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SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

舜宇光學科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2382.HK)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

RESULT HIGHLIGHTS

For the year ended 31 December 2025, the Group's revenue was approximately Renminbi (“**RMB**”) 43,229.1 million, representing an increase of approximately 12.9% as compared to that of last year.

For the year ended 31 December 2025, the Group's gross profit was approximately RMB8,515.9 million, representing an increase of approximately 21.6% as compared to that of last year. The gross profit margin was approximately 19.7%, which was approximately 1.4 percentage points higher than that of last year.

For the year ended 31 December 2025, profit for the year attributable to owners of the Company was approximately RMB4,639.1 million, representing an increase of approximately 71.9% as compared to that of last year.

The Board has proposed a final dividend of Hong Kong Dollar (“**HKD**”) 120.60 cents per share of the Company (“**Share(s)**”) (equivalent to approximately RMB105.90 cents per Share) for the year ended 31 December 2025.

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Sunny Optical Technology (Group) Company Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year of 2024 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	3	43,229,126	38,294,491
Cost of sales		<u>(34,713,238)</u>	<u>(31,288,458)</u>
Gross profit		8,515,888	7,006,033
Other income	4(A)	1,100,398	1,333,065
Other gains and losses	4(B)	1,091,976	(51,792)
Impairment losses under expected credit loss ("ECL") model, net of reversal		(6,228)	(99)
Selling and distribution expenses		(342,945)	(439,329)
Research and development ("R&D") expenditure		(3,258,580)	(2,924,111)
Administrative expenses		(1,419,957)	(1,399,231)
Share of results of associates		171,591	118,381
Finance costs	5	<u>(436,190)</u>	<u>(499,383)</u>
Profit before tax		5,415,953	3,143,534
Income tax expense	6	<u>(608,963)</u>	<u>(366,510)</u>
Profit for the year	7	<u>4,806,990</u>	<u>2,777,024</u>
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax		64,174	(49,020)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(25,774)</u>	<u>(19,338)</u>
Other comprehensive income (expense) for the year		<u>38,400</u>	<u>(68,358)</u>
Total comprehensive income for the year		<u><u>4,845,390</u></u>	<u><u>2,708,666</u></u>

	<u>NOTES</u>	<u>2025</u>	<u>2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		4,639,107	2,699,159
Non-controlling interests		167,883	77,865
		<u>4,806,990</u>	<u>2,777,024</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		4,679,709	2,633,860
Non-controlling interests		165,681	74,806
		<u>4,845,390</u>	<u>2,708,666</u>
Earnings per Share – Basic (RMB cents)	9	<u>426.55</u>	<u>248.16</u>
– Diluted (RMB cents)	9	<u>424.79</u>	<u>247.88</u>

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	31/12/2025	31/12/2024
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	10	9,817,671	10,524,503
Right-of-use assets		656,961	900,544
Investment properties		16,957	25,750
Intangible assets		61,830	138,295
Interests in associates		3,866,428	1,856,184
Deferred tax assets		210,424	216,703
Deposits and prepayments paid for acquisition of property, plant and equipment and land use right		379,559	723,111
Derivative financial assets	13	27	–
Equity instruments at FVTOCI	11	127,041	63,294
Financial assets at fair value through profit or loss (“FVTPL”)	12	16,189	18,020
Time deposits	14	1,696,302	1,868,696
Goodwill		2,119	2,119
		16,851,508	16,337,219
CURRENT ASSETS			
Inventories	15	7,179,714	5,870,112
Trade and other receivables and prepayments	16	10,012,673	9,211,194
Receivables at FVTOCI		1,508,907	864,520
Derivative financial assets	13	3,580	54,320
Financial assets at FVTPL	12	11,407,427	13,873,739
Amounts due from related parties		550,727	2,400
Pledged bank deposits	14	71,801	108,502
Time deposits	14	2,154,406	–
Short term fixed deposits	14	1,972,079	2,976,595
Cash and cash equivalents	14	7,482,149	4,508,657
		42,343,463	37,470,039
Assets classified as held for sale		19,780	–
		42,363,243	37,470,039

	<u>NOTES</u>	<u>31/12/2025</u>	<u>31/12/2024</u>
		<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	17	21,559,266	20,825,322
Amounts due to related parties		25,508	19,804
Derivative financial liabilities	13	33,977	69,322
Contract liabilities		300,072	226,734
Tax payable		416,393	190,029
Bank borrowings	18	1,769,969	925,652
Lease liabilities		51,457	50,518
Deferred income		2,600	12,244
Bonds payable	19	2,885,040	77,938
		<u>27,044,282</u>	<u>22,397,563</u>
NET CURRENT ASSETS		<u>15,318,961</u>	<u>15,072,476</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,170,469</u>	<u>31,409,695</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		818,602	753,302
Derivative financial liabilities	13	3,287	–
Long term payables	17	–	156,541
Bank borrowings	18	1,405,760	2,032,518
Lease liabilities		131,873	186,677
Deferred income		46,621	120,158
Bonds payable	19	–	2,867,551
		<u>2,406,143</u>	<u>6,116,747</u>
NET ASSETS		<u>29,764,326</u>	<u>25,292,948</u>
CAPITAL AND RESERVES			
Share capital	20	104,967	104,967
Reserves		29,043,621	24,659,548
Equity attributable to owners of the Company		29,148,588	24,764,515
Non-controlling interests		615,738	528,433
TOTAL EQUITY		<u>29,764,326</u>	<u>25,292,948</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Sunny Optical Technology (Group) Company Limited was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 15 June 2007. Its parent company is Sun Xu Limited and ultimate holding company is Sun Ji Limited (“**Sun Ji**”), both are private limited company incorporated in the British Virgin Islands. All equity interest of Sun Ji is owned by Sunny Group Employee Offshore Trust. Its ultimate controlling party is Mr. Wang Wenjian, also a non-executive Director. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The Company is an investment holding company. The Group are principally engaged in the business of designing, researching and developing, manufacturing and selling of handset products, vehicle products, extended reality (“**XR**”) products and other related products.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS**”) ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 Hong Kong Accounting Standards (“ HKAS ”) 21	Lack of Exchangeability
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The application of the amendments to a HKFRS 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 HKFRS Accounting Standards in issue but not yet effective

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

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

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

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

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

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

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The disclosure requirements in HKFRS 7 *Financial Instruments: Disclosures* in respect of investments in equity instruments designated at FVTOCI are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the new standard is expected to affect the disclosures in the future financial statements.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 HKAS 1 paragraphs have been moved to HKAS 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 HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 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.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

- (i) Performance obligations for contracts with customers and revenue recognition policies

The Group sells handset products, vehicle products, XR products and other related products to customers. For sales of handset products, vehicle products, XR products and other related products, revenue is recognised when control of the goods has transferred, generally occurring upon shipment, delivery, customer acceptance or customer usage according to the terms of the underlying contract, which is the point of time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products. Revenues from these products is recognised at the point in time when controls of the products had transferred. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The credit term granted to customers is average 90 days. The transaction price received by the Group is recognised as a contract liability for sales in which revenue has yet been recognised.

Sales-related warranties associated with handset products, vehicle products, XR products and other related products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37.

- (ii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group's contracts have an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations is not disclosed.

(b) Segment information

Information reported to the Board, being the chief operating decision maker (“**CODM**”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the Board has chosen to organise the Group among different major products. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group. In prior years, the Group had three reportable segments: (i) optical components; (ii) optoelectronic products; and (iii) optical instruments, as CODM reviewed the performance of the Group by different businesses.

In the current year, the Group's CODM started to review the performance of the Group by products used by different industries under a new reporting structure, and the segment information has been updated to conform to this change. The Group's management is of the view that this change of segment disclosure better reflects the Group's business strategies, the development phases of various businesses and the financial performance, and better aligns with the Group's resource allocation. The revenue and cost of the segments have been categorized to handset, vehicle, XR and others respectively, to more accurately align with the Group's business development and resource allocation.

Therefore, the reportable segments have been reorganized for the purpose of allocation of performance assessment as set out below. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's reportable segments under HKFRS 8 *Operating Segments* are handset products, vehicle products, XR products and other products, which represent the major types of products sold by the Group.

Information regarding these segments is presented below.

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i> <i>(restated)</i>
Revenue		
Handset products	27,324,044	25,155,480
Vehicle products	7,327,752	6,039,062
XR products	2,393,466	2,577,280
Other products	6,183,864	4,522,669
	<u>43,229,126</u>	<u>38,294,491</u>
Segment Margin		
Handset products	4,004,411	3,244,600
Vehicle products	2,340,844	2,134,026
XR products	468,922	303,316
Other products	1,701,711	1,324,091
	<u>8,515,888</u>	<u>7,006,033</u>
Unallocated amounts:		
Other income	1,100,398	1,333,065
Other gains and losses	1,091,976	(51,792)
Impairment losses under ECL model, net of reversal	(6,228)	(99)
Selling and distribution expenses	(342,945)	(439,329)
Research and development expenditure	(3,258,580)	(2,924,111)
Administrative expenses	(1,419,957)	(1,399,231)
Share of results of associates	171,591	118,381
Finance costs	(436,190)	(499,383)
	<u>5,415,953</u>	<u>3,143,534</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment margin represents the profit earned by each segment without allocation of other income, impairment losses under ECL model, net of reversal, selling and distribution expenses, other gains and losses, research and development expenditure, administrative expenses, share of results of associates and finance costs. This is the measure reported to the key operating decision makers for the purpose of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented. Depreciation and amortisation charges related to assets employed by different segments are presented to the CODM for review.

Geographical information

The Group's operations are mainly located in China, Vietnam, Korea, Japan, India and the United States.

The Group's revenue from continuing operations from external customers is presented based on the domiciles of customers and information about the Group's non-current assets by the geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets (note)	
	2025	2024	31/12/2025	31/12/2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The People's Republic of China (the "PRC" or "China")	31,435,165	28,692,732	9,707,424	11,113,974
Asia (except China)	7,519,034	6,151,041	1,203,500	1,168,956
Europe	1,835,629	1,989,308	247	403
North America	2,259,390	1,312,638	21,807	28,870
Others	179,908	148,772	–	–
	43,229,126	38,294,491	10,932,978	12,312,203

Note: Non-current assets excluded interests in associates, deferred tax assets, derivative financial assets, financial assets at FVTPL, equity instruments at FVTOCI, time deposits and goodwill.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A, revenue mainly from handset products	4,893,262	3,886,231
Customer B, revenue mainly from handset products	4,471,931	6,052,004

4(A). OTHER INCOME

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants (note a)	256,504	221,004
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances	272,694	429,346
Investment income from unlisted financial products at FVTPL	328,452	314,088
Interest income from small loan services	6,470	8,109
Income from sales of moulds and scrap materials	40,493	93,785
Others (note b)	195,785	266,733
	1,100,398	1,333,065

Notes:

- (a) The amounts represent unconditional subsidies related to technology enhancement of production line, research and development of technology projects and incentive subsidies. There are no unfulfilled conditions or contingencies relating to the above subsidies.
- (b) Others are mainly related to value-added tax deduction. Certain of the Company's subsidiaries are entitled preferential value-added tax treatments and received additional value-added tax deduction during the years ended 31 December 2025 and 2024.

4(B). OTHER GAINS AND LOSSES

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of property, plant and equipment and right-of-use assets	47,002	80,416
Gain on disposal of investment property	383	–
Gain on share swap transaction	918,920	–
Gain on disposal of interest in an associate	2,735	11,146
(Loss) gain on changes in fair value of derivative financial instruments	(18,655)	26,160
Loss on changes in fair value of equity investments at FVTPL	(1,831)	(1,498)
Net foreign exchange gain (loss)	98,440	(104,927)
Others	44,982	(63,089)
	<u>1,091,976</u>	<u>(51,792)</u>

5. FINANCE COSTS

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Interests on bank borrowings	253,500	313,305
Interests on bonds payable	174,835	174,092
Interests on lease liabilities	9,348	10,139
Interests on long term payables related to intangible assets	2,161	3,206
	<u>439,844</u>	<u>500,742</u>
Total borrowing cost	439,844	500,742
Less: amounts capitalised in the cost of qualifying assets	(3,654)	(1,359)
	<u>436,190</u>	<u>499,383</u>

6. INCOME TAX EXPENSE

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	222,552	169,846
Other jurisdictions	75,215	68,965
Withholding tax expense	20,784	17,340
Top-up tax under Pillar Two Rules	201,822	17,577
	<u>520,373</u>	<u>273,728</u>
Under provision of income tax in prior years	<u>19,508</u>	<u>100,304</u>
Deferred tax:		
Current year	<u>69,082</u>	<u>(7,522)</u>
	<u>608,963</u>	<u>366,510</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except as described below:

- (i) Sunny Optics (Zhongshan) Co., Ltd., Sunny Optical (Zhejiang) Research Institute Co., Ltd., Zhejiang Sunny SmartLead Technologies Co., Ltd., Ningbo Sunny Instruments Co., Ltd., Ningbo Sunny Automotive Optech Co., Ltd. and Ningbo Sunny Opotech Co., Ltd., domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2025.
- (ii) Xinyang Sunny Optics Co., Ltd., Zhejiang Sunny Optics Co., Ltd. (“Sunny Zhejiang Optics”) and Zhejiang Sunnyverse Technology Co., Ltd., domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2026.
- (iii) Ningbo Sunny Infrared Technologies Co., Ltd., Yuyao Sunny Optical Intelligence Technology Co., Ltd. and Zhejiang Sunny Optical Intelligence Technology Co., Ltd., domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2027.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules has become effective in certain countries in which the certain group entities are incorporated. The top-up tax relates to the Group’s operation in Vietnam, Hong Kong and the Chinese mainland where the annual effective income tax rates are estimated to be below 15 per cent. Therefore, a top-up tax is accrued in the current period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognised the current tax expense of RMB201,822,000 related to the top-up tax for the year ended 31 December 2025 which is expected to be levied on Vietnam and Hong Kong (corresponding period of 2024: RMB17,577,000).

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

During the year 2024, one of the subsidiaries incorporated in India has been involved in inspections initiated by the Income Tax Department in relation to compliance with relevant income tax regulations. The subsidiary was received a draft assessment order (“**DAO**”) from the Government of India Ministry of Finance Income Tax Department Office of the Assistant Commissioner of Income Tax (“**Assessing Office**”) for the year of assessment 04/2021-03/2022. According to the preliminary assessment result from Assessing Office, the part of the basis of assessment adopted in DAO would probably be adjusted and the assessable income would be revised. In year 2024, management of the Company (“**Management**”) had taken into considerations of all relevant facts and circumstances including opinions from tax advisor and concluded the assessable income would probably be adjusted for the prior years of assessment.

The rectification procedure with the Income Tax Department is still in process. The inspections would not be expected to have a material adverse effect on the existing production and operating activities of the Group.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	5,415,953	3,143,534
Tax at the PRC EIT tax rate of 25%	1,353,988	785,884
Tax effect of share of results of associates	(42,898)	(29,595)
Tax effect of expenses not deductible for tax purpose	11,972	43,317
Tax effect of income not taxable for tax purpose	(96,628)	–
Tax effect of allowance granted under share award scheme in the PRC	(19,343)	34,249
Tax effect of preferential tax rates for certain subsidiaries (note a)	(190,003)	(105,768)
Tax effect of additional tax deduction of research and development expenses (note b)	(558,101)	(658,583)
Tax effect of tax losses not recognised	103,838	244,883
Utilisation of tax losses not previously recognised	(137,057)	(72,844)
Withholding tax on undistributed earnings of PRC subsidiaries	58,711	27,264
Withholding tax on interest derived in the PRC	2,534	3,341
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(99,380)	(23,519)
Top-up tax under Pillar Two Rules	201,822	17,577
Under provision in prior years	19,508	100,304
Income tax expense for the year	608,963	366,510

Notes:

- (a) For the PRC subsidiaries which were approved as Hi-Tech Enterprises, they are entitled to a preferential enterprise tax rate of 15%.
- (b) In March 2023, the Ministry of Finance and the State Administration of Taxation released No. 7 announcement of 2023 named “Announcement on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses”, according to which certain PRC subsidiaries are entitled to an additional 100% tax deduction on eligible research and development expenses for the year ended 31 December 2025 and 2024.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' emoluments	19,358	19,373
Other staff's salaries and allowances	4,158,502	3,802,462
Other staff's discretionary bonuses	546,971	459,619
Other staff's contribution to retirement benefit scheme	641,228	548,037
Other staff's share award scheme expense	226,585	286,274
	<u>5,592,644</u>	<u>5,115,765</u>
Cost of inventories recognised as an expense	28,329,964	25,333,688
Auditor's remuneration	7,200	6,128
Depreciation of property, plant and equipment	2,231,153	2,100,639
Depreciation of investment properties	4,839	4,876
Depreciation of right-of-use assets	69,543	64,553
Amortisation of intangible assets	76,465	56,210
Allowance for inventories (included in cost of sales)	81,573	61,301

8. DIVIDENDS

	<u>2025</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 final dividends – HKD53.20 cents (2024: 2023 final dividends – HKD21.90 cents) per Share	<u>531,562</u>	<u>218,814</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HKD120.60 cents per Share, equivalent to approximately RMB105.90 cents per Share, amounting to a total of approximately HKD1,320,335,000 (2024: HKD53.20 cents per Share, equivalent to approximately RMB49.30 cents per Share, amounting to a total of approximately HKD582,436,000) has been proposed by the Directors and is subject to approval by the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting (the “AGM”) of the Company.

9. EARNINGS PER SHARE

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

	<u>2025</u>	<u>2024</u>
	<i>RMB '000</i>	<i>RMB '000</i>
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per Share	<u>4,639,107</u>	<u>2,699,159</u>
	<u>2025</u>	<u>2024</u>
	<i>'000</i>	<i>'000</i>
<u>Number of shares</u>		
Weighted average number of ordinary Shares for the purpose of basic earnings per Share (note)	1,087,584	1,087,683
Effect of dilutive potential ordinary Shares:		
Restricted shares	<u>4,499</u>	<u>1,208</u>
Weighted average number of ordinary Shares for the purpose of diluted earnings per Share	<u>1,092,083</u>	<u>1,088,891</u>

Note: The weighted average number of ordinary Shares for the purpose of basic earnings per Share has been calculated taking into account the impact of the shares held by the Group under share award scheme.

10. PROPERTY, PLANT AND EQUIPMENT

	Owned properties	Machinery and production equipment	Motor vehicles	Fixtures and office equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST						
At 1 January 2024	2,149,103	13,878,413	18,422	2,737,239	652,786	19,435,963
Additions	76,024	1,583,162	1,985	302,312	827,037	2,790,520
Transfer	253,579	205,372	–	121,300	(580,251)	–
Disposals	(9,787)	(382,055)	(1,422)	(13,613)	–	(406,877)
Exchange realignment	(4,044)	(9,983)	(59)	(4,540)	(6,851)	(25,477)
At 31 December 2024	2,464,875	15,274,909	18,926	3,142,698	892,721	21,794,129
Additions	65,588	1,524,057	5,486	285,080	844,335	2,724,546
Transfer	311,349	537,299	–	267,906	(1,116,554)	–
Disposals	(6,335)	(377,054)	(3,861)	(11,978)	–	(399,228)
Eliminated on share swap transaction	(303,915)	(592,266)	(501)	(208,320)	(8,507)	(1,113,509)
Exchange realignment	(14,719)	(32,778)	(94)	(14,177)	(19,250)	(81,018)
At 31 December 2025	2,516,843	16,334,167	19,956	3,461,209	592,745	22,924,920
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	417,393	7,809,624	14,870	1,266,761	–	9,508,648
Charge for the year	111,106	1,557,877	1,832	429,824	–	2,100,639
Eliminated on disposals	(9,298)	(312,968)	(1,351)	(9,278)	–	(332,895)
Exchange realignment	(391)	(4,606)	(9)	(1,760)	–	(6,766)
At 31 December 2024	518,810	9,049,927	15,342	1,685,547	–	11,269,626
Charge for the year	120,468	1,917,529	1,753	191,403	–	2,231,153
Eliminated on disposals	(5,321)	(278,304)	(3,744)	(11,615)	–	(298,984)
Eliminated on share swap transaction	(1,203)	(65,513)	(138)	(7,019)	–	(73,873)
Exchange realignment	(5,074)	(10,422)	(32)	(5,145)	–	(20,673)
At 31 December 2025	627,680	10,613,217	13,181	1,853,171	–	13,107,249
CARRYING VALUES						
At 31 December 2025	<u>1,889,163</u>	<u>5,720,950</u>	<u>6,775</u>	<u>1,608,038</u>	<u>592,745</u>	<u>9,817,671</u>
At 31 December 2024	<u>1,946,065</u>	<u>6,224,982</u>	<u>3,584</u>	<u>1,457,151</u>	<u>892,721</u>	<u>10,524,503</u>

The above items of property, plant and equipment after taking into account the residual values, except for construction in progress, are depreciated on a straight-line basis over their estimated useful lives as follows:

Owned properties	20 to 25 years
Machinery and production equipment	3 to 10 years
Motor vehicles	4 to 5 years
Fixtures and office equipment	3 to 10 years

As at 31 December 2025 and 2024, the Group has obtained the ownership certificates for all buildings and no buildings of the Group were pledged to secure bank borrowings granted.

The Directors considered no impairment loss on property, plant and equipment for both years ended 31 December 2025 and 2024.

11. EQUITY INSTRUMENTS AT FVTOCI

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments	<u>127,041</u>	<u>63,294</u>

The equity investments represent the Group's equity interests in private and listed entities. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance in the long run.

During the current year, the Group disposed of certain investments measured as equity instruments at FVTOCI at a consideration of RMB3,000,000 with a disposal gain of RMB76,000 and made nil new equity investments measured as equity instruments at FVTOCI (2024: Nil; RMB319,000).

The fair value gain of the equity instruments at FVTOCI in the amount of RMB64,174,000 (2024: loss of RMB49,020,000), net off with the recognition of related deferred tax assets of RMB2,497,000 (2024: deferred tax assets of RMB4,795,000), was recognised in FVTOCI reserve.

12. FINANCIAL ASSETS AT FVTPL

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets		
Unlisted financial products (note a)	<u>11,407,427</u>	<u>13,873,739</u>
Non-current assets		
Equity investments (note b)	<u>16,189</u>	<u>18,020</u>

Notes:

(a) Unlisted financial products

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, trusts 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 and as at 31 December 2025, the expected return rate stated in the contracts ranges from 0.70% to 3.26% (2024: 1.50% to 4.50%) per annum.

(b) Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB16,189,000 (2024: RMB18,020,000) were classified as financial assets at FVTPL.

13. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>31/12/2025</u>	<u>31/12/2024</u>	<u>31/12/2025</u>	<u>31/12/2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Foreign currency forward contracts	27	14,202	3,287	28,549
Foreign currency options contracts	–	–	–	33,263
Foreign exchange swap contracts	3,580	40,118	33,977	7,510
Total	3,607	54,320	37,264	69,322
Less: Current portion				
Foreign currency forward contracts	–	14,202	–	28,549
Foreign currency options contracts	–	–	–	33,263
Foreign exchange swap contracts	3,580	40,118	33,977	7,510
	3,580	54,320	33,977	69,322
Non-current portion	27	–	3,287	–

As at 31 December 2025, the Group had entered into the following foreign currency forward contracts and foreign exchange swap contracts:

Foreign currency forward contracts

The Group entered into several United States Dollar (“USD”)/HKD foreign currency forward contracts with banks in the PRC in order to manage the Group’s foreign currency risk.

<u>Receiving currency</u>	<u>Selling currency</u>	<u>Maturity year</u>
USD213,888,551	HKD1,649,878,509	2027

Foreign currency options contracts

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts (“**Valuation Date**”).

At each Valuation Date, the reference rate which represents the spot rate as specified within the respective contracts shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

There is no foreign currency options contract outstanding as at 31 December 2025.

Foreign exchange swap contracts

The Group entered into several HKD/USD, RMB/USD and Japanese Yen (“JPY”)/USD foreign exchange swap contracts with banks in the PRC in order to manage the Group’s foreign currency risk.

<u>Receiving currency</u>	<u>Selling currency</u>	<u>Maturity year</u>	<u>Strike Rate</u>
USD357,000,000	RMB2,508,573,915	2026	USD:RMB6.9370 to USD:RMB7.1055
USD77,200,814	JPY11,760,000,000	2026	USD:JPY152.33
USD116,000,000	HKD896,236,920	2026	USD:HKD7.7273 to USD:HKD7.7305

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amount.

14. TIME DEPOSITS/PLEDGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/CASH AND CASH EQUIVALENTS

As at 31 December 2025, the Group deposited principal amounts of RMB3,698,980,000 (2024: RMB1,745,666,000) time deposits with several banks in the PRC. These time deposits carry fixed interest rates ranging from 1.90% to 4.83% (2024: 2.75% to 4.40%) per annum. The original maturity period of these time deposits is three years. The time deposits with an amount of RMB2,154,406,000 (2024: Nil) will be matured within one year.

As at 31 December 2025, the Group pledged certain of its bank deposits to banks as security for bank acceptance bills and the pledged bank deposits carry fixed interest rates ranging from 0.05% to 4.75% (2024: 0.10% to 5.50%) per annum. The pledged bank deposits will be released upon the maturity of relevant bills.

Short term fixed deposits carry fixed interest rates ranging from 0.13% to 4.60% (2024: 0.20% to 5.35%) per annum. Short term fixed deposits have original maturity dates more than three months but less than one year and therefore classified as current assets.

Cash and cash equivalents include demand deposits and short term deposits with original maturity dates less than three months for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates range from 0.01% to 3.66% (2024: 0.01% to 4.31%) per annum.

15. INVENTORIES

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<u>RMB’000</u>	<u>RMB’000</u>
Raw materials	1,195,043	952,455
Work in progress	347,909	246,823
Finished goods	5,636,762	4,670,834
	<u>7,179,714</u>	<u>5,870,112</u>

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	9,174,695	8,101,118
Less: allowance for expected credit losses	(103,522)	(97,277)
	<u>9,071,173</u>	<u>8,003,841</u>
Loan receivables (note)	<u>176,382</u>	<u>123,314</u>
Other receivables and prepayments		
Value added tax and other tax receivables	274,720	464,440
Advance to suppliers	124,801	255,000
Prepaid expenses	81,223	84,459
Utilities deposits and prepayment	140,697	111,987
Advances to employees	111,698	126,991
Others	31,979	41,162
	<u>765,118</u>	<u>1,084,039</u>
Total trade and other receivables and prepayments	<u>10,012,673</u>	<u>9,211,194</u>

Note: The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals.

As at 1 January 2024, trade receivables amounted to RMB6,783,914,000.

The Group allows a credit period of average 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit loss presented based on revenue recognition dates.

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	8,645,486	7,641,930
91 to 180 days	370,976	356,658
Over 180 days	54,711	5,253
	<u>9,071,173</u>	<u>8,003,841</u>

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB80,422,000 (2024: RMB71,828,000) which are past due as at the reporting date. Out of the past due balances, RMB5,900,000 (2024: RMB3,386,000) has been past due 90 days or more.

17. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice dates and note payables presented based on the issue dates at the end of reporting period.

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB '000</i>	<i>RMB '000</i>
Current liabilities		
Trade payables		
Within 90 days	7,332,035	5,624,849
91 to 180 days	1,191,724	1,076,988
Over 180 days	10,871	10,532
Accrued purchases	<u>1,147,854</u>	<u>954,337</u>
Total trade payables and accrued purchases	<u>9,682,484</u>	<u>7,666,706</u>
Note payables (note a)		
Within 90 days	2,235,494	5,232,777
91 to 180 days	3,308,203	4,588,280
Over 180 days	<u>3,192,172</u>	<u>435,811</u>
	<u>8,735,869</u>	<u>10,256,868</u>
Advance deposits from a customer	175,348	145,834
Payables for purchase of property, plant and equipment	276,237	305,757
Staff salaries and welfare payables	1,782,088	1,558,602
Labour outsourcing payables	133,666	111,019
Payables for acquisition of patents	35,695	36,386
Value added tax payables and other tax payables	221,310	212,609
Interest payables	3,443	2,043
Rental and utilities payables	56,709	46,299
Warranty provision	4,359	–
Others	<u>452,058</u>	<u>483,199</u>
	<u>3,140,913</u>	<u>2,901,748</u>
	<u>21,559,266</u>	<u>20,825,322</u>
Non-current liabilities		
Long term payables		
Payables for acquisition of patents	–	36,744
Accrued employee expense	–	81,741
Government relocation compensation received (note b)	–	36,490
Warranty provision	<u>–</u>	<u>1,566</u>
	<u>–</u>	<u>156,541</u>

Notes:

- (a) During the years ended 31 December 2025 and 2024, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the certain bills to bank. The cash flows of such transactions have been presented in cash flow statement as financing activities.

The credit period on purchases of goods is average 180 days (2024: 180 days) and the credit period for note payables is 90 days to 365 days averagely (2024: 90 days to 365 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

- (b) In 2023, certain subsidiaries of the Group entered into the relocation compensation agreement with local government to transfer certain leasehold lands and owned properties due to the urban planning adjustment of Yuyao People's Government. During the year 2025, the relocation has been completed, buildings amounting to RMB293,000 and leasehold lands amounting to RMB733,000 have been disposed and RMB35,464,000 gains has been recognized in "other gains and losses".

18. BANK BORROWINGS

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Unsecured and guaranteed	<u>3,175,729</u>	<u>2,958,170</u>
	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
The carrying amounts of the above borrowings are repayable*:		
Within one year	1,769,969	925,652
Within a period of more than one year but not exceeding two years	1,405,760	1,723,059
Within a period of more than two years but not exceeding five years	–	309,459
	<u>3,175,729</u>	<u>2,958,170</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's bank borrowings are as follows:

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Fixed-rate borrowings	1,235,780	1,082,278
Variable-rate borrowings	1,939,949	1,875,892
	<u>3,175,729</u>	<u>2,958,170</u>

The range of effective interest rates per annum (which are equal to contractual interest rates) on the Group's bank borrowings are as follows:

	<u>Year ended 31/12/2025</u>	<u>Year ended 31/12/2024</u>
Fixed-rate borrowings	2.70% to 3.05%	1.99% to 4.00%
Variable-rate borrowings	3.43% to 4.83%	2.36% to 5.50%

The variable-rate borrowings as at 31 December 2025 were denominated in USD (2024: USD and RMB) which carried the floating-rates at Secured Overnight Financing Rate (“SOFR”) (2024: SOFR and Loan Prime Rate).

The Group's bank borrowings that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>
USD	2,642,829	2,184,711
HKD	532,900	–
	<u>3,175,729</u>	<u>2,184,711</u>

19. BONDS PAYABLE

On 9 January 2023, the Company issued unsecured sustainability-linked bonds in the amount of USD400 million at the rate of 5.95% per annum which will be due by year 2026 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance had been successfully completed on 17 January 2023 and the listing of the bonds in the Stock Exchange became effective on 18 January 2023.

The Company had fully used the net proceeds from the bonds for refinancing existing indebtedness.

During the current year, interest expense of approximately RMB174,835,000 (2024: RMB174,092,000) was recognised in profit or loss.

20. SHARE CAPITAL

	Number of shares	Amount <i>HKD'000</i>	Equivalent to <i>RMB'000</i>
Ordinary shares of HKD0.10 each			
Authorised:			
At 1 January 2024, 31 December 2024 and 31 December 2025	100,000,000,000	10,000,000	
Issued & fully paid:			
At 1 January 2024	1,096,774,800	109,678	105,156
Share repurchased and cancelled	<u>(1,970,000)</u>	<u>(197)</u>	<u>(189)</u>
At 31 December 2024 and 2025	<u>1,094,804,800</u>	<u>109,481</u>	<u>104,967</u>

None of the ordinary shares of the Company were repurchased or cancelled accordingly during the year.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Scope of work of Messrs. Deloitte Touche Tohmatsu

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 announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 30 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a global leading manufacturer of integrated optical products with large-scale and a globally competitive provider of intelligent optical system solutions (whole device). The Group is engaged in the design, R&D, production and sales of integrated optical products and intelligent optical system solutions (whole device). By deeply integrating cutting-edge technologies such as optics, electronics, algorithms, software, mechanics, and artificial intelligence (“**AI**”), the Group empowers global clients to achieve innovative breakthroughs and value growth across application fields including smartphones, vehicles, XR, pan Internet of things (“**Pan-IoT**”) and precision optics.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 shall be presented in the following four operating segments, namely, (A) handset products; (B) vehicle products; (C) XR products; and (D) other products.

(A) Handset products

1. *Handset lens sets*

With the continuous penetration of AI technology, imaging remains an indispensable highland for showcasing capabilities. In 2025, leveraging its cutting-edge market layout and advanced technology iteration, the Group achieved increases in both the average selling price and profitability of handset lens sets and continuously maintained its global No. 1 market share. As a leading company in high-end handset lens sets, the Group is the preferred choice for flagship models among end-customers, consistently maintaining high participation rate. In terms of product R&D, the Group accurately captured the opportunities arising from the upgrade of telephoto periscope product solutions. The Group’s telephoto lens sets can meet various design requirements of clients, and the Group continues to capture the iterative trend of 200-mega pixel to maintain its product leading advantage.

2. *Handset camera modules*

In 2025, the Group optimized its product mix of the handset camera modules, recording increases in both the average selling price and profitability, while maintaining the global No. 1 market share. In terms of high-end products and integration development, the Group increased its investment in the R&D of underlying technology. During the year, leveraging its actuator and ultra-high-precision active optical alignment technology, the Group achieved mass production of an integrated drive and tuning solution of its self-developed periscope actuator modules featuring 200-mega pixel and large image size. The Group also achieved mass production of the industry-first high performance periscope solution with ultra-large aperture and cemented-prism. Through the industry-first ultra-miniaturization technology for modules with quad cut lens, the Group achieved mass production of ultra-low height solutions, making a new breakthrough in customer’s main camera project. The Group continued to make breakthroughs in core technological areas such as ultra-miniaturized molding packaging, ultra-high-precision active optical alignment and high-precision actuation, which significantly strengthened its core competitiveness and comprehensive capabilities in the high-end product segment, driving continuous improvement in the average selling price and profitability.

(B) Vehicle products

The Group is one of the few companies in the industry with independent R&D as well as large-scale commercialization capabilities for a full range of vehicle optical solutions, including vehicle camera solutions and other vehicle optical solutions. Leveraging years of dedicated investment in the field of vehicle optical solutions and continuous expansion of product boundaries through its full-stack R&D platform, the Group has established comprehensive capabilities across the entire product value chain from optical elements to product modules and system-level solutions.

1. Vehicle camera solutions

1.1 Smart sensing solutions

The Group continued to deepen its focus on high-resolution camera products. In 2025, the Group successfully secured new designated projects of 8-mega pixel camera products with multiple top-tier automotive manufacturers, while its 17-mega pixel camera products achieved mass production. In terms of core technologies, the Group's self-developed automotive grade variable aperture technology effectively solves the imaging challenges under complex lighting conditions, ensuring high-quality image output around the clock. The Group has actively invested in the R&D of cutting-edge technologies and deepened the cooperation with ecosystem partners to boost the upgrading and development of the intelligent automotive industry through innovative visual perception.

To support automotive-grade quality standards, manufacturing precision, and operational efficiency, the Group has independently developed a digital manufacturing technology platform to enhance production efficiency and quality control levels. Based on the high-precision active alignment (“AA”) equipment technology, the Group further integrated visual technology and real-time information analysis functions to create the world's first AI AA equipment. Such AI AA equipment has been deployed in the visual inspection stages of key production lines, improving production efficiency by approximately 20% as compared to that of conventional equipment while significantly enhancing product yield rates.

1.2 Smart cabin solutions

The Group is the world's largest provider of smart cabin solutions. The Group's smart cabin solutions encompass visual products and in-cabin products. Visual products include rear and surround view products and streaming rear view mirror products. In-cabin products include driver monitoring products, occupancy monitoring products, and other products (such as time-of-flight (“ToF”) products). By incorporating modular technologies and application functions, these solutions provide drivers and occupants with enhanced internal and external views and interaction capabilities, creating a safer and more comfortable smart cabin experience.

2. Other vehicle optical solutions

Leveraging its full-stack R&D platform and partner ecosystem, the Group has developed other vehicle optical solutions including light detection and ranging (“**LiDAR**”) solutions, in-cabin projection display solutions, and smart automotive lighting solutions.

In 2025, leveraging “high-precision transceiver-integrated AA technology” and “matrix-type chip-on-board packaging technology for ultra-miniature emitter chips”, the Group achieved mass production of long-range LiDAR transceiver-integrated modules for a leading automotive company. Additionally, in collaboration with a top-tier intelligent driving enterprise, the Group jointly tackled the industry’s first LiDAR and vision integrated project. This successfully overcame the challenges of high-precision prism assembly and fixation technology for the optical engine of the transceiver module, significantly enhancing detection accuracy and introducing innovative technical solutions to the field of intelligent driving.

(C) XR products

With the successive launch of new products by top customers, the smart glasses market has rapidly expanded and entered a new phase of scaled development. The Group seized the strategic opportunities and maintained in-depth strategic cooperation with world-renowned top customers. The shipment volume of smart glass camera modules in 2025 achieved a rapid growth as compared to that of last year, consolidating its leading position in the industry. At the same time, leveraging industry-leading manufacturing processes and supply chain integration capabilities, the Group successfully achieved mass production of wide-angle polarizing beam splitter lens sets, and developed augmented reality (“**AR**”) lens sets equipped with color-changing solutions. In addition, based on its vertical integration capabilities and advantages in miniaturized packaging processes, the Group further optimized the optical performance and structural design of its AR optical engine products. This has enabled mass production breakthroughs featuring smaller, lighter device with better colour performance, continuously driving the advancement of AR devices towards consumer-level adoption.

(D) Other Products

1. *Pan-IoT*

Under the dual drivers of continuous upgrades of AI technology and scenario implementation, the pan-IoT market has embraced new development opportunities, with the integration of AI and hardware deepening constantly. Based on the intelligent imaging products, the Group strives to achieve co-creation of whole device products with customers by combining the capabilities of whole device calibration, whole device simulation testing and software system design.

In terms of intelligent imaging products, relying on the capabilities of rapid response, intelligent manufacturing and large-scale delivery, the Group worked closely with numerous strategic handheld imaging camera customers during the year to achieve mass production and stable delivery of lens sets and modules for handheld imaging devices, with shipment volume growing substantially year-on-year. At the same time, the Group continued to iterate its technologies in rapid focus, image stabilization, low-light performance, miniaturization and low power consumption of products to strengthen product competitiveness and enhance customer stickiness.

In terms of the other intelligent terminals, leveraging capabilities in the subsystems of navigation, obstacle avoidance and visual recognition, as well as accumulated technology and continuous innovation in the integration of visual perception technology and AI, combined with vertical integration and manufacturing advantages, the Group continued to cultivate the robotics business. In 2025, the Group's projects such as lawn mowing robots and warehouse automation successfully started mass production and received high praise from key customers. At the same time, the Group also actively expanded new intelligent hardware markets and built development and manufacturing capabilities spanning the full chain from core subsystems to the whole device, thereby laying a systematic foundation for subsequent growth. In addition, the Group's digital microscope with super depth of field and confocal microscope made breakthroughs in multiple key technologies and completed a series of development. These microscopes have successfully entered top-tier research centers and automotive manufacturing enterprises, supporting life science research and industrial quality control.

2. *Precision optics*

In 2025, the Group focused on the customer needs in the handset, vehicle and XR industries. By addressing quality optimization, cost improvement and new product breakthroughs, the Group has achieved outstanding results in precision optical elements including colour filters, prisms and spherical glass lenses.

OUTLOOK AND FUTURE STRATEGIES

Looking ahead, AI is accelerating into a new phase of development, evolving from a tool to a core force reshaping the organization of productivity. As the primary gateway for AI to acquire real-world data, the performance of optical systems determines the depth of understanding of reality and application precision of physical AI. Against this backdrop, the Group remains unwavering in implementing its “Mingpeijiao (名配角)” strategy, deepening strategic alignment with leading clients, and comprehensively expanding business opportunities, striving to become the globally leading valuable strategic supplier in different sectors. Simultaneously, the Group will adhere to innovation and transformation oriented toward high-quality development, continuously strengthen the construction of its platform-based organization, further clarify the strategic positioning and business divisions of each business unit, and persistently advance capability building across all operational and functional modules. Ultimately, the Group aims to achieve the dual objectives of sustainable corporate development and maximization of the value of the Shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the Group's revenue was approximately RMB43,229.1 million, representing an increase of approximately 12.9% as compared to that of last year. The increase in revenue was mainly attributable to the increased revenues generated from the handset products, vehicle products and other products.

For the year ended 31 December 2025, revenue generated from the handset products was approximately RMB27,324.0 million, representing an increase of approximately 8.6% as compared to that of last year. The increase in revenue was mainly attributable to the increase in average selling prices of handset lens sets and handset camera modules of the Group driven by the improvement in product mix benefiting from the high-end upgrade of smartphone camera specifications, and leveraging pioneering technology layout and leading product iteration.

For the year ended 31 December 2025, revenue generated from the vehicle products was approximately RMB7,327.8 million, representing an increase of approximately 21.3% as compared to that of last year. The increase in revenue was mainly attributable to the increased revenue generated from the vehicle camera solutions of the Group with the rapid increase in the penetration rate of advanced intelligent driving.

For the year ended 31 December 2025, revenue generated from the XR products was approximately RMB2,393.5 million, representing a decrease of approximately 7.1% as compared to that of last year. The decrease in revenue was mainly attributable to the fact that, despite the increased revenue of smart glasses related businesses, the revenue from mixed reality ("MR") related businesses decreased due to the weak market demand.

For the year ended 31 December 2025, revenue generated from the other products was approximately RMB6,183.8 million, representing an increase of approximately 36.7% as compared to that of last year. The increase in revenue was mainly attributable to the increased revenue of the Group's Pan-IoT related businesses benefiting from the rapid development of AI technology and the increased revenue of the Group's precision optics related businesses.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 December 2025 was approximately RMB8,515.9 million, representing an increase of approximately 21.6% as compared to that of last year. The gross profit margin was approximately 19.7%, which was approximately 1.4 percentage points higher than that of last year. The increase in gross profit margin was mainly attributable to (i) the increase in gross profit margins of handset lens sets and handset camera modules of the Group driven by the improvement in product mix benefiting from the high-end upgrade of smartphone camera specifications, and leveraging pioneering technology layout and leading product iteration; and (ii) the increase in revenue proportion of vehicle products with higher gross profit margins.

For the year ended 31 December 2025, the gross profit margins of handset products, vehicle products, XR products and other products were approximately 14.7%, 31.9%, 19.6% and 27.5%, respectively (2024: approximately 12.9%, 35.3%, 11.8% and 29.3%, respectively).

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the year ended 31 December 2025 were approximately RMB342.9 million, representing a decrease of approximately 21.9% as compared to that of last year. The decrease in absolute amount was mainly attributable to the strengthened management and control for the expenses related with marketing activities by the Group.

R&D Expenditure

The R&D expenditure of the Group for the year ended 31 December 2025 was approximately RMB3,258.6 million, representing an increase of approximately 11.4% as compared to that of last year. The increase in absolute amount was mainly attributable to the increase in R&D expenditures for handset, vehicle, XR and Pan-IoT related businesses by the Group as compared to those of last year.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2025 were approximately RMB1,420.0 million, representing an increase of approximately 1.5% as compared to that of last year.

Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2025 was approximately RMB609.0 million, representing an increase of approximately 66.2% as compared to that of last year. The Group's effective tax rate was approximately 11.2%, as compared to approximately 11.7% of last year. For details related to the income tax expense, please refer to the Note 6 to the consolidated financial statements in this announcement.

Net Profit and Net Profit Margin

The net profit of the Group for the year ended 31 December 2025 was approximately RMB4,807.0 million, representing an increase of approximately 73.1% as compared to that of last year. The net profit margin was approximately 11.1%, as compared to approximately 7.3% of last year.

Profit for the Year Attributable to Owners of the Company and Basic Earnings per Share

The profit for the year attributable to owners of the Company for the year ended 31 December 2025 was approximately RMB4,639.1 million, representing an increase of approximately 71.9% as compared to that of last year. The increase in absolute amount was mainly attributable to (i) the increase in gross profit; and (ii) the gain on share swap transaction amounting to approximately RMB918.9 million.

The basic earnings per Share for the year ended 31 December 2025 was approximately RMB426.55cents, representing an increase of approximately 71.9% as compared to that of last year.

Final Dividend

For the year ended 31 December 2025, the Board proposed a final dividend of HKD120.60 cents per Share (equivalent to approximately RMB105.90 cents per Share), with a dividend rate of approximately 25.0% of the profit for the year attributable to owners of the Company. The Board confirms that this final dividend reflects an increase in the target payout ratio from 20.0% to 25.0% of profit attributable to owners of the Company (as compared to the previous corresponding period), primarily to improve Shareholder returns. The final dividend payable on 26 June 2026 is subject to the approval of the Shareholders at the forthcoming AGM of the Company to be held on 27 May 2026.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the years ended 31 December 2025 and 31 December 2024:

	For the year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Net cash from operating activities	6,079.5	3,455.3
Net cash used in investing activities	(999.4)	(10,436.8)
Net cash used in financing activities	(2,093.5)	(1,574.5)

Funding and Treasury Policy

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on net cash generated from operating activities, bank borrowings and debt financing in the short run to meet its working capital and other needs. In the long run, the Group will be mainly funded by net cash from operating activities and, if necessary, by additional bank borrowings, debt financing or equity financing. There were no material changes in the funding and treasury policy of the Group for the year ended 31 December 2025.

As at 31 December 2025, the Group had current assets of approximately RMB42,363.2 million (31 December 2024: approximately RMB37,470.0 million); and current liabilities of approximately RMB27,044.3 million (31 December 2024: approximately RMB22,397.6 million). The Group's current ratio was approximately 1.6 times (31 December 2024: approximately 1.7 times). The Group's total assets as at 31 December 2025 were approximately RMB59,214.8 million, representing an increase of approximately 10.0% as compared to that as at 31 December 2024.

As at 31 December 2025, the Group's cash and cash equivalents were approximately RMB7,482.1 million (31 December 2024: approximately RMB4,508.7 million). The cash and cash equivalents were mainly denominated in RMB and USD.

Operating Activities

Cash inflow from operating activities was mainly generated from cash receipt from sales of the Group's products. Cash outflow from operating activities was mainly used for the purchases of raw materials, selling and distribution expenses, R&D expenditure and administrative expenses. Net cash from operating activities was approximately RMB6,079.5 million for the year ended 31 December 2025 and net cash from operating activities was approximately RMB3,455.3 million for the year ended 31 December 2024.

The trade receivables turnover days (average of the opening and closing trade receivables balances/revenue \times 365 days) increased from approximately 70 days for the year ended 31 December 2024 to approximately 72 days for the year ended 31 December 2025.

The trade payables and accrued purchases turnover days (average of the opening and closing trade payable and accrued purchases balances/cost of sales \times 365 days) increased from approximately 87 days for the year ended 31 December 2024 to approximately 91 days for the year ended 31 December 2025. The increase in the trade payables and accrued purchases turnover days was mainly attributable to the strengthening of the Group's management and control of the supply chains.

The inventory turnover days (average of the opening and closing inventory balances/cost of sales \times 365 days) increased from approximately 64 days for the year ended 31 December 2024 to approximately 69 days for the year ended 31 December 2025. The increase in the inventory turnover days was mainly attributable to the strategic stocking by the Group based on the customers' requirements.

Investing Activities

For the year ended 31 December 2025, the Group recorded a net cash used in investing activities of approximately RMB999.4 million, which mainly included purchases and release of unlisted financial products of approximately RMB38,296.6 million and approximately RMB41,090.8 million respectively, and capital expenditure amounting to approximately RMB2,931.0 million.

Financing Activities

For the year ended 31 December 2025, the Group recorded a net cash used in financing activities of approximately RMB2,093.5 million. The cash outflows mainly included the payments for notes financing of approximately RMB12,967.9 million and the repayment of bank borrowings of approximately RMB7,989.6 million, while the cash inflows mainly came from proceeds from notes financing of approximately RMB11,254.5 million and new bank borrowings raised of approximately RMB8,702.3 million.

Capital Expenditure

For the year ended 31 December 2025, the Group's capital expenditure amounted to approximately RMB2,931.0 million, which was mainly used for the purchases of property, plant and equipment. All of the capital expenditure was financed by internal resources.

CAPITAL STRUCTURE

Indebtedness

Bank borrowings

Bank borrowings of the Group as at 31 December 2025 amounted to approximately RMB3,175.7 million (31 December 2024: approximately RMB2,958.2 million).

No bank borrowings were secured by certain buildings and land of the Group as at 31 December 2025 and 31 December 2024. As at 31 December 2025, the bank borrowings were denominated in USD and HKD.

Details of the bank borrowings are set out in Note 18 to the consolidated financial statements in this announcement.

Banking facilities

Banking facilities have been put in place for contingency purposes by the Group with certain banks in certain countries and regions. As at 31 December 2025, the Group's total banking facilities amounted to RMB35,719.0 million, USD545.0 million, Indian Rupee 3,000.0 million and Vietnamese Dong 280,000.0 million respectively (31 December 2024: RMB30,382.0 million, USD633.0 million and Indian Rupee 3,000.0 million respectively).

Debt securities

As at 31 December 2025, debt securities of the Group amounted to approximately RMB2,885.0 million (31 December 2024: approximately RMB2,945.5 million).

As at 31 December 2025, the Group's gearing ratio was approximately 10.2% (31 December 2024: approximately 11.0%), which refers to the ratio of total borrowings to total capital (total capital being the sum of total liabilities and Shareholders' equity), reflecting the Group's sound financial position.

Contingent liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees.

Financing and funding and treasury policies and objectives

The Group adopts prudent financing and funding and treasury policies. The Group will seek bank borrowings, debt financing or equity financing when its operating demand grows, and will regularly review its bank borrowings and debt securities to achieve a sound financial position.

PLEDGE OF ASSETS

The Group did not have any pledge or charge on assets as at 31 December 2025, except for the pledged bank deposits of approximately RMB71.8 million (31 December 2024: approximately RMB108.5 million). For details of the pledged bank deposits, please refer to Note 14 to the consolidated financial statements in this announcement.

COMMITMENTS

As at 31 December 2025, the capital expenditure of the Group in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounted to approximately RMB556.4 million (31 December 2024: approximately RMB1,181.5 million).

As at 31 December 2025, the Group had no other capital commitments save as disclosed above.

OFF-BALANCE SHEET TRANSACTIONS

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

PERFORMANCE OF INVESTMENTS MADE AND FUTURE INVESTMENTS PLAN

The Group's investing activities primarily include the purchases and release of unlisted financial products, placement and release of short term fixed deposits, placement of time deposits, purchase of property, plant and equipment and deposits and prepayment paid for acquisition of property, plant and equipment and land use right. Among them, unlisted financial products are managed by relevant banks in China, mainly investing in certain financial assets such as bonds, trusts and cash funds, and their investment incomes are determined based on the performance of the underlying debt instruments and treasury notes.

Significant Investments

Regarding the performance of the investment held by the Group during the year ended 31 December 2025, Sunny Zhejiang Optics, a wholly-owned subsidiary of the Company, through the relevant subscription, held 6% equity interests of Chongqing Ant Consumer Finance Co., Ltd. (the “**Ant Consumer Finance**”). The relevant aggregate investment cost of RMB1,380.0 million represented approximately 2.3% the Company's total assets as at 31 December 2025. To the best knowledge of the Board, after reviewing the audited accounts of Ant Consumer Finance as at 31 December 2025, no fair value or impairment regarding this investment case was issued or noted by the Board. Based on the information available to the Company immediately preceding the publication of this announcement, the performance of this investment was positive for the year ended 31 December 2025. The Board considered this investment to be a long-term investment, which may bring relatively better financial returns to the Group.

Further, references are made to the announcements of the Company dated 22 August 2025 and 9 October 2025 in relation to the (i) entering into a memorandum of understanding by the Company and certain subsidiaries of the Group with Goertek Inc. (“**Goertek**”) and Goertek Optical Technology Co., Ltd., (“**Goertek Optical**”); and (ii) transfer of a subsidiary's entire equity interests in return for equity interests in Goertek Optical (the “**Share Swap**”) pursuant to a share swap and merger agreement (the “**Share Swap & Merger Agreement**”) and further subscription for equity interests in Goertek Optical (the “**Subscription**”).

As disclosed in the announcement of the Company dated 8 December 2025, the transfer of the entire equity interests in certain subsidiaries in exchange for the equity interests in Goertek Optical and further subscription for equity interest in Goertek Optical by the Group have been completed on 8 December 2025. Immediately upon the completion of the Share Swap and the completion of the Subscription, Sunny OmniLight Technology Co., Ltd. (“**Ningbo OmniLight**”), a wholly-owned subsidiary of Sunny Zhejiang Optics, holds approximately 31.31% equity interests in Goertek Optical and has become the second largest equity owner of Goertek Optical.

Below sets forth the details of the completion of the Share Swap and the completion of the Subscription.

The date of completion of the Share Swap and the Subscription

8 December 2025

Parties

- (1) the Company;
- (2) Sunny Zhejiang Optics;
- (3) Ningbo OmniLight;
- (4) Sunny OmniLight NanoOptics Co., Ltd. and Sunny OmniLight NanoOptics Information Technology Co., Ltd. (collectively, “**Shanghai OmniLight**”), and these two companies were established in the PRC with limited liability and were subsidiaries of Ningbo OmniLight prior to the completion of the Share Swap;
- (5) Ningbo Sun Ao Self-funded Investment Partnership (Limited Liability Partnership) (“**Ningbo Sun Ao**”), a limited liability partnership set up on 26 September 2025 by the management staff of the Company (including Mr. Wang Wenjie, Mr. Ni Wenjun and Mr. Ye Liaoning, all of whom were Directors at relevant time), for the purposes of holding the equity interests in Shanghai OmniLight prior to completion and the equity interests in Goertek Optical upon completion;

- (6) Ningbo Sun Cheng Self-funded Investment Partnership (Limited Liability Partnership) (“**Ningbo Sun Cheng**”), a limited liability partnership set up on 25 September 2025 by the employees of Shanghai OmniLight for the purposes of holding the equity interests in Shanghai OmniLight prior to completion and the equity interests in Goertek Optical upon completion;
- (7) Goertek, a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002241). Goertek and its subsidiaries are principally engaged in the research and development, manufacturing and sale of precision components and smart hardwares for consumer and automotive electronic industries in the PRC; and
- (8) Goertek Optical, a company established in the PRC with limited liability and would be renamed as “Goertek OmniLight Optical Technology Co., Limited” after completion (subject to the approval and registration by the industrial and commercial department in the PRC).

Connected transactions

In anticipation of the Share Swap & Merger Agreement, an reorganisation (the “**Reorganisation**”) was implemented by Ningbo OmniLight and Shanghai OmniLight, whereby Ningbo Sun Ao and Ningbo Sun Cheng had subscribed for an aggregate of approximately 12.55% equity interests in Sunny OmniLight NanoOptics Co., Ltd. for an aggregate consideration of approximately RMB100.0 million.

Given that Mr. Wang Wenjie, Mr. Ni Wenjun and Mr. Ye Liaoning were Directors at relevant time, the subscription by Ningbo Sun Ao for equity interests in Sunny OmniLight NanoOptics Co., Ltd. as contemplated under the Reorganisation constituted a connected transaction of the Company. As each of the applicable percentage ratios was less than 0.1%, the subscription constituted a fully exempt connected transaction of the Company from announcement, circular and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Effects on the shareholding structure of Goertek Optical following the completion of the Share Swap and Subscription

The following table illustrates the shareholding structure of Goertek Optical (i) immediately upon completion of the Share Swap; and (ii) immediately upon completion of the Subscription:

Equity owners	Shareholding structure of Goertek Optical immediately following the completion of the Share Swap		Shareholding structure of Goertek Optical immediately following the completion of the Subscription	
	Registered capital	Equity interests	Registered capital	Equity interests
	<i>RMB</i>		<i>RMB</i>	
Goertek	600,000,000	37.77%	655,640,600	38.57%
Goertek Group Co., Ltd. (note 1)	53,331,899	3.36%	53,331,899	3.14%
Others (note 2)	405,691,077	25.54%	405,691,077	23.87%
Ningbo OmniLight	476,560,364	30.00%	532,200,964	31.31%
Ningbo Sun Ao and Ningbo Sun Cheng	52,951,124	3.33%	52,951,124	3.11%
Total	<u>1,588,534,464</u>	<u>100.00%</u>	<u>1,699,815,664</u>	<u>100.00%</u>

Notes:

1. Goertek Group Co., Ltd., a company established in the PRC with limited liability and the controlling shareholder of Goertek before the date of completion of the Share Swap and the Subscription; and
2. Other equity owners refer to the individuals and joint venture entities which are based in the PRC, and none of those equity owners have an interest of more than ten percent of equity interests of Goertek Optical before the date of completion of the Share Swap and the Subscription.

Save as disclosed above, to the best knowledge of the Directors, there were no other significant investments made by the Group for the year ended 31 December 2025.

Important Investments

As at 31 December 2025, the Group maintained a portfolio of unlisted financial products with the total carrying amount of approximately RMB11,407.4 million (31 December 2024: approximately RMB13,873.7 million), of which approximately RMB5,040.4 million has been released on or before the latest practicable date (i.e. 25 March 2026) before the date of this announcement.

As at 31 December 2025, the fair value of the unlisted financial products subscribed by the Group in aggregate represented approximately 19.3% of the Group's total assets (31 December 2024: approximately 25.8%).

As at 31 December 2025, the investment costs for the unlisted financial products subscribed were approximately RMB11,159.3 million (31 December 2024: approximately RMB13,668.9 million).

For the year ended 31 December 2025, the amount of investment income from the unlisted financial products at FVTPL was approximately RMB328.5 million (2024: approximately RMB314.1 million).

The following table sets out the breakdown of the major unlisted financial products subscribed by the Group as at 31 December 2025 (in descending order):

Name of the unlisted financial products*	Name of banks	Investment costs <i>RMB'000</i>	Fair value of the unlisted financial products as at 31 December 2025 <i>RMB'000</i>	Percentage of fair value of the unlisted financial products relative to the total assets of the Group as at 31 December 2025
Agricultural Bank wealth management Nong Yin Tong Xin • daily return preferred allocation wealth product (corporate low volatility premium enjoyment)	Agricultural Bank of China Limited	609,700	610,995	1.0%
Agricultural Bank wealth management “Nong Yin Shi Shi Fu” No. 11 open-ended RMB wealth management product	Agricultural Bank of China Limited	492,000	495,244	0.8%
Bank of Ningbo wealth management Jing Yao fixed-income category one-year open-ended wealth management No. 3-E share	Bank of Ningbo Co., Ltd.	400,000	415,275	0.7%
Bank of Ningbo wealth management Ning Xin fixed-income category closed-ended wealth management No. 2332	Bank of Ningbo Co., Ltd.	400,000	410,139	0.7%
Bank of Ningbo wealth management Jing Yao fixed-income category one-year open-ended wealth management No. 5-E share	Bank of Ningbo Co., Ltd.	400,000	406,677	0.7%
Agricultural Bank wealth management Nong Yin Tong Xin • Ling Dong seven-day preferred allocation wealth product (corporate low volatility premium enjoyment)	Agricultural Bank of China Limited	400,000	400,132	0.7%
Others [#]		8,457,582	8,668,965	14.7%
Total		11,159,282	11,407,427	19.3%

* The English names are unofficial English translations of unlisted financial products with Chinese names only. If there is any inconsistency, the Chinese names shall prevail.

Other unlisted financial products included 53 unlisted financial products with 9 different banks to lower the concentration risk. The average fair value of such 53 unlisted financial products as at 31 December 2025 was approximately RMB163.6 million.

The unlisted financial products were measured at fair value as at 31 December 2025. Such investment activities were funded primarily by the idle self-owned funds of the Group.

The Board considers that the terms of such unlisted financial products are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For the year ended 31 December 2025, the Group's capital expenditure amounted to approximately RMB2,931.0 million, which were primarily for the purchases of property, plant and equipment. These investments enhanced the Group's R&D and technological application capability and production efficiency, and thus expanded the sources of revenue.

Future Plans for Material Investments or Capital Assets Acquisition

Looking forward, the Group will continue to further diversify its investments among different banks to lower the concentration risk and will closely monitor the performance of investments made and future investments plan in accordance with its prudent funding and treasury policy to utilise and to increase the yield of the idle funds of the Group while maintaining a high level of liquidity and a low level of risk. Such investment activities were made and will be made on the premises that it would not adversely affect the working capital of the Group or the operation of the Group's principal business. In addition, the Group will strengthen management in capital investment, improve input – output efficiency and focus on optimizing operational efficiency. The Group will rely on the internal resources, bank borrowings, debt financing or equity financing to meet the future demands for material investments or capital assets acquisition.

In order to promote the rapid development of the Company's vehicle products, the Company is considering seeking equity financing, by way of a separate listing and spin-off of a subsidiary of the Company. For more details, please refer to the section headed "Important Events Since 31 December 2025" in this announcement.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

The Group is exposed to interest rate risks arising from its bank borrowings for working capital, capital expenditure for expansion and other purposes of the Group and refinancing. The rising of interest rates increases the costs of both existing and new debts. As at 31 December 2025, the effective interest rate on fixed-rate bank borrowings was approximately 2.70% to 3.05% per annum, while the effective interest rate of variable-rate bank borrowings was approximately 3.43% to 4.83% per annum.

Foreign Exchange Rate Fluctuation Risk

The Group exports a portion of its products to and purchases a considerable amount of products from international markets where transactions are denominated in USD or other foreign currencies. Except for certain investments which are in line with the Group's business and denominated in foreign currencies, the Group did not and has no plan to make any other foreign currency investment. The Group will take necessary measures to mitigate any impacts caused by exchange rate fluctuations. For details of the Group's foreign currency forward contracts, foreign currency options contracts and foreign exchange swap contracts, please refer to Note 13 to the consolidated financial statements in this announcement.

Credit Risk

The Group's financial assets include derivative financial assets, cash and cash equivalents, pledged bank deposits, short-term fixed deposits, time deposits, financial assets at FVTPL, trade and other receivables and prepayments, amounts due from related parties, receivables at FVTOCI and equity instruments at FVTOCI, which represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk in relation to trade receivables, the Management has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that appropriate follow-up actions are taken to recover overdue debts. The Group has also purchased insurance relating to trade receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Therefore, the Directors consider that the Group's credit risk was significantly reduced. The amounts presented in the consolidated statement of financial position are net of allowance for the ECL, estimated by the Management based on prior experience and historically observed default rates, their assessment of the current economic environment and the discounted cash flows to be received in future.

The Group has no significant concentration of credit risk since its trade receivables are dispersed over a large number of counterparties and customers. The credit risk on liquidity is limited because the majority of the counterparties are banks with high credit ratings by international credit-rating agencies.

Cash Flow Interest Rate Risk

The Group's cash flow interest rate risk is primarily related to variable rates applicable to bank borrowings. The Management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range. Therefore, any future variations in interest rates will not have any significant impact on the results of the Group.

Liquidity Risk

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

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2025, other than the transfer of Shanghai OmniLight's entire equity interests in return for equity interests of Goertek Optical and further subscription for equity interests in Goertek Optical, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures of the Group.

EMPLOYEE AND REMUNERATION POLICY

The Group had 34,393 full-time employees as at 31 December 2025. In line with the overall operation of the Company, the industry level and the performance of individual employees, the Group offers employees fair and competitive compensation and welfare packages to recruit new talents and to reward and retain existing talents, in which the remuneration includes annual basic salary, year-end bonus, the economic-value-added bonus and share award, while the welfare includes social insurance, housing provident fund, employee holidays and emergency relief fund. In addition, the unique talent development system of the Group ensures the provision of talent team matching the sound business development, and enhances their knowledge and skills when the employees discharge duties at work. Based on the development needs of different levels, the Group has established a development and training system with new employee development module, professional and technical personnel development module, and leadership development module as its core to consistently encourage all employees to engage in continuous learning.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the eligibility for attending the forthcoming AGM of the Company, which is to be held on 27 May 2026, the register of members of the Company will be closed from 21 May 2026 to 27 May 2026, both days inclusive, during which no transfer of Shares will be registered. All transfer of Shares 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 for registration no later than 4:30 p.m. on 20 May 2026.

In order to determine the eligibility for receiving the final dividends, the register of members of the Company will be closed from 9 June 2026 to 12 June 2026, both days inclusive, during which no transfer of Shares will be registered. All transfer of Shares 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 for registration no later than 4:30 p.m. on 8 June 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable Cayman Islands Companies Act and the amended and restated articles of association of the Company to repurchase its Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by Stock Exchange. There was no purchase, sale, redemption or writing off of the Shares by the Company or its subsidiaries, with the exception of those purchased by the trustee of the restricted share award scheme of the Company (the "**Restricted Share Award Scheme**") for the year ended 31 December 2025. As at 31 December 2025, the Company does not hold any treasury shares.

From 31 December 2025 up to the date of this announcement, the Company had repurchased 15,840,000 Shares on the Stock Exchange. For more details, please refer to the section headed "Important Events Since 31 December 2025" in this announcement.

CORPORATE GOVERNANCE

Corporate Governance Practices

For the year ended 31 December 2025, the Company complied with all of the mandatory disclosure requirements set out in Part 1 of the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Meanwhile, the Company has applied the principles of good corporate governance (the “**Principles**”) and complied with the code provisions set out in Part 2 of the Corporate Governance Code. The Company annually reviews the application of the Principles and will improve its corporate governance practices with the reference to the latest development of corporate governance.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules. Having made specific enquiries with regard to securities transactions of the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions for the year ended 31 December 2025.

IMPORTANT EVENTS SINCE 31 DECEMBER 2025

Proposed Spin-off

As disclosed in the Company’s announcements dated 5 January 2026 and 27 January 2026, Ningbo Sunny Smart Autotech Company Limited, a subsidiary of the Company (“**Spin-off Company**”), through its joint sponsors, submitted an application form (Form A1) to the Stock Exchange for approval of the listing and trading of H shares of the Spin-off Company on the Main Board of Stock Exchange (the “**Proposed Spin-off**”). The Company considers the Proposed Spin-off to be commercially beneficial to the Company and the Spin-off Company and in the interests of the Shareholders as a whole.

The Company will continue to keep Shareholders and investors updated on material developments regarding the spin-off through announcements to be issued from time to time.

Purchase, sale or redemption of the Company’s Shares

The Board reported that pursuant to the general mandate (the “**General Mandate**”) to repurchase Shares (the “**Repurchase Mandate**”) granted by the Shareholders at the AGM of the Company held on 27 May 2025, during the period from 8 January 2026 to 28 January 2026, the Company repurchased an aggregate of 15,840,000 Shares on the Stock Exchange (the “**Share Repurchase**”). The aggregate amount involved in the Share Repurchase was approximately HKD1,015,500,470 (excluding commission and other expenses), at the highest, lowest and average price of approximately HKD66.60, HKD61.40, and HKD64.1099 per Share, respectively.

The Share Repurchase was conducted under the Repurchase Mandate. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 109,480,480 Shares, representing 10% of the total number of Shares in issue as at the AGM held on 27 May 2025.

The Share Repurchase was funded by the Company's internal resources. The Company will hold the repurchased Shares as treasury shares and subsequently use them to incentivise employees by way of equity incentive plans. The Directors believes that conducting the Share Repurchase in the present conditions demonstrates the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and the Shareholders. For more details, please refer to the announcement of the Company dated 29 January 2026.

As at the date of this announcement, the number of issued Shares (excluding treasury shares) of the Company is 1,078,964,800 and the Company holds 15,840,000 treasury shares.

Save as disclosed above, neither the Company or any of its subsidiaries (except purchased by the trustee of the Restricted Share Award Scheme in accordance with the Restricted Share Award Scheme), have purchased, sold or redeemed any Shares (including sale of treasury shares) during the period since 31 December 2025 and up to the date of this announcement.

Proposed Adoption of the 2026 Share Award Scheme

As disclosed in the announcement of the Company dated 20 March 2026, the Board had resolved to adopt the 2026 share award scheme (the "**2026 Share Award Scheme**"). The awards under the 2026 Share Award Scheme are intended to be satisfied by (a) existing Shares on 18 March 2026; (b) new Shares to be allotted and issued by the Company; and/or (c) treasury shares (as defined under the Listing Rules) of the Company. The proposed adoption of the 2026 Share Award Scheme is subject to, among other matters, (a) the passing of ordinary resolutions by the Shareholders at an extraordinary general meeting of the Company to approve the adoption of the 2026 Share Award Scheme and service provider sublimit of the 2026 Share Award Scheme; and (b) the listing committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company in respect of the awards granted in accordance with the provisions of the 2026 Share Award Scheme. For more details, please refer to the announcement of the Company dated 20 March 2026.

Appointment of an independent non-executive Director

Ms. Ching Wan Fung shall be appointed as an independent non-executive Director and a member of each of the audit committee of the Board (the "**Audit Committee**"), the nomination committee of the Board and the remuneration committee of the Board, respectively with effect from 1 April 2026. For more details, please refer to the announcement of the Company dated 30 March 2026.

Proposed Amendments to the Existing Memorandum and Articles of Association and the Adoption of the New Memorandum and Articles of Association

The Company proposes to amend the existing memorandum of association and amended and restated articles of association of the Company by way of adopting the new amended and restated memorandum of association and second amended and restated articles of association of the Company (the “**New M&A**”) for the purposes of (i) enabling the Company to hold hybrid and electronic meetings; (ii) permitting electronic voting; (iii) completing the framework for the Company to hold treasury shares; (iv) aligning with the requirements of the “Consultation Conclusions to Proposals to Further Expand the Paperless Listing Regime and Other Rule Amendments” published by the Stock Exchange on 24 January 2025; and (v) incorporating certain housekeeping amendments (the “**Proposed Amendments**”). The Proposed Amendments and the proposed adoption of the New M&A will be subject to the passing of a special resolution by the Shareholders at the AGM held on 27 May 2026. For more details, please refer to the relevant announcement of the Company dated 30 March 2026.

Save as disclosed above, to the best knowledge of the Directors, there were no other important events affecting the Company which have occurred since 31 December 2025 and up to the date of this announcement.

REVIEW OF FINANCIAL STATEMENTS

As at the date of this announcement, the Group’s audited annual results for the year ended 31 December 2025 were reviewed by all the members of the Audit Committee, namely, Ms. Thoeng Wai Yee Cheryl (chairwoman of the Audit Committee), Mr. Feng Hua Jun and Mr. Chen Gang who are all independent non-executive Directors.

SHAREHOLDERS ENGAGEMENT

The Company is committed to creating channels of communication between the Directors, senior Management and investors, maintaining close contact with all the Shareholders through a variety of channels and promoting the communication with investors. The chairman of the Board would ensure the appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Board, in particular the independent non-executive Directors, should be accessible to Shareholders to facilitate constructive engagement and to understand their views on matters affecting the Company, including governance and performance against the Company’s corporate strategy.

The Company has adopted an updated Shareholders’ communication policy (the “**Shareholders’ Communication Policy**”) on 28 December 2021 which is available on the website of the Company (www.sunnyoptical.com), to formalise and facilitate an effective and sound communication between the Company and the Shareholders and other stakeholders. The Company conducts a formal review on the effectiveness of the Shareholders’ Communication Policy annually. The Company considers that the implementation of the Shareholders’ Communication Policy facilitated effective communication between the Company and the Shareholders for the year ended 31 December 2025.

Investor Contact and Inquiries

The Group has a dedicated team to maintain contact with Shareholders and investors, especially handling Shareholders' enquiries which may be put to the Board for discussion and/or for Shareholders to put forward proposal at general meetings. Should you have any inquiry, please contact the Group's investor relations management department (Tel: +86 574-6253-0875 or +852 3568-7038 and E-mail: iroffice@sunnyoptical.com).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement is available for viewing on the website of HKEXnews of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.sunnyoptical.com). The annual report of the Company for the year ended 31 December 2025 will be dispatched to the Shareholders and will be published on the above websites in due course.

APPRECIATION

The Group would like to express its appreciation to all of its staff for their long-term efforts and to the Management for their outstanding contributions. It is the unremitting efforts of each member that enable the Group to make great achievements. Meanwhile, the Group wishes to express its sincere gratitude towards its Shareholders, customers and business partners for their long-standing support and recognition. The Group will continue to strive for the sustainable development of the business, so as to realise higher values for its Shareholders and other stakeholders.

By order of the Board
Sunny Optical Technology (Group) Company Limited
Wang Tan Jiong
Chairman and Executive Director

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises Mr. Wang Tan Jiong, Mr. Wang Wenjie and Mr. Ni Wenjun, who are executive Directors; Mr. Wang Wenjian, who is a non-executive Director, and Mr. Feng Hua Jun, Mr. Chen Gang and Ms. Thoeng Wai Yee Cheryl, who are independent non-executive Directors.