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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. ("**AAC Technologies**" or the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2025 ("**1H 2025**") together with the comparative figures for the corresponding period in 2024 ("**1H 2024**").

These unaudited condensed consolidated financial statements have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and the Company's audit and risk committee and approved by the Board on 21 August 2025.

2025 INTERIM RESULTS HIGHLIGHTS (UNAUDITED):

<i>(RMB Million)</i>	1H 2025	1H 2024	<i>YoY%</i>
Revenue	13,318	11,247	+18.4%
Gross Profit	2,754	2,418	+13.9%
<i>Gross Profit Margin</i>	20.7%	21.5%	-0.8ppts
Net Profit*	876	537	+63.1%
<i>Net Profit Margin</i>	6.6%	4.8%	+1.8ppts
Basic EPS (RMB)	0.76	0.46	+65.2%
Share Numbers (Weighted average, million)	1,159	1,173	

* Net profit represents profit attributable to owners of the Company.

BUSINESS AND MARKET REVIEW

During the first half of 2025, the global smartphone market exhibited steady growth, with leading smartphone Original Equipment Manufacturer ("OEM") brands driving continuous innovation. According to preliminary statistics from International Data Corporation ("IDC"), worldwide smartphone shipments increased by 1.5% and 1.0% year-on-year ("YoY") for the first quarter and second quarter of 2025, respectively. During the six months ended on 30 June 2025 ("1H 2025"), the Group recorded revenue of RMB13.32 billion, up 18.4% YoY. This was mainly driven by the Group's continued market share gains for its core products. The Group's gross profit margin stood at 20.7%, slightly lowered by 0.8 percentage points ("ppts") YoY. This was primarily due to changes in the product mix, with significant revenue growth observed in the precision mechanics business, the optics business, and the sensor and semiconductor business. Profit attributable to shareholders increased by 63.1% YoY to RMB876 million, which was mainly attributable to a substantial enhancement in the profitability of the optics business, besides growth in the precision mechanics business.

During the reporting period, the Group's operating cash inflow amounted to RMB2.89 billion, improving by 9.1% YoY, with capital expenditure ("CAPEX") totaling RMB1.44 billion. As at 30 June 2025, the Group's net gearing ratio stood at 4.7%, with cash on book (including short-term fixed deposits) of RMB7.75 billion. The Group will continue to enhance operational efficiency, implement a disciplined CAPEX policy, and utilize the strong operating cash inflow 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 will remain prudent in financial management, continue to strive for a strong cash position for future innovation, in order to create long-term value for Shareholders.

PERFORMANCE AND DEVELOPMENT OF BUSINESS SEGMENTS

Acoustics Business

In 1H 2025, the Group's acoustics business recorded steady growth, generating revenue of RMB3.52 billion, up 1.8% YoY. The gross profit margin was 27.2%, down 2.7 ppts YoY, mainly due to the changes in the product mix. With more mid-to high-end projects ramping up in the second half of the year, the gross margin is expected to see a steady improvement.

In 1H 2025, the Group further consolidated and increased its market share by leveraging its expertise in acoustic technology. With innovative material applications and structural designs, the Group continued to deliver acoustic products with superior sound quality and compact form factors for both smartphone and non-smartphone customers. The master-level super linear speakers ("SLS") and coaxial speakers maintained their leadership in the mid-to high-end market, with shipments exceeding 17 million units during 1H 2025, representing an increase approaching 40% YoY. Meanwhile, the Group introduced the industry's first master-level dual-coaxial symmetrical speakers, delivering enhanced bass extension and richer high-frequency detail to end consumers. The industry's thinnest speaker also made its debut, featuring a thickness of just 1.4mm per unit. Additionally, several artificial intelligence ("AI") glasses adopted the Group's ultra-thin speakers. The Group continues to drive innovation and enhancement in acoustic solutions, further integrating advanced hardware design, intelligent algorithms, and professional tuning services. This comprehensive approach addresses the increasingly complex demand for applications in multi-scenario, high-quality acoustic in smart devices.

Automotive Acoustics Business

In 1H 2025, the Group proactively captured the opportunity presented by acoustic system upgrades in smart cockpits. By continuously onboarding new customers and vehicle models, the automotive acoustics business generated revenue of RMB1.74 billion, up 14.2% YoY, which further leveraged the synergistic effects between the Group and Premium Sound Solutions ("PSS"). The gross profit margin was 23.9%, down 1.1 ppts YoY. During 1H 2025, the Group obtained a design-win of a flagship SUV of a domestic New Energy Vehicle ("NEV") brand, the system features 32 speakers, 40-channel amplifiers, algorithms, and tuning services to deliver an ultra-luxury automotive acoustics experience. The Group showcased its full-stack in-vehicle acoustic system at the Shanghai Auto Show, including high-performance speakers, self-developed amplifiers, and innovative algorithms, including AI music track separation, creating a comprehensive in-cabin acoustic experience. In 1H 2025, the Group announced the acquisition of Hebei First Light Auto Parts Co., Ltd., whose primary product portfolio encompasses smart microphones, E-call microphones, and road noise cancellation ("RNC") sensors, and its smart microphones have already achieved comprehensive coverage across major vehicle models. This acquisition significantly strengthens the Group's strategic positioning within automotive acoustic system solutions.

Optics Business

In 1H 2025, benefiting from structural opportunities arising from the continuous enhancement of optical specifications in the smartphone market, the optics business maintained its strong growth momentum. Revenue reached RMB2.65 billion, up 19.7% YoY. Shipment volumes for both plastic lenses and camera modules increased year-on-year, with average selling price ("ASP") continuing to improve. The gross profit margin stood at 10.2%, up 5.5 ppts YoY, of which the gross margin of plastic lenses improved by more than 10 ppts YoY. This margin expansion underscores the Group's premiumization strategy and significant effectiveness of the lean operations initiatives.

During 1H 2025, the Group closely followed customer innovation trends in mid-to high-end smartphone optics. Shipments of plastic lenses with specifications of 6P and above exceeded 18% of the total, while high-specification 7P projects achieved stable shipments. Furthermore, the Group secured more mid-to high-end plastic lenses orders. In camera modules, benefiting from the rapid shipment ramp of mid-to high specification products, ASP improved further, and the revenue increased by over 20% YoY. Modules with over 32 megapixels accounted for over 34% of the total shipment volume, up nearly 3 ppts YoY. Sales revenue from Optical Image Stabilization ("OIS") modules exceeded RMB800 million, up around 150% YoY.

During the reporting period, the Group made smooth progress in its high-end lens product-mix upgrade, achieving several significant breakthroughs. The Group's Wafer-Level Glass ("WLG") technology performed exceptionally well, receiving positive market feedback. In 1H 2025, the Group supported the 1G6P main camera upgrade for domestic clients' flagship model, marking a significant breakthrough for WLG in high-end optics. The Group also successfully commenced exclusive mass production and supply of its WLG-based ultra-light micro-prism solution for a customer's flagship smartphone model. This process achieves extremely high production efficiency alongside unprecedented dimensional precision and optical consistency. Looking ahead to the second half of 2025, there will be more flagship models incorporating the WLG-based hybrid lenses and micro-prism products. This marks a milestone for the WLG product line in terms of project implementation in 2025 and unlocks a new growth curve for the Group within the smartphone optics sector.

Electromagnetic Drives and Precision Mechanics, and Other Related Business

In 1H 2025, the revenue of this consolidated segment increased by 27.4% YoY to RMB4.63 billion, driven by the continued volume increase of products such as x-axis linear motors, innovative side buttons and metal casings in mid-to high-end models. The gross profit margin was 22.9%, remaining relatively stable YoY.

During the reporting period, the Group innovatively customized a breakthrough SuperSlim Engine, with a thickness of only 2.33mm and a weight of 2.25g, potentially becoming the thinnest x-axis motor in the smartphone industry. In emerging businesses, the Group leveraged expertise in electromagnetic technologies to develop vertically integrated capabilities for robotics customers, encompassing high-value components, system-level large modules, and software algorithms. The related motor products have secured orders from multiple key customers, recognized for their superior magnetic circuit design, torque advantages, and extended lifespan.

During the reporting period, the revenue of the precision mechanics business maintained a strong growth trend, and the gross profit margin rose steadily. The revenue from heat dissipation products reached RMB221 million, up over 45% YoY. The Group achieved a significant breakthrough in heat dissipation by debuting the industry's first large-sized aluminum alloy liquid-cooled vapor chamber ("VC"). Its exceptional ultra-thin design and groundbreaking cooling effectiveness have successfully addressed the increasingly severe thermal challenges in high-end devices, gaining significant market attention. Leveraging its superior heat dissipation technology, the Group has achieved the rapid deployment of its products in the flagship models of global top-tier customers. For smartphone casing business, the Group kept a high and stable market share within customers' mid-to high-end models and foldable phones. For laptop enclosure business, driven by the continuous ramp-up of high-value new projects and a steadily increasing market share, the revenue reached RMB713 million, up 18.4% YoY.

Sensor and Semiconductor Business

In 1H 2025, the sensor and semiconductor ("SSE") business revenue was RMB608 million, up 56.2% YoY, mainly driven by the large-scale shipment of the Group's high signal-to-noise ratio ("SNR") microphones to overseas customers. The gross profit margin was 12.1%, down by 4.3 ppts YoY, due to product mix. Currently, the deepening development and accelerated implementation of AI are driving the continuous expansion of voice interaction demand in smart devices. Within this trend, growing requirements for scenarios such as voice calls, video recording, and AI voice interaction are placing higher demands on devices' sound detail capture capability and rapid signal capacity. The upgrade trend in the performance of MEMS microphones, as a core sensing component, remains robust. As one of the industry's leading enterprises with the earliest strategic focus and the most extensive mass production experience in the high-SNR microphone segment, the Group is actively capitalizing on this wave of AI-driven, comprehensive smart interaction upgrades, leveraging the Group's proven excellent product performance and reliable delivery capabilities, which have been widely validated by the market.

STRATEGY DEVELOPMENT AND OUTLOOK

Looking ahead, the Group is committed to technological innovation as its mission, continuously exploring emerging fields such as automotive, robotics, and smart wearable devices with establishing technical barriers in micro-device technology. Through global footprint expansion and diversification of product and customer portfolio, the Group will consistently lead technological upgrades, build an internal closed-loop capability for business operations, reach new heights, deliver higher returns to shareholders and customers, and provide best-in-class experience for end-users through cutting-edge technical advancement.

FINANCIAL REVIEW

Revenue

1H 2025 Group revenue increased YoY by 18.4%, to RMB13.32 billion. Owing to factors discussed under "BUSINESS AND MARKET REVIEW" above, revenue from the electromagnetic drives and precision mechanics, optics, sensor and semiconductor and PSS - automotive & consumer acoustics products increased by RMB997 million, RMB435 million, RMB219 million and RMB216 million respectively.

Gross Profit and Gross Profit Margin

1H 2025 gross profit was RMB2.75 billion, representing an increase by 13.9% from the gross profit of RMB2.42 billion in 1H 2024. The rise in gross profit was mainly contributed by the improved gross profit of electromagnetic drives and precision mechanics and optics business.

Gross profit margin decreased to 20.7% in 1H 2025 as compare with 21.5% in 1H 2024. The decrease in gross profit margin was mainly contributed by change in product mix.

Other Income and Expenses, Gains and Losses

The net other income and expenses, gains and losses increased by RMB272 million. This was mainly contributed by change in fair value of contingent consideration payables relating to PSS (please refer to note 19 to the Condensed Consolidated Financial Statements).

Administrative Expenses

Administrative expenses in 1H 2025 were RMB637 million, 12.6% higher, compared with RMB566 million in 1H 2024. The increase was mainly contributed by acquisition of PSS in 2024 and addition investment in staff resources for new business development.

Distribution and Selling Expenses

Distribution and selling expenses of RMB343 million in 1H 2025, increased by 15.4%, compared with RMB297 million in 1H 2024. The distribution and selling expenses to turnover ratio remained stable at 2.6%.

Research and Development Expenses

R&D expenses in 1H 2025 were RMB998 million, 5.1% higher than RMB949 million in 1H 2024. The increase was primarily contributed by additional investment in new R&D projects for product upgrades and new products.

Finance Costs

Finance costs in 1H 2025 were RMB186 million, 9.8% lower than RMB207 million in 1H 2024. The decrease was mainly due to reduce in interests on unsecured notes.

Taxation

Taxation expenses of the Group were calculated based on the assessable profits of the subsidiaries at the rates prevailing in the relevant jurisdictions. Taxation expenses in 1H 2025 amounted to RMB162 million, representing an increase of 44.5% from RMB112 million in 1H 2024. The effective tax rate reduced from 17.8% to 15.6% in 1H 2025. This change was primarily due to the significant reduction in losses from the optics business while the effective tax rate for the non-optics business remained relatively stable.

Profit attributable to the Owners of the Company

Reported profit attributable to the owners of the Company for 1H 2025 was RMB876 million, increased of 63.1% from RMB537 million in 1H 2024. The increment was mainly due to the gross profit improvement and one-off fair value gain on contingent consideration payables relating to PSS, offset by addition expenses on new business.

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 2025 increased by 25.9% to RMB5,911 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	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Net cash from operating activities	2,892.5	2,651.3
Net cash used in investing activities	(1,983.5)	(2,444.0)
Net cash (used in) from financing activities	(830.1)	729.8

Operating Activities

Cash inflow from operating activities was mainly generated from cash receipts from the Group's sales. Cash outflows were related to raw materials purchases, payroll, distribution and selling expenses, expenses incurred in R&D, administrative items and taxation charges. Net cash generated from operating activities was RMB2,892.5 million for 1H 2025 (1H 2024: RMB2,651.3 million).

i. Trade Receivables and Payables

As at 30 June 2025, turnover days of trade receivables increased by 8 days to 95 days as compared to 31 December 2024. Trade receivables decreased by RMB1.43 billion to RMB6.30 billion. Aging of trade receivables (net of allowance for doubtful debts) based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB6,210.7 million (31 December 2024: RMB7,571.5 million), RMB83.6 million (31 December 2024: RMB152.8 million) and RMB9.7 million (31 December 2024: RMB14.5 million) respectively. The Company has received subsequent settlement totaling RMB1,679.8 million up to 31 July 2025, representing 26.6% 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 25 days to 120 days as compared to 31 December 2024. Trade payables increased by RMB0.14 billion to RMB7.10 billion. Aging of trade payables based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB5,833.1 million (31 December 2024: RMB5,831.3 million), RMB1,227.9 million (31 December 2024: RMB1,055.9 million) and RMB38.0 million (31 December 2024: RMB76.5 million) respectively.

ii. Inventory Turnover

As at 30 June 2025, the inventories have increased by RMB0.66 billion compared to 31 December 2024. The inventory turnover days increased to 73 days as at 30 June 2025 from approximately 60 days for 31 December 2024.

Investing Activities

Net cash used in investing activities in 1H 2025 amounted to RMB1,983.5 million (1H 2024: RMB2,444.0 million). It mainly represents the cash used in CAPEX of RMB1,456.8 million (1H 2024: RMB936.9 million), acquisition of a subsidiary of RMB240.9 million (1H 2024: RMB1,472.8 million), addition of intangible assets of RMB194.4 million (1H 2024: 119.4 million), and acquisition of financial assets at FVTPL of RMB169.3 million (1H 2024: RMB8.2 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 2025 and 1H 2024, total CAPEX incurred were RMB1,444.3 million and RMB916.8 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 are funded by internal resources and bank loans, and are subject to annual CAPEX budgeting and approval by the Board.

Financing Activities

The Group net cash outflow from financing activities of approximately RMB830.1 million for 1H 2025. Major outflows was due to repayment of bank loans of RMB1,205.7 million (1H 2024: RMB1,126.7 million), shares repurchased of RMB723.3 million (1H 2024: RMB59.7 million), dividends paid of RMB251.0 million (1H 2024: RMB103.6 million), and interests paid of RMB180.3 million (1H 2024: RMB179.8 million), and major inflows from bank loans raised of RMB1,760.0 million (1H 2024: RMB2,260.1 million).

Cash and Cash Equivalents and Short Term Fixed Deposits

As at 30 June 2025, the unencumbered cash and cash equivalents and short term fixed deposits of the Group amounted to RMB7,751.2 million (31 December 2024: RMB7,538.2 million), of which 66.5% (31 December 2024: 48.7%) was denominated in US dollar, 28.2% (31 December 2024: 44.6%) in RMB, 1.8% (31 December 2024: 2.6%) in Euros, 1.3% (31 December 2024: 1.1%) in Singapore dollar, 0.6% (31 December 2024: 0.5%) in Hong Kong dollar, 0.4% (31 December 2024: 1.6%) in Vietnamese Dong, 0.2% (31 December 2024: 0.1%) in Malaysian Ringgit, 0.2% (31 December 2024: 0.2%) in South Korean Won and 0.8% (31 December 2024: 0.6%) in other currencies.

Gearing Ratio and Indebtedness

As at 30 June 2025, the Group's gearing ratio, defined as total loans and unsecured notes divided by total assets, was 21.2% (31 December 2024: 20.0%). Netting off cash and cash equivalents and short term fixed deposits, net gearing ratio was 4.7% (31 December 2024: 3.8%).

As at 30 June 2025, the unsecured notes of the Group were RMB3,707.0 million (31 December 2024: RMB3,720.5 million), the short-term bank loans and long-term bank loans of the Group amounted to RMB774.1 million (31 December 2024: RMB1,728.0 million) and RMB5,480.6 million (31 December 2024: RMB3,883.1 million) respectively.

Charges on Group Assets

Apart from pledged bank deposits amounting to RMB0.2 million as at 30 June 2025 (31 December 2024: RMB0.5 million) and restricted bank deposits of nil as at 30 June 2025 (31 December 2024: RMB5 million), no other group assets were charged to any financial institutions.

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

EVENTS AFTER THE REPORTING PERIOD

For details of the events after the reporting period, please refer to Note 21 to the Condensed Consolidated Financial Statements.

KEY RISK FACTORS

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

Our Risk Governance Structure

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

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

Risks Pertaining to the Smartphones Market

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

Reliance on a Number of Key Customers

The Group's five largest customers, which accounted for 68.8% of the Group's total revenue for 1H 2025, are all related to the consumer smart devices industry, characterized by innovation-driven and user experience-oriented business growth. Loss of or changes in market position of any of these customers may materially and adversely affect the Group's business, financial condition and results of operations. Nevertheless, the Group has focused on technology innovation to continuously enhance user experience meeting customers' specification upgrade needs. We have also implemented standardized procedures for handling all forms of customer information to ensure it is not improperly or inadvertently disclosed to third parties. The Group has established strong relationships with these major customers; all of them have been our long-standing customers with good credit records.

Production Disruption due to Unforeseeable Events and Supply Chain Adversities

Geopolitical events among different nations may impose unpredictable impacts to the global markets and the Company, such as disruption to the global supply of commodities including base metals and driving up the commodities' 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 to meet environmental, health and safety standards, may also adversely affect production schedule which may potentially result in customer dissatisfaction, reputational damage and financial losses. These are the transition risks in relation to policy and legal risk and market risk.

To address these risks, the Group established the Quality and Operations Committee. The committee actively monitors the regulatory environment and allocates resources to plan and comply with regulatory requirements and customer demands. A robust quality management system has been implemented to ensure that all production facilities are certified under the International Organization for Standardization (ISO) standards for quality management and the International Electrotechnical Commission Quality Assessment System for Electronic Components (IECQ) standards for electronic component quality. The Company conducts internal and external audits every year to ensure the efficacy of its product quality and procurement channels. Additionally, the Group has established a robust supplier management process and adopted 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 comprised design and delivery of innovative technology solutions. Our business remains dedicated to advancing miniature components while developing cutting-edge products and technologies platforms. However, changes in technological design and performance specifications or related external factors linked with environmental, social, and governance (ESG) considerations may have various levels of negative impact on our operational outcome. In meeting future design specifications and production quality requirements, the Group has implemented robust processes to ensure standards are met.

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

Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on ESG considerations relating to businesses, such as climate change, suppliers' complying 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 implementation of these initiatives involves risks and opportunities.

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

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

Liquidity and Interest Rate Risk

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

The Group is exposed to interest rate risks on its bank loans for working capital and CAPEX that are associated with the expansion of the Group. The Group focuses on mitigating the liquidity and interest rate risks, with an appropriate mix of RMB/USD borrowings that are constantly reviewed and adjusted. The Group's USD deposits served as a natural hedge to the risk of interest rate volatilities to some extent. The Group also maintains an appropriate mix of fixed/floating rate debts, an even debt repayment profile and a diversified source of funding, including the issuance of long term five-year and ten-year unsecured notes. As at 30 June 2025, over 73.8% of debts were fixed rate debts.

The Group's financial assets include cash and cash equivalents, short term fixed deposit, 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, and is exposed to exchange rate risks that could impact financial reporting results. The Group's current reporting currency is RMB and our sales outside China are predominantly denominated in USD.

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

On-going Global Trade Frictions

Prolonged trade frictions might lead to a slowdown of the global consumer electronic and automotive markets and a decline in the 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 announcement, the Group's results of operations have not been materially affected by the expansion of relevant laws and regulations such as export control 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 activities initiatives. The Trade Compliance Department is to coordinate with and support other departments on trade compliance matters. The Group's dedication to R&D to develop proprietary innovative technologies, and the Group's strategy in integrating R&D all over the world with our diversified manufacturing bases should help to continue to provide the best solutions to customers and mitigate some of the adverse business impact of the trade frictions.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operation of the Group as set out in this announcement are historical in nature and past performance is not a guarantee of future performance. This announcement 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 announcement; 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 announcement does not constitute a recommendation or an 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		1.1.2025 to 30.6.2025 RMB'000 (Unaudited)	1.1.2024 to 30.6.2024 RMB'000 (Unaudited)
	<i>NOTES</i>		
Revenue	3	13,318,486	11,246,971
Cost of goods sold		<u>(10,564,816)</u>	<u>(8,829,220)</u>
Gross profit		2,753,670	2,417,751
Other income		227,199	251,841
Other expenses		(5,921)	(13,098)
Other gains and losses		256,685	(32,981)
Share of result of an associate		294	236
Distribution and selling expenses		(342,628)	(297,022)
Administrative expenses		(637,186)	(565,952)
Research and development costs		(997,966)	(949,398)
Exchange (loss) gain		(32,901)	23,170
Finance costs		<u>(186,407)</u>	<u>(206,621)</u>
Profit before taxation	4	1,034,839	627,926
Taxation	5	<u>(161,623)</u>	<u>(111,826)</u>
Profit for the period		<u>873,216</u>	<u>516,100</u>
Loss for the period attributed to non-controlling interests		<u>(2,456)</u>	<u>(20,928)</u>
Profit for the period attributed to owners of the Company		<u>875,672</u>	<u>537,028</u>
Earnings per share			
- Basic	7	<u>RMB0.76</u>	<u>RMB0.46</u>
- Diluted	7	<u>RMB0.76</u>	<u>RMB0.46</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)	1.1.2024 to 30.6.2024 RMB'000 (Unaudited)
Profit for the period	873,216	516,100
Other comprehensive (expense) income:		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")	(26,835)	(22,179)
Remeasurement to defined benefit obligations	(108)	(2,110)
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation of foreign operations	67,443	(17,637)
Fair value changes on derivative financial instruments	430	18,897
Loss (gain) reclassified to profit or loss on hedged items	71,379	(2,211)
Total comprehensive income for the period	<u>985,525</u>	<u>490,860</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	982,280	513,552
Non-controlling interests	3,245	(22,692)
	<u>985,525</u>	<u>490,860</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

	<i>NOTES</i>	30.6.2025 <i>RMB'000</i> (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment	8	17,998,257	17,884,356
Right-of-use assets	8	2,079,974	2,044,533
Goodwill		2,244,428	2,093,389
Intangible assets		1,856,499	1,705,925
Deposits made for acquisition of property, plant and equipment		390,024	267,592
Investment properties	8	267,118	267,474
Interest in an associate		3,266	2,973
Equity instruments at FVTOCI	9	584,707	598,414
Financial assets at fair value through profit or loss ("FVTPL")	10	620,502	449,662
Derivative financial instruments		1,630	1,494
Contract costs		72,767	68,343
Deferred tax assets		405,054	414,107
		<u>26,524,226</u>	<u>25,798,262</u>
Current assets			
Inventories		4,593,560	3,937,805
Trade and other receivables	11	8,097,691	9,370,703
Amounts due from related companies		2,763	2,725
Taxation recoverable		54,693	44,046
Derivative financial instruments		10,537	2,661
Pledged bank deposits		200	524
Restricted bank deposits		-	5,000
Short term fixed deposits		71,586	-
Cash and cash equivalents		7,679,620	7,538,204
		<u>20,510,650</u>	<u>20,901,668</u>
Current liabilities			
Trade and other payables	12	9,741,534	9,557,816
Contract liabilities		81,375	62,674
Amounts due to related companies		51,153	52,746
Taxation payable		130,832	251,640
Bank loans	13	774,144	1,727,966
Unsecured notes	14	1,646,193	-
Government grants		66,353	71,527
Lease liabilities		494,905	488,572
Derivative financial instruments		6,704	95,015
Gross obligation liabilities	16	-	574,920
Contingent consideration payables		941,320	1,260,837
Contingent settlement provision	15	263,810	259,370
		<u>14,198,323</u>	<u>14,403,083</u>
Net current assets		<u>6,312,327</u>	<u>6,498,585</u>
Total assets less current liabilities		<u>32,836,553</u>	<u>32,296,847</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

	<i>NOTES</i>	30.6.2025 <i>RMB'000</i> (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Non-current liabilities			
Bank loans	<i>13</i>	5,480,569	3,883,107
Unsecured notes	<i>14</i>	2,060,848	3,720,540
Government grants		457,601	480,590
Lease liabilities		664,803	634,446
Deferred tax liabilities		366,426	370,383
Defined benefit obligations		11,431	10,183
Derivative financial instruments		7,818	28,070
Other payables	<i>12</i>	26,142	52,649
		9,075,638	9,179,968
Net assets		23,760,915	23,116,879
Capital and reserves			
Share capital	<i>16</i>	97,321	97,321
Reserves		23,195,714	22,657,151
Equity attributable to owners of the Company		23,293,035	22,754,472
Non-controlling interests		467,880	362,407
Total equity		23,760,915	23,116,879

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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.

2. 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 2025 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 2024.

Certain amounts of prior period are re-presented to align with the current period presentation.

Application of amendments to IFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standard 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 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The Directors of the Company consider that the application of the amendments to IFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions 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.

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

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

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

Information regarding these segments is presented below.

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

	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)	1.1.2024 to 30.6.2024 RMB'000 (Unaudited)
<u>Operating and reportable segments</u>		
Segment revenue - recognised at a point in time		
Acoustics products	3,523,443	3,460,259
Electromagnetic drives and precision mechanics*	4,633,691	3,636,318
Optics products	2,647,507	2,212,523
PSS - automotive & consumer acoustics products	1,738,261	1,522,050
Sensor and semiconductor products	608,229	389,284
Other products*	167,355	26,537
Total revenue	<u>13,318,486</u>	<u>11,246,971</u>

3. SEGMENT INFORMATION - continued

	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)	1.1.2024 to 30.6.2024 RMB'000 (Unaudited)
Segment results		
Acoustics products	959,298	1,034,328
Electromagnetic drives and precision mechanics*	1,059,419	835,749
Optics products	270,218	103,029
PSS - automotive & consumer acoustics products	415,423	381,153
Sensor and semiconductor products	73,527	63,986
Other products*	(24,215)	(494)
Segment profit	2,753,670	2,417,751
Unallocated amounts:		
Other income	227,199	251,841
Other expenses	(5,921)	(13,098)
Other gains and losses	256,685	(32,981)
Share of results of an associate	294	236
Distribution and selling expenses	(342,628)	(297,022)
Administrative expenses	(637,186)	(565,952)
Research and development costs	(997,966)	(949,398)
Exchange (loss) gain	(32,901)	23,170
Finance costs	(186,407)	(206,621)
Profit before taxation	1,034,839	627,926

* The amounts included revenue and result of the Group's electromagnetic drives and precision mechanic products business commenced in prior periods 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 earned by each segment without allocation of other income, other expenses, other gains and losses, share of results of an associate, distribution and selling expenses, administrative expenses, research and development costs, exchange (loss) gain 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 segments. 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:

	1.1.2025 to 30.6.2025 RMB'000 (Unaudited)	1.1.2024 to 30.6.2024 RMB'000 (Unaudited)
Greater China* (country of domicile)	7,362,962	6,133,618
Other foreign countries:		
America**	4,505,823	3,786,478
Other Asian countries	852,072	729,847
Europe	589,837	572,152
Others	7,792	24,876
	<u>13,318,486</u>	<u>11,246,971</u>

* 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, without direct export to the United States.

The geographical information of the Group's revenue from external end customer is disclosed at the continents level (e.g., America, Europe, other Asian, etc.) rather than by individual countries. 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, 3 customers contributed revenue amounted to RMB7,299,325,000 (six months ended 30 June 2024: 2 customers contributed revenue amounted to RMB4,677,007,000).

4. PROFIT BEFORE TAXATION

	1.1.2025 to 30.6.2025 <i>RMB'000</i> (Unaudited)	1.1.2024 to 30.6.2024 <i>RMB'000</i> (Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,233,295	1,308,047
Depreciation of investment properties	9,839	3,466
Depreciation of right-of-use assets	<u>97,735</u>	<u>123,798</u>
Total depreciation (note a)	1,340,869	1,435,311
Less: Depreciation of right-of-use assets capitalised in qualifying assets	<u>(12,564)</u>	<u>(12,564)</u>
	<u>1,328,305</u>	<u>1,422,747</u>
Amortisation of intangible assets	179,983	115,098
Allowance for inventories, net, included in cost of goods sold	1,286	-
Cost of raw materials included in research and development costs	94,322	67,280
Government grants included in "other income" (note b)	116,787	123,853
Interest income included in "other income"	90,082	104,623
Other gains and losses (note c)	<u>256,685</u>	<u>(32,981)</u>

Notes:

- a. Depreciation of RMB153,226,000 (six months ended 30 June 2024: RMB168,233,000) had been included in research and development costs.
- b. Included in the amount is RMB65,952,000 (six months ended 30 June 2024: RMB83,825,000) 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, employment of expatriates 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 represent gain on fair value change of contingent consideration payables (refer to notes 19 and 20), offset by loss on disposal/write-off of property, plant and equipment of RMB42,196,000 (six months ended 30 June 2024: RMB11,380,000), loss on fair value changes of derivative financial instruments of RMB9,640,000 (six months ended 30 June 2024: RMB25,676,000).

5. TAXATION

	1.1.2025 to 30.6.2025 <i>RMB'000</i> (Unaudited)	1.1.2024 to 30.6.2024 <i>RMB'000</i> (Unaudited)
The tax charge comprises:		
PRC Enterprise Income Tax	103,221	73,944
Singapore	40,788	35,635
Europe	10,104	22,883
Vietnam	7,064	19,607
Other jurisdictions	7,498	7,643
PRC and overseas withholding tax	2,310	41
Under provision of taxation in prior years	<u>7,483</u>	<u>1,166</u>
	178,468	160,919
Deferred tax credit	<u>(16,845)</u>	<u>(49,093)</u>
	<u>161,623</u>	<u>111,826</u>

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.

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

Pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Implementation Regulation, dividend distributed out of the profits generated by foreign invested enterprise to foreign investor shall be subject to EIT at 10% and withheld by the PRC subsidiary. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to the Taxes on Income, the withholding tax rate on dividend paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise and it is considered as the beneficial owner of the dividend, and remains at 10% otherwise.

In addition, certain PRC subsidiaries were officially endorsed as High-New Technology Enterprises ("HNTE") till the dates ranging from 2025 to 2026 (six months ended 30 June 2024: 2024 to 2025). 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 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.

5. TAXATION - continued

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

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 subsidiary will expire in 2027.

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

OECD pillar two model rules

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of most of the jurisdictions in which the Group operates are higher than 15 per cent, after taking into account the adjustments under The Global Anti-Base Erosion Rules ("**GloBE Rules**"), the management of the Group has not made relevant disclosures of qualitative and quantitative information about the potential tax impact of Pillar Two implementation rules; while for the Group's estimated effective tax rate of a jurisdiction in which the Group operates is lower than 15 per cent, after taking into account the adjustments under GloBE Rules, the management considers the exposure to the top-up tax is insignificant to the Group.

6. DIVIDENDS

During the six months ended 30 June 2025, a final dividend of HK\$0.24 per share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: HK\$0.10 per share in respect of the year ended 31 December 2023) 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 2025 amounted to HK\$282,045,000 (equivalent to RMB258,410,000) (six months ended 30 June 2024: HK\$119,850,000 (equivalent to RMB108,932,000)).

Subsequent to the six months ended 30 June 2025, 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:

	1.1.2025 to 30.6.2025 <i>RMB'000</i>	1.1.2024 to 30.6.2024 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share (note)	<u>875,672</u>	<u>537,028</u>
	1.1.2025 to 30.6.2025 <i>'000</i>	1.1.2024 to 30.6.2024 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share (note)	1,158,809	1,173,213
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share awards granted by the Company	<u>1,004</u>	<u>3,411</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,159,813</u>	<u>1,176,624</u>

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 (both as defined in note 17) under share award scheme of the Company.

The computation of diluted earnings per share for the six months ended 30 June 2025 and 2024 did not consider the effect arising from the contingent settlement provision as set out in note 15 and unvested restricted shares granted by a subsidiary as set out in note 17 as the exercise would result in an increase in earnings per share.

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

(i) Property, plant and equipment

During the six months ended 30 June 2025, apart from the acquisition of 河北初光汽車部件有限公司 (Hebei First Light Auto Parts Co., Ltd.) ("**Hebei First Light**") (six months ended 30 June 2024: acquisition of Acoustics Solutions International B.V. and its subsidiaries (collectively referred to as the "**PSS Group**")) as detailed in note 19, the Group acquired property, plant and equipment of RMB1,334,411,000 (six months ended 30 June 2024: RMB825,558,000). Part of the consideration of RMB100,139,000 (six months ended 30 June 2024: RMB162,589,000) was paid up in advance in prior year.

Also, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB71,848,000 (six months ended 30 June 2024: RMB15,946,000) for proceeds of RMB29,652,000 (six months ended 30 June 2024: RMB4,566,000) and resulting in a loss on disposal of RMB42,196,000 (six months ended 30 June 2024: loss on disposal of RMB11,380,000).

(ii) Right-of-use assets

During the six months ended 30 June 2025, apart from the acquisition of Hebei First Light (six months ended 30 June 2024: acquisition PSS Group) 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 1 to 5 years (six months ended 30 June 2024: 2 to 9 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 RMB133,654,000 (six months ended 30 June 2024: RMB40,223,000) of right-of-use assets, and RMB133,071,000 (six months ended 30 June 2024: RMB40,190,000) of lease liabilities. The recognition of newly added right-of-use assets constitutes non-cash transactions.

During the six months ended 30 June 2025, the Group disposed of certain leasehold land at its carrying amount of RMB247,000, and no gain or loss on the derecognition is recognised in profit or loss. In addition, the Group has derecognised right-of-use assets and lease liabilities of RMB42,269,000 due to lease modification.

During the six months ended 30 June 2024, the Group early terminated certain leases which constitutes lease modification. As a result, the Group has derecognised right-of-use assets of RMB4,896,000 and lease liabilities of RMB5,169,000, and a gain on lease termination of RMB273,000 is recognised in profit or loss.

(iii) Investment properties

During the six months ended 30 June 2025, property, plant and equipment of RMB9,483,000 (six months ended 30 June 2024: nil) were transferred to investment properties upon leasing to an independent third party for rental income.

Impairment assessment

During the six months ended 30 June 2025 and 2024, 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

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Unlisted shares	555,552	566,990
Listed shares	<u>29,155</u>	<u>31,424</u>
	<u>584,707</u>	<u>598,414</u>

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

Unlisted shares

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

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

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

During the six months ended 30 June 2024, the Group received return on capital from a private entity engaged in research, development and manufacturing of sensor and semiconductor business at a compensation of US\$739,000 (equivalent to approximately RMB5,246,000).

Listed shares

The amount represents the Group's investment in a company listed in Japan. As at 30 June 2025, the fair value of the investment determined by reference to the quoted market bid prices available was RMB29,155,000 (31 December 2024: RMB31,424,000).

10. FINANCIAL ASSETS AT FVTPL

	30.6.2025 <i>RMB'000</i> (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Convertible loans	92,733	51,264
Unlisted shares	<u>527,769</u>	<u>398,398</u>
	<u>620,502</u>	<u>449,662</u>

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

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

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.

During the six months ended 30 June 2024, the Group (i) made addition contribution of US\$694,000 (equivalent to approximately RMB4,934,000) and GBP355,000 (equivalent to approximately RMB3,234,000) to the private equity funds mentioned above.

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

	30.6.2025 <i>RMB'000</i> (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Trade receivables	6,037,212	7,656,089
Bank acceptance and commercial bills	<u>266,834</u>	<u>82,776</u>
	6,304,046	7,738,865
Prepayments	434,316	333,575
Value-added tax recoverable	782,455	780,607
Other receivables	<u>576,874</u>	<u>517,656</u>
	<u>8,097,691</u>	<u>9,370,703</u>

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.

	30.6.2025 <i>RMB'000</i> (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Age		
0 - 90 days	6,210,747	7,571,489
91 - 180 days	83,636	152,849
Over 180 days	<u>9,663</u>	<u>14,527</u>
	<u>6,304,046</u>	<u>7,738,865</u>

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 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB120,007,000 (31 December 2024: RMB138,132,000) which are past due as at the reporting date. Included in the past due balances, RMB13,310,000 has been past due 90 days or more (31 December 2024: RMB4,152,000).

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

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 <i>RMB'000</i> <i>(Audited)</i>
Trade payables	5,101,469	5,089,711
Notes payables - guaranteed (Note)	1,997,600	1,873,930
	7,099,069	6,963,641
Payroll and welfare payables	639,996	682,839
Payables for acquisition of property, plant and equipment and intangible assets	948,208	968,765
Dividend payables	12,827	5,426
Other payables and accruals	1,009,901	931,426
Payables related to restricted shares granted to employee (Note 17)	57,675	58,368
	9,767,676	9,610,465
Less: Other payables for settlement after 12 months shown under non-current liabilities	(26,142)	(52,649)
Amounts shown under current liabilities	9,741,534	9,557,816

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.

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:

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 <i>RMB'000</i> <i>(Audited)</i>
Age		
0 - 90 days	5,833,123	5,831,250
91 - 180 days	1,227,925	1,055,865
Over 180 days	38,021	76,526
	7,099,069	6,963,641

13. BANK LOANS

The variable rate bank loans carry interest ranging from 2.34% to 4.12% (31 December 2024: 2.50% to 5.05%) per annum. The fixed rate bank loans carry interest ranging from 2.11% to 4.23% (31 December 2024: 2.40% 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.

As at 30 June 2025, the principal amounts of the outstanding unsecured notes include 2026 Notes of US\$230,154,000 (31 December 2024: US\$230,154,000) with the carrying amount of RMB1,646,193,000 under current liabilities (31 December 2024: RMB1,652,309,000 under non-current liabilities) and 2031 Notes of US\$290,123,000 (31 December 2024: US\$290,123,000) with the carrying amount of RMB2,060,848,000 under non-current liabilities (31 December 2024: RMB2,068,231,000 under non-current liabilities).

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

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

According to the Company's announcement dated 26 July 2024, AAC (China) Investment Group Co., Ltd ("**AAC Investment**"), an indirectly wholly owned subsidiary of the Company and AAC Optics entered into separate share transfer agreements with certain non-controlling interests ("**2024 Selling Investors**"), in which the 2024 Selling Investors agreed to sell a portion of their equity interest in AAC Optics to AAC Investment. The 2024 Selling Investors in aggregate sell approximately 1.408% of the equity interest in AAC Optics at the aggregate consideration of RMB235,700,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB165,890,000 is credited directly in equity and attributed to owners of the Company.

On 26 June 2025, AAC Investment and AAC Optics entered into separate share transfer agreements with certain non-controlling interests, in which the non-controlling shareholder agreed to sell a portion of its equity interest in AAC Optics to AAC Investment. The non-controlling shareholder in aggregate sell approximately 0.3704% of the equity interest in AAC Optics at the aggregate consideration of RMB69,715,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB52,337,000 is credited directly in equity and attributed to owners of the Company.

After the completion of the share transfer agreements in 2025 and as at 30 June 2025, AAC Optics is held (i) as to approximately 90.0400% (31 December 2024: 89.6696%) indirectly by the Company; (ii) 2% by the share incentive platforms of AAC Optics, of which 0.1374% (31 December 2024: 0.1374%) of the shares are vested but still held under the platforms; and (iii) approximately 7.9600% (31 December 2024: 8.3304%) 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 2024, 30 June 2024, 1 January 2025 and 30 June 2025	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary shares at 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	<u>1,198,500,000</u>	<u>11,985</u>
		RMB'000
Presented in the condensed consolidated statement of financial position At 1 January 2024 and 30 June 2024, 1 January 2025 and 30 June 2025		<u>97,321</u>

During the period ended 30 June 2025, the Company repurchased its own ordinary shares through an independent broker (the "**Broker**") and the Hong Kong Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of US\$0.01 each	Price per share		Aggregate consideration HK\$'000 (note)
		Highest HK\$	Lowest HK\$	
January	4,033,500	40.05	34.55	148,066
February	2,776,000	50.05	39.65	128,612
March	3,862,000	54.35	43.65	186,437
April	10,024,000	48.00	28.50	365,506
May	<u>786,500</u>	<u>39.90</u>	<u>35.80</u>	<u>29,706</u>
Total	<u>21,482,000</u>			<u>858,327</u>

Note: On 16 December 2024, the Company entered into an agreement with the Broker under which the Broker is appointed to operate the automatic share buy-back program, in which the Company has agreed parameters for the Broker to buy back up to HK\$778,000,000 of the Company's shares on the Hong Kong Stock Exchange from the commencement date of the share buy-back program up to 16 May 2025. Since the Broker is considered as the principal of the share buy-back program and the Company has the obligation to pay the Broker for the share buy-back with a maximum amount up to HK\$778,000,000 (equivalent to approximately RMB718,405,000), the amount is initially recognised as gross obligation liabilities and the corresponding debit to other reserve. During the period ended 30 June 2025, the Company has paid HK\$623,954,000 (equivalent to approximately RMB575,530,000) to the Broker as the remaining payment to execute the share buy-back program, and 17,545,500 issued ordinary shares of the Company were repurchased under the program. The automatic share buy-back program was completed during the period ended 30 June 2025, further details of the completion of the share buy-back program were set out in the Company's announcement dated 9 April 2025. During the period ended 30 June 2025, the aggregate consideration of repurchase 21,482,000 shares amounted to HK\$858,327,000 (equivalent to RMB792,641,000), out of which HK\$75,799,000 (equivalent to RMB69,992,000) was prepaid in prior year to the Broker under the automatic share buy-back program.

16. SHARE CAPITAL - continued

As at 30 June 2025, the Company had treasury shares of 23,612,500 shares (31 December 2024: 2,130,500 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 2024 and 2025.

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 2016 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 award reserve.

On 24 March 2022, the Company granted a total of 10,230,593 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.

As at 30 June 2025, an aggregate of 12,378,531 shares (31 December 2024: 14,752,257 shares) of the Company had been purchased and held by the 2016 Trustee, in which 483,711 (31 December 2024: 327,574) 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 2025, no new shares had been issued to the 2016 Trustee.

Movement of the shares granted to selected employee(s) under the 2016 Scheme during the periods ended 30 June 2025 and 30 June 2024 are as follows:

For the period ended 30 June 2025

Date of grant	Vesting period	Number of shares			At 30 June 2025
		At 1 January 2025	Vested on 24 March 2025	Shares entitlement forfeited	
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

For the period ended 30 June 2024

Date of grant	Vesting period	At 1 January 2024	Number of shares Vested on 24 March 2024	Shares entitlement forfeited	At 30 June 2024
24 March 2022	24 March 2022 to 24 March 2024	2,790,916	(2,627,518)	(163,398)	-
24 March 2022	24 March 2022 to 24 March 2025	<u>2,799,296</u>	<u>-</u>	<u>(72,730)</u>	<u>2,726,566</u>
		<u>5,590,212</u>	<u>(2,627,518)</u>	<u>(236,128)</u>	<u>2,726,566</u>

The terms and conditions of the grants are as follows for both periods:

	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	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
	<u>3,417,019</u>	3 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2025	17.64	<u>60,276,199</u>
	<u>10,230,593</u>					<u>180,467,661</u>

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.

17. SHARE AWARD SCHEME - continued

Share award scheme of the Company - continued

2016 share award scheme of the Company - continued

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.

For the period ended 30 June 2025

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

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	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
	<u>3,559,294</u>					<u>135,253,172</u>

During the six months ended 30 June 2025, the Group recognised total expenses of RMB14,759,000 (six months ended 30 June 2024: RMB12,650,000) in relation to the 2016 Scheme shares granted by the Company.

17. SHARE AWARD SCHEME - continued

Share award scheme of the Company - continued

2023 share award scheme of the Company

The Company has adopted a new share award scheme pursuant to a resolution passed on 17 April 2023 (the "**2023 Scheme**") which constituted by a Trust Deed between the Company and BOCI Trustee (Hong Kong) Limited (the "**2023 Trustee**"), in which employees may be selected by the Board of Directors to participate. Pursuant to the 2023 Scheme, shares of the Company will be subscribed for at a subscription price as determined by the Board of the Company, or purchased on the Hong Kong Stock Exchange, by the 2023 Trustee of the trusts declared in the trust deed.

On the grant of the share awards, the relevant number of shares may be legally issued or transferred to the 2023 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares.

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

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

During the six months ended 30 June 2024, the 2023 Trustee purchased an aggregate of 2,700,000 shares at prices ranging from HK\$23.45 to HK\$25.00 per share at a total consideration of HK\$65,646,000 (equivalent to approximately RMB59,666,000) on the Hong Kong Stock Exchange for the purpose of the 2023 Scheme.

As at 30 June 2025, an aggregate of 11,819,000 shares (31 December 2024: 11,819,000 shares) of the Company had been purchased and held by the 2023 Trustee. Since the date of adoption of the 2023 Scheme up to 30 June 2025, no new shares had been issued to the 2023 Trustee.

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

Subsidiary 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 2025, the net cash payment to the Eligible Scheme Participants under the Subsidiary Scheme was RMB729,000 (six months ended 30 June 2024: nil).

17. SHARE AWARD SCHEME - continued

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

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

During the 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 2024, the Group repurchased of 21,984,364 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 2024. In addition, during the six months ended 30 June 2024, the Group repurchased 1,866,630 vested shares at the consideration of RMB1,867,000 and the amount is included in other payable as at 30 June 2024, and those repurchased shares are available to be granted to the Eligible Scheme Participants.

As at 30 June 2025, the net cash proceed of unvested portion of Restricted Shares, amounting to RMB23,858,000, is recorded as other payables as the shares are contingently returnable (31 December 2024: RMB23,921,000). In addition, as at 30 June 2025, for the consideration of repurchased shares amounted to RMB33,817,000 (31 December 2024: RMB34,447,000) is not yet repaid and is recorded as other payables.

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

	Number of restricted shares	Fair value of share incentive at grant date <i>RMB'000</i>
Unvested as at 1 January 2024	46,051,928	77,532
Repurchased during the period	<u>(21,984,364)</u>	<u>(37,012)</u>
Unvested as at 30 June 2024	<u>24,067,564</u>	<u>40,520</u>
Unvested as at 1 January 2025	23,920,595	40,272
Repurchased during the period	<u>(62,500)</u>	<u>(105)</u>
Unvested as at 30 June 2025	<u>23,858,095</u>	<u>40,167</u>

17. SHARE AWARD SCHEME - continued

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

The fair value of Restricted Shares granted is measured on the basis of a transacted price.

As of 30 June 2025, there are 100,355,966 Restricted Shares arising from the repurchased, including those unvested shares and vested shares (31 December 2024: 100,293,466 Restricted Shares) held under the Platforms which are available to be granted to the Eligible Scheme Participants.

During the six months ended 30 June 2025, the subsidiary recognised share-based payment expense of RMB1,386,000 (six months ended 30 June 2024: reversed share-based payment expense of RMB27,215,000) in relation to the shares granted by the subsidiary under Subsidiary Scheme and the amount is credited (six months ended 30 June 2024: debited) to the non-controlling interests in the Group.

In the opinion of the Directors of the Company, the fair value of Restricted Shares granted during the six months ended 30 June 2024 was based on the consideration of the latest transaction price of AAC Optics in 2022.

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

18. CAPITAL COMMITMENTS

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
- acquisition of property, plant and equipment	999,068	762,282
- capital contribution to a financial asset at FVTPL	126,620	243,343
	1,125,688	1,005,625

19. ACQUISITION OF SUBSIDIARIES

Acquisition of Hebei First Light

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

Consideration transferred of the acquisition date

	<i>RMB'000</i>
Cash transferred	285,787
Other payables recognised for consideration payable	<u>2,584</u>
Total consideration	<u>288,371</u>

Note:

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

	<i>RMB'000</i>
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	<u>(42,680)</u>
Net assets	<u>255,552</u>

Notes:

- (a) The amounts mainly represent the fair value of customer relationship of RMB135,663,000 acquired in the acquisition of the Hebei First Light. The useful life of the intangible assets is determined by reference to the comparable market information.
- (b) The deferred tax liabilities mainly relating to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB20,349,000, which is calculated at the income tax rate of 15%.

19. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of Hebei First Light - continued

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

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

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

	1.1.2025 to 30.6.2025 <i>RMB'000</i>
Total consideration	288,371
Less: Cash and cash equivalents acquired	(44,844)
Other payables	<u>(2,584)</u>
	<u><u>240,943</u></u>

Impact of acquisition on the results of the Group

Included in the profit for the period ended 30 June 2025 is RMB2,232,000 attributable to the additional business generated by Hebei First Light. Revenue for the period ended 30 June 2025 includes 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 is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

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

19. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS

On 10 August 2023, the Group entered into the sale and purchase agreement pursuant to which the Group agreed to purchase all of the issued shares of the PSS Group. Pursuant to such agreement, the Group will purchase the sale shares from the Sellers in two tranches, with the First Tranche Transaction and the Second Tranche Transaction comprising 80% and 20%, respectively, of the issued shares in the capital of the PSS Group.

The First Tranche Transaction purchase price comprises the sum of US\$320,000,000 (the "**Initial Purchase Price**") (representing an equity value of US\$400,000,000 for 100% of the sale shares) together with interest thereon from 1 April 2023 to the date of first tranche completion less the price adjusting leakage (if any) (the "**First Tranche Consideration**").

The Second Tranche Transaction purchase price will comprise the sum of: (i) an agreed multiple of the target earnings before interest, taxes, depreciation and amortisation (the "**EBITDA**") plus (ii) the target adjusted net financial debt (cash) multiplied by 20% together with interest thereon from the second tranche effective date (being 1 April 2025) (or the postponed second tranche effective date, being 1 April 2026 or 1 April 2027) to the date of second tranche completion. The Sellers or the Group have the right to postpone the second tranche effective date from 1 April 2025 up to two times by one year each time, that is, to 1 April 2026 or 1 April 2027. If the postponement right is exercised by one of the parties and the other party disagrees with the postponement, the Group will purchase the second tranche shares at an agreed fixed purchase price together with interest thereon (the "**Second Tranche Consideration**").

The First Tranche Transaction is completed on 9 February 2024. After considering the terms under the sale and purchase agreement and shareholders' agreement dated 10 August 2023, the Directors of the Company considered that the Group has effectively acquired 100% interest in the PSS Group upon the completion of the First Tranche Transaction. The Second Tranche Consideration is considered to be deferred consideration. The consideration and PSS Group's financial information represented below are as at acquisition date of 9 February 2024.

Acquisition Consideration as at 9 February 2024

	<i>RMB'000</i>
First Tranche Transaction - Cash consideration at completion	1,924,223
Escrow deposit for acquisition of subsidiaries paid in 2023	<u>284,156</u>
First Tranche Consideration (note a)	2,208,379
Second Tranche Consideration - Contingent consideration payables (note b)	<u>1,236,991</u>
	<u><u>3,445,370</u></u>

19. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS - continued

Acquisition Consideration as at 9 February 2024 - continued

Notes:

- a. The First Tranche Consideration comprise of:
 - (i) the First Tranche Transaction purchase price of US\$320,000,000 (equivalent to RMB2,273,252,000);
 - (ii) plus the interest thereon from 1 April 2023 to 9 February 2024 calculated on a daily basis at the rate of 6.75% per annum, amounting to US\$18,641,000 (equivalent to approximately RMB132,424,000);
 - (iii) less the price leakage adjustment of US\$27,773,000 (equivalent to approximately RMB197,297,000).
- b. The amount represents the Second Tranche Consideration which could be (a) US\$136,409,000 (equivalent to RMB969,036,000) if the Sellers exercise their postponement right and the Group disagrees, or (b) US\$204,613,000 (equivalent to RMB1,453,550,000) if the Group exercises its postponement right and the Sellers disagree, or (c) an agreed multiple of the PSS Group's EBITDA plus the PSS Group's adjusted net financial debt (cash) multiplied by 20% plus interest on the Second Tranche Purchase Price calculated on a daily basis at the rate of 6.75% per annum from the second tranche effective date (being 1 April 2025) (or the postponed second tranche effective date, being 1 April 2026 or 1 April 2027) to the date of second tranche completion. The Directors of the Company have estimated the Second Tranche Purchase Price to be US\$174,128,500 (equivalent to approximately RMB1,236,991,000), which is determined based on the fair value of the identified assets and liabilities with reference to the valuation carried out by an independent qualified professional valuer to purchase remaining 20% of the issued shares of the PSS Group. As at 30 June 2025, the latest fair value of the contingent consideration payables amounted to US\$128,593,000 plus interest of US\$2,878,000, total amounted to US\$131,471,000, equivalent to approximately RMB941,320,000 (31 December 2024: amounted to US\$175,399,000, equivalent to approximately RMB1,260,837,000). The change in fair value during the period is recognised in "other gains and losses".

Acquisition-related costs amounting to RMB37,131,000 have been excluded from the consideration transferred, in which RMB6,461,000 have been recognised directly as an expense in the period ended 30 June 2024, while the remaining were recognised during the year ended 31 December 2023, within the "administrative expenses" line item in the condensed consolidated statement of profit or loss.

19. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS - continued

Assets acquired and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
Property, plant and equipment	440,348
Right-of-use assets	316,112
Intangible assets (note a)	1,299,025
Deferred tax assets	23,022
Derivative financial instruments - assets	28,396
Contract costs	45,429
Cash and cash equivalents	451,422
Trade and other receivables	788,051
Inventories	533,765
Taxation recoverable	14,779
Trade and other payables	(1,081,920)
Contract liabilities	(57,821)
Lease liabilities	(328,727)
Taxation payable	(27,575)
Deferred tax liabilities (note b)	(335,333)
Derivative financial instruments - liabilities	(9,680)
Bank loans	(464,181)
Defined benefit obligations	(7,766)
Net assets	<u><u>1,627,346</u></u>

Notes:

- (a) The amounts mainly represent the fair value of customer relationship of RMB968,971,000 and technology of RMB266,396,000 acquired in the acquisition of the PSS Group. The useful life of the intangible assets is determined by reference to the comparable market information.
- (b) The deferred tax liabilities mainly relating to the fair value adjustment of property, plant and equipment and intangible assets which deferred tax liabilities amounted to approximately RMB321,967,000, which is calculated at the Belgium corporate income tax rate of 25%.

Goodwill arising on acquisition

	<i>RMB'000</i>
Consideration transferred	3,445,370
Less: recognised amounts of net assets acquired	<u>(1,627,346)</u>
Goodwill arising on acquisition	<u><u>1,818,024</u></u>

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

19. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS - continued

Net cash outflows arising on acquisition of PSS Group

	1.1.2024 to 30.6.2024 <i>RMB'000</i>
Total consideration	3,445,370
Less: Cash and cash equivalents acquired	(451,422)
Escrow deposit for acquisition of a subsidiary	(284,156)
Contingent consideration payables	<u>(1,236,991)</u>
	<u><u>1,472,801</u></u>

Impact of acquisition on the results of the Group

Included in the profit for the period ended 30 June 2024 is RMB121,752,000 attributable to the additional business generated by the PSS Group. Revenue for the period ended 30 June 2024 includes RMB1,495,635,000 generated from the PSS Group.

Had the acquisition of PSS Group been completed on 1 January 2024, revenue for the period ended 30 June 2024 of the Group (including PSS Group) would have been RMB11,534,082,000, and the profit for the period ended 30 June 2024 of the Group (including PSS Group) would have been RMB557,260,000. 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 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had PSS Group been acquired at the beginning of the period ended 30 June 2024, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

20. 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.

20. 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

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
	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)				
Equity instruments at FVTOCI - Listed shares	29,155	31,424	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity instruments at FVTOCI - Unlisted equity investments	92,764	92,601	Level 3	Income approach. The discounted cash flow method was used to capture future economic benefits to be derived from the ownership of these investments.	Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model. Forecasted future cash flows.	The higher the discount rate, the lower the fair value, and vice versa. The higher the forecast future cash flow, the higher the fair value, and vice versa.
Equity instruments at FVTOCI - Unlisted equity investments	462,788	464,698	Level 3	Market approach. The market approach was used to determine the valuation using trailing-twelve-month ("TTM") Price-to-Sales ("P/S") multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount. TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the TTM P/S multiples, the higher the fair value.
Equity instruments at FVTOCI - Unlisted equity investments	-	9,691	Level 3	Recent transaction prices of underlying investments.	N/A	N/A
Total equity instruments for FVTOCI	584,707	598,414				
Financial assets at FVTPL	92,733	51,264	Level 3	Binomial Option Pricing Model	Volatility	The higher the volatility, the higher the fair value, and vice versa.
Financial assets at FVTPL	507,769	366,899	Level 3	Market approach. The market approach was used to determine the valuation based on the recent transaction prices of underlying investments or using TTM P/S multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability Discount. TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the TTM P/S multiples, the higher the fair value.
Financial assets at FVTPL	20,000	31,499	Level 3	Recent transaction prices of underlying investments	N/A	N/A
Total financial assets at FVTPL	620,502	449,662				

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

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

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique (s) and key input (s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)				
Foreign currency forward contracts	Assets - 12,167 (not under hedge accounting)	Assets - 4,155 (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
	Liabilities - - (under hedge accounting)	Liabilities - 71,593 (under hedge accounting)				
	Liabilities - 13,478 (not under hedge accounting)	Liabilities - 49,966 (not under hedge accounting)				
Interest rate swap contracts	Liabilities - 1,044 (under hedge accounting)	Liabilities - 1,526 (under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counterparties and of the Group as appropriate.	N/A	N/A
Contingent consideration payables	941,320	1,260,837	Level 3	The discounted cash flow method was used to estimate future economic outflow to the sellers.	Discount rate, taking into account incremental borrowing rate. Forecasted future cash flows.	The higher the discount rate, the lower the fair value, and vice versa. The higher the forecast future cash flow, the higher the fair value, and vice versa.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

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 2024 (audited)	427,528	413,301	-
(Capital return) purchase made	(5,246)	8,168	-
Acquisition of subsidiaries	-	-	(1,236,991)
Fair value (loss) gain:			
- in profit and loss	-	(4,935)	8,737
- in other comprehensive income	(29,064)	-	-
Currency realignment	787	2,575	-
At 30 June 2024 (unaudited)	<u>394,005</u>	<u>419,109</u>	<u>(1,228,254)</u>
At 1 January 2025 (audited)	566,990	449,662	(1,260,837)
Purchase made	11,726	169,316	-
Fair value gain (loss):			
- in profit and loss	-	3,908	319,517
- in other comprehensive income	(22,680)	-	-
Currency realignment	(484)	(2,384)	-
At 30 June 2025 (unaudited)	<u>555,552</u>	<u>620,502</u>	<u>(941,320)</u>

Fair value changes for the period included in "other gains and losses" in the consolidated statement of profit or loss, of which RMB3,908,000 fair value gain (six months ended 30 June 2024: RMB4,935,000 fair value loss) relates to financial assets at FVTPL and RMB319,517,000 fair value gain (six months ended 30 June 2024: RMB8,737,000 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 RMB22,680,000 fair value loss (six months ended 30 June 2024: RMB29,064,000 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.

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 RMB3,513,407,000 (31 December 2024: RMB3,441,301,000), the management considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. EVENT AFTER THE REPORTING PERIOD

Subsequent to the current interim period, the Group entered into the sale and purchase agreement pursuant to which the Group agreed to purchase part of the equity interest in 先鋒高科技(上海)有限公司 (XIANFENG TECHNOLOGY (SHANGHAI) CO., LTD.) and its subsidiaries ("**PSG Group**"). The transaction is expected to be finalised in the second half of 2025, subject to the fulfilment of the completion conditions. The financial impact and other information of the transaction are in progress at the time these condensed consolidated financial statements are authorised for issue. Subsequent to the completion, PSG Group will become non-wholly owned subsidiaries of the Group.

Also, the Group completed the Second Tranche Transaction of acquisition of PSS Group with the total purchase price of US\$128,593,000 plus interest, the balance of contingent consideration payables had been settled accordingly. Further details of the completion were set out in the Company's announcement dated 31 July 2025.

CORPORATE GOVERNANCE

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 Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), the Board is satisfied that throughout 1H 2025, the Company has complied with all the code provision(s).

SHARE AWARD SCHEMES

2016 Share Award Scheme

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

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

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

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

The maximum number of Shares that may be awarded under the 2016 Share Award Scheme during its term is limited to 1.65% (i.e. 19,775,250 Shares as at 21 August 2025) of the issued share capital of the Company from time to time. The maximum number of awarded Shares that may be granted to any one Selected Employee under the 2016 Share Award Scheme during its term shall not exceed 0.5% (i.e. 5,992,500 Shares as at 21 August 2025) of the issued share capital of the Company from time to time. Pursuant to the 2016 Share Award Scheme, Shares will be purchased on the Hong Kong Stock Exchange, by the 2016 Scheme Trustee at the cost of the Company and will be held by the 2016 Scheme Trustee on trust for the Selected Employee(s) under the 2016 Share Award Scheme before vesting.

Since the date of adoption of the 2016 Share Award Scheme and up to 30 June 2025, no new Shares have been issued to the 2016 Scheme Trustee pursuant to the 2016 Scheme Rules and trust deed of the 2016 Share Award Scheme. During the six months ended 30 June 2025, no Shares were purchased by the 2016 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2016 Share Award Scheme. The total number of Shares available for issue to, or purchase by, the 2016 Scheme Trustee under the 2016 Share Award Scheme are 250 Shares, representing approximately 0.00002% of the issued share capital of the Company as at 21 August 2025.

Since the date of adoption of the 2016 Share Award Scheme and up to 30 June 2025, (i) a total of 10,230,593 awarded Shares were granted to 340 employees on 24 March 2022 at nil consideration, in which 2,722,799, 2,627,518 and 2,529,863 awarded Shares had been vested to employees on 24 March 2023, 24 March 2024 and 24 March 2025, respectively; and (ii) a total of 3,559,294 awarded Shares were granted to 536 employees on 23 May 2025 at nil consideration. The awarded Shares shall be vested in the grantees at nil consideration subject to the terms of the 2016 Share Award Scheme and the vesting conditions as set out in the respective grant notice to each grantee (including a period of continued service within the Group after the grant of the Award and performance targets which must be attained).

Given that no Shares will be issued in respect of the awarded Shares granted during the six months ended 30 June 2025, the number of Shares that may be issued in respect of the awarded Shares granted under the 2016 Share Award Scheme during the six months ended 30 June 2025 divided by the weighted average number of Shares in issue for the six months ended 30 June 2025 was nil.

As at 30 June 2025, the 2016 Scheme Trustee held a total of 12,378,531 unvested Shares under the 2016 Share Award Scheme, and the remaining Shares which could be further awarded under the 2016 Share Award Scheme were 8,335,776 Shares.

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 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.

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 3.83% of the Shares in issue (excluding any treasury Shares) as at 21 August 2025. 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. 5,874,437 Shares as at 21 August 2025) 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 purchased on the Hong Kong Stock Exchange, by the 2023 Scheme Trustee at the cost of the Company and 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 2025, no new Shares have been issued to the 2023 Scheme Trustee pursuant to the 2023 Scheme Rules and trust deed of the 2023 Share Award Scheme. During the six months ended 30 June 2025, no Shares were purchased by the 2023 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2023 Share Award Scheme. As at 30 June 2025, the 2023 Scheme Trustee held a total of 11,819,000 Shares under the 2023 Share Award Scheme.

Since the date of adoption of the 2023 Share Award Scheme and up to 30 June 2025, no Shares had been granted to Selected Employee(s) under the 2023 Share Award Scheme.

Subsidiary Share Incentive Scheme

In addition to the above Share Award Schemes, AAC Optics (Changzhou) Co., Ltd. ("**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 relevant personnel 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. The fair value of the restricted shares of AAC Optics granted is measured on basis of a transaction price.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

During 1H 2025, the Company repurchased a total of 21,482,000 Shares on the Hong Kong Stock Exchange, representing approximately 1.79% of the total issued Shares (i.e., 1,198,500,000 Shares) as at 30 June 2025, with the aggregate consideration paid amounting to approximately HK\$858.33 million which was paid out from the Company's retained profits. All Shares repurchased during 1H 2025 were held as treasury Shares which are intended to be used for satisfying any future grants of awarded Shares of the Share Award Schemes as at the date of this announcement. During 1H 2025, no treasury Shares have been resold and accordingly, there were 23,612,500 Shares held by the Company in treasury as at 30 June 2025.

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

Details of the Shares repurchased during 1H 2025 are as follows:

Month	Total number of the Shares repurchased	Purchase price paid per Share		Aggregate Consideration ⁽¹⁾ (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
January 2025	4,033,500	40.05	34.55	148,066
February 2025	2,776,000	50.05	39.65	128,612
March 2025	3,862,000	54.35	43.65	186,437
April 2025	10,024,000	48.00	28.50	365,506
May 2025	786,500	39.90	35.80	29,706

Notes:

(1) Including brokerage, transaction levy, stamp duty and transaction cost of HK\$23,573,000.

(2) All such repurchased Shares have been held as treasury Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during 1H 2025.

HUMAN RESOURCES

As at 30 June 2025, the Group employed 44,181 permanent employees, a 18.5% increase from 37,273 employees as at 31 December 2024. In 1H 2025, the Group welcomed the expanded factory operations in China, Malaysia, Vietnam and Czech Republic due to the increased market demand and production throughput, which outpaced the Group's human capital efficiency improvement achieved by advanced production methodologies and automation. The Group's R&D and sales team was also expanded for its ever-diversifying product range and increased sales volume. Heavy and continuous investment in R&D activities provided a solid foundation in pioneering leading edge technologies in the industry.

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management from time to time reviews the Group's remuneration policy based on benchmarking results, and fairly rewards its employees based on individual performance. In addition to basic salaries, allowances, social insurance and mandatory pension fund contribution, certain employees and employee groups are also eligible for the Group's bonus plan and share schemes. In 2025, more employees had been elected to the Group's share schemes as part of the Group's reward programme.

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

DIRECTORS' SECURITIES TRANSACTIONS

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 for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as mentioned in Appendix C3 to the Hong Kong Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the period ended 30 June 2025.

DESPATCH OF INTERIM REPORT

The interim report of the Company will be published on the Company's website at www.aactechnologies.com and the website of the Hong Kong Stock Exchange in September 2025.

The interim report of the Company will also be dispatched to shareholders in September 2025.

IMPORTANT NOTE

The Company may have an investors' webcast and media conference for these unaudited interim results after trading hours of the Hong Kong Stock Exchange on the date of this announcement. Please visit the Company's website www.aactechnologies.com for the Company's regular investor relations update.

The unaudited interim results relate only to selected unaudited key performance indicators of the Group and are based on the Group's internal records and management accounts. The unaudited interim results have been reviewed by independent auditors but are not a forecast of the annual performance of the Group as a whole.

Potential investors and shareholders of the Company are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board
AAC Technologies Holdings Inc.
Zhang Hongjiang
Chairman

Hong Kong, 21 August 2025

As at the date of this announcement, the Board comprises Mr. Pan Benjamin Zhengmin, Mr. Mok Joe Kuen Richard and Ms. Wu Ingrid Chun Yuan, together with three Independent Non-executive Directors, namely Mr. Zhang Hongjiang, Mr. Kwok Lam Kwong Larry and Mr. Peng Zhiyuan.