Reported profit before taxation	424,517	174,832	627,926	1,034,839	**1,015,063**
Taxation	(142,468)	(127,354)	(111,826)	(161,623)	**(95,754)**
Reported profit	282,049	47,478	516,100	873,216	**919,309**
Attributable to:					
Owners of the Company-reported	350,090	150,304	537,028	875,672	**901,298**
Non-controlling interests	(68,041)	(102,826)	(20,928)	(2,456)	**18,011**
	282,049	47,478	516,100	873,216	**919,309**
Reported Basic EPS	RMB0.29	RMB0.13	RMB0.46	RMB0.76	**RMB0.79**
No. of shares (weighted average)	1,200,190,000	1,182,185,000	1,173,213,000	1,158,809,000	**1,141,149,000**

	As at 30 June				
ASSETS AND LIABILITIES	2022	2023	2024	2025	**2026**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	40,590,037	39,419,506	44,072,502	47,034,876	**47,389,753**
Total liabilities	(18,016,536)	(17,491,669)	(21,395,403)	(23,273,961)	**(22,670,488)**
Net assets	22,573,501	21,927,837	22,677,099	23,760,915	**24,719,265**
Attributable to owners of the Company	21,928,675	21,490,703	22,239,056	23,293,035	**24,096,881**
Non-controlling interests	644,826	437,134	438,043	467,880	**622,384**
	22,573,501	21,927,837	22,677,099	23,760,915	**24,719,265**

Investors Information

STOCK CODES

HKEX: 2018
Bloomberg: 2018:HK
Reuters: 2018.HK
ISIN: KYG2953R1149

2031 Notes: 40700

MAJOR MARKET INDEXES

I. Constituent stock of the Hang Seng's sub-indexes:
   - SCHK Electronics Theme Index
   - Semiconductors Industry Theme Index
   - Stock Connect China Dividend Yield Comprehensive Index
   - Stock Connect China Low Volatility Comprehensive Index
   - Stock Connect Greater Bay Area Innovation Top 50 Index
   - Stock Connect China Low Size Comprehensive Index
   - Stock Connect China Value Comprehensive Index
   - Stock Connect China Quality Comprehensive Index
   - Stock Connect China Momentum Comprehensive Index
   - Stock Connect China 500 Index
   - SCHK Free Cash Flow Index
   - CNI GBA Digital Economy Index
   - SCHK Technology Index
   - Shanghai-Shenzhen-Hong Kong Autonomous and Electric Vehicles Index

II. Constituent stock of the Hang Seng Corporate Sustainability Index and included in other sub-indexes:
   - Corporate Sustainability Index (Mainland and HK)
   - Hang Seng Climate Change 1.5°C Target Index
   - ESG 50 Index

III. Constituent stock of the FTSE4Good Index

IV. MSCI China Index
   - CHINA ESG BROAD CTB SELECT
   - MSCI China ESG Leaders Index

MARKET CAPITALIZATION AND SHARE PRICE PERFORMANCE

As at 30 June 2026, the market capitalization of listed shares of the Company was approximately HK$49.51 billion or US$6.31 billion based on the total number of 1,159,511,000 issued shares of the Company (excluding Treasury Shares) and the closing price of HK$42.70 per share.

The daily average number of traded shares was approximately 6.21 million shares over an approximate free float of 679.86 million shares in 1H 2026. The average closing price was HK$38.95 per share, a decrease of 6.12% when compared with the average of 1H 2025. The highest closing price was HK$48.88 per share on 17 June 2026 and the lowest was HK$32.00 per share on 23 March 2026.

Based on the publicly available information and as far as the Directors are aware, the Company has maintained a public float of more than 25% of the Company's issued shares throughout the financial period ended 30 June 2026 and has continued to maintain the public float as at the date of this interim report.

KEY DATES FOR SHAREHOLDERS

March 2027	2026 Final Results Announcement
April 2027	2026 Annual Report
May 2027	2027 AGM

Any changes to these dates will be published on the websites of the Hong Kong Stock Exchange and the Company.

Investors Information

FINANCIAL AND SUSTAINABILITY REPORTS

The Company's financial reports are published in both English and Chinese languages and are available on the Company's website at www.aactechnologies.com and on the designated website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk. If Shareholders have any difficulty in receiving or gaining access to the financial reports posted on the Company's website for any reason or wish to receive the financial reports in printed form, please write to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email to aac.ecom@computershare.com.hk. The Company will promptly upon request send the printed version of the financial reports free of charge.

The Company's sustainability reports are published online in English and Chinese language and are available on the websites of the Company and Hong Kong Exchange and Clearing Limited, as above.

CONTACT INVESTOR RELATIONS

Email : aac2018@aactechnologies.com
Tel : +852 3470 0060

Official IR WeChat Group:

Definition and Glossary

Abbreviations	Meanings
General	
1H	The first half of the year
2016 Scheme Trustee/2016 Trustee	Bank of Communications Trustee Limited, an independent trustee appointed by the Company for managing the 2016 Share Award Scheme
2016 Share Award Scheme/2016 Scheme	The Employee's Share Award Scheme adopted by the Board on 23 March 2016, amended with effect from 28 April 2025, and expired on 22 March 2026
2023 Scheme Trustee/2023 Trustee	BOCI Trustee (Hong Kong) Limited, an independent trustee appointed by the Company for managing the 2023 Share Award Scheme
2023 Share Award Scheme/2023 Scheme	The Employee's Share Award Scheme adopted by the Board on 17 April 2023, and amended with effect from 22 May 2025
2026 Notes	US$300,000,000 2.625 per cent. notes due 2026 (stock code: 40699) issued by the Company to professional investors in 2021
2031 Notes	US$350,000,000 3.750 per cent. notes due 2031 (stock code: 40700) issued by the Company to professional investors in 2021
AAC/AAC Technologies/the Company	AAC Technologies Holdings Inc.
AAC Investment	AAC (China) Investment Group Co., Ltd.
AAC Optics	AAC Optics (Changzhou) Co., Ltd.
AGM	Annual General Meeting of the Company
America/US	The United States of America
Articles	The articles of association of the Company
Board	The Board of directors of the Company
Board Committees	Committees of the Board
CAPEX	Capital expenditure
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Corporate Governance Code
China/PRC	The People's Republic of China
Code Provision(s)	Code Provisions of the CG Code
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
Deloitte	Messrs. Deloitte Touche Tohmatsu
Director(s)	The director(s) of the Company
Dispelix	Dispelix Oy
EBITDA	Profit (Earnings) before interest, tax, depreciation and amortization
ED(s)	Executive Director(s)
EIT Law	Law of the PRC on Enterprise Income Tax
EPS	Earnings per share
ERA	Enterprise Risk Assessment
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance

Definition and Glossary

Abbreviations	Meanings
EU	European Union
EVP	Executive Vice President
E-waste	Electrical and electronic waste
First Tranche Transaction	The first tranche of the Dispelix acquisition comprised approximately 85% of its issued share capital
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GBP	Great Britain pound, the lawful currency of Britain
GloBE	Global Anti-Base Erosion
Hebei First Light	Hebei First Light Auto Parts Co., Ltd.
HKD/HK$	Hong Kong dollars, the lawful currency of Hong Kong
HKEX/Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong	Hong Kong Special Administrative Region
Hong Kong Companies Ordinance	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Hong Kong Listing Rules/Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
HR	Human Resources
IAS	International Accounting Standards
IFRS(s)	International Financial Reporting Standards
INED(s)	Independent non-executive Director(s)
IR	Investor Relations
ISO	International Organization for Standardization
KPIs	key performance indicators
MD	Managing Director
Memorandum	Memorandum of Association of the Company
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Hong Kong Listing Rules
MSCI	Morgan Stanley Capital International
NED	Non-executive Director
Ordinary Shares	Ordinary shares in the capital of the Company
P/S	Price-to-Sales
ppts	Percentage points
PSS	Premium Sound Solutions
R&D	Research & Development
Regional Headquarter VP	Vice President of the Regional Headquarter
RMB	Renminbi, the lawful currency of PRC
ROA	Return on average total assets

Definition and Glossary

Abbreviations	Meanings
ROE	Return on average equity
SBTi	Science Based Targets initiative
SC	Sustainability Committee
SCHK	Hong Kong Stock Connect Scheme
Second Tranche Transaction	The second tranche of the Dispelix acquisition comprised approximately 15% of its issued share capital
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shareholders	The shareholders of the Company
Shares	the ordinary share(s) of US$0.01 each in the share capital of the Company
Subsidiary share incentive scheme/ Subsidiary Scheme	The subsidiary share incentive scheme operated by AAC Optics
SWG	Sustainability Working Group
The Group	AAC Technologies Holdings Inc. and its subsidiaries
TTM	Trailing-twelve-month
USD/US$	US Dollars, the lawful currency of United States
YoY	Year-on-year
Yuandi	Yuandi (Guangzhou) Digital Technology Co., Ltd.
Industry	
AI	Artificial Intelligence
AR	Augmented Reality
CDD	coil disc drive
CDUs	coolant distribution units
CPO	Co-Packaged Optics
FoV	field of view
HNTE	High-New Technology Enterprises
MEMS	Micro Electro-Mechanical Systems
MLA	micro-lens arrays
OIS	Optical Image Stabilization
RF	Radio Frequency
SNR	Signal-to-noise ratio
SRG	surface relief grating
VACCs	voice-pick accelerometers
VCs	Vapor chambers
VR	Virtual Reality
WLG	Wafer-level glass
XR	Extended Reality

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