

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Q Tech

Q TECHNOLOGY (GROUP) COMPANY LIMITED

丘鈦科技(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1478)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- Revenue of Q Technology (Group) Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) amounted to approximately RMB20,876,518,000, representing an increase of approximately 29.3% as compared with that of the year ended 31 December 2024 (the “**Previous Year**”). The increase in revenue was mainly because: (i) during the Year, the Group’s sales volume of camera modules applied to the non-handset fields such as automotive and Internet of Things (IoT) grew by approximately 111.0% year-on-year. This resulted in a year-on-year increase of approximately 171.2% in revenue from camera modules for non-handset fields such as automotive and IoT, which accounted for approximately 26.9% of the Group’s total camera module revenue, representing a significant increase as compared with the Previous Year; (ii) the sales volume of the Group’s periscope camera modules increased by approximately 256.4% year-on-year, which, together with the rapidly growing non-handset camera modules, drove the overall average unit price for camera module products to increase by approximately 19.7% compared to the Previous Year, thereby effectively boosting revenue from camera module products; and (iii) the sales volume of biological recognition modules increased year-on-year by approximately 25.8% during the Year.

- Gross profit of the Group for the Year was approximately RMB1,618,362,000, representing an increase of approximately 64.3% as compared with that of the Previous Year, while gross profit margin was approximately 7.8% (the Previous Year: approximately 6.1%). The increase in gross profit margin was mainly attributable to: (i) the Group continued to adhere to its strategy of focusing on mid-to-high-end camera modules while accelerating the development of camera modules applied to automotive and IoT fields during the Year, in which, sales volume of camera modules applied to automotive and IoT fields grew by approximately 111.0% year-on-year, with sales volume of periscope camera modules increasing by approximately 256.4% year-on-year. The strong development of high-end products improved the Group's capacity utilization of camera module business, reduced marginal costs and enhanced product value-added, further improving gross profit margin; (ii) the sales volume of biological recognition module products of the Group during the Year increased by approximately 25.8% compared to the Previous Year, and the capacity utilization improved markedly compared to the Previous Year, contributing to an improvement in the gross profit margin of biological recognition module products.
- Profit of the Group for the Year was approximately RMB1,493,619,000, representing an increase of approximately 435.2% as compared to that of the Previous Year. The increase in profit was mainly attributable to: (i) an increase in revenue of approximately 29.3% as compared to the Previous Year; (ii) an increase in gross profit margin of approximately 1.7 percentage points as compared to the Previous Year; and (iii) a gain after tax of approximately RMB811,556,000 recorded upon the disposal of a portion of the equity interest in Q Tech India.
- Basic and diluted earnings per share for the Year were approximately RMB1.257 and RMB1.251, respectively.
- The board of directors of the Company recommends the payment of a final dividend for the Year of HKD40.0 cents (equivalent to approximately RMB36.1 cents) per share to the shareholders of the Company whose names appear on the register of members on Wednesday, 10 June 2026.

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that the consolidated annual results of the Group for the Year together with the relevant comparative figures for the Previous Year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Renminbi)

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	2(a)	20,876,518	16,151,336
Cost of sales		(19,258,156)	(15,166,432)
Gross profit		1,618,362	984,904
Other income	3	992,458	373,188
Selling and distribution expenses		(43,264)	(20,133)
Administrative and other operating expenses		(172,471)	(183,714)
Research and development expenses		(655,848)	(504,807)
Reversal of impairment loss/(impairment loss) on trade and other receivables		146	(584)
Profit from operations		1,739,383	648,854
Finance costs	4(a)	(102,502)	(152,122)
Share of gain/(loss) of a joint venture and associates		24,492	(36,500)
Profit before taxation	4	1,661,373	460,232
Income tax	5(a)	(167,754)	(181,164)
Profit for the year		1,493,619	279,068
Attributable to:			
Equity shareholders of the Company		1,493,619	279,068
Non-controlling interests		—	—
Profit for the year		1,493,619	279,068
Earnings per share (RMB Cents)			
Basic		125.7	23.6
Diluted		125.1	23.5

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Renminbi)

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit for the year	1,493,619	279,068
Other comprehensive income (expense) for the year (after tax and reclassification adjustments):		
<i>Items that will not be reclassified to profit or loss:</i>		
– Share of other comprehensive income(expense) of a joint venture and associates	779	(1,282)
– Equity investment at fair value through other comprehensive income (“FVTOCI”) – net movement in fair value reserves	(6)	8,940
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of financial statements of operations outside Mainland China	82,690	(34,482)
– Reclassification of cumulative translation reserve upon disposal of a foreign operation	(17,965)	–
– Share of other comprehensive (expense) income of a joint venture and associates	(2,817)	2,945
Other comprehensive income (expense) for the year	62,681	(23,879)
Total comprehensive income for the year	1,556,300	255,189
Attributable to:		
Equity shareholders of the Company	1,556,300	255,189
Non-controlling interests	–	–
Total comprehensive income for the year	1,556,300	255,189

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(Expressed in Renminbi)

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment		2,563,754	2,650,512
Interest in associates	6	470,652	233,756
Interest in a joint venture	7	349,972	–
Intangible assets		15,967	19,459
Equity securities designated at FVTOCI		26,914	56,359
Financial assets measured at fair value through profit or loss (“FVTPL”)	9	153,706	151,712
Financial assets measured at amortised cost		970,636	663,038
Fixed deposits with banks with original maturity over three months		60,305	–
Prepayment for acquisition of non-current assets		32,889	12,369
Other non-current assets		–	9,550
Deferred tax assets		46,274	105,119
Other receivables	8	267,094	–
		<u>4,958,163</u>	<u>3,901,874</u>
Current assets			
Inventories		2,246,352	1,975,751
Contract assets		980	6,840
Trade and other receivables	8	6,240,280	4,987,877
Receivables measured at FVTOCI		32,562	–
Financial assets measured at FVTPL	9	1,670,379	350,040
Financial assets measured at amortised cost		1,548,561	182,228
Derivative financial instruments	10	23,403	99,414
Pledged bank deposits	11	576,588	555,576
Fixed deposits with banks with original maturity over three months		336,846	940,857
Cash and cash equivalents		2,139,151	1,447,471
		<u>14,815,102</u>	<u>10,546,054</u>
Current liabilities			
Short-term bank borrowings	12	4,094,924	2,352,495
Trade and other payables	13	8,934,699	6,562,764
Contract liabilities		6,749	11,863
Derivative financial instruments	10	37,265	56,568
Lease liabilities		3,188	7,165
Current tax payable		32,384	94,414
		<u>13,109,209</u>	<u>9,085,269</u>
Net current assets		<u>1,705,893</u>	<u>1,460,785</u>
Total assets less current liabilities		<u>6,664,056</u>	<u>5,362,659</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2025

(Expressed in Renminbi)

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Long-term bank borrowings	12	95,000	81,876
Lease liabilities		2,736	3,493
Deferred income		146,113	178,798
Deferred tax liabilities		4,192	7,126
		<u>248,041</u>	<u>271,293</u>
NET ASSETS		<u>6,416,015</u>	<u>5,091,366</u>
CAPITAL AND RESERVES			
Share capital		9,532	9,486
Reserves		6,406,483	5,081,880
Total equity attributable to equity shareholders of the Company		6,416,015	5,091,366
Non-controlling interests		<u>—</u>	<u>—</u>
TOTAL EQUITY		<u>6,416,015</u>	<u>5,091,366</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 Application of new and amendments to IFRS accounting standards

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

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

Amendments to IAS 21	Lack of Exchangeability
----------------------	-------------------------

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

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

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

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

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after January 1, 2026

³ Effective for annual periods beginning on or after January 1, 2027

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

2 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15:		
Disaggregated by major products		
– Revenue from sales of camera modules	18,810,269	14,819,475
– Revenue from sales of biological recognition modules	1,911,271	1,178,377
– Others*	154,978	153,484
	<u>20,876,518</u>	<u>16,151,336</u>

* Others mainly represent revenue from sales of other products and materials.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical location is disclosed in notes 2(b)(i) and 2(b)(iii), respectively.

The Group's customer base is diversified and includes three (2024: three) customers with whom transactions have exceeded 10% of the Group's revenues. For the years ended 31 December 2025 and 2024, revenue from each of these customers, including sales to entities which are known to the Group to be under common control with these customers is set out below, and arose in all geographical regions as set out in note 2(b)(iii).

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Customer A	4,476,382	N/A*
Customer B	3,937,461	4,500,620
Customer C	3,559,808	3,374,493
Customer D	N/A*	2,094,590
Total	<u>11,973,651</u>	<u>9,969,703</u>

* Less than 10% of the Group's revenue in the respective period.

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for camera modules and biological recognition modules that had an original expected duration of one year or less and does not disclose the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Camera modules: this segment engaged in design, manufacture and sales of camera modules.
- Biological recognition modules (formerly referred to as "fingerprint recognition module"): this segment engaged in design, manufacture and sales of biological recognition modules.

Due to technological advancement, the recognition module used for functions such as screen unlocking have expanded from a single fingerprint recognition solution to diverse biological solutions, including palm print recognition. To more accurately and comprehensively reflect the Company's business substance and the changes brought about by this technological evolution, the Company has renamed the product segment from "fingerprint recognition module" to "biological recognition module". This change is purely related to naming and does not affect the basis of segment determination, internal management reporting structure, or the way in which performance is assessed.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment.

The Group's other operating income and expenses, such as other income, selling and distribution expenses, administrative and other operating expenses, research and development expenses, reversal of impairment loss/(impairment loss) on trade and other receivables, finance costs, share of gain/(loss) of a joint venture and associates, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Camera modules		Biological recognition modules		Total	
	Year ended 31 December 2025	2024	Year ended 31 December 2025	2024	Year ended 31 December 2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition – Point in time						
Revenue from external customers	18,810,269	14,819,475	1,911,271	1,178,377	20,721,540	15,997,852
Inter-segment revenue	16,030	12,073	-	-	16,030	12,073
Reportable segment revenue	<u>18,826,299</u>	<u>14,831,548</u>	<u>1,911,271</u>	<u>1,178,377</u>	<u>20,737,570</u>	<u>16,009,925</u>
Reportable segment profit	<u>1,306,498</u>	<u>869,272</u>	<u>230,911</u>	<u>58,838</u>	<u>1,537,409</u>	<u>928,110</u>

(ii) **Reconciliation of reportable segment revenue and profit or loss**

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue		
Reportable segment revenue	20,737,570	16,009,925
Elimination of inter-segment revenue	(16,030)	(12,073)
Other revenue	154,978	153,484
	<u>20,876,518</u>	<u>16,151,336</u>
Profit		
Reportable segment profit	1,537,409	928,110
Elimination of inter-segment loss	6,186	2,442
	<u>1,543,595</u>	<u>930,552</u>
Reportable segment profit derived from Group's external customers	1,543,595	930,552
Gross profit of other revenue	74,767	54,352
Other income	992,458	373,188
Selling and distribution expenses	(43,264)	(20,133)
Administrative and other operating expenses	(172,471)	(183,714)
Research and development expenses	(655,848)	(504,807)
Reversal of impairment loss/(impairment loss) on trade and other receivables	146	(584)
Finance costs	(102,502)	(152,122)
Share of gain/(loss) of a joint venture and associates	24,492	(36,500)
	<u>1,661,373</u>	<u>460,232</u>

(iii) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interest in a joint venture and associates ("specified non-current assets"). The geographical location of customers is based on the location of operations of the contracting parties. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in a joint venture and associates.

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December		31 December	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Mainland China	17,779,326	13,279,363	2,508,495	2,357,042
Hong Kong	27,290	37,197	2,383	2,776
Vietnam	1,517,713	709,764	66,950	–
India	1,296,157	1,891,762	349,972	309,768
Others	256,032	233,250	472,545	234,141
	<u>20,876,518</u>	<u>16,151,336</u>	<u>3,400,345</u>	<u>2,903,727</u>

3 Other income

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants*	68,153	62,323
Additional deduction of input value-added tax (“VAT”) [#]	42,104	66,830
Interest income	83,018	133,460
Net foreign exchange loss	(53,785)	(55,820)
Net fair value changes on financial instruments at FVTPL		
– foreign exchange option contracts	(43,426)	130,704
– forward foreign exchange contracts	20,748	21,703
– wealth management products and structured deposits	37,859	12,785
– foreign exchange swap contracts	(5,120)	–
Decrease in provision of indemnification obligation (note 13)	2,424	–
Gain on disposal of Kunshan Q Tech Microelectronics (India) Private Limited (“Q Tech India”) (note 15)	856,820	–
Net loss on disposal of property, plant and equipment	(19,694)	(2,375)
Dividend income from investment in equity securities	–	1,605
Others	3,357	1,973
	992,458	373,188

* Government grants were received from several local government authorities as a recognition of the Group’s contribution towards the local economic development.

[#] According to Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration of PRC, with effect from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct additional 5% of the current deductible input VAT from the VAT payable amount. Three subsidiaries of the Company, including Kunshan QTech Microelectronics Co., Ltd. (“Kunshan QT China”), Kunshan Q Tech Biological Recognition Technology Limited (“Kunshan BR Subsidiary”) and Huizhou DEPAM Precision Automation Co., Ltd. (“Huizhou DEPAM”) are qualified for such additional input VAT deduction.

5 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current tax		
– PRC corporate income tax and income taxes of other tax jurisdictions	38,542	15,707
– Corporate tax payable in Singapore	35,364	–
– Corporate tax payable in Hong Kong	18,392	502
– Corporate tax payable in India (<i>note 5(c)</i>)	18,377	88,954
	<u>110,675</u>	<u>105,163</u>
Deferred tax		
Origination and reversal of temporary differences	57,079	76,001
	<u>167,754</u>	<u>181,164</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

Q Technology (Singapore) Private Limited (“Q Tech Singapore”) is subject to Singaporean income tax at 17%. The income tax expenses of Q Tech Singapore includes withholding income tax RMB35,137,000 arising from the disposal of interest in Q Tech India (note 15).

Kunshan Q Technology (Hong Kong) Limited (“Kunshan QT Hong Kong”) is subject to Hong Kong Profits Tax at 16.5%.

According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No.3) Ordinance 2018 (the “Ordinance”), the first HKD2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision of Hong Kong Profits Tax for Kunshan Q Technology International Limited (“QT International”) for the year ended 31 December 2025 is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HKD2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%. Such tax treatment is consistent with the basis adopted for the year of assessment 2023/24 (i.e. for the year ended 31 December 2024). The income tax expenses of QT international includes withholding income tax RMB10,127,000 arising from the disposal of interest in Q Tech India (note 15).

According to the PRC Corporate Income Tax Law (“CIT”) and its implementation regulations, Huizhou DEPAM, Kunshan QT China, Kunshan BR Subsidiary and Kunshan Q Tech Optoelectronic Technology Limited (“QT Optoelectronic Subsidiary”) were qualified as High and New Technology Enterprise (“HNTE”) and were entitled to a preferential income tax rate of 15% for the years ended 31 December 2025 and 2024, and Kunshan Q Tech Smart-Forward Limited was qualified as HNTE and was entitled to a preferential income tax rate of 15% for the year ended 31 December 2025 (2024: 25%). Shenzhen Q Technology Limited (“Shenzhen QT Subsidiary”) was qualified as Micro and Small Enterprise and thus entitled to a preferential income tax rate of 5% for the year ended 31 December 2025 (2024: 15%). All of the other Mainland China subsidiaries of the Group are subject to CIT at a statutory rate of 25% for the years ended 31 December 2025 and 2024.

Taxation arising in other jurisdictions (including India and Korea) is calculated at the rates prevailing in the relevant jurisdictions.

According to the relevant tax rules in Mainland China, qualified research and development expenses are allowed for incremental deduction for income tax purpose. As a result, an additional 100% of the qualified research and development expenses could be deemed as deductible expenses for the years ended 31 December 2025 and 2024.

According to the PRC Corporate Income Tax Law and its implementation regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interests of the PRC company.

According to the Announcement of the Ministry of Commerce of PRC issued in June 2025 (“**Announcement of the Ministry of Commerce [2025] No. 2**”), dividends received by non-PRC corporate residents from PRC enterprises which are used for eligible direct investment within Mainland China during the period from 1 January 2025 to 31 December 2028 can be used to offset against the non-PRC corporate residents’ tax liability for the year. Any unused portion of the available offsetting amount may be carried forward to future years. Where a specific tax rate that is lower than 10% applicable to such dividends under a tax treaty exists, the specific tax rate shall be applied.

The provision of the related deferred tax liabilities in respect of the profits generated by the Company’s subsidiaries in Mainland China since 2008, if any, are based on the expected dividends to be distributed from these subsidiaries in the foreseeable future and utilization of the tax incentives stipulated in the Announcement of the Ministry of Commerce of PRC [2025] No.2.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December	
	2025	2024
	RMB’000	RMB’000
Profit before taxation	1,661,373	460,232
Notional tax on profit before taxation, calculated at the applicable statutory rates in the jurisdictions concerned	239,630	122,647
Tax effect of PRC preferential tax treatments	(69,657)	(43,883)
Tax effect of additional deduction for qualified research and development expenses	(34,372)	(59,373)
Tax effect of non-deductible expenses	367	5,111
Tax effect of non-taxable income	(5,418)	(5,954)
Tax effect of unused tax losses not recognised	111	3,716
Tax effect of utilisation of tax losses previously not recognised	(4,119)	(179)
Tax effect of deductible temporary differences not recognised	1,009	–
Provision for corporate tax payable in India (<i>note 5(c)</i>)	7,346	88,954
Withholding tax on profit retained by Mainland China Subsidiaries	–	5,449
Reversal of deferred tax assets previously recognised for tax losses of Q Tech India (<i>note 5(c)</i>)	–	64,676
Under provision in respect of prior years	27,436	–
Decrease in opening deferred tax asset resulting from a decrease in applicable tax rate	5,421	–
Actual tax expense	167,754	181,164

(c) **India Income Tax**

On 30 December 2023, Q Tech India, which was a subsidiary of the Company until 26 September 2025 when control was lost, received a draft assessment order (“**TY20-21 DAO**”) from the Office of the Assistant Commissioner of Income Tax, Ministry of Finance, Government of India (“**the relevant Indian authorities**”), concerning the computation of taxable income for the tax year ended 31 March 2021. The TY20-21 DAO raised issues mainly around the transfer pricing arrangements between Q Tech India and certain other Group companies for purchases and loans. In response, Q Tech India filed written objections with the Dispute Resolution Panel of the Income Tax Department in India (“**DRP**”).

On 5 November 2024, Q Tech India received the final assessment order (the “**TY20-21 FAO**”) from the relevant Indian authorities. The TY20-21 FAO affirmed the assessment in the TY20-21 DAO, but imposed certain adjustments on the operating profit margin benchmark used in the assessment.

On 22 November 2024, Q Tech India filed an appeal against the TY20-21 FAO to the Income-tax Appellate Tribunal in India (the “**ITAT**”).

On 27 January 2025, Q Tech India received a transfer pricing order (“**TY21-22 TPO**”) concerning the computation of taxable income for the tax year ended 31 March 2022 from transfer pricing officer of Income Tax of the Ministry of Finance of the Government of India. The TY21-22 TPO also raised issues around the transfer pricing arrangements between Q Tech India and certain other Group companies for purchases and loans.

On 29 March 2025, Q Tech India received two draft assessment orders from the relevant Indian authorities for the tax year ended 31 March 2020 and 31 March 2022, respectively (“**TY19-20 DAO**” and “**TY21-22 DAO**”). The TY19-20 DAO concerned the computation of taxable income for the tax year ended 31 March 2020, and raised issues mainly around the transfer pricing arrangements between Q Tech India and certain Group companies for purchases. The TY21-22 DAO concerned the computation of taxable income for the tax year ended 31 March 2022, and raised issues mainly around the transfer pricing arrangements between Q Tech India and certain Group Companies for purchases and loans. These matters were also addressed in the TY21-22 TPO, but with certain adjustments on the operating profit margin benchmark used in the assessment.

On 20 January 2026, the ITAT ruled that the relevant Indian authorities that issued the TY20-21 FAO has no jurisdiction over Q Tech India and therefore the corresponding TY20-21 FAO is legally invalid and thus has been quashed. However, both Q tech India and the relevant Indian authorities may file an appeal to the High Court of India within 90 days from the date of ITAT’s ruling. As of the date of the consolidated financial statements were authorized for issue, the Group has not been notified that the relevant Indian tax authority has filed any appeal against the aforesaid ITAT’s ruling, nor can it reasonably estimate whether such appeal will be initiated. Therefore, the Group did not adjust the provision amount in relation to TY20-21 according to the aforesaid ITAT’s ruling.

On 28 and 29 January 2026, Q Tech India received the final assessment orders from the relevant Indian authorities for the tax year ended 31 March 2022 (“**TY21-22 FAO**”) and 31 March 2020 (“**TY19-20 FAO**”). Both TY19-20 FAO and TY21-22 FAO affirmed the assessment in their corresponding DAOs, but imposed certain adjustments on the operating profit margin benchmark used in the assessments.

On 23 February 2026, Q Tech India filed an appeal against the TY19-20 FAO and TY21-22 FAO to the ITAT. As of the date of the consolidated financial statements are authorized for issue, the dispute resolution proceedings with the ITAT were still in progress.

As of 31 December 2024, the Group derecognized a deferred tax assets of RMB64,676,000 in respect of tax losses and taxation payable of RMB88,954,000 in its consolidated statement of financial position.

On 26 September 2025, the Group signed a Share Subscription and Purchase Agreement (“**SSPA**”) with Dixon Technologies (India) Limited (“**Dixon**”) and completed the share transfer transaction through which it lost control over Q Tech India (details are set out in note 15) thus ceased to consolidate Q Tech India.

During the year, prior to the completion of the above share transfer transaction, the Group recorded an additional Indian income tax provision amounting to RMB7,346,000 in income tax expenses in relation to the above Indian tax disputes. As of 26 September 2025, the total loss provision was estimated at RMB153,602,000, representing the best estimate based on the latest available information and applying the expected value method.

As agreed with Dixon, the Group is obliged to indemnify Dixon against losses arising from the Indian tax disputes and accordingly recognised an indemnification obligation of RMB78,460,000, calculated at 51.08% (Dixon's share in Q Tech India) of the estimated total loss of RMB153,602,000.00.

(d) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion (“**GloBE**”) Model Rules (“**Pillar Two Rules**”) for a new global minimum tax reform applicable to large multinational enterprises. The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules have become effective in the Republic of Korea, Vietnam, Singapore and Hong Kong in which certain group entities are incorporated.

Operations in Mainland China and Singapore will not be materially impacted by Pillar Two Rules based on management's best estimate. Therefore, the Group did not recognise any current tax expenses for its subsidiaries in Mainland China and Singapore related to the Pillar Two Rules for the year ended 31 December 2025 (2024: nil).

Operations in the Republic of Korea, Hong Kong and Vietnam are eligible for safe harbours based on management's assessment. Accordingly, no top-up tax provision was recorded for the companies incorporated in those jurisdictions for the year ended 31 December 2025 (2024: nil).

Certain other jurisdictions in which the Group operate are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions. The Group is continuing to assess the impact of Pillar Two income taxes legislation on its future financial performance.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

6 Interests in Associates

	31 December 2025 RMB'000	31 December 2024 RMB'000
Investment in associates under equity method		
– Newmax Technology Co., Ltd. (“ Newmax Technology ”) (新鉅科技股份有限公司) (i)	364,671	233,756
– poLight ASA (“ poLight ”) (ii)	105,981	–
	470,652	233,756
Fair value of listed investments:		
– Newmax Technology	521,295	417,822
– poLight	292,703	–
	813,998	417,822

Note: The fair value of the listed investments is determined based on the quoted market bid price available on the Taipei Exchange and Oslo Stock Exchange multiplied by the quantity of shares held by the Group.

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associates	Form of business structure	Place of incorporation and business	Registered and paid up capital	Proportion of ownership interest						Principal activities
				Held by the Group (%)		Held by the Company (%)		Held by a subsidiary (%)		
				At 31 Dec. 2025	At 31 Dec. 2024	At 31 Dec. 2025	At 31 Dec. 2024	At 31 Dec. 2025	At 31 Dec. 2024	
Newmax Technology	Incorporated	Taiwan	TWD2,041,918,480	41.79	35.47	37.71	30.95	4.08	4.52	Design, research, development, manufacture and sales of optical lens
poLight	Incorporated	Norway	NOK8,510,739.12	29.96	-	29.96	-	-	-	Offer patented, and piezo MEMS technology

- (i) Newmax Technology is a company incorporated under the laws of Taiwan and listed on the Taipei Exchange as a strategic partner for the Group in developing optical lens business where Newmax Technology has extensive experience. On 3 March 2025, the Company participated in the private placement of Newmax Technology. An aggregate of 20,000,000 Placing Shares has been issued to the Company at the price of TWD22.16 per share, representing approximately 9.8% of the total number of issued ordinary shares of Newmax Technology as enlarged upon completion of the private placement. The total consideration of approximately TWD443,200,000 (equivalent to approximately RMB96,413,000). Upon completion of the Newmax Private Placement, the Group in aggregate holds approximately 41.8% of the total number of issued ordinary shares of Newmax Technology. The Group does not gain controllership of Newmax Technology after completion of the private placement.
- (ii) poLight is a company incorporated under the laws of Norway and listed on the Oslo Stock Exchange. On 15 April 2025, the Company signed an investment agreement with poLight and agreed to subscribe for 63,743,112 placing shares intended to be issued by poLight at a price of NOK2.69 per share for a total consideration of approximately NOK171,469,000 (equivalent to approximately RMB120,852,000), representing approximately 32.97% of the total issued ordinary shares of poLight. On 4 June 2025, the private placement has been completed. Upon completion of the private placement, the Company has the right to appoint 2 directors, representing two-seventh of the board of directors of poLight. On 31 December 2025, the Company's ownership in poLight's share changed to 29.96% due to poLight's offering to other investors.

The associates of the Group are accounted for using the equity method in the consolidated financial statements.

As at 31 December 2025, no shares of Newmax Technology held by the Group were pledged as security for short-term bank borrowings (2024: 26,160,850 shares, see note 12(a)).

Aggregate information of associates that are not individually material:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
The Group's share of profit (loss)	<u>22,167</u>	<u>(36,500)</u>
The Group's share of other comprehensive (expense) income	<u>(1,982)</u>	<u>1,663</u>
The Group's share of total comprehensive income (expense)	<u>20,185</u>	<u>(34,837)</u>
Aggregate carrying amount of the Group's interests in these associates	<u>470,652</u>	<u>233,756</u>

7 Interests in a Joint Venture

	31 December 2025 RMB'000	31 December 2024 RMB'000
	Investment in a joint venture under equity method	
– Q Tech India (i)	<u>349,972</u>	<u>–</u>
	<u>349,972</u>	<u>–</u>

Details of Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Registered and paid up capital	Proportion of ownership interest						Principal activities
				Held by the Group		Held by the Company		Held by subsidiaries		
				31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	
				%	%	%	%	%	%	
Q Tech India	Incorporated	India	INR408,538,810.00	48.92	100.00	–	–	48.92	100.00	Manufacture and trading of camera modules and biological recognition modules

- (i) Q Tech India was a subsidiary of the Company until 26 September 2025, when the Company lost control following the disposing of a partial interest in Q Tech India (details are set out in note 15). After the disposal, the Group retained a 48.92% equity interest in Q Tech India. The board of directors of Q Tech India consists of up to six directors and the Group has the right to nominate 2 directors and recommend 1 independent directors, the same nomination and recommendation rights as the other shareholder, Dixon Technologies (India) Limited (“Dixon”). Additionally, such 2 independent directors are appointed under applicable law and with the mutual agreement of Dixon and the Group. Accordingly, Q Tech India is accounted for as a joint venture of the Group.

The joint venture of the Group is accounted for using the equity method in the consolidated financial statements.

The information of the joint venture that is not individually material:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
The Group's share of profit	<u>2,325</u>	<u>–</u>
The Group's share of other comprehensive expense	<u>(56)</u>	<u>–</u>
The Group's share of total comprehensive income	<u>2,269</u>	<u>–</u>
8 Trade and other receivables		
	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Trade receivables		
– third parties	5,278,003	4,623,846
– related parties	663,382	41,648
Bills receivable		
– third parties	<u>–</u>	<u>38,822</u>
Trade and bills receivables	5,941,385	4,704,316
<i>Less:</i> loss allowance	<u>(1,052)</u>	<u>(682)</u>
	5,940,333	4,703,634
Other deposits, prepayments and receivables		
– third parties	296,552	284,916
– related parties	270,525	68
<i>Less:</i> loss allowance	<u>(36)</u>	<u>(741)</u>
	<u>6,507,374</u>	<u>4,987,877</u>
Analysed as:		
Current	6,240,280	4,987,877
Non-current	<u>267,094</u>	<u>–</u>
	<u>6,507,374</u>	<u>4,987,877</u>

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 month	4,639,955	3,141,400
Over 1 month but within 3 months	1,253,175	1,549,549
Over 3 months but within 6 months	46,955	12,143
Over 6 months but within 1 year	248	542
	<u>5,940,333</u>	<u>4,703,634</u>

Trade and bills receivable are generally due within 30 days to 90 days from the date of billing. As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,444,000 (2024: RMB5,131,000) which are past due as at the reporting date.

9 Financial assets measured at fair value through profit or loss

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets		
Wealth management products	<u>153,706</u>	<u>151,712</u>
Current assets		
Wealth management products and structured deposits	<u>1,670,379</u>	<u>350,040</u>

The amount represents investments in wealth management products and structured deposits issued by reputable financial institutions in the Mainland China. There are no fixed or determinable returns of these wealth management products and structured deposits.

During the current year, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by related banks in the PRC to invest principally in certain financial assets including bonds and cash funds, etc. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition of which the return of the unlisted financial products was determined by reference to the performance of the underlying debt instruments and treasury notes.

As at 31 December 2025, wealth management products of RMB412,203,000 held by the Group (2024: RMB151,712,000) were pledged as security for short-term bank borrowings (see note 12(a)).

10 Derivative financial instruments

	31 December 2025	
	Assets	Liabilities
	RMB'000	RMB'000
Foreign currency derivative instruments		
– Forward foreign exchange contracts	22,708	(15,661)
– Foreign exchange option contracts	695	(21,604)
	<u>23,403</u>	<u>(37,265)</u>
	31 December 2024	
	Assets	Liabilities
	RMB'000	RMB'000
Foreign currency derivative instruments		
– Forward foreign exchange contracts	37,438	(15,989)
– Foreign exchange option contracts	61,976	(40,579)
	<u>99,414</u>	<u>(56,568)</u>

11 Pledged bank deposits

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Pledged for		
– short-term bank borrowings (<i>note 12</i>)	330,704	256,012
– letters of guarantee	245,884	299,564
	<u>576,588</u>	<u>555,576</u>

Pledged bank deposits carry interest rates from 1.28% to 2.76% (31 December 2024: 1.75% to 7.30%) and represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB576,588,000 (2024: RMB555,576,000) have been pledged to secure short-term bank borrowings/letter of credit and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings and letters of credit.

12 Bank borrowings

	31 December 2025 RMB'000	31 December 2024 RMB'000
Long-term bank borrowings		
– unsecured	<u>95,000</u>	<u>81,876</u>
Short-term bank borrowings		
– secured (<i>note (a)</i>)	1,645,205	425,424
– unsecured	<u>2,449,719</u>	<u>1,927,071</u>
	<u>4,094,924</u>	<u>2,352,495</u>
	<u>4,189,924</u>	<u>2,434,371</u>

Bank borrowings bear interest ranging from 0.51% to 5.60% per annum as at 31 December 2025 (31 December 2024: 2.50% to 5.60%).

(a) Assets pledged as security for bank borrowings

As at 31 December 2025, the secured bank borrowings of RMB1,645,205,000 (2024: RMB425,424,000) were secured by the following assets of the Group:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Shares of an associate (<i>note 6</i>)	–	93,605
Pledged bank deposits (<i>note 11</i>)	330,704	256,012
Negotiable certificates of deposit	801,410	–
Wealth management products (<i>note 9</i>)	<u>412,203</u>	<u>151,712</u>
	<u>1,544,317</u>	<u>501,329</u>

(b) The analysis of the repayment schedule of bank borrowings is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year or on demand	4,094,924	2,352,495
After 1 year but within 2 years	<u>95,000</u>	<u>81,876</u>
	<u>4,189,924</u>	<u>2,434,371</u>

(c) In respect of bank borrowings with carrying amount of RMB95,000,000 as at 31 December 2025, Kunshan BR Subsidiary is required to comply with the following financial covenants which are tested on a quarterly basis:

- the ratio of the liabilities to the assets shall not exceed 75%; and
- the ratio of the current assets to the current liabilities shall not be less than 1.00.

The Group has complied with the relevant covenants as of each testing date during and up to the end of the reporting period and accordingly classified the related bank loans balances as non-current.

The Group regularly monitors its compliance with all financial covenants.

13 Trade and other payables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Trade payables		
– third parties	6,680,135	4,567,346
– related parties	34,845	18,180
Bills payable*		
– third parties	1,690,524	1,668,450
Trade and bills payables	8,405,504	6,253,976
Accrued payroll	152,255	111,513
Provision of indemnification obligations#	76,962	–
Other payables and accruals	299,978	197,275
	8,934,699	6,562,764

* These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

This represents indemnification obligation recognised in connection with the disposal of the Group's controlling interest in Q Tech India to Dixon for the potential tax disputes in India (see note 5(c)), measured at RMB76,035,000, and other legal claims amounting to RMB927,000. The provision was initially measured based on management's best estimate of the expected outcome as at the disposal date, considering the terms of the SSPA and the status of the underlying proceedings.

The Group estimated the above indemnification obligation payable to Dixon as at 31 December 2025 after considering the developments in the Indian tax disputes disclosed in note 5(c) by reassessing the probability and extent to which that Q Tech India's past tax treatments in all the relevant years would ultimately be accepted by the relevant Indian tax authorities. Based on the latest available information and applying the expected value method, management's best estimate of Q Tech India's total loss exposure arising from these Indian tax disputes is RMB148,855,000 as at 31 December 2025, which is multiplied by Dixon's share of Q Tech India of 51.08% to calculate the indemnification obligation payable to Dixon equivalent to RMB76,035,000.

Based on the management's latest assessment, it is expected that the reasonably possible outcome of loss arising from the Indian tax disputes could range between RMB85,501,000 and RMB227,160,000 in all the relevant years. However, due to the dispute resolution proceedings with the ITAT for TY19-20 FAO and TY 21-22 FAO were still ongoing and the relevant tax authorities may file an appeal to the High Court of India for ITAT's ruling for TY20-21 FAO, the final outcome of loss arising from Indian tax disputes may be different from the provision amount recognised and could fall outside the above-mentioned range.

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of the trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 3 months	6,647,648	5,092,169
Over 3 months but within 6 months	1,083,102	583,894
Over 6 months but within 1 year	12,059	331
Over 1 year	3,822	4,780
	<u>7,746,631</u>	<u>5,681,174</u>

14 Equity settled share-based transactions

(a) Share-based payment on 5 June 2024

On 5 June 2024, the Company granted share options to 506 eligible participants to subscribe for a total of 10,280,000 ordinary shares in accordance with the terms and conditions of the post-IPO share option scheme adopted by the Company on 13 November 2014. Each option gives the holder the right to subscribe for one ordinary share of the Company, subject to certain performance conditions as disclosed in relevant announcement of the Company. The exercise price is HKD3.518 per share, being the average closing price for the five trading days (both dates inclusive) immediately preceding the date of grant.

The terms and conditions of the grants are as follow:

	Number of share options	Vesting period	Contractual life of options
Granted to management:			
– on 5 June 2024	1,662,500	9 months from date of grant to 31 March 2025	1 year and 6 months
– on 5 June 2024	1,662,500	1 year and 9 months from date of grant to 31 March 2026	2 years and 6 months
Granted to employees:			
– on 5 June 2024	3,477,500	9 months from date of grant to 31 March 2025	1 year and 6 months
– on 5 June 2024	3,477,500	1 year and 9 months from date of grant to 31 March 2026	2 years and 6 months
Total	<u>10,280,000</u>		

The number of the options to be exercised after each vesting period is subject to a performance guarantee mechanism with reference to audited profit before taxation after excluding the share of gain/(loss) of associates and government grants of the Group for the respective financial year as disclosed in relevant announcement of the Company.

The number and weighted average exercise prices of share options are as follows:

	Year ended 31 December 2025	
	Weighted average exercise price HKD	Number of options
Outstanding at 1 January 2025	3.518	10,121,000
Granted during the year		–
Exercised during the year	3.518	(4,993,000)
Forfeited during the year	3.518	(289,000)
	<hr/>	<hr/>
Outstanding at 31 December 2025	3.518	4,839,000
Exercisable at the end of the year		<hr/> <hr/>

The options outstanding at 31 December 2025 had an exercise price of HKD3.518 and a weighted average remaining contractual life of 1 year.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HKD7.43 (2024: N/A).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Fair value of share options and assumptions:

Vesting date	01/04/2025	01/04/2026
Maturity date	31/12/2025	31/12/2026
Fair value of share options granted to management at measurement date	HKD0.999	HKD1.253
Fair value of share options granted to employees at measurement date	HKD0.986	HKD1.241
Share price	HKD3.40	HKD3.40
Exercise price	HKD3.518	HKD3.518
Expected volatility	59.08%	57.42%
Risk-free interest rate	3.97%	3.62%
Expected dividends	0.00%	0.00%

The expected volatilities are referenced to the historical share price volatilities of the Company. Expected dividends are estimated based on the Company's dividend plan. Changes in the subjective input assumptions could materially affect the fair value estimate.

(b) Share-based payment on 27 June 2025

On 27 June 2025, the Company granted share options to 700 eligible participants to subscribe for a total of 14,688,000 ordinary shares in accordance with the terms and conditions of the share scheme adopted by the Company on 28 June 2024. Each option gives the holder the right to subscribe for one ordinary share of the Company, subject to certain performance conditions as disclosed in relevant announcement of the Company. The exercise price is HKD8.23 per share, being the closing price for the date of grant. No options were exercised during the year ended 31 December 2025.

The terms and conditions of the grants are as follow:

	Number of share options	Vesting period	Contractual life of options
Granted to management:			
– on 27 June 2025	1,855,500	9 months from date of grant to 31 March 2026	1 year and 6 months
– on 27 June 2025	1,855,500	1 year and 9 months from date of grant to 31 March 2027	2 years and 6 months
Granted to employees:			
– on 27 June 2025	5,488,500	9 months from date of grant to 31 March 2026	1 year and 6 months
– on 27 June 2025	5,488,500	1 year and 9 months from date of grant to 31 March 2027	2 years and 6 months
Total	<u>14,688,000</u>		

The number of the options to be exercised after each vesting period is subject to a performance guarantee mechanism with reference to audited profit before taxation after excluding the share of gain/(loss) of associates and government grants of the Group for the respective financial year as disclosed in relevant announcement of the Company.

The number and weighted average exercise prices of share options are as follows:

	Year ended 31 December 2025	
	Weighted average exercise price HKD	Number of options
Outstanding at 1 January 2025		–
Granted during the year	8.23	14,688,000
Forfeited during the year	8.23	(454,750)
Outstanding at 31 December 2025	<u>8.23</u>	<u>14,233,250</u>

The options outstanding at 31 December 2025 had an exercise price of HKD8.23 per share and a weighted average remaining contractual life of 1 year and 6 months.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Fair value of share options and assumptions:

Vesting date	01/04/2026	01/04/2027
Maturity date	31/12/2026	31/12/2027
Fair value of share options granted to management at measurement date	HKD2.374	HKD2.981
Fair value of share options granted to employees at measurement date	HKD2.360	HKD2.968
Share price	HKD8.23	HKD8.23
Exercise price	HKD8.23	HKD8.23
Expected volatility	58.83%	57.38%
Risk-free interest rate	1.72%	1.86%
Expected dividends	0.00%	0.00%

The expected volatilities are referenced to the historical share price volatilities of the Company. Expected dividends are estimated based on the Company's dividend plan. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total expense of RMB19,931,000 for the year ended 31 December 2025 (2024: RMB4,426,000) in relation to share options granted by the Company.

(c) Dividends

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
2025 Interim – HKD15.0 cents per share (2024: Nil) equivalent to RMB13.7 cents per share	161,144	–
2024 Final – HKD10.0 cents per share (2023: Nil) equivalent to RMB9.3 cents per share	106,644	–
	267,788	–

Subsequent to the end of the reporting period, the directors of the Company resolved to declare a final dividend in respect of the year ended 31 December 2025 of HKD40.0 cents (2024: HKD10.0 cents) per ordinary share, in an aggregate amount of approximately RMB429,754,000 (2024: RMB108,614,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(d) Share capital

	Number of shares '000	ordinary shares HKD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2024, 31 December 2024, 1 January 2025, and 31 December 2025	50,000,000	500,000

	Number of shares '000	Nominal value of ordinary shares	
		HKD'000	RMB'000
Ordinary shares issued and fully paid:			
At 1 January 2024, 31 December 2024, 1 January 2025	1,184,538	11,845	9,486
Exercise of share options	4,993	50	46
At 31 December 2025	1,189,531	11,895	9,532

15 Disposal of a subsidiary

On 17 September 2025, the Group has entered into the SSPA with Dixon, pursuant to which Dixon has agreed to acquire an aggregate of 51.08% paid-up share capital of Q Tech India by way of the share purchase and the share subscription. Pursuant to the SSPA, the Group shall sell, and Dixon shall purchase, the sale shares; and Q Tech India shall issue on a private placement basis, and Dixon shall subscribe to, the subscription shares upon closing.

The total consideration for the transaction is INR5,529,999,860 (equivalent to approximately RMB442,937,000), comprising (i) the consideration for the share purchase of INR4,279,999,895 (equivalent to approximately RMB342,816,000), and (ii) the consideration for the share subscription of INR1,249,999,965 (equivalent to approximately RMB100,121,000) and the total consideration was agreed after arm's length negotiations between the Group and Dixon.

The disposal was completed on 26 September 2025, on which date the Group lost control of Q Tech India. Upon closing, the Group retained 48.92% equity interest in Q Tech India which is accounted for using the equity method as a joint venture. The net liabilities of Q Tech India on 26 September 2025 were as follows:

	26 September 2025 RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	278,168
Intangible assets	152
Deferred tax assets	553
Inventories	66,125
Trade and other receivables	282,039
Pledged bank deposits	14,949
Cash and cash equivalents	86,263
Trade and other payables	(920,747)
Lease liabilities-current	(472)
Contract liabilities	(12)
Current tax payable	(33,833)
Lease liabilities-non-current	(410)
Net Assets (liabilities) disposed of	<u>(227,225)</u>
Consideration received:	RMB'000
Cash received*	342,816
Total consideration received	<u>342,816</u>

Gain on disposal of a subsidiary:

Total consideration received	342,816
ADD:	
Fair value of retained equity interest in Q Tech India	348,200
Reclassification of cumulative translation reserve upon disposal of Q Tech India to profit or loss	17,965
Net liabilities (Assets) disposed of	227,225
Provision of indemnification obligations [#]	(79,386)
	<hr/>
Gain on disposal of 51.08% equity interest in Q Tech India	856,820
	<hr/> <hr/>

Net cash inflow arising on disposal:

Total cash consideration	342,816
Less: cash and cash equivalents disposed of Q Tech India	86,263
	<hr/>
	256,553
	<hr/> <hr/>

* Upon completion of the disposal, the Group received net cash proceeds of RMB297,552,000 after deducting income tax of RMB45,264,000 in respect of the withholding tax withheld and remitted by Dixon under applicable tax law. Amongst the aforesaid withholding income tax, RMB35,137,000 is attributable Q Tech Singapore and RMB10,127,000 is attributable to QT International.

As mutually agreed by the Group and Dixon, the Group shall indemnify Dixon for any loss incurred arising from the indemnifiable events listed in the SSPA, including breaches of or non-compliance with Applicable Law or contractual obligations, provided that the cause of such loss occurred prior to 26 September 2025. The Group has identified and accrued certain specific provision for indemnification obligations which are probable to result in payments outside the Group in the foreseeable future, which includes RMB78,460,000 in respect of the Indian tax dispute (see note 5(c)) and RMB926,000 related to other legal claims. The Group determined the provision based on management’s best estimate of the expected outcomes as at the disposal date, taking into account the terms of the SSPA and the status of ongoing proceedings.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back on the Year, the global macroeconomy maintained resilience amid a complex and volatile geopolitical landscape and pressures from structural adjustments. On the one hand, the international landscape continued to be characterised by uncertainties such as regional conflicts and rising trade protectionism, and the global supply chain system continued to undergo regional restructuring, with technological advancements and adaptability offsetting the adverse effects of trade policies. On the other hand, inflationary pressures eased in major economies, liquidity conditions improved at the margin, and the global economy continued its moderate recovery trajectory. The World Economic Outlook report released by the International Monetary Fund (IMF) in October 2025 projected global economic growth of 3.2% for 2025, higher than the predicted global economic development growth of approximately 2.9% for 2025 in the IMF's World Economic Outlook report published at the beginning of 2025, and also higher than the updated projection of approximately 3.0% for 2025 released in the IMF's July 2025 update, demonstrating the resilience of the global economy. Economic growth data published by several developed countries and economies met or exceeded expectations: data published by the U.S. Bureau of Economic Analysis in January 2026 showed the United States achieved an estimated GDP growth rate of approximately 2.2% for 2025, surpassing the IMF's earlier forecast of approximately 2.0%. Data released by Eurostat in February 2026 showed that the euro area's GDP grew by 1.5% in 2025 as a whole, exceeding the IMF's earlier forecast of around 1.2%, and according to data from the National Bureau of Statistics of China published in January 2026, the GDP growth rate for 2025 was 5.0%, matching the growth rate of 2024 and exceeding the upper limits of the IMF's and World Bank's respective GDP growth forecasts for China in 2025 (being 4.8% and 4.5%). Therefore, overall, the global macroeconomy achieved solid growth during the Year, while demand in core application fields such as global consumer electronics and smart vehicles continued to expand, providing a favorable external foundation for the stable development of the intelligent vision industry chain.

In terms of smartphones: according to a report released by the independent third-party research organization International Data Corporation (IDC) in January 2026, the global smartphone market demonstrated strong resilience in 2025, with annual shipments reaching 1.26 billion units, representing a year-on-year increase of 1.9%, while China's smartphone market recorded shipments of approximately 286 million units, representing a year-on-year decrease of 0.6%. Meanwhile, the report indicates that high-end smartphones priced above US\$600 accounted for approximately 25% of total sales, hit a record high. The average sales unit price also reached a record peak, demonstrating that the global smartphone market in 2025 achieved a dual positive development scenario of volume growth and specification upgrades. Against this backdrop, demand for mid-to-high-end camera modules continues to grow, with product specifications steadily improving. However, few companies possess the comprehensive capabilities required to develop mid-to-high-end camera modules, including product research and development, precision manufacturing, integrated cost control, and vertical integration. Consequently, industry concentration has further increased.

In terms of IoT intelligent terminals: 2025 marked the golden era of large-scale commercial application, with handheld smart imaging devices undergoing a transformation from “niche gadgets” to “the second imaging system for the general public”. AI enablement, lightweight design, and seamless user experience became core competitive advantages, and the market took on a landscape characterised by a two-player competition and diversified product forms. According to IDC’s report released in December 2025, global shipments of Smart Eyewear are projected to reach 4.296 million units in the third quarter of 2025, representing a year-on-year increase of 74.1%, of which the global market for audio and audio-capturing glasses is projected to ship 2.994 million units, representing a year-on-year increase of 287.5%. Concurrently, global shipments of XR devices (including headsets and glasses) are forecasted to grow by 41.6% in 2025, reaching 14.5 million units. Additionally, the drone industry underwent structural transformation during the Year, with industrial-grade drones outpacing consumer-grade drones in growth. Low-altitude economy policies in China have been fully implemented and are accelerating commercial applications, promoting the rapid development of industrial-grade drones for applications in agriculture, firefighting, logistics, and other fields. Consequently, the sales volumes of camera modules and LiDAR applied to the aforementioned IoT intelligent terminals also showed explosive growth.

In terms of smart cars: according to a report released by the China Association of Automobile Manufacturers (“CAAM”) in January 2026, China’s automobile accumulated production and sales reached 34.531 million units and 34.40 million units respectively in 2025, representing year-on-year increases of 10.4% and 9.4% respectively. According to a report released by the China Passenger Car Association (“CPCA”) in February 2026, global automobile sales reached 96.47 million units in 2025, with new energy vehicles accounting for 22.71 million units. Meanwhile, data from independent third-party research organizations including Gasgoo Research Institute showed that the penetration rate of Level L2 and above intelligent driving assistance systems in China is projected to surpass the 50% threshold by 2025. Global sales of new energy vehicles, particularly in China, continue to grow at a rapid pace. The penetration rate of intelligent driving solutions is steadily increasing, while the number and specifications of automotive camera modules continue to upgrade. LiDAR sensors is accelerating its transition from a “high-end optional feature” to a “mainstream standard feature”. Collectively, these factors have laid a solid industrial foundation for the large-scale development of intelligent driving perception devices such as automotive camera modules and LiDAR sensors.

During the Year, under a stable macroeconomic environment and a gradually recovering industry landscape, the management and all employees of the Group adhered to the unchanging vision of “illuminate things”, continuing to advance large-scale intelligent manufacturing, research and development (the “R&D”) of new technologies, and vertical chain integration. The Group steadfastly pursued its platform strategy, component strategy, and system integration strategy. Efforts were directed toward enhancing the comprehensive capabilities in optical design, structural design, self-developed equipment, and algorithm integration for camera modules. The Group consistently prioritized technological leadership, quality excellence, and cost efficiency as key competitive advantages to provide excellent services to customers and stand out in an increasingly competitive market. Meanwhile, the Group has consistently adhered to a product structure upgrade strategy focused on mid-to-high-end camera modules. It has prioritized expanding the market for mid-to-high-end camera module products for mobile phones, such as periscope camera modules, as well as camera module businesses for non-handset fields such as automotive and IoT:

- (i) In terms of camera modules for smartphones: supported by robust overseas demand and a steadily increasing supply share, the Group's sales volume of camera modules for smartphones for the Year grew by approximately 3.0% year-on-year, demonstrating steady performance. Particularly in the second half of the Year, sales volume surged by about 36.6% compared to the first half, reflecting a positive growth trajectory. During the Year, the Group's sales volume of periscope camera modules for mobile phones increased by approximately 270.1% year-on-year, significantly exceeding the business development target set in the Company's 2024 annual results announcement (i.e., year-on-year growth exceeding 100%). Therefore, despite the sales volume of smartphone camera modules with resolutions below 32 megapixels increasing by approximately 63.0% in the second half of the Year compared to the first half – an increase exceeding expectations – resulting in the proportion of smartphone camera modules with resolutions of 32 megapixels and above in total smartphone camera module sales for the Year reached only about 48.2%, which fell short of the business development target set in the Company's 2024 annual results announcement (i.e., a proportion of not less than 55%). However, the overall product specifications of the Group's camera modules for smartphones maintained a favourable upward trajectory.
- (ii) In terms of camera module business for non-handset fields such as automotive and IoT: during the Year, the Group's sales volume of camera modules for non-handset fields such as automotive and IoT grew by approximately 111.0% compared to the Previous Year, significantly exceeding the revised business development target outlined in the Company's 2025 interim results announcement (i.e., year-on-year growth of not less than 60%, while the business development target set in the 2024 annual results announcement was not less than 40%). Sales volume in the second half of the Year increased by approximately 116.5% compared to the first half, demonstrating a very positive development trend. It is gratifying to note that revenue from camera modules in non-handset fields increased from approximately 12.6% of total camera module revenue in the Previous Year to approximately 26.9% in the Year, exceeding the target set in the Strategic Planning for the Five-Year (2021-2025) Operation and Development of Q Technology (Group) Company Limited released in August 2021, which aimed for "revenue from new fields to account for one-quarter or more of total camera module product revenue". Meanwhile, the rapid expansion of the camera module business in non-handset fields has driven the average sales unit price of our camera modules to steadily increase from approximately RMB34.12 in the Previous Year to approximately RMB40.84 in the Year. This fully reflects the continuous improvement in the product mix and revenue structure of the Group's camera module products. The diversified development of application fields will be beneficial to the Group's long-term performance growth.

While actively promoting the camera module business, the Group is also vigorously developing its biological recognition module business. During the Year, the Group focused on increasing the market share of its biological recognition module business and optimising the product structure for biological recognition modules. Through the concerted efforts of management and staff, the Group's sales volume of biological recognition modules reached approximately 202.54 million units during the Year, representing a year-on-year increase of approximately 25.8%. Although the growth rate fell short of the revised business development target outlined in the Company's 2025 interim results announcement (a year-on-year increase of not less than 30%, while the business development target set in the 2024 annual results announcement was not less than 20%) due to the disposal of the Group's equity interest in Q Tech India, the growth rate still significantly exceeded the growth rate of global smartphone sales volume, reflecting the Group's solid improvement in market share within this product field and further strengthening its leading position in the industry.

With the trust and support of our customers, and through the concerted efforts of the Group's management and all staff, the Group's revenue for the Year amounting to approximately RMB20,876,518,000 (2024: approximately RMB16,151,336,000), representing a year-on-year increase of approximately 29.3%. Meanwhile, the Group's gross profit for the Year was approximately RMB1,618,362,000 (2024: approximately RMB984,904,000), representing a year-on-year increase of approximately 64.3%. The gross profit margin was approximately 7.8% (2024: approximately 6.1%), representing a year-on-year increase of approximately 1.7 percentage points. The year-on-year increase in gross profit margin was mainly attributable to: (i) the Group continued to adhere to its strategy of focusing on mid-to-high end camera modules while accelerating the development of camera modules for automotive and IoT fields during the Year, in which, sales volume of camera modules for automotive and IoT fields grew by approximately 111.0% year-on-year, with sales volume of periscope camera modules increasing by approximately 256.4% year-on-year. The strong development of high-end products during the Year improved the Group's capacity utilization of camera module business, reduced marginal costs and enhanced product value-added, further improving gross profit margin; and (ii) the sales volume of biological recognition module products of the Group during the Year increased by approximately 25.8% compared to the Previous Year, and the capacity utilization improved markedly compared to the Previous Year, contributing to an improvement in the gross profit margin of biological recognition module products.

During the Year, the Group's profit was approximately RMB1,493,619,000, representing an increase of approximately 435.2% compared to that of the Previous Year. The increase in profit was mainly attributable to: (i) the Group has remained steadfast in advancing the Strategic Planning for the Five-Year (2021-2025) Operation and Development of Q Technology (Group) Company Limited, accelerating the development of its intelligent vision product business in non-handset fields. During the Year, the rapid development of the global intelligent driving and IoT intelligent terminal industries has driven a significant increase in both the demand volume and product specifications for camera modules. The Group maintains strong partnerships with globally leading smart driving solution providers, handheld camera equipment brands, and other prominent IoT intelligent terminal brands. This has enabled the Group to double its sales volume of camera modules applied in non-handset fields year-on-year, driving the Group's revenue to increase by approximately 29.3% compared to the Previous Year; (ii) the Group continued to adhere to its operational strategy centered on mid-to-high end camera modules and biological recognition modules. Sales volumes of periscope camera modules and optical image stabilization camera modules saw significant year-on-year growth, and sales volumes of camera modules applied in the automotive and IoT fields also saw substantial year-on-year growth, with their share in the camera module sales revenue increasing notably. The scale expansion of high-end products effectively improved the value-added of the Group's products. Meanwhile, the Group vigorously advanced intelligent transformation, digital transition, and management process reforms, achieving significant improvements in operational efficiency, development capabilities, quality capabilities, and delivery capabilities compared to the Previous Year. The steady growth in operating revenue, coupled with effective optimization of internal operations and improvements in product mix, collectively contributed to a significant improvement in the Group's gross profit margin; and (iii) a gain after tax of approximately RMB811,556,000 recorded upon the disposal of a portion of the equity interest in Q Tech India. In addition, the operating result of an associate in which the Group has invested improved compared to the Previous Year, resulting in the Company recording a share of gain of an associate, whereas in the Previous Year, it recorded a share of losses from the associate.

PROSPECTS

In 2026, despite trade protectionism and geopolitical factors remaining sources of uncertainty, the global economy is expected to maintain stability amid divergent forces, with the global economic center accelerating its transition toward AI-driven productivity gains. According to the World Economic Outlook update report released by IMF in January 2026, the global economic growth for 2026 is projected at 3.3%, representing a 0.2 percentage point increase from the forecast published in October 2025. Despite complex trade conditions, growth momentum in the United States and China provides core support for the global recovery. IMF forecasting U.S. economic growth at 2.4% for 2026, up 0.3 percentage point from the forecast in October 2025, and predicting Chinese economic growth at 4.5%, up 0.3 percentage point from the forecast in October 2025. The year 2026 marks the commencement of China's 15th Five-Year Plan. To ensure a strong start, China's economic ministries have issued clear and coordinated policy signals, driving proactive policy implementation. In 2026, China's consumer goods trade-in program continued, with AI glasses being included in the program for the first time. This move not only revitalized emerging consumer markets such as AI/AR glasses but also channeled the surge in terminal consumption toward the upstream of the industrial chain. It revealed the vast prospects for intelligent hardware, further accelerating the development and positive cycle of the entire market. In turn, this will further increase the demand for intelligent vision system products and biological recognition module products. In 2026, major global economies are highly likely to continue their rate-cut cycle. The RMB exchange rate is expected to fluctuate within a range and may moderately appreciate against the US dollar. The internationalization of the RMB will advance further, which will help alleviate the Group's financial costs associated with material import settlements and overseas capacity expansion. However, the recent escalation of conflict in the Middle East has heightened uncertainty regarding the global political and economic outlook, potentially fueling inflation and increasing volatility in major currency exchange rates.

In terms of smartphones, the global market of smartphone in 2026 is expected to exhibit core characteristics of declining volumes amid rising prices, high-end market leadership, widespread AI adoption, and structural differentiation. While overall smartphone sales may face pressure due to soaring memory chip costs, the high-end market and technological innovation will remain key growth drivers. The industry will accelerate its shift from scale expansion to value-driven deepening. A report released by the third-party research institute IDC in January 2026 indicates that the global shipments may experience a slight decline of approximately 1% to 4%, with this downturn pressure primarily concentrated in the low-end model. A report by another market research firm Counterpoint Research indicates that global smartphone SoC (System-on-Chip) shipments are projected to decline by 7% year-on-year in 2026, affected by rising memory chip prices and constrained supply. Low-end models priced below US\$150 will be hit hardest, while high-end models will experience relatively less impact. Therefore, management believes that by 2026, the penetration rates of periscope camera modules, variable aperture camera modules, high-magnification optical image stabilization camera modules, ultra-high-resolution camera modules with 200 megapixels and above, and ultrasonic biological recognition modules for smartphones are expected to steadily increase. These technologies will transition from exclusive configurations in high-end flagship models to widespread adoption across the mid-to-high end market. Opportunities for specification upgrades in the Group's smartphone camera modules and biological recognition modules remain.

In terms of IoT intelligent terminals, according to IDC's report released in December 2025, China's shipments of smart eyewear are projected to reach 4.508 million units in 2026, representing a year-on-year increase of 77.7%, of which audio and audio-capturing glasses is projected to ship 3.434 million units, representing a year-on-year increase of 68.1%. AR/VR device shipments are projected to reach 1.073 million units, marking a 62.1% year-on-year increase. Additionally, according to the latest research findings from third-party institution TrendForce, global shipments of AR glasses are projected to climb to 950,000 units by 2026, representing a 53% increase compared to the Year and demonstrating robust growth momentum. The smart eyewear market is poised to enter a phase of competition centered on user experience. Head manufacturers are driving the evolution of smart eyewear from novelty items to everyday intelligent assistants through ecosystem collaboration and scenario innovation. Additionally, based on other publicly available information and demand forecasting for major brands, demand for IoT intelligent terminals such as handheld intelligent imaging devices, consumer-grade and industrial-grade drones is also expected to continue growing through 2026. Camera modules, as core sensing components for IoT intelligent terminals including smart eyewear, handheld intelligent imaging devices and drones, are poised to benefit from the aforementioned industry trends. Meanwhile, LiDAR applied in fields such as drones and embodied robots is also expected to benefit.

In terms of passenger vehicles, according to a forecast report released by the CPCA in February 2026, domestic passenger vehicle retail sales are projected to reach approximately 24 million units in 2026, representing a year-on-year increase of 1%. New energy passenger vehicle retail sales are expected to reach approximately 14.6 million units, marking a year-on-year growth of 13% and achieving a penetration rate of 61%. The CAAM released a forecast in January 2026, projecting total vehicle sales for 2026 to reach 34.75 million units, representing a slight year-on-year increase of 1%. The Ministry of Industry and Information Technology officially announced China's first batch of Level L3 conditional autonomous driving vehicle approvals in December 2025. Two models – one optimized for urban congestion and another for highway driving – will undergo road trials in designated areas of Beijing and Chongqing. This marks a pivotal step as China's Level L3 autonomous driving technology transitions from testing to commercial application. The commercialization of Level L3 autonomous driving marks a new phase for the industry and will accelerate the penetration of intelligent driving. As core perception components for intelligent driving, the market demand for automotive camera modules and LiDAR sensors is expected to continue expanding. As a pioneer in chip on board (COB) packaging technology, the Group's outstanding performance in 2025 demonstrates the accelerating adoption of this technology in the automotive market. Its high integration delivers multiple advantages – maximized performance, space-saving lightweight design, optimized cost and efficiency, enhanced safety and reliability, and alignment with automakers' electrification and intelligentization strategies – making it highly compatible with advanced autonomous driving requirements. This technological first-mover advantage will progressively translate into market competitiveness. By the end of the Year, the Group has established cooperative relationships with 7 globally leading intelligent driving solution providers (Tier 1 suppliers). It has obtained supplier qualification certifications from 35 globally leading automotive brands and/or new energy vehicle brands and has progressively initiated business collaborations. This has laid a solid foundation for the Group to continue accelerating the expansion of its camera module and LiDAR sensors businesses for intelligent driving applications. Additionally, by the end of the Year, the Group's automotive products had been integrated into 77 vehicle models. Both the number of projects and their total value significantly exceed those of the same period in the Previous Year. Therefore, management maintains firm confidence in the expansion prospects of the Group's business in intelligent driving applications.

In summary, the Directors of the Company (“**Director(s)**”) believe that the intelligent vision industry will face both opportunities and challenges in the future. In the long term, the steady growth of smartphones, the rapid growth of intelligent driving, the flourishing diversity of IoT intelligent terminals, and the accelerating adoption of AI glasses by consumers will impose increasingly higher demands on intelligent vision products. The development potential of intelligent vision products is vast. Meanwhile, the optical design, structural design, and integration of key components and algorithms in camera modules will become more critical and complex. Intelligent vision product manufacturers capable of providing comprehensive solutions that are both technologically advanced and cost-competitive are more likely to meet the evolving demands of the era and stand out in the intense competition. To this end, the Group will focus on building leading technological capabilities, superior quality, and cost leadership. It will continue to advance large-scale intelligent manufacturing, R&D of new technologies, and vertical chain integration and remain committed to its platform strategy, device strategy, and system integration strategy, adhering to a customer-centric service approach, so as to provide high-quality, premium products and responsive services to its customers. The Group will continue to focus on the expansion of its camera module business for smartphones with resolutions of 32 megapixels and above, periscope, OIS, variable aperture, and other high-end camera modules, as well as camera modules and LiDAR applied to smart cars, IoT intelligent terminals and other areas. Additionally, the Group will accelerate the development of intelligent vision product solutions for innovative fields such as AI glasses and embodied robots. The Group will also expedite vertical chain integration efforts and strive to achieve the following goals in 2026: (i) a year-on-year increase of not less than 5% in the sales volume of camera modules for smartphones (aggregated with sales volume of related product from Q Tech India, a joint venture); and (ii) a year-on-year increase of not less than 50% in the total sales volume of camera modules and LiDAR applied to the non-handset fields such as automotive and IoT.

At the same time, the Directors believe that opportunities favor those who are always prepared, and being prepared means not only focusing on the present but also looking ahead to the future. For this purpose, the Company convened a board meeting as at the date of this announcement and considered and approved the Proposal on the Strategic Planning for the Second Five-Year (2026-2030) Operation and Development of Q Technology (Group) Company Limited (the Strategic Planning for the Second Five-Year (2026-2030) Operation and Development of Q Technology (Group) Company Limited (《丘鈦科技(集團)有限公司第二個五年(2026-2030年)經營發展戰略規劃》), hereinafter referred to as the “**Five-year Strategic Planning**”), to guide the Group’s operational development over the next five years. The main summary of the Five-year Strategic Planning is as follows:

1. Background for Developing Strategic Planning

1. Macro background: the divergence among global economic regions is becoming increasingly pronounced, while the risks of anti-globalization continue to rise, leading to greater uncertainty for global economic growth; although the current situation of the U.S.-China tariff dispute has eased following multiple rounds of negotiations between the two sides, the technological barriers imposed by the United States on China and China's ongoing supply chain restructuring efforts to address various barriers will persist; geopolitical conflicts persist and show signs of escalation, intensifying energy price volatility and global supply chain uncertainty; the global and China's economies demonstrate resilience, with a new wave of AI and intelligent technologies emerging as the core driving force. The defining feature of the global macro environment is "dual acceleration". On one hand, the geopolitical landscape is accelerating its restructuring, with regionalization driving profound adjustments to supply chains. Competition over technological standards and key industries has become the focal point of major power rivalry, compelling enterprises to balance operational efficiency with supply chain resilience. On the other hand, technological revolutions are accelerating industrialization, with generative AI and large-model technologies migrating from the cloud to the device edge, driving a paradigm shift toward terminal intelligence. Against this backdrop, China's economy continues its transformation toward innovation-driven growth and domestic demand upgrading, providing a solid foundation for the Group to deepen its presence in the local high-end manufacturing market and align with the nation's strategic emerging industries.
2. Background for policy: China's national industrial policy orientation will continue to deepen, providing more targeted support for the optical industry. At the top-level design stage, the status of optical sensing as a cornerstone of the digital economy will be further consolidated. The 15th Five-Year Plan is expected to strengthen investment in key areas such as high-end sensors and integrated vision modules. In terms of application-driven initiatives, policies will focus on creating clear market opportunities: regulations for intelligent connected vehicles will drive demand for high-specification in-vehicle cameras and sensor integration; low-altitude economy and robotics industry policies are driving the market for navigation and obstacle avoidance vision systems for aircraft and robots. Support for the metaverse/XR industry directly stimulates innovation demand for lightweight, high-performance near-eye display optical solutions. Relevant policies include "Development Plan for the New Energy Vehicle Industry (2021-2035)", "Action Plan for Steady Growth of the Electronic Information Manufacturing Industry (2025-2026)", "Recommendations of the National 15th Five-Year Plan", "15th Five-Year Plan Special Plan for the Development of the Optoelectronic Industry of the MIIT", "Implementation Plan for Digital Transformation in the Electronic Information Manufacturing Industry" and the "Implementation Opinions on Promoting the Innovative Development of Future Industries".

3. Background for the industry: the industry’s growth logic is shifting from dual-motor driving by smartphones and automobiles to a multi-pronged explosion providing visual capabilities for “everything intelligent”. Visual, radar, Time of Flight (ToF), and other sensors – from multi-sensor complementarity to intelligent fusion. Smartphone sector: entering a phase of value-driven innovation, where advancements focus on enhancing user experience through technologies like 1-inch sensors, periscope telephoto lenses, AI computational photography, and underglass cameras. This drives component upgrades toward higher performance and greater integration. Intelligent vehicle sector: emerging as the second growth engine in the vision technology field, with demand shifting from “quantitative growth” to “qualitative transformation + quantitative growth”. In December 2025, Ministry of Industry and Information Technology of China (“MIIT”) officially announced the first batch of L3 autonomous driving vehicle models approved for market entry. Two models from two automakers were selected, marking the beginning of further upgrades and widespread adoption of intelligent driving. This development is driving a surge in the number and pixel count of cameras per vehicle, while applications such as cabin monitoring, electronic rearview mirrors, and lidar continue to emerge. Emerging AI terminals: exhibiting characteristics of fragmented scenarios coexisting with scaled demand. Machine vision applications in XR devices, various robots, smart homes, industrial and medical sectors are imposing diverse requirements for optical modules, including differentiation, customization, and high performance, thereby unlocking a vast market space.

4. Development of the Group: since its establishment in 2007, the Group has navigated multiple industry cycles through prudent operations. During the five fiscal years from 2021 to 2025, the net profit of the Group in 2025 achieved a CAGR of 12.2% compared to that in 2020, and set a historical high in revenue and profit in 2025. Meanwhile, the Group has continuously expanded its product application areas, refined its customer structure, optimized its product portfolio, deepened its international footprint, and achieved initial success in vertical integration. In the era of AI and robotics, the Group shall find steadfastness amid transformation, further enhancing the product capabilities, technological prowess, platform strength, and talent resources. By deepening vertical integration and strategic positioning, the Group will consolidate and broaden its second growth curve, charging full steam ahead toward a broader future.

2. Strategic Objectives

Over the next five years, the Group will continue to uphold its mission of “illuminate things”, adhering to the values of “Customer Experience First, Teamwork and Contribution, Refinement of Skill, Personal Commitment”. The Group will remain focused on the intelligent vision industry, using optical module products as our foundation, leveraging vertical integration of upstream key components and downstream application systems. The Group strives to build world-leading integrated intelligent vision solutions, with converged capabilities in optics, mechanics, electronics, software and algorithm. We aspire to be a leader in the technological evolution from traditional to emerging optics. The Group will strive to achieve the following objectives over the next five years:

1. Industry Position:

- (i) the sales volume of camera module products for smartphones ranks among the top two in the industry; the sales volume of biological recognition modules ranks among the top two in the industry; the sales volume of opto-mechanical system module products for IoT fields such as drones, imaging equipment, XR, and robotics ranks among the top two in the industry; the sales volume of module products for the automotive sector ranks among the top three in the industry; and
- (ii) revenue from products applied to non-handset fields accounts for over 50% of the Group’s total revenue from camera modules.

2. Vertical Integration: building upon the foundation in module packaging and testing, the Group leverages its supply chain integration capabilities to steadily expand into upstream and downstream segments. The Group’s integrated intelligent vision solutions deliver industry-leading solution capabilities.

3. Emerging Optics: building upon traditional optical technologies, the Group continuously enhance high-resolution imaging, slim profiles, optical image stabilization, and precision imaging. The Group strategically position ourselves in emerging optical fields through new processes, materials, and technologies.

3. Development Approach

The Group will anchor itself in China while continuously expanding its global operations, consistently delivering efficient, localized premium services to customers worldwide. Centering on the development approach of “Focus, Synergy, Innovation and Balance”, the Group will maintain its focus on the intelligent vision sector, specific scenarios and customers. Driven by technological R&D and product innovation, the Group will steadily expand its capabilities and service scope, accelerate the integration of resources across the upstream and downstream of the industrial chain, and adhere to a balanced strategy that prioritizes both development and risk management. The Group is committed to continuously optimizing the allocation of internal resources and business structure, striving to comprehensively establish and enhance the core competitiveness of a complete intelligent vision industrial chain. The Group will build its capability map across business operations, delivery, quality, technology, service, customer relations, and operational capabilities to provide intelligent vision-integrated solutions for extensive customer base, thereby enhancing the Group’s overall operational efficiency and profitability.

(1) Smartphone Fields

1. Target Customers: Leading global smartphone brands and manufacturers.
2. Basic Orientation: Meeting the extensive, diverse, and rapidly changing needs of global customers.
3. Capacity Building:
 - (1) Focusing on efficiency enhancement and cost reduction, advancing full-chain lean management. Through production line automation upgrades, widespread adoption of algorithmic visual inspection, and continuous yield optimization, combined with scaled procurement and lean supply chain coordination to achieve steady declines in unit manufacturing costs and significant improvements in production efficiency, thereby solidifying profitability advantage in mid-to-high-end modules.
 - (2) Deepen vertical integration by establishing an integrated R&D design platform to achieve deep collaboration between key components and module design. This will shorten new product development cycles and strengthen technological barriers for high-end products such as high-pixel cameras and periscope telephoto lenses.
 - (3) Drive QCD (quality, cost and delivery) capability enhancement through digital transformation, fully implement IPD/LTC processes, establish an end-to-end collaborative system based on the data middle platform, achieve full-process controllability across R&D, production, supply chain, and quality through data-driven approaches, and build industry-leading quality, cost and delivery efficiency.
 - (4) Accelerate overseas operational development by establishing localized delivery centers in Southeast Asia. Build a technical support and supply chain system that closely aligns with top-tier clients, enhance the global customer service network, improve response speed and market share in overseas markets, and consolidate the position as a global market leader.

(2) IoT and Automotive Fields

1. **Target Customers:** In the automotive sector, starting with leading automakers in China and global Tier 1 customers, the Group progressively becomes a core partner for top global automakers and intelligent automotive solution providers. In the IoT domain, focusing on niche markets such as drones, handheld imaging devices, smart wearables, smart homes, XR, and robotics, the Group are simultaneously expanding into other IoT applications, striving to become the industry's premier supplier of intelligent vision modules.
2. **Basic Orientation:** Fulfill customers' extensive, diverse, and long-term needs.
3. **Capacity Building:**
 - (1) Establish a dual-track mechanism combining rapid iteration with guaranteed quality and quantity, integrating the entire chain from R&D to pilot production and mass manufacturing to meet the differentiated demands of long-cycle automotive certification and high-frequency IoT iteration.
 - (2) Deepen vertical integration by focusing on critical components to achieve in-house R&D of core parts and integrated module design, maintaining technological leadership. Advance digital transformation by establishing five-star digital factory standards tailored to application scenarios. Deeply integrate the data middle platform to build digital twin production lines, enabling real-time monitoring of key parameters and full-process traceability through algorithmic visual inspection and process control. This enhances production consistency and delivery efficiency. Strengthen the culture of manufacturing systems and quality management, implement a company-wide quality accountability system, and integrate the spirit of craftsmanship into every stage of R&D, production, and testing.
 - (3) Deepen engagement with core domestic clients, transition from benchmark domestic partnerships to mass supply for global Tier 1 customers, and consolidate our industry-leading position.

(3) Vertical Integration and Emerging Optics

1. **Guiding Principle:** Focusing on strengthening supply chains, filling gaps, enhancing efficiency and reducing costs, adhere to an industrial development strategy that guides resource allocation and capability deployment. This will drive the Company's transformation from module manufacturing to an integrated model encompassing components, modules and solutions, thereby supporting the long-term development of the intelligent vision industry and building core competitiveness.
2. **Key Focus:** Upstream electronic components, software services, algorithms, and storage solutions for the intelligent vision industry; downstream specific applications and smart terminals within the intelligent vision industry; intelligent vision products for the digitally-virtual society (metaverse) where virtual and physical worlds coexist. Through these efforts, the Group aims to foster closer partnerships with upstream and downstream collaborators, accelerating the Group's development of robust, systematic capabilities in intelligent vision systems. Building on its foundation in traditional optical technology, the Group will pursue breakthrough innovations in frontier fields such as semiconductor optics, accelerate the commercialization of technological advancements, so as to achieve generational upgrades in optical technology. Concurrently, the Group will coordinate initiatives across key segments of the intelligent vision value chain, strengthen industrial chain ecosystem collaboration, and comprehensively enhance our system-level solution capabilities.

4. Guarantee Measures for Strategic Planning

1. **Talent and Organization:** The Company adheres to the principle that "the talent framework determines the business framework", continuously deepening the development of its global organization and talent pool. It persistently builds short-, medium-, and long-term incentive mechanisms to energize strivers and ignite organizational innovation vitality.
2. **Corporate Culture Development:** The Company upholds the principle that "shared core values are the spiritual goals of all Q Tech staff". Through diverse initiatives, it guides all staff to firmly embrace core values centered on: Customer Experience First, Teamwork and Contribution, Refinement of Skill, Personal Commitment. These values are fully integrated into every operational process and business segment to maximize their supportive role in corporate development and business operations.

3. **System Architecture and Digital Intelligence:** The Company will continue to adhere to the IDM²AP concept (i.e., Patent, Design, Machine, Material, Algorithm and Process) to refine its information systems across the entire product production and delivery process, solidifying its operational foundation. It will steadily advance the implementation of IPD and LTC processes from pilot projects to full-scale deployment, enhancing R&D and market efficiency. Proactively embrace AI to deeply empower optimization across the entire business chain, including R&D, production, supply chain, and quality, achieving digital collaboration and intelligent upgrades. This will provide efficient support for the Company's global operational strategy.
4. **Compliance and Risk Control:** The Group will steadfastly implement the balanced development and risk control philosophy of “adhering to laws while balancing development and risk management”. On one hand, the Group will strictly adhere to domestic and international laws, regulations, and supervisory requirements. It will enhance its internal control systems and risk management mechanisms, refine closed-loop processes for risk early warning, assessment, and resolution, and use external oversight as a mirror to transform compliance requirements into intrinsic governance momentum. Through continuous benchmarking and improvement, it will solidify the foundation of trust with global markets and investors. On the other hand, by deepening its ecological foundation and cultivating humanistic care, the Company will establish environmental protection and employee welfare as core competencies for sustainable development. This ensures steady and far-reaching progress throughout the five-year planning period and beyond.

Taking into account the market conditions and the Group's actual development and comprehensive capabilities, the Directors are confident in leading the Group to embrace the challenges in the year ahead, make further efforts to achieve good development, endeavor to advance the new Five-Year Strategic Planning, uphold the vision of the Group as “illuminate things” and strive to create greater value for the shareholders of the Company (the “**Shareholders**”).

AWARDS AND HONOURS

During the Year, the Group continued to adhere to our customer-oriented service strategies, constantly considered the provision of good personal experience for customers as our operation direction and devoted our best efforts to satisfy customers' needs in technological innovation, sales delivery, product quality and strategic collaboration, and gained high recognition of the Group's comprehensive ability, products and services from the local governments, industry and our customers. The major honors the Group has recently received are as follows:

In May 2025, the Company received the highest supplier award – the Diamond Award – at the 2025 Lenovo Group Global Supplier Conference.

In May 2025, Kunshan QT China, a wholly-owned subsidiary of the Company, was awarded the “Excellent Quality Collaboration Award” by a key customer, one of the world's leading smart automotive brands.

In July 2025, Kunshan BR Subsidiary, a wholly-owned subsidiary of the Company, was awarded the “Excellent Quality Award” by OPPO, a globally leading smartphone brand.

In July 2025, the Company was shortlisted for the Suzhou Federation of Industry and Commerce’s “Top 100 Private Enterprises by R&D Investment in Suzhou 2025” and “Top 100 Private Enterprises in Suzhou 2025”.

In August 2025, the Company was shortlisted for the Jiangsu Federation of Industry and Commerce’s “Top 100 Private Enterprises by R&D Investment in Jiangsu 2025”, “Top 200 Private Enterprises in Jiangsu 2025”, and “Top 100 Private Manufacturing Enterprises in Jiangsu 2025”.

In August 2025, the Company was shortlisted for the “Top 500 Private Manufacturing Enterprises in China 2025” by the All-China Federation of Industry and Commerce, highlighting the Group’s leading position within the industry.

In November 2025, the Company received the “Excellent Quality Award” at the 2025 Lenovo Group Global Supplier Quality Forum.

In November 2025, Kunshan QT China was awarded the “Outstanding Supplier Award” by OPPO, a globally leading smartphone brand.

In November 2025, Kunshan QT China was awarded the “Best Delivery Award” by a key customer, one of the world’s leading smart automotive brands.

In December 2025, Kunshan QT China was awarded the “Best Innovation Award 2025” by vivo, a globally leading smartphone brand.

In December 2025, Kunshan BR Subsidiary was awarded the “Best Delivery Award 2025” by vivo, a globally leading smartphone brand.

In January 2026, Kunshan QT China was awarded the “Excellent Quality Award 2025” and the “Outstanding Supplier Award 2025” by OPPO, a globally leading smartphone brand.

In January 2026, Kunshan BR Subsidiary was awarded the “Excellent Quality Award 2025” by OPPO, a globally leading smartphone brand.

In January 2026, Kunshan BR Subsidiary was awarded the “Best Strategic Partner” by Goodix Technology, a renowned chip solution provider.

In January 2026, Kunshan BR Subsidiary was awarded the “Best Strategic Partner” by Nubia, a renowned smartphone brand.

In January 2026, Huizhou DEPAM Precision Automation Co., Ltd., a wholly-owned subsidiary of the Company, was awarded the title of “Specialized and Sophisticated SMEs” by the Department of Industry and Information Technology of Guangdong Province.

FINANCIAL REVIEW

Revenue

During the Year, the revenue of the Group was approximately RMB20,876,518,000, representing a year-on-year increase of approximately 29.3% as compared with approximately RMB16,151,336,000 in the Previous Year. The year-on-year increase in revenue was primarily attributable to: (i) during the Year, the Group’s sales volume of camera modules for non-handset fields such as automotive and IoT increased by approximately 111.0% year-on-year. This resulted in a year-on-year increase of approximately 171.2% in revenue from camera modules for non-handset fields such as automotive and IoT, which accounted for approximately 26.9% of the Group’s total revenue from camera module, representing a significant increase as compared with Previous Year; (ii) the sales volume of the Group’s periscope camera modules increased by approximately 256.4% year-on-year, which, together with the rapidly growing non-handset camera modules, drove the overall average unit price for camera module products increasing by approximately 19.7% compared to the Previous Year, thereby effectively boosting revenue from camera module products; and (iii) the sales volume of biological recognition modules increased year-on-year by approximately 25.8% during the Year.

Cost of sales

During the Year, the cost of sales of the Group amounted to approximately RMB19,258,156,000, representing a year-on-year increase of approximately 27.0% as compared with approximately RMB15,166,432,000 in the Previous Year. The year-on-year increase in cost of sales was mainly attributable to the increase in the sales volumes and revenue of camera modules and biological recognition modules, resulting in increases in various cost items including materials costs and labour costs.

Gross profit and gross profit margin

During the Year, the gross profit of the Group amounted to approximately RMB1,618,362,000 (Previous Year: approximately RMB984,904,000), representing a year-on-year increase of approximately 64.3%; and the gross profit margin was approximately 7.8% (Previous Year: approximately 6.1%), representing a year-on-year increase of approximately 1.7 percentage points. The improvement in gross profit margin was mainly attributable to: (i) the Group continued to adhere to its strategy of focusing on mid-to-high-end camera modules while accelerating the development of camera modules applied to automotive and IoT fields during the Year, in which, sales volume of camera modules applied to automotive and IoT fields grew by approximately 111.0% year-on-year, with sales volume of periscope camera modules increasing by approximately 256.4% year-on-year. The strong development of high-end products improved the Group's capacity utilization of camera module business, reduced marginal costs and enhanced product value-added, further improving gross profit margin; (ii) the sales volume of biological recognition module products of the Group during the Year increased by approximately 25.8% compared to the Previous Year, and the capacity utilization improved markedly compared to the Previous Year, contributing to an improvement in the gross profit margin of biological recognition module products.

Other income

During the Year, other income of the Group amounted to approximately RMB992,458,000, representing an increase of approximately 165.9% as compared with approximately RMB373,188,000 in the Previous Year. The increase in other income was mainly attributable to: (i) an investment gain of approximately RMB856,820,000 recognised upon the partial disposal of its equity interest in a former subsidiary, Q Tech India, by the Group during the Year; however (ii) a decrease in interest income to approximately RMB83,018,000 for the Year from approximately RMB133,460,000 in the Previous Year, representing a decrease of approximately RMB50,442,000, due to the decline in interest rates; and (iii) a loss of approximately RMB81,583,000 recorded in profit for the Year relating to foreign exchange management (comprising foreign exchange gains or losses and the net fair value changes on foreign exchange option contracts, foreign exchange forward contracts and foreign exchange swap contract measured at fair value through profit or loss) (Previous Year: a gain of approximately RMB96,587,000).

Selling and distribution expenses

During the Year, selling and distribution expenses of the Group amounted to approximately RMB43,264,000, representing an increase of approximately 114.9% as compared with approximately RMB20,133,000 in the Previous Year. The ratio of selling and distribution expenses to revenue was approximately 0.2% (Previous Year: 0.1%). The year-on-year increase in selling and distribution expenses was mainly attributable to: (i) as the Group expanded its markets and grew its sales, in particular the expansion into overseas markets, business travel and client engagement activities increased during the Year; and (ii) staff remuneration increased by approximately RMB16,040,000 as compared with the Previous Year.

Administrative and other operating expenses

During the Year, the total administrative and other operating expenses of the Group amounted to approximately RMB172,471,000, representing a decrease of approximately 6.1% as compared with approximately RMB183,714,000 in the Previous Year. The decrease in administrative and other operating expenses was mainly attributable to: Kunshan QT China, a subsidiary of the Company, withdrew its application for the initial public offering of A Shares on the ChiNext Market of the Shenzhen Stock Exchange on 18 October 2024, and recognised an audit fee of approximately RMB13,573,000 for the initial public offering of A Shares in the Previous Year, which included the capitalized audit fee for the initial public offering of A Shares in prior year, whereas no such expenses were incurred during the Year.

R&D expenses

During the Year, the total R&D expenses of the Group were approximately RMB655,848,000, representing an increase of approximately 29.9% as compared with approximately RMB504,807,000 in the Previous Year. The year-on-year increase in R&D expenses was mainly attributable to: during the Year, in order to promote more high-end products, in particular the R&D of camera modules and LiDAR for smart driving and drones, as well as camera modules and optical components for AI/AR glasses, as a result of the expansion of business scale of the Group, the Group's expenditure on staff remuneration and experimental activities related to R&D has increased.

Finance costs

During the Year, the finance costs of the Group were approximately RMB102,502,000, representing a decrease of approximately 32.6% as compared with approximately RMB152,122,000 in the Previous Year. The year-on-year decrease in finance costs was mainly attributable to: (i) an ongoing decrease in benchmark interest rates for both USD and RMB during the Year, which reduced the interest expenses on the Group's RMB and USD borrowings; and (ii) although the balance of bank borrowings as of the end of the Year increased by approximately 72.1% as compared with that of 31 December 2024, the new bank borrowings were primarily discounted bank letters of credit and banker's acceptance bills, which carry lower interest rates than the working capital loans previously drawn, thereby resulting in lower finance costs during the Year.

Share of gain/(loss) of a joint venture and associates

During the Year, the Group recorded a share of gain of a joint venture and associates of approximately RMB24,492,000, as compared with a share of loss of approximately RMB36,500,000 in the Previous Year. Such changes were mainly attributable to: (i) during the Year, Newmax Technology, an associate of the Company, achieved a turnaround from loss to profit, resulting in the Company recording a share of gain of an associate of approximately RMB37,280,000 from Newmax Technology, as compared with a share of loss of an associate recorded in the Previous Year; however, (ii) the Company made a new investment in an associate, poLight, during the Year and recorded a share of loss of an associate approximately RMB15,113,000 from poLight, while no such share of loss of an associate from poLight was recorded in the Previous Year.

Income tax expenses

During the Year, the income tax expenses of the Group amounted to approximately RMB167,754,000, representing a decrease of approximately 7.4% as compared with approximately RMB181,164,000 in the Previous Year. This was mainly attributable to: (i) the significant increase in the Group's profit for the Year by approximately 435.2% as compared to that of the Previous Year; (ii) the income tax payment of approximately RMB45,264,000 incurred during the Year due to the disposal of equity interests in Q Tech India; however (iii) the reduction in the additional provision for the tax amount related to the tax matter of Q Tech India to approximately RMB7,346,000 (Previous Year: approximately RMB153,630,000).

Profit for the Year

Based on the foregoing, the profit of the Group for the Year amounted to approximately RMB1,493,619,000 (Previous Year: approximately RMB279,068,000), representing an increase of approximately 435.2% as compared with that of the Previous Year. The year-on-year increase in profit was mainly attributable to: (i) an increase in revenue of approximately 29.3% as compared with that of the Previous Year; (ii) an increase in gross profit margin by approximately 1.7 percentage points as compared with that of the Previous Year; and (iii) a gain after tax of approximately RMB811,556,000 recorded upon the disposal of a portion of equity interest in Q Tech India.

LIQUIDITY AND FINANCIAL RESOURCES

Bank Borrowings

As at 31 December 2025, the Group's bank borrowings amounted to approximately RMB4,189,924,000, an increase of approximately 72.1% from approximately RMB2,434,371,000 as at 31 December 2024. Among the bank borrowings, short-term borrowings repayable within one year or on demand were approximately RMB4,094,924,000, whereas long-term borrowings were approximately RMB95,000,000.

As at 31 December 2025, the Group's bank borrowings were mainly denominated in RMB and/or USD. The cash flow overview of the Group for the Year and 2024 was set out as follows:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Net cash generated from operating activities	2,146,198	965,443
Net cash used in investing activities	(3,136,708)	(1,040,380)
Net cash generated from/(used in) financing activities	<u>1,680,367</u>	<u>(1,372,483)</u>

As of 31 December 2025, the cash and cash equivalents of the Group amounted to approximately RMB2,139,151,000, representing an increase of approximately RMB691,680,000 from approximately RMB1,447,471,000 as at 31 December 2024. The increase in cash and cash equivalents was mainly attributable to an increase in current account balances to meet the Group's operational requirements.

Operating activities

During the Year, the Group's net cash generated from operating activities was approximately RMB2,146,198,000 (Previous Year: net cash generated from operating activities was approximately RMB965,443,000), which was mainly attributable to: the Group's revenue and gross profit margin increased during the Year, while inventories, trade and other receivables and trade and other payables were well managed and did not add significant capital tie-ups.

Investing activities

During the Year, the Group recorded net cash used in investing activities of approximately RMB3,136,708,000 (Previous Year: net cash used in investing activities was approximately RMB1,040,380,000), which was mainly attributable to: (i) net cash amount of approximately RMB256,553,000 received from the disposal of the partial equity interest in Q Tech India; (ii) a net cash amount of approximately RMB1,284,474,000 used for the purchase of wealth management products and other financial assets; (iii) a net cash amount of approximately RMB1,646,104,000 used for the purchase of negotiable certificates of deposit; and (iv) payment of amounts due for acquisition of fixed assets such as equipment of approximately RMB602,869,000.

Financing activities

The net cash of the Group generated from financing activities for the Year amounted to approximately RMB1,680,367,000 (Previous Year: net cash used in financing activities of approximately RMB1,372,483,000). This was primarily due to: (i) the proceeds from bank borrowings exceeding the amount used for repayment of bank borrowings, with the amount reaching approximately RMB1,799,631,000; (ii) cash received from the maturity of pledged bank deposits exceeding that used to place pledged bank deposits, with the amount reaching approximately RMB256,012,000; and (iii) the payment of dividends totaling approximately RMB267,788,000.

Gearing ratio

The gearing ratio of the Group as of 31 December 2025, as defined by the total balance of bank borrowings and lease liabilities divided by total equity at the end of the Year, was approximately 65.4%, representing an increase of approximately 17.4 percentage points as compared to that of approximately 48.0% as at 31 December 2024, which was mainly attributable to an increase of approximately 72.1% in the balance of bank borrowings as of the end of the Year compared to that as at 31 December 2024.

Debt to Asset ratio

As at 31 December 2025, the Group's debt to asset ratio (defined as total liabilities at the end of the Year divided by total assets at the end of the Year) was approximately 67.6%, representing an increase of approximately 2.8 percentage points from approximately 64.8% as at 31 December 2024, and the debt to asset ratio remained stable.

Treasury Policies

The Group's treasury policy was disclosed in the prospectus of the Company dated 20 November 2014 (the "**Prospectus**"), and was amended by the risk management committee of the Company (the "**Risk Management Committee**") on 24 March 2016, 6 December 2022 and 12 April 2024, the details of which were disclosed under the "Management Discussion and Analysis" section of the 2016 annual report, 2022 annual report and the 2024 interim report.

The Board, the Risk Management Committee and the staff of the Company at the relevant positions always remain alert to the performance and risk assessment of the wealth management products. At the same time, the Company also pays close attention to the liquidity and debt asset position of the Group in order to ensure the sufficiency of its working capital and maintain the debt asset ratio at a reasonable level.

MATERIAL ACQUISITION AND DISPOSAL

Participating in the Private Placement of Newmax Technology

On 18 December 2024, the Company entered into a share subscription agreement with Newmax Technology, an associate of the Company, to conditionally subscribe for 20,000,000 ordinary shares to be issued by Newmax Technology (the "**Newmax Private Placement**"). The Newmax Private Placement was completed on 3 March 2025, pursuant to which a total of 20,000,000 ordinary shares of Newmax Technology were allotted and issued to the Company at a price of TWD22.16 per share, representing approximately 9.8% of the total number of issued ordinary shares of Newmax Technology as enlarged upon completion of the Newmax Private Placement. The total consideration for the Newmax Private Placement was TWD443,200,000 (equivalent to approximately RMB96,413,000, converted at the exchange rate prevailing on the date of completion of the Newmax Private Placement). Upon completion of the Newmax Private Placement, the Group in aggregate holds approximately 41.8% of the total number of issued ordinary shares of Newmax Technology. For further details, please refer to the announcements of the Company dated 18 December 2024 and 3 March 2025.

Participating in the Private Placement of poLight

On 15 April 2025, the Company entered into an investment agreement with poLight (stock code: PLT), a Norwegian company listed on the Oslo Stock Exchange, pursuant to which poLight conditionally agreed to issue, and the Company conditionally agreed to subscribe for, 63,743,112 ordinary shares to be issued by poLight at a price of NOK2.69 per share for a total consideration of approximately NOK171,469,000 (the “**poLight Private Placement**”). On 4 June 2025, the poLight Private Placement was completed, pursuant to which a total of 63,743,112 ordinary shares of poLight were issued to the Company, representing approximately 32.97% of the total issued shares of poLight as enlarged upon the completion of the poLight Private Placement, for a total consideration of NOK171,469,000 (equivalent to approximately RMB121,721,000, converted at the exchange rate prevailing on the date of completion of the poLight Private Placement). For further details, please refer to the announcement of the Company dated 5 June 2025.

Disposal of 51.08% Equity Interest in the Indian Subsidiary

On 17 September 2025, Q Tech India, QT International and Q Tech Singapore entered into the SSPA with Dixon. Pursuant to the SSPA, Dixon has conditionally agreed to acquire an aggregate of 51.08% of the paid-up capital of Q Tech India (the “**Proposed Transaction**”) by way of (i) the purchase of existing fully paid-up equity shares of Q Tech India held by Q Tech Singapore and QT International, respectively (the “**Share Purchase**”); and (ii) the subscription of new fully paid-up equity shares to be issued by Q Tech India (the “**Share Subscription**”). The total consideration for the Proposed Transaction was INR5,529,999,860 (equivalent to approximately RMB447,421,000 as converted at the reference exchange rate on the entering date of the agreement), comprising (i) consideration for the Share Purchase of INR4,279,999,895; and (ii) consideration for the Share Subscription of INR1,249,999,965. On 26 September 2025, the Proposed Transaction was completed pursuant to the SSPA. Upon completion of the Proposed Transaction, the Group holds a 48.92% equity interest in Q Tech India, and Q Tech India ceases to be consolidated as a subsidiary of the Company.

The net proceeds from the Share Purchase of approximately INR4,279,999,895 (equivalent to approximately RMB346,286,000 as converted at the reference exchange rate on the entering date of the agreement), after deducting all related expenses, will be applied as working capital for the Group’s daily operations (including but not limited to employee-related costs and other operating expenses such as maintenance and equipment costs).

For further details, please refer to the announcements of the Company dated 15 July 2025, 7 August 2025, 17 September 2025 and 26 September 2025.

Save as disclosed above, the Group did not have any material acquisitions or disposals of its subsidiaries, associates and joint ventures for the year ended 31 December 2025.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment for the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no any plan authorized by the Board for other material investments or additions of capital assets as at 31 December 2025.

PLEDGE OF ASSETS

As at 31 December 2025, the assets pledged by the Group included bank deposits, negotiable certificates of deposit and wealth management products, which amounted to approximately RMB2,172,632,000 in total, representing an increase of approximately RMB1,371,739,000 as compared with approximately RMB800,893,000 as at 31 December 2024 (where pledged assets were bank deposits, wealth management products and shares of an associate). These pledged assets were used as guarantee for bank borrowings, bank guarantee letters and bank bills.

EMPLOYEE POLICIES AND REMUNERATION

As at 31 December 2025, the number of staff of the Group was 11,738 (including contractual staff and non-contractual staff such as staff under internship agreements and labour service agreements) (as at 31 December 2024: 10,609). The Group is committed to providing all staff with fair working environment, providing newly recruited staff with induction training and job technical counseling to help them to adapt to job requirements quickly, providing all staff with clear job responsibilities guidelines and for employees at different positions with on-the-job training together with other training programmes to help improving their skills and knowledge, and strived to provide all staff with competitive remuneration packages, including granting incentive share options to outstanding staff. During the Year, the remuneration of the staff (including staff under labour service agreements and internship agreements) of the Group was approximately RMB1,184,409,000 (2024: approximately RMB1,026,783,000). Apart from basic salary, the package also includes performance bonus, medical insurance, share options and provident fund (staff under labour service agreements and internship agreements are treated according to the laws and regulations of the PRC).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily because certain receivables, payables, cash balances and loans arising from its operating activities including bank borrowings, product sales and purchases of raw materials are denominated in foreign currencies other than RMB. The Group is further exposed to exchange risk arising from the translation of USD and HKD into RMB, as well as USD into INR.

During the Year, the Group's sales continued to be predominantly settled in RMB, although revenue settled in USD increased steadily. Certain raw materials and production equipment were sourced from overseas and settled in USD. Accordingly, any depreciation of the RMB against the USD would be unfavourable to the Group.

During the Year, supported by solid economic growth in China, the central parity rate of RMB against USD appreciated from 7.1884 at the end of 2024 to 7.0288 at year-end, representing an appreciation of approximately 2.2%.

The Group adopts a principle of exchange-rate-neutral management and primarily uses financial instruments, including foreign exchange option and forward contracts, based on rolling business forecasts to mitigate RMB-USD exchange costs. As a result of the appreciation of RMB, the Group recorded a net fair value loss of approximately RMB27,798,000 on the aforementioned financial instruments during the Year (2024: a net gain of approximately RMB152,407,000).

The future movements of RMB against USD and INR against USD are subject to significant uncertainties, given the influence of political, economic and supply-and-demand factors. On one hand, the Group continues to expand its overseas markets, and revenue settled in USD is expected to increase, thereby more substantially meeting its USD-denominated payment requirements for imported equipment and raw materials.

On the other hand, Q Tech India, a joint venture of the Group, is also expanding, but the continued depreciation of INR against USD has exposed it to significant exchange rate risks. The Group's business model cannot be easily adjusted in the short term.

The Group will continue to expand its overseas business to increase USD denominated revenue, while also enhancing its daily monitoring of exchange rates and using financial instruments appropriately to lock in future foreign exchange costs. Nevertheless, given the wide range of factors affecting exchange rates and the complexity of the underlying determination mechanisms, the Group acknowledges that exchange rate fluctuations may continue to affect its operating results.

DIVIDEND

The Board recommended the payment of a final dividend of HKD40.0 cents (equivalent to approximately RMB36.1 cents) per share for the year ended 31 December 2025 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 10 June 2026 (final dividend for the year ended 31 December 2024: HKD10.0 cents). The proposed final dividend is expected to be paid on or around Thursday, 25 June 2026, subject to the approval of Shareholders at the forthcoming annual general meeting of the Company (the “AGM”) to be held on 22 May 2026.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility to attend the annual general meeting, the register of members of the Company will be closed from 19 May 2026 to 22 May 2026 (both days inclusive). To qualify for attending and voting at the annual general meeting as a registered Shareholder of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 18 May 2026.

For the purpose of determining the entitlement of Shareholders to receive the proposed final dividend (subject to approval by Shareholders at the annual general meeting), the register of members of the Company will be closed from 8 June 2026 to 10 June 2026 (both days inclusive). To be qualified for receiving the proposed final dividend (subject to approval by Shareholders at the annual general meeting), all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 5 June 2026.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale or transfer of any treasury shares). As of 31 December 2025, the Company did not hold any treasury shares.

ENVIRONMENTAL PROTECTION MANAGEMENT

The Group has strictly complied with the applicable environmental protection laws and policies in the jurisdictions where the respective members of the Group operate. During the Year, the Group had continued to revise, improve and implement a number of internal rules and regulations in relation to environmental protection management such as the implementation of Wastewater Management Regulations, Waste Gas Management Regulations and Greenhouse Gas Management Measures, and to improve the wastewater, waste gas and greenhouse gas treatment system in order to strengthen its management and control in production and domestic sewage so as to ensure that the wastewater discharge is in compliance with statutory requirements, and clarified the ranges, procedure and instrument of collecting the data of greenhouse gas for the effective management of greenhouse gas of the Group in the long run and prepared for reducing carbon emissions. At the same time, the Group had also amended and implemented certain regulations and measures including the Fire Safety Management Regulations and Emergency Plan, held fire drills with particular focus on strengthening of self-check of the fire control facilities and improving the fire prevention and control capability. Subsidiaries such as Kunshan QT China and QT Biological Recognition successfully obtained certificates from the relevant government departments in Kunshan, confirming no violations in production safety and ecological environmental protection. In addition, the Group has also facilitated Q Tech India, a joint venture, in commencing the construction of solar photovoltaic installations to partially replace its current electricity consumption model, which is also conducive to reducing carbon emissions and jointly advancing environmental protection.

Particulars of the environmental protection management of the Company will be disclosed in the Environmental, Social and Governance Report set out in the 2025 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. The Directors have confirmed that they had complied with the required standard for securities transactions by Directors set out in the Model Code during the Year.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance, and protecting and enhancing Shareholders’ value through good corporate governance. During the Year, the Company has fully complied with the code provisions set out in Part 2 of Appendix C1 of the Listing Rules.

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group, setting the Group's values and standards, formulating the business plans and strategies, deciding all significant financial and operational issues, developing, monitoring and reviewing the Group's corporate governance. The Board has established the audit committee (the "**Audit Committee**"), the nomination committee, the remuneration committee and the risk management committee, and all or the majority of members of the committees consist of independent non-executive directors. The respective terms of reference for such committees have been published on the respective websites of the Stock Exchange and the Company.

Particulars of the principal corporate governance practices adopted by the Company will be disclosed in the Corporate Governance Report set out in the 2025 annual report of the Company.

REVIEW OF ANNUAL RESULTS

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit.

As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Ms. Hui Hiu Ching, Mr. Chu Chia-Hsiang and Mr. Xiaomin Fu, and Ms. Hui Hiu Ching serves as the chairlady of the Audit Committee.

The Audit Committee has reviewed and confirmed the accounting principles and policies adopted by the Group and discussed the auditing, internal control and financial reporting matters of the Group. The annual results of the Group for the year ended 31 December 2025 have also been reviewed by the Audit Committee.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this annual results announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte Touche Tohmatsu on this annual results announcement.

EVENTS AFTER THE REPORTING YEAR

Increase in Shareholding in Careium

On 7 and 8 January 2026, QT International, an indirect wholly-owned subsidiary of the Company, purchased from the open market an aggregate of 978,065 ordinary shares of Careium AB (“**Careium**”, a Swedish company listed on Nasdaq Nordic, stock code: CARE) (the “**Share Purchase of Careium**”), representing approximately 4.02% of the total number of issued shares of Careium as at the date of completion of the Share Purchase of Careium. The purchase price was SEK22.5 per share, for a total consideration of approximately SEK22,006,000 (equivalent to approximately RMB16,737,000, converted at the respective reference exchange rates prevailing on the dates of purchase). Prior to completion of the Share Purchase of Careium, QT International already held 1,175,753 issued shares of Careium, representing approximately 4.83% of the total number of issued shares of Careium as at the date of completion of the Share Purchase of Careium. Upon completion of the Share Purchase of Careium, QT International holds 2,153,818 issued shares of Careium in total, representing approximately 8.85% of the total number of issued shares of Careium as at the date of completion of the Share Purchase of Careium.

Update on India Tax Matter

Q Tech India, a joint venture of the Company, has been involved in inspections initiated by the relevant Indian tax authorities since December 2023 regarding its compliance with relevant income tax regulations for the three tax years ended 31 March 2022. In respect of the tax examination for the year ended 31 March 2021 and the final assessment order (the “**TY20-21 FAO**”) issued by the relevant Indian tax authority, Q Tech India filed an appeal with the ITAT Delhi (“**ITAT**”) on 22 November 2024. On 20 January 2026, Q Tech India received an order dated 20 January 2026 from the ITAT (the “**Order**”). Pursuant to the Order, the ITAT held that throughout the entire tax investigation process, certain relevant Indian tax authority involved had no jurisdiction over Q Tech India. Consequently, all other proceedings (including the TY20-21 FAO) are legally invalid and have been quashed. Accordingly, Q Tech India is not liable to pay the income tax and interest under the TY 20-21 FAO. However, both Q Tech India and the relevant Indian tax authority may file an appeal to the High Court of India within 90 days from the date of the Order. On 8 March 2026, Q Tech India further received a rectification order (the “**Rectification Order**”) issued by the relevant Indian tax authorities pursuant to requirement of the Order of ITAT, pursuant to which the income tax payable by Q Tech India for the year ended 31 March 2021 is nil. As at the date of this announcement, the statutory appeal period in respect thereof remains current. The Company has not been notified that the relevant Indian tax authority has filed any appeal against the Order. Moreover, it is not currently determinable whether such authority will initiate an appeal. For further details, please refer to the announcements of the Company dated 22 November 2024, 14 January 2025 and 27 January 2026.

On 28 January 2026 and 29 January 2026, the relevant Indian tax authorities issued two final assessment orders to Q Tech India regarding its income tax liabilities for the years ended 31 March 2022 and 31 March 2020 (the “**TY21-22 FAO**” and the “**TY19-20 FAO**”) respectively. According to the TY19-20 FAO and the TY21-22 FAO, Q Tech India is required to pay an aggregate amount of approximately INR554,020,000 (equivalent to approximately RMB43,380,000) for income tax and interest. On 23 February 2026, Q Tech India filed appeals against the above two final assessment orders with the ITAT and obtained the acknowledgment of filing on the same day. As at the date of this announcement, the aforementioned legal proceedings are still ongoing.

Prior to receiving the aforesaid Order, the Rectification Order, the TY19-20 FAO and the TY21-22 FAO, the Group had made provisions for the tax amounts involved in the relevant matters for the three years ended 31 March 2022 (the “**Indian Tax Dispute Provisions**”). As of 31 December 2025, the amount of the Indian Tax Dispute Provisions involved was approximately RMB148,855,000. Considering that the relevant matters are still within the appeal period and/or the legal proceedings are still ongoing, as of the date of this announcement, the Company has not made any reversal of the Indian Tax Dispute Provisions.

Save as disclosed in this announcement, there were no other important events affecting the Group that had occurred after 31 December 2025 and up to the date of this announcement.

ANNUAL REPORT

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.qtechsmartvision.com>). The annual report for the year 2025 will be available on the above websites and despatched to Shareholders in due course.

APPRECIATION

The Company would like to take this opportunity to express its sincere thanks and gratitude to the Shareholders, and various parties for their continuous support as well as the Directors and its staff for their dedication and hard work.

By Order of the Board
Q Technology (Group) Company Limited
He Ningning
Chairman and Executive Director

Hong Kong, 16 March 2026

As at the date of this announcement, the executive Directors are Mr. He Ningning (chairman), Mr. Hu Sanmu (chief executive officer) and Mr. Fan Fuqiang; and the independent non-executive Directors are Mr. Chu Chia-Hsiang, Mr. Xiaomin Fu and Ms. Hui Hiu Ching.