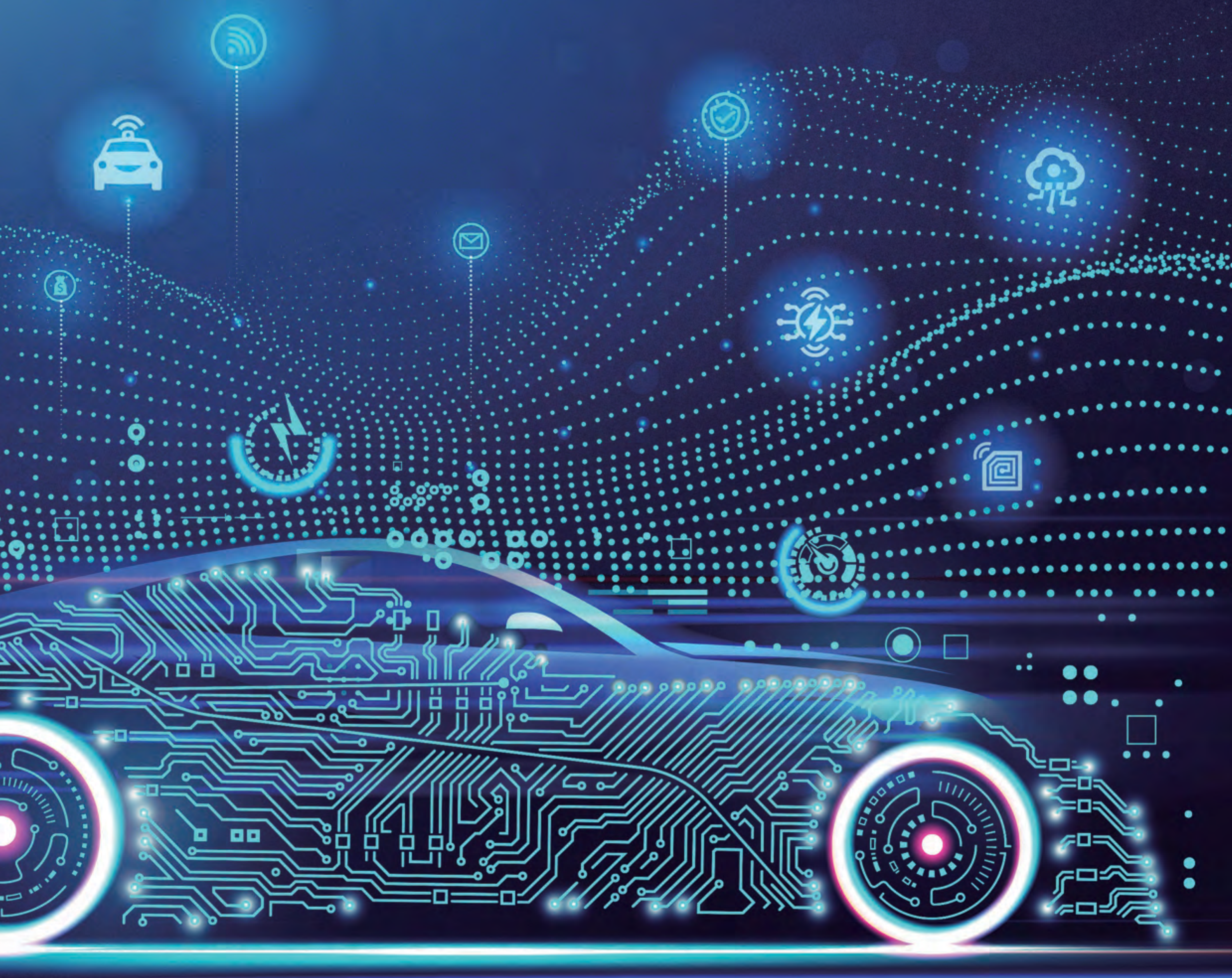
intron
英恒

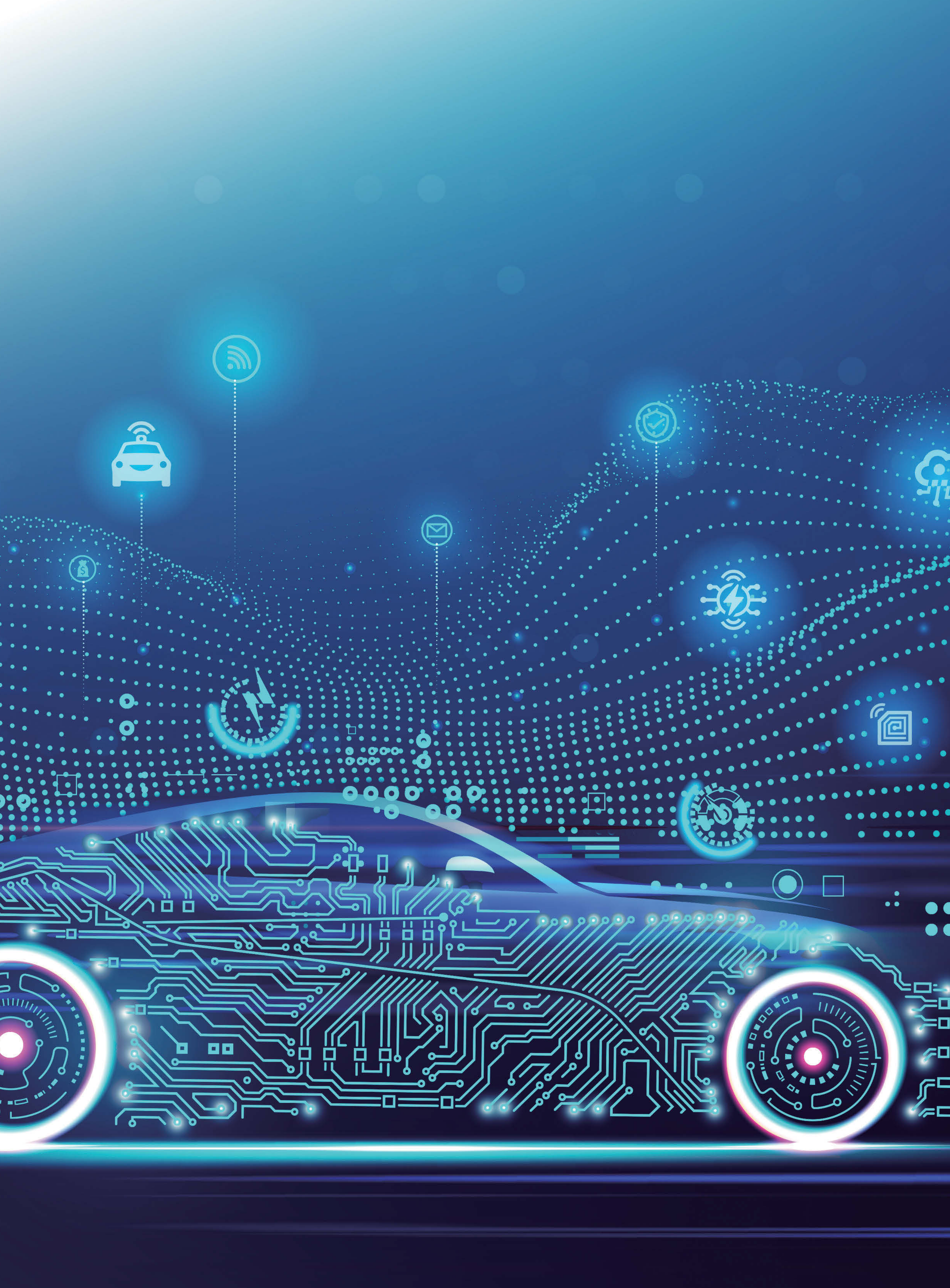
# INTRON TECHNOLOGY HOLDINGS LIMITED
# 英恒科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1760



2025 ANNUAL REPORT



# CONTENTS

# FINANCIAL SUMMARY

**Year ended 31 December**

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 | 2023<br>RMB'000 | 2022<br>RMB'000 | 2021<br>RMB'000 |
|---|---|---|---|---|---|
| Revenue | **6,057,340** | 6,693,118 | 5,802,330 | 4,829,943 | 3,176,164 |
| Gross profit | **755,394** | 968,592 | 1,083,617 | 1,040,613 | 625,183 |
| Gross profit margin (%) | **12.5%** | 14.5% | 18.7% | 21.5% | 19.7% |
| Profit before tax | **75,746** | 179,743 | 302,200 | 454,920 | 216,765 |
| Profit attributable to owners of the parent | **57,872** | 208,633 | 317,396 | 414,963 | 200,606 |

**As at 31 December**

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 | 2023<br>RMB'000 | 2022<br>RMB'000 | 2021<br>RMB'000 |
|---|---|---|---|---|---|
| Total assets | **5,715,334** | 6,110,273 | 5,543,352 | 4,074,913 | 2,858,894 |
| Total liabilities | **3,222,122** | 3,629,007 | 3,184,698 | 1,926,276 | 1,115,678 |
| Equity attributable to owners of the parent | **2,494,820** | 2,479,826 | 2,352,790 | 2,137,982 | 1,742,623 |

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Luk Wing Ming *(Chairman and Co-CEO)*
Mr. Chan Cheung Ngai *(Co-CEO)*
Mr. Chan Ming
Mr. Ng Ming Chee

### Independent Non-executive Directors

Mr. Jiang Yongwei
Mr. Tsui Yung Kwok
Ms. Han Shuting

## REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 703&705, 7/F, Building 22E
22 Science Park East Avenue
Hong Kong Science Park, Pak Shek Kok
Shatin, New Territories, Hong Kong

## COMPANY SECRETARY

Mr. Ng Ming Chee

## AUTHORIZED REPRESENTATIVES

Mr. Ng Ming Chee
Mr. Luk Wing Ming

## AUDIT COMMITTEE

Mr. Tsui Yung Kwok *(Chairman)*
Mr. Jiang Yongwei
Ms. Han Shuting

## REMUNERATION COMMITTEE

Mr. Jiang Yongwei *(Chairman)*
Mr. Chan Cheung Ngai
Ms. Han Shuting
*(ceased to be a member with effect from 28 March 2025)*
Mr. Tsui Yung Kwok
*(appointed as a member with effect from 28 March 2025)*

## NOMINATION COMMITTEE

Mr. Luk Wing Ming *(Chairman)*
Mr. Jiang Yongwei
Mr. Tsui Yung Kwok
*(ceased to be a member with effect from 28 March 2025)*
Ms. Han Shuting
*(appointed as a member with effect from 28 March 2025)*

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Luk Wing Ming *(Chairman)*
Mr. Chan Ming
Mr. Ng Ming Chee

## AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKERS

Bank of China
Bank of Shanghai
Bank of China (Hong Kong) Limited
BNP Paribas
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

## STOCK CODE

1760

## WEBSITE

www.intron-tech.com

**LUK WING MING**
Chairman and Co-CEO

**CHAN CHEUNG NGAI**
Co-CEO

## DEAR SHAREHOLDERS,

In 2025, the global economy steadily recovered amid complex dynamics, with opportunities and challenges coexisting. China's automotive industry rose to the challenge, weathering external pressures from trade protectionism and supply chain restructuring and striving to address internal market competition. According to data from the China Association of Automobile Manufacturers ("**CAAM**"), China's automobile production and sales reached 34.531 million units and 34.40 million units in 2025, representing year-on-year growth of 10.4% and 9.4%, respectively. Total production and sales volume have ranked first in the world for 17 consecutive years. Automobile exports posted a 21.1% year-on-year increase to 7.098 million units, becoming a key driver of high-quality growth of the industry and demonstrating the global competitiveness of China's automotive industry.

On the other hand, data from the National Bureau of Statistics indicates that the industry-wide profit margin dropped to 4.1%, hitting the lowest level in a decade, with the year-end monthly profit margin plummeting to 1.8% in December. To capture market share, over 170 vehicle models announced price cuts in 2025, with new energy vehicles averaging an 11% drop, reflecting intense competition like never before in the industry.

For over two decades, the Group has focused on the core automotive electronics sector. Leveraging our leading product technologies as the foundation and robust engineering service capabilities as the backbone, added with our accumulated research and development ("**R&D**") expertise and industrialisation experience in the new energy vehicle sector, the Group has distinguished itself among fierce industry competition, solidifying our leading position in China's automotive electronics sector. Intron Technology not only delivers customised, cost-effective mass-production solutions for original equipment manufacturers ("**OEM**") and part suppliers to accelerate the large-scale development of the industry, but also fosters a stable and reliable, collaborative and efficient ecosystem with the joint efforts of upstream and downstream customers and suppliers for mutual success. Relying on years of continuous investment in new energy vehicle operations, robust R&D capabilities, a comprehensive product roadmap and solid partnerships, the Group has maintained steady progress and a leading position amid industry dynamics. Despite the intense involution in the industry, the Group achieved relatively satisfactory results in both revenue and profit in 2025.

China's new energy vehicle market has officially entered a new phase of large-scale development, emerging as the dominant force leading global automotive transformation. According to data from CAAM, new energy vehicle production and sales reached 16.626 million units and 16.49 million units in 2025, representing year-on-year growth of 29% and 28.2%, respectively, with new vehicle sales accounting for 47.9% of total automotive sales. Domestic new energy vehicle sales reached 13.875 million units, accounting for 50.8% of total domestic automotive sales. This milestone signifies that new energy vehicles have officially captured half of the market, marking a new era in the development of the industry. Faced with the dual challenges of rapid technological iteration in the market and intensifying price competition for products, competitive pressures continue trickling upstream. With acute insights for leveraging years of accumulated market acumen and robust technological reserves, the Group provides diversified customised solutions for OEMs, helping partners consolidate their market positions and precisely seize development opportunities in the industry.

Over the past year, the Company systematically restructured its business portfolio in alignment with its long-term development strategy while simultaneously completing internal reorganization. These adjustments aim to present the shareholders with a clearer and more transparent picture of the actual business operation and future development direction of the Company. Based on changes in business scale, growth potential, and strategic positioning, the Company will henceforth focus on two major core segments: semiconductor solutions and automotive electronics. The automotive electronics business has evolved into a key growth engine of the Company. With continuous improvements in productisation and systematisation capabilities, the segment has steadily expanded its revenue scale, market share and industry influence. Concurrently, the semiconductor solutions business remains fundamental to the Company's technological foundation. Building upon its automotive chips, the Company continues to deepen its core technological capabilities while actively expanding into emerging sectors such as cloud servers, artificial intelligence ("**AI**") and robotics.

In 2025, the Group's automotive electronics business continued its rapid growth trajectory, serving as a key growth engine of the Group driving sustainable development and injecting constant momentum into the enterprise. With continuous technological advancements and the ongoing release of consumer demand, the global penetration rate of new energy vehicles will further increase, creating broader development opportunities and promising growth prospects for the Group's automotive electronics business.

Within the automotive electronics segment, the electric mobility business continued to deliver outstanding performance. In 2025, it delivered steady year-on-year growth, and its contribution to total revenue further increased compared to the previous year, making it a new momentum for the high-quality development of the Group. Notably, the power brick business recognised a significant increase in its per-vehicle value and achieved a rapid breakthrough in the market and is expected to become a key driver of the business growth of the Company in 2026. The Group's thermal management business, represented by smart actuators for thermal management and PTC controllers, has further solidified its market position. The smart mobility business continues to improve its industrial ecosystem and has entered a critical phase of large-scale commercialisation, though facing particularly intense competition. In response to the current irrational competition in the smart mobility industry, the Group will adapt to market trends and advance steadily with increasing R&D investment and application efforts in this sector, accelerate the launch of zone control units, wireless charging systems, chassis systems and other products, and propel the healthy, sustainable and high-quality growth of the smart mobility business.

Affected by various factors, such as industry cyclical fluctuations and intensified market competition, the semiconductor solutions business continues to face certain operational pressures in the short term. Nevertheless, we remain cautiously optimistic about the development trend of the industry. As the industry cycle gradually bottoms out, we anticipate the semiconductor solutions business will stabilise and recover with an improved profit margin by 2026. Our in-depth understanding and proficient application of semiconductors form a crucial technological foundation. Moving forward, the Company will further deepen its comprehensive, cross-sector collaboration with upstream semiconductor enterprises, intensify efforts in semiconductor application, solidify business development foundation and seize the opportunities of industry recovery.

R&D serves as the fundamental cornerstone for an enterprise to navigate industry cycles and forge core competitiveness and we adopt the "asset-light and research-focused" approach as our key operational principle. In 2025, the Group continued to optimise the establishment of our R&D systems. With various efforts to accurately upgrade R&D team construction, strengthen refined project management and improve R&D productivity, the Group has not only strengthened R&D capabilities and solidified core competitive edge but also realised efficient allocation of R&D resources, establishing a virtuous cycle between R&D investment and output. The Group's R&D expenses increased by 3% year-on-year. The Group maintains a stable R&D team consisting of 1,062 employees, accounting for 71.7% of the Group's total employees.

Throughout the Year, the Group continuously achieved breakthroughs in core technologies and product solutions, as reflected by the successful completion of technological iterations and product upgrades in key areas and the launch of multiple solutions tailored to market demands, including the L2+ advanced intelligent driving domain controller solution (MADC4.0), the first-generation L3 advanced intelligent driving domain control platform solution and the GRC1.0 high-performance robot controller solution. Breakthroughs in, among others, intelligent driving and embodied intelligence demonstrate the Group's market-leading R&D capabilities and further solidify the core competitive barriers of the enterprise. The Group has earned high recognition and widespread acclaim from extensive ecosystem partners for our R&D strength, product quality and exceptional service, and secured various significant industry awards during the year, injecting strong momentum into further ecosystem collaboration and win-win development in the future.

In terms of Environment, Social and Governance ("**ESG**"), the Group steadfastly upholds the concept of sustainable development by fully integrating green and sustainability into its core development strategy. Specific targets for carbon emission reduction have been formally implemented, marking substantial and pivotal progress in fulfilling environmental responsibilities and promoting green development. We comprehensively collect and make in-depth analysis of the valuable feedback from employees, suppliers, customers and all stakeholders, and embed the ESG concept throughout the entire process of corporate strategy formulation, production and operation, and R&D and innovation, enabling the Group to develop in a more comprehensive, forward-looking and sustainable manner. In response to the new requirements of climate policy for 2026, the Group has strengthened the collaborative emission reduction mechanism with our upstream and downstream partners to accommodate new global climate governance trends.

Looking ahead, the industrial wave surges forward, bringing both challenges and opportunities. Building upon our long-term strategic positioning and continuous investment in electric drive and electric control, the Group's electric mobility business is poised to enter a golden era of rapid growth, emerging as a core growth pole for the Group's future development. The Group always recognises product quality as the cornerstone of an enterprise and therefore fortifies our market foundation and earns customer trust with high-quality products and professional services. We will focus on high-quality business expansion, prioritise product delivery and continuously refine our products, ensuring we create an exceptional value experience for customers and achieve value symbiosis and win-win development between the enterprise and customers.

In the future, the Group will continue to adhere to the "asset-light and research-focused" business concept by focusing on the R&D and innovation of core technologies to continuously consolidate and enhance our technological advantages and empower OEMs to achieve technological upgrades and product innovation with professional technology. Meanwhile, the Group will further strengthen its business foundation, expand its industrial footprint and increase market share, aiming to promote the long-term sustainable growth of the enterprise in a more solid and pragmatic manner, and continuously create satisfactory investment returns for shareholders to live up to their trust and expectations.

## APPRECIATION

In 2025, despite various industry challenges head-on, the Group forged ahead and ultimately achieved satisfactory performance and development. It would not have been possible without the trust and support of our customers, the partnership and collaboration of our suppliers, and, most importantly, the concerted efforts, hard work and dedication of all our employees. On behalf of the Group, the board of directors would like to extend its gratitude and respect to all our customers, suppliers and employees.

**LUK WING MING**
Chairman and Co-CEO

**CHAN CHEUNG NGAI**
Co-CEO

# MANAGEMENT DISCUSSION AND ANALYSIS

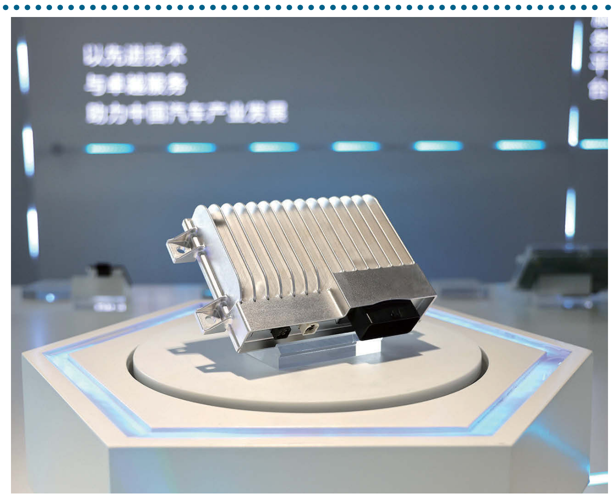
## SUMMARY

In 2025, China's new energy vehicle industry maintained its sales growth, attributable to the increasing demand for new energy vehicles driven by the on-going "old-for-new trade-in" policy. According to data from CAAM, China's automobile sales reached 34.40 million units in 2025, representing a year-on-year growth of 9.4%; and new energy vehicle sales reached 16.49 million units, a year-on-year growth of 28.2%, with new vehicle sales accounting for 47.9% of total new automotive sales. On the other hand, data from the National Bureau of Statistics indicates that the industry-wide profit margin dropped to 4.1%, hitting the lowest level in a decade.

The automotive industry is undergoing a period of rapid transformation, driven by the accelerated integration of advancements in electrification, intelligentisation and digital connectivity. Intelligent driving and new energy technologies have been deeply applied to every stage of automobile development. Amidst intense market competition, the Group's turnover decreased by 9% for the year ended 31 December 2025.

During the Year under review, the Group systematically reviewed and optimised its business structure in alignment with the long-term development strategy, aiming to further clarify the logic behind business classification, enhance the clarity and comprehensibility of information disclosure and give a clearer picture of the business composition and development direction of the Company. Under the new business structure, the Company focuses on two principal businesses: semiconductor solutions and automotive electronics. This classification will help investors have a better understanding of the business scale, growth structure and long-term strategic layout of the Group.

The semiconductor solutions business serves as the technological foundation for the long-term development of the Company. Centered on automotive-grade chip solutions, the Company continues to deepen its expertise in the automotive sector while actively expanding into emerging application scenarios such as cloud servers, artificial intelligence and robotics. The automotive electronics business represents the fastest-growing segment of the Company in recent years, demonstrating sustained growth in revenue scale, market share and industry influence during the reporting period. Focusing on productisation and systemisation capabilities, it has gradually established a stable customer base and

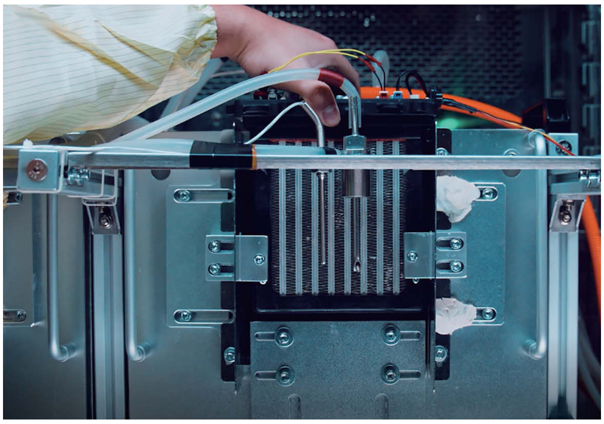



large-scale delivery capacity. Under the new business structure, the semiconductor solutions business maintains strong synergies with the automotive electronics business. On one hand, semiconductor solutions provide core technologies and platform support for automotive electronics; on the other, the large-scale application of automotive electronics offers crucial support for the technological iteration and application expansion of semiconductor solutions.

Additionally, the Group's thermal management products have been able to be stably delivered at the multi-million-unit level, securing a leading market share in the domestic market and gaining widespread industry recognition. Given its significant improvement in business scale and industry standing, the Group has made a separate disclosure of the thermal management business during the reporting period to reflect its actual contribution to the Group's overall operations more accurately and give a comprehensive picture of the Group's technological strength and market competitiveness in the automotive electronics sector.

Overall, the Company is advancing its development along two main lines, "semiconductor solutions + productisation capabilities", in a synergistical manner to consolidate its technological advantages while continuously enhancing product value and market influence. The Group believes the said clear and focused strategic layout will deliver long-term, stable and high-quality growth for the Company.

R&D serves as the fundamental cornerstone for the Group to navigate industry cycles and forge core competitiveness and the "asset-light and research-focused" approach has been adopted as the Group's key operation principle. In 2025, the Group continued to optimise the establishment of its R&D systems. With various efforts to upgrade R&D team construction, strengthen refined project management and improve R&D productivity, the Group has not only strengthened R&D capabilities and solidified technological leadership but also realised efficient allocation of R&D resource and a virtuous cycle between R&D investment and output. The Group has earned high recognition from extensive ecosystem partners for improving R&D strength, stable product quality and exceptional service performance, and secured various significant industry awards during the Year under review, laying a solid foundation for deepening cooperation and promoting sustainable business growth in the future.



## BUSINESS REVIEW

In 2025, China's automotive industry continued its expansion, driven by the dual engines of "quality upgrade for domestic demand, scale expansion for export", demonstrating robust development resilience and vitality. Leveraging over two decades of strong expertise in automotive electronics, electrification and intelligentisation, the Group proactively anticipates technological evolution and market trends. With exceptional R&D capabilities and established large-scale delivery systems, the Group efficiently addresses customer demand for diverse and complex solutions, fully supports mass production and commercialization, and endeavours to consolidate its industry-leading technological strength and stable market position.

In 2025, the Group adopted a new revenue classification approach to present the development status, business priorities and future development strategies of each business segment to shareholders and investors in a clearer manner and improve the comparability with industry peers for benchmarking analysis. Under the new classification approach, the Group has the following two principal businesses:

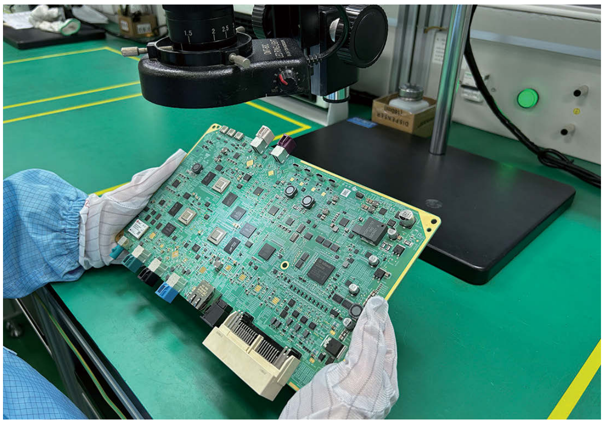
### (1) Semiconductor Solutions Business

This business focuses on the distribution of semiconductors, as well as the provision of demand creation and technical services. Key segments include:

- **Automobile:** Primarily includes semiconductor solutions for the automotive industry, such as microcontrollers, memory, power devices, sensors and drivers;

- **Cloud Servers:** Primarily includes AI semiconductor solutions for the server industry, such as server power systems, high-speed communication and storage;

- **Services & Others:** Primarily includes the distribution of semiconductor-related software solutions and revenue from technical services related to semiconductor solutions.



### (2) Automotive Electronics Business

This business primarily provides OEM customers and Tier 1 customers with designated development and delivery of automotive electronics. It involves product design and validation tailored to different vehicle models, and ensuring both quantity and quality of product delivery during mass production. Key segments include:

- **Electric Mobility:** Primarily includes automotive electronic products related to electric mobility such as new energy vehicles motor control units (MCU), battery management systems (BMS) and power bricks;

- **Thermal Management:** Primarily includes automotive electronic products such as smart thermal management actuators, PTC controllers and electric air conditioning compressor (EAC) controllers;

- **Smart Mobility:** Primarily includes automotive electronic products such as integrated head-up displays, advanced driver assistance systems (ADAS), vehicle control units (VCU), zone control units (ZCU), chassis systems and wireless charging controllers;

- **Services & Others:** Primarily includes revenue from R&D services for semiconductor enterprises and domestic and overseas automotive industry clients.

## Overall Results

In 2025, the Group's overall results remained relatively stable, with total revenue declining by approximately 9% year-on-year to RMB6,057.3 million. The change was primarily due to two factors: the semiconductor solutions business decreased by 16% year-on-year due to the Group's countermeasures against market involution and the automotive electronics business extended its years of growth trend, increasing by 13% year-on-year. The cloud server segment within the semiconductor solutions business and the electric mobility segment within the automotive electronics business demonstrated particularly strong growth, rising by 120% and 25% respectively.

During the Year under review, the Group's gross profit was RMB755.4 million, with a gross profit margin of 12.5%, down 2.0 percentage points from last year. This primarily resulted from intensifying market competition and industry cycles. Additionally, the Group proactively implemented structural adjustments on projects within the semiconductor solutions business with lower gross profit margins and quality inconsistent with long-term development requirements, aiming to optimise overall business structure and profitability. Consequently, both revenue and gross profit margin of the semiconductor solutions business declined. Through relentless efforts, sustained R&D investment and rapid product iteration, the Group has solidified its position amid the intensifying market involution. Through technology-driven cost savings, improvement of production capacity and expansion of market share, the automotive electronics business achieved a continuous improvement in gross profit margin.

Besides, the Group has maintained its market leadership and reinforced its technological edge by continuously developing and providing more diverse and customised solutions for customers. The Group maintained total R&D expenses at 8.4% of total revenue, amounting to RMB508.6 million.

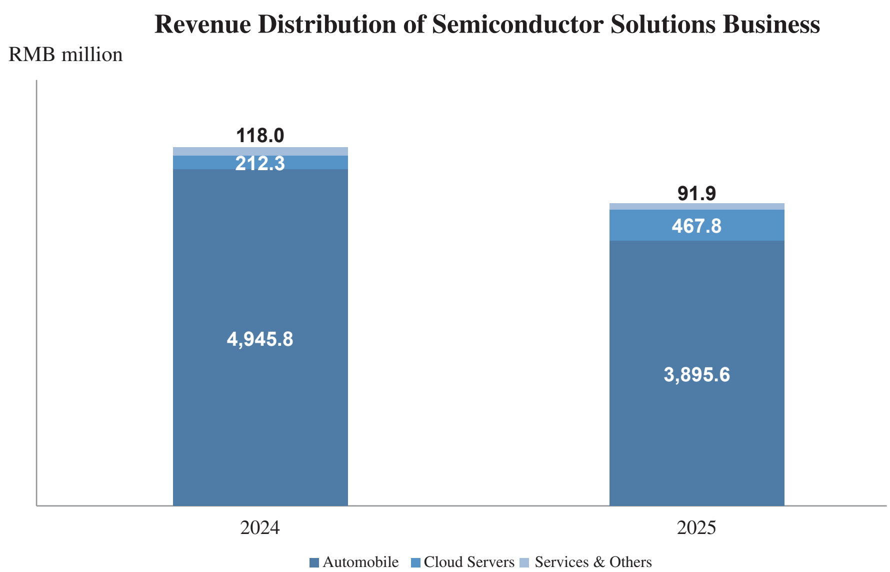
In the aspect of finance costs, during the Year under review, it decreased by 20% from last year, primarily due to a reduction in overall loan interest rates and the Group's continued efforts to increase the proportion of RMB loans within its loan portfolio, while effectively leveraging the lower-interest RMB Loans to reduce finance costs.

During the Year under review, OEM and their Tier 1 suppliers remained the primary end customers of the Group, including leading domestic and international new energy passenger vehicle brands. Overseas markets have emerged as a key growth area, particularly as the international competitiveness of China's new energy vehicles continues to improve. With the accelerated exports of domestic new energy vehicles, the Group's overseas projects have grown continuously, primarily from top international parts manufacturers. In 2025, the Group secured 162 new mass production nomination projects, including 25 projects being overseas projects. Such nomination projects span thermal management, chassis, ADAS and other critical areas. In addition to major domestic automakers, the Group's customer base has expanded to leading Japanese and European automakers and Tier 1, forming a strong support for the Group's future growth.

Profits attributable to shareholders for the Year under review were RMB57.9 million, compared to RMB208.6 million last year, resulting in a net profit margin of 0.9% for 2025.

## Segment Results

### (1) Semiconductor Solutions Business



Building upon traditional distribution, the Group's semiconductor solutions business further provides demand creation and technical services, as well as comprehensive support throughout the entire customer lifecycle, encompassing consulting, design support, technology development, product delivery, engineering services and full lifecycle quality management.

The Group owns various core advantages in the semiconductor solutions business: with abundant resources and over 100 R&D employees, the Group has accumulated strong expertise and experience in advanced semiconductor technologies and application innovation; the Group assists customers with whole-process customised support ranging from product defining and development to deployment, ensuring compliance with industry regulations and certification requirements; the Group delivers end-to-end lifecycle technical services spanning component selection, system integration and mass production; and localised teams consisting of over 100 engineers enable the Group to respond agilely and provide efficient support.

During the Year under review, revenue from the semiconductor solutions business was RMB4,455.3 million, accounting for 73.6% of total revenue. The revenue decreased by 16% as compared to the same period last year. The gross profit margin of the semiconductor business ranged from 10.2% to 10.6%, down by 2.7 to 3.5 percentage points as compared to the same period last year. The decline in revenue and gross profit margin of the semiconductor business resulted from market involution, which led to reduced revenue from automotive-related semiconductor solutions. Meanwhile, the cloud server segment within the semiconductor business maintained rapid growth.

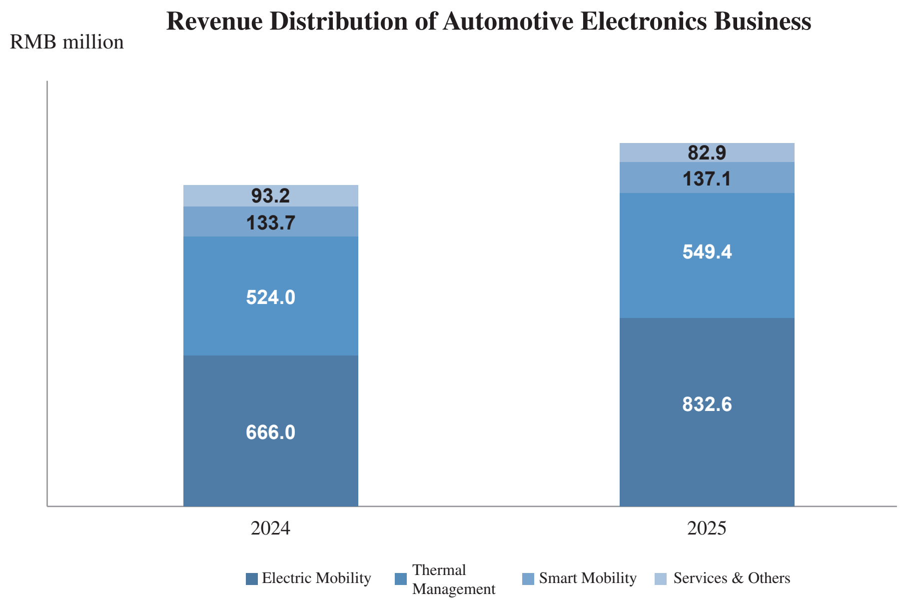
**Automotive-related Solutions**

During the Year under review, the automotive-related solutions segment recorded revenue of RMB3,895.6 million, accounting for 64.3% of total revenue and representing a 21% decrease as compared to the same period last year in revenue. The automotive semiconductor solutions business faced pressure primarily due to industry cycles and the significant profitability challenges in the downstream automotive manufacturing sector. During the Year under review, the Group entered a strategic partnership with eSOL Co., Ltd. ("**eSOL**"), a leading real-time embedded software developer. Through collaboration, the Group may integrate eSOL's highly-security and scalable real-time operating system (RTOS) platforms, efficient development tools and related products into Intron's automotive electronics and software solutions business. Both parties will jointly provide technical support and services to Chinese customers and OEM to propel software technology innovation, application ecosystem development and the advancement of next-generation software-defined vehicles in China's automotive market.

### Cloud Server-related Solutions

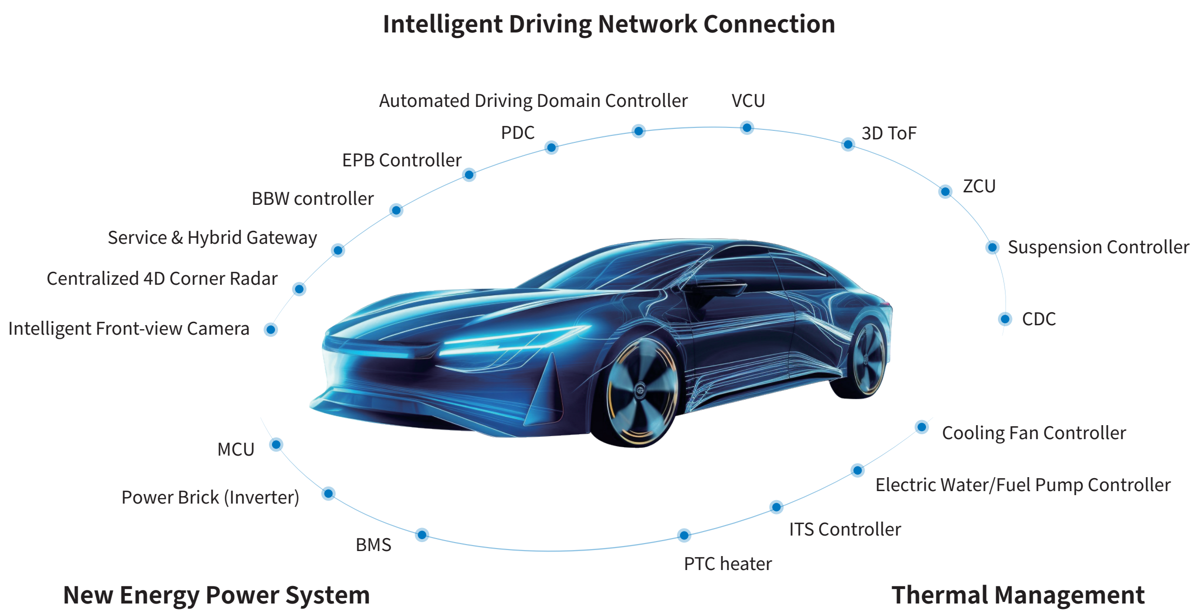
The Group's primary products in the cloud server-related sector include GPU boards, power delivery boards and smart network interface cards. Our direct downstream customers are server manufacturers, and end users are primarily internet companies. During the Year under review, as artificial intelligence increasingly permeated daily life, demand for AI servers continued to grow, driving revenue from cloud server-related semiconductor solutions to surge by 120% year-on-year to RMB467.8 million, accounting for 7.7% of total revenue. Looking ahead, in addition to power supply solutions for AI core components, demand for high-speed signal chain integrity products is also expected to expand significantly. The Group will keep optimising resource allocation and deepen R&D and innovation of core technologies to enhance service capabilities and capitalize on growth opportunities in AI-driven cloud server-related solutions.

### (2) Automotive Electronics Business




The Group's automotive electronics encompass electric mobility, thermal management, smart mobility, engineering services and others, covering multiple functional areas of vehicles, thus establishing a comprehensive presence. During the Year under review, the business recorded revenue of RMB1,602.1 million, accounting for 26.4% of total revenue, representing a year-on-year increase of 13% in revenue. The gross profit margin for automotive electronics ranged from 18.1% to 18.5%, increased by 0.1 to 0.7 percentage points as compared to the same period last year. The business has sustained rapid growth in both revenue and gross profit margin over the years and is expected to become a key driving force for the Group's growth in the future.

Within the automotive electronics business, the electric mobility segment demonstrated outstanding performance, recognising a significant year-on-year revenue increase in 2025. With further increased revenue contribution, it has emerged as key momentum for the high-quality development of the Group. The thermal management segment, represented by smart thermal management actuators and PTC controllers, has further consolidated its market position. The smart mobility segment has entered a critical phase of large-scale commercialisation as the industry ecosystem matures. Facing the temporarily intense competition within the industry, the Group will align with market trends and advance steadily by continuously strengthening technological R&D and scenario-based application and accelerating the application of chassis systems, ZCU, wireless charging systems and other products by the market, enabling the business to develop in a healthy, sustainable and high-quality manner.




## Electric Mobility

The Group's electric mobility segment primarily includes motor control units, power bricks and battery management systems. During the Year under review, the segment recorded revenue of RMB832.6 million, accounting for 13.7% of total revenue and representing an increase of 25% as compared to the same period last year in revenue. The segment has maintained rapid growth momentum and made continuous breakthroughs in customer targeting and other areas.

The core component "motor control unit power brick" developed by the Group has reached the industry-leading level in key indicators such as power density, integration and reliability, and made breakthroughs in the application technology and control of power semiconductors. Differentiated from traditional power module solutions, its system solution provides higher levels of integration, helping customers reduce additional costs associated with system deployment. The product is currently in the ramp-up phase of mass production, with capacity steadily increasing. It has achieved mass production for high-end domestic electric vehicle brands and has been designated by at least seven top automakers. As a significant progress in the automotive electronics sector, the power brick business has realised substantial increase in its per-vehicle value and is expected to become a key driving force of business growth in 2026.

With large-scale high-quality deliveries, the Group's market penetration continues to improve. According to Frost & Sullivan, the global penetration of power bricks in new energy vehicles is projected to reach 39.7%, with an estimated market size of RMB83.9 billion by 2030. The Group will take further steps in developing higher power density solutions to meet market demands and further leverage its service advantages in advanced solutions to further enhance market penetration.

In 2025, the Group delivered over 1.2 million units of passenger vehicle motor control unit-related products (including power bricks and PCBA) to customers, covering more than 700,000 motor control assemblies. Given the intensified industry competition and automakers' rising demand for system integration, traditional separate-solution suppliers are struggling to meet market requirements. Moving forward, the Group will continuously strengthen R&D capabilities as well as optimise product portfolio, press ahead with innovation and deepen collaboration to meet automakers' growing demand for efficient and reliable solutions, with a view to maintaining a leading position in the highly competitive market and leading to sustainable development of the industry.

### Thermal Management

The Group's thermal management segment primarily includes products such as smart thermal management actuators, PTC controllers and electric air conditioning compressor controllers. In the field of thermal management controllers, the Group holds an industry-leading position. During the Year under review, the thermal management business recorded revenue of RMB549.4 million, accounting for 9.1% of total revenue and representing an increase of 5% as compared to the same period last year in revenue. The Group's thermal management business has maintained steady growth.

### Smart Mobility

During the Year under review, the smart mobility segment recorded revenue of RMB137.1 million, accounting for 2.3% of total revenue and representing an increase of 3% as compared to the same period last year in revenue.

During the Year under review, the Group actively invested in the R&D for Horizon Robotics' Journey® 6-related solutions and launched the next-generation system-level domain controller solution MADC4.0 based on the Journey® 6E/M platform. Deeply integrating Horizon Robotics' next-generation automotive intelligent computing solution Journey® 6E/M with Infineon's AURIX™ microcontroller, the solution comprehensively strengthens various security defense systems, including hardware & software security, system security, functional safety and information security, which, together with the supporting firmware and middleware also developed in compliance with high functional safety standards, establish a comprehensive security mechanism. Further, a front fusion perception solution supporting the Journey®6 and GPU computing platforms has also been launched. The solution employs advanced BEV + Transformer technology and a front fusion architecture to effectively enhance intelligent driving perception capabilities. By integrating 4D millimeter-wave radar, camera systems and sensor fusion algorithms, it aims to establish a high-performance, low-cost and widely adaptable intelligent driving perception fusion system.

Currently, the Group not only develops Journey® 6-related solutions for several domestic OEM and system providers, but also actively serves overseas customers by offering customised design solutions and prototypes to meet demands in different markets.

The Group will maintain steady growth, further deepen ecological collaborations with numerous domestic semiconductor firms including Horizon Robotics, actively promote the application and innovation of domestic technologies, and continuously strengthen R&D and scenario application. Beyond intelligent driving products, the Group will also accelerate the application of chassis, ZCU, wireless charging systems, and other products in the market, and focus on core technology breakthroughs and product optimisation to achieve healthy and sustainable high-quality development of the business.

## R&D and Group Development

R&D serves as the core driving force behind the Group's development strategy. Against the backdrop of accelerated advancements in electrification, intelligentisation and digital connectivity in the global automotive industry, the Group continuously consolidates its technological leadership and provides a solid foundation for enhancing market competitiveness, expanding market reach, and driving business growth. In 2025, the Group proactively made continuous efforts in optimization to improve its R&D capabilities. By refining R&D teams and strengthening project management, we have maintained our competitive edge. During the Year under review, the Group incurred R&D expenses of RMB508.6 million, representing a year-on-year increase of 3% and accounting for approximately 8.4% of the Group's total revenue.

As at 31 December 2025, the Group had 1,062 full-time R&D technicians, representing 71.7% of the total employees of the Group. During the Year, the Group held a total of 426 patents and 369 software copyrights, increasing by 68 and 42 respectively compared to the end of 2024. As of 31 December 2025, the Group had an aggregate of 273 patents under review, including 210 invention patents, 53 utility model patents and 10 design patents.

In the chassis sector, the Group's product portfolio spans steering, braking and suspension systems. During the Year under review, the Group secured several nomination projects in chassis and safety systems, with solutions covering steering-by-wire, air suspension and chassis domain controllers, etc. A trend has emerged in the new energy vehicle sector where certain chassis electronic control systems directly adopt high-voltage power supply solutions. Given the Group's extensive technical expertise in the fields of high-voltage electronic control and functional safety, such trend further highlights the Group's technological advantages in the chassis segment. Though currently accounting for a relatively small portion of the Group's total revenue and still at the early deployment stage, the chassis business is expected to become another significant driving force of growth for the Group in the future.

During the Year under review, Infineon Technologies (Shanghai) Co., Ltd. and the Group formally announced the joint establishment of an innovative application center. The center will focus on the industrial, robotics, consumer electronics and automotive sectors, delivering customised technology solutions and full-lifecycle value-added services to customers. The Group has made numerous early deployments in embodied intelligence and currently has achieved diversified R&D outputs in multimodal perception, fusion positioning, and joint module drive and control.

In the embodied intelligence sector, the Group has successfully developed the GRC1.0 high-performance controller solution based on the powerful RDK S100 intelligent computing platform of D-Robotics, providing robust software and hardware support for the "cerebellar" applications of robots (such as real-time motion control and precise interaction). Building on foundational technologies including motor control, chip applications and embedded software, the Group has accumulated extensive industrialization experience in electrification and intelligentisation.

Regarding supporting testing and validation for mass delivery, in 2025, the R&D testing and validation center continued to undertake and align with the Group's diverse testing and validation demand for electronic control products. Notably, testing demand for power brick products has maintained rapid growth, in line with our improving testing technologies and equipment capabilities. The center received over 800 orders for the testing of power brick products.

In 2025, our R&D testing capabilities were further enhanced. The laboratory obtained various certifications and qualification upgrades and successfully passed the re-examination by China National Accreditation Service for Conformity Assessment (CNAS). Currently, it possesses comprehensive testing capabilities, including electromagnetic compatibility (EMC), electrical performance, environmental reliability, mechanical stress and electric drive test benches. It also assisted the Nantong base in passing the IATF 16949 system audit.

Phase II of the Group's "New Energy Vehicle Powertrain Assembly Electronic Control Unit Project" in Nantong, Jiangsu has commenced construction and is scheduled for commissioning in 2026. It will focus on advancing new R&D products, upgrading and expanding the manufacturing workshop and testing center, and further developing high-end R&D and manufacturing capabilities for electronic control PCBA, power bricks, and other components. Concurrently, a higher-standard laboratory will be constructed to provide strong support for continuous innovation and technological iteration. Upon full completion, the project will become a first-class electronic control technology and engineering manufacturing center in China to significantly enhance new product development efficiency and large-scale delivery capabilities, marking a new stage in the Group's independent R&D and engineering capabilities in the new energy vehicle electronic control systems sector.

## Supply Chain Management and Product Quality Control

Guided by the principle of "asset-light and research-focused", the Group primarily adopts an asset-light model for automotive electronics production, which accommodates the current rapid iteration in the automotive industry, enables flexibility in production capacity and avoids idle capacity. As the deepened integration of internet and automotive sectors in technology and marketing, accurately forecasting vehicle sales has become increasingly challenging. This model enables the Group to respond swiftly to shifts in customer demand during sales surges.

The Group implements full lifecycle process management for product delivery, ensuring in-depth control over the production process. The Group insists on process control by first achieving mass production of processes at the R&D pilot plants in Nantong and Wuxi before replicating them to mass production facilities.

In 2025, the Group delivered 10.49 million automotive electronic products, representing a year-on-year increase of 36%. Despite the substantial volume, the Group achieved exceptionally high product quality with a zero-mileage failure rate as low as 11 parts per million (PPM), earning strong recognition from customers.

## Environmental, Social and Governance

In terms of ESG, the Group steadfastly upholds the concept of sustainable development by fully integrating green and sustainability into its core development strategy. At the current stage, specific targets for carbon emission reduction have been formally implemented, marking a substantial and pivotal progress in fulfilling environmental responsibilities and promoting green development. We comprehensively collect and make in-depth analysis of the valuable feedback from employees, suppliers, customers and all stakeholders, and embed the ESG concept throughout the entire process of corporate strategy formulation, production and operation, and R&D and innovation, enabling the Group to develop in a more comprehensive, forward-looking and sustainable manner. In response to the new requirements of climate policy for 2026, the Group has strengthened the collaborative emission reduction mechanism with its upstream and downstream partners to accommodate new global climate governance trends.

## Outlook

Starting from semiconductor solutions business, the Group has gradually expanded into the automotive electronics sector. From smart thermal management actuators and PTC controllers of lower per-vehicle value to MCU and BMS, and now power brick products, of higher per-vehicle value, the Group has achieved significant breakthroughs in per-vehicle value, propelling it onto a fast track of development.

In 2026, the domestic new energy vehicle market is expected to be challenged by factors such as the phase-out of purchase tax reductions for new energy vehicles. By deepening partnerships with top customers and improving delivery scale of self-developed products like power bricks, revenue from the Group's automotive electronics business is expected to increase.

Overseas demand for new energy vehicles remains robust, with exports maintaining rapid growth, particularly plug-in hybrid exports, which achieved over 200% growth in 2025. In respect of overseas business, leveraging advantages accumulated in the domestic market, the Group may accelerate its expansion into overseas markets. The Group will continue to focus on its core products and increase its investments in overseas business development to secure more mass-production nomination projects of automotive electronics directly from overseas customers.

As the impact of phased-out purchase tax reductions gradually fades, the overall development of the automotive industry and the deepening transformation toward intelligentisation and electrification will sustain stable growth in demand for electric mobility, smart mobility and thermal management solutions. With its R&D capabilities, the Group will have the opportunities to develop more competitive products, optimise product portfolio catering for emerging market needs, and drive business stabilisation and recovery.

A key technological and industrial advantage of the Group lies in the application of chips. In 2026, the Group will continue to deepen collaboration with upstream chip manufacturers and expand the scope of cooperation.

In the robotics sector, the Group will further intensify integration with industrial partners. Making full use of the premium supply chain resources, stringent quality control systems and mass production capabilities in the automotive industry, and supported by the established automotive electronics ecosystem, the Group aims to unlock shared technological value, implement scenario-based innovation and develop and launch more sophisticated and improved robotics controller products.

In 2025, the Group secured over 162 new mass production nominations, including 25 for overseas nomination projects. These span the following areas and technologies:

- New energy vehicle motor control units (MCU)
- Power bricks
- Battery management systems (BMS)
- Thermal management technologies, including PTC heaters and actuators (pumps and fans, etc.)
- Wireless charging systems
- Chassis systems
- Advanced driver assistance systems (ADAS)

Looking ahead, the Group will continue to intensify R&D efforts to consolidate its industry-leading position. While deepening the presence in the domestic market and strengthening development foundation, the Group will also accelerate global expansion. Driven by core technological advantages, the Group is committed to realizing long-term sustainable growth and delivering greater investment value to its shareholders.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2025, total revenue decreased by 9% year-on-year to RMB6,057.3 million (31 December 2024: RMB6,693.1 million). The change was primarily due to decrease in the semiconductor solutions business by 16% year-on-year due to the Group's countermeasures against market involution, and the increase in automotive electronics business by 13% year-on-year. The cloud server segment within the semiconductor solutions business and the electric mobility segment within the automotive electronics business demonstrated particularly strong growth, rising by 120% and 25% respectively.

The following table sets out the Group's revenue breakdown by segments during the indicated years:

| | **31 December 2025** *RMB'000* | 31 December 2024 *RMB'000* | Year-On-Year Percentage Change |
|---|---|---|---|
| – *Automobile* | ***3,895,604*** | *4,945,776* | *-21%* |
| – *Cloud servers* | ***467,818*** | *212,315* | *120%* |
| – *Services & others* | ***91,860*** | *118,035* | *-22%* |
| Semiconductor solutions business | **4,455,282** | 5,276,126 | -16% |
| – *Electric mobility* | ***832,649*** | *666,039* | *25%* |
| – *Thermal management* | ***549,392*** | *524,027* | *5%* |
| – *Smart mobility* | ***137,113*** | *133,723* | *3%* |
| – *Services & others* | ***82,904*** | *93,203* | *-11%* |
| Automotive electronics business | **1,602,058** | 1,416,992 | 13% |
| Total | **6,057,340** | 6,693,118 | -9% |

### Gross Profit and Gross Profit Margin

For the year ended 31 December 2025, the Group's gross profit decreased by 22% to RMB755.4 million compared with the year before. The gross profit margin decreased from 14.5% for the year ended 31 December 2024 to 12.5% for the year ended 31 December 2025.

## Other Income and Gains

The Group's other income and gains mainly included bank interest income, government grants and fair value gain on financial assets at fair value through profit or loss and others during the Year. For the year ended 31 December 2025, other income and gains increased by 194% to RMB136.3 million, mainly due to the increase in fair value gain on financial assets at fair value through profit or loss.

## Selling and Distribution Expenses

Selling and distribution expenses mainly consist of salaries, benefits and equity-settled share option and award expenses for staff, travelling and business entertainment expenses, marketing expenses, and administrative depreciation related costs. During the Year, the Group's selling and distribution expenses amounted to RMB110.3 million, which was at similar level as 2024.

## Administrative Expenses

Administrative expenses mainly consist of (a) R&D expenses; and (b) other administration expenses including salaries, benefits and equity-settled share option and award expenses for the management, administrative and financial personnel, administrative costs, travelling expenses, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortisation expenses for the management information systems, other taxes and levies.

During the Year, administrative expenses amounted to RMB584.1 million, representing an increase of 4% as compared with 2024. In particular, (a) R&D expenses charged to administrative expenses amounting to RMB454.3 million, together with the amortisation of deferred development costs amounting to RMB54.3 million charged to cost of sales, the total R&D expenses amounted to RMB508.6 million accounting for 8.4% of revenue. The 3% increase in R&D expenses as compared with 2024 was mainly due to the increment of R&D out-sourcing services and R&D material consumptions; and (b) other administrative expenses amounted to RMB129.9 million, representing an increase of 7% as compared with 2024, which was mainly due the increment of consultancy fee and office expenses.

## Other Expenses

During the Year, other expenses mainly consist of foreign exchange differences and others. These expenses amounted to RMB32.1 million in 2025, representing a decrease of 42% as compared with 2024, which was mainly due to decrease in foreign exchange losses.

## Finance Costs

During the Year, finance costs, which mainly consist of interest on discounted notes receivable and bank borrowings, amounted to RMB89.1 million, representing a decrease of 20% as compared with 2024, which was primarily attributable to lower loan amount as well as lower effective loan interest rates due to the Group's continued efforts to increase the proportion of lower-interest RMB loans within its loan portfolio..

### Income Tax Expense

During the Year, income tax expense was RMB20.7 million, representing a difference of 185% year-on-year, which was mainly due to reversal and decrease of deferred tax recognized.

### Profit for the Year

The Group's net profit for the Year decreased by 73% from RMB204.2 million for the year ended 31 December 2024 to RMB55.0 million for the year ended 31 December 2025 due to lower revenue on lesser gross margin with a revision of deferred tax recognized.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group continued to maintain a satisfactory and healthy liquidity position. As at 31 December 2025, the Group had total cash and cash equivalents of RMB489.6 million (31 December 2024: RMB916.2 million).

The Group recorded net current assets of RMB1,624.2 million (31 December 2024: RMB1,716.4 million). Capital expenditure for the Year was RMB59.2 million, which was mainly used for addition of R&D equipment and improvement of R&D infrastructures facilitating multi-location R&D support and services to customers.

As at 31 December 2025, the gearing ratio of the Group was 50% (31 December 2024: 50%), which represents net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes interest-bearing bank and other loans, trade and notes payables, other payables and accruals, less cash and cash equivalents and pledged deposits.

As at 31 December 2025, the Group had outstanding bank loans amounting to RMB1,605.0 million (31 December 2024: RMB2,038.4 million).

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company (the "**Share(s)**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 July 2018 with net proceeds received by the Company from the Global Offering (as defined in the prospectus of the Company dated 29 June 2018 (the "Prospectus") amounted to HK$766.7 million (equivalent to RMB655.4 million), after deducting the underwriting fees, commissions and all related expenses (the "**Net Proceeds**").

As disclosed in the announcement of the Company dated 12 July 2019, having reassessed the funding needs for the enhancement of the Group's overall R&D infrastructure, the Board has resolved to amend the proposed use of part of the Net Proceeds originally allocated for the enhancement of the Group's R&D infrastructure by investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solutions development cycle and thus increase exposure of the Group's solutions to customers to enhancement of the Group's R&D infrastructure by (i) investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solution development cycle and thus increase exposure of the Group's solutions to customers; and (ii) investing in, acquiring and renovating properties for R&D purposes.

During the Year, the Net Proceeds have been used for the purpose consistent with the section headed "Future Plans and Use of Proceeds" as set out in the Prospectus and the announcement of the Company dated 12 July 2019.

Details of the planned application of the Net Proceeds, original and revised allocation of the Net Proceeds, and the utilisation of the Net Proceeds as at 31 December 2025 are as follows:

| Use of Proceeds | Planned applications *(RMB million)* | Percentage of total Net Proceeds *(%)* | Unutilized Net Proceeds brought forward from 31 December 2024 *(RMB million)* | Proceeds utilized during the year ended 31 December 2025 *(RMB million)* | Actual usage up to 31 December 2025 *(RMB million)* | Unutilized Net Proceeds as at 31 December 2025 *(RMB million)* | Expected timeframe for utilizing the remaining unused Net Proceeds |
|---|---|---|---|---|---|---|---|
| 1. For the expansion of R&D capabilities | 196.6 | 30 | 0 | 0 | 196.6 | 0 | N/A |
| 2. For the enhancement of R&D infrastructure | 196.6 | 30 | 0 | 0 | 196.6 | 0 | N/A |
| 3. For the acquisition of R&D capabilities | 196.6 | 30 | 52.0 | 5.2 | 149.8 | 46.8 | Expected to be fully utilized by end of 2026* |
| 4. General working capital | 65.6 | 10 | 0 | 0 | 65.6 | 0 | N/A |
| Total | 655.4 | 100 | 52.0 | 5.2 | 608.6 | 46.8 | |

* As disclosed in the 2024 annual report, after considering the recent global and domestic economic environment and the associated uncertainty, the expected timeframe for utilizing the remaining unused net proceeds was extended to the end of 2025. As disclosed in the 2025 interim report, the expected timeframe was further extended to the end of 2026, as more time is required to select and identify suitable potential investees.

## CAPITAL COMMITMENT

As at 31 December 2025, the Group had capital commitments contracted, but not provided for, amounting to RMB6.8 million (31 December 2024: RMB7.2 million).

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures (31 December 2024: Nil).

## PLEDGE OF ASSETS

As at 31 December 2025, certain of the Group's bank loans, letter of guarantee, letter of credit and notes payable were secured by the pledge of certain of the Group's deposits amounting to RMB134.8 million (2024: RMB165.5 million).

## CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

## FOREIGN EXCHANGE EXPOSURE

The Group primarily operates in China with a mixed currency revenue source. It is therefore exposed to foreign currency risk arising from fluctuations in exchange rates between the RMB and other currencies in which it conducts its business. The Group is subject to foreign currency risk attributable to its bank balances, trade and other receivables and payables as well as bank loans that are denominated in currencies other than the RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position. The Group also minimises losses caused by foreign exchange fluctuations through cost transfer by adjusting prices offered to customers and considers supplementing foreign exchange forward contracts when necessary.

During the Year, the Group managed foreign currency exchange rate fluctuations by the aforesaid means to mitigate such exposure. The Group will closely monitor the change in foreign exchange rates to manage currency risks and consider necessary actions as required.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 1,481 employees (31 December 2024: 1,308 employees). The Group's labour costs (including salaries, bonuses and equity-settled share option and award expense, pension and welfare but excluding directors' and co-chief executives' remuneration) were RMB582.4 million, equivalent to 9.6% of the Group's revenue for the Year (2024: RMB584.9 million).

The Group provides attractive salary packages, including competitive basic salary plus annual performance bonus, as well as arranging special training for employees to facilitate their promotion within the organisation and enhance their loyalty to the Company. The Group's employees are subject to regular work performance appraisal to evaluate their promotion prospects and salary. The latter is decided with reference to market practice and the performance, qualifications and experience of the individual employee as well as the results of the Group.

As at 31 December 2025, the Group had a total of 47,955,000 outstanding share options granted to eligible employees under the share option scheme adopted on 22 June 2018, to enhance attractiveness in compensation as well as motivation for employee performance. For details, please refer to the announcements of the Company dated 21 January 2019, 30 September 2020, 18 May 2021, 25 November 2022, 20 September 2023, and 20 March 2024 respectively.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong. The Group did not record any forfeited contribution from the MPF Scheme for the year ended 31 December 2025 to reduce the existing level of contributions (for the year ended 31 December 2024: RMB359,000).

The Group's employees in the PRC participate in various defined contribution schemes managed by local government authorities, pursuant to which the Group pays a stipulated percentage of payroll costs as contributions to the schemes. The Group has no obligations to pay further contributions, and no forfeited contributions were available to the Group to reduce the existing level of contributions.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding high standards of corporate governance practices and business ethics in the firm belief that they are crucial to improving the efficiency and performance of the Group and to safeguarding the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance adopted by the Company during the year ended 31 December 2025.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and improve its transparency and accountability. The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**")* set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance code.

The Board considers that the Company has complied with all applicable code provisions of the CG Code during the Year, except for a deviation from code provision C.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Luk Wing Ming is the chairman and the co-CEO of the Company, responsible for strategic development and business operations. Our Board considers that this arrangement will enhance the efficiency of decision making and execution processes. Furthermore, the Group has established appropriate checks and balances mechanisms through the Board and the independent non-executive Directors. In view of the foregoing, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of our Group.

The Board will review the corporate governance structure and practices from time to time and make necessary arrangements when the Board deems it appropriate.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted written guidelines (the "**Written Guidelines**") on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries by all Directors, they confirmed that they had complied with the required standard set out in the Model Code and the Written Guidelines during the Year.

At the same time, since the listing date, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

## BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a director to perform his responsibilities to the Company, and whether the director is spending sufficient time on performing them.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

As at the date of this annual report, the Board comprises four executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

### Executive Directors

Mr. Luk Wing Ming *(Chairman and Co-CEO)*
Mr. Chan Cheung Ngai *(Co-CEO)*
Mr. Chan Ming
Mr. Ng Ming Chee

### Independent non-executive Directors

Mr. Jiang Yongwei
Mr. Tsui Yung Kwok
Ms. Han Shuting

The biographical information of Directors is set out in the section headed "Directors and Senior Management" on pages 49 to 52 of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed above, the Directors do not have any other financial, business, family or other material/relevant relationships with one another.

## BOARD OF DIRECTORS (CONTINUED)

### Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In view of Mr. Luk Wing Ming's experience, personal profile and role in the Group, and given that Mr. Luk has served as Chief Executive Officer of the Group since the commencement of our business operations, the Board considers that Mr. Luk's appointment as Chairman of the Board and his continued role as the Co-CEO of the Company following the listing will be beneficial to the business prospects and operational efficiency of the Group. Although this constitutes a deviation from Code provision C.2.1 of the CG Code, the Board believes that this structure does not impair the balance of powers and responsibilities between the Board and the management of the Company, for the following reasons: (i) authority and responsibility are shared with Mr. Chan Cheung Ngai, another Co-CEO of the Company; (ii) decisions to be made by the Board require the approval by at least a majority of the Directors and that the Board of the Company comprises three independent non-executive Directors out of seven Directors, which is exceeding the Listing Rules requirements. The Company considers that the Board possesses sufficient checks and balances; (iii) Mr. Luk and the other Directors are aware of and undertake to fulfil their fiduciary duties as directors, which require, among other things, that they act in the interests of the Company and in a manner consistent with the Company's best interests, and will make decisions for the Group on that basis; and (iv) the Board comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Company, ensuring a balance of powers and responsibilities within the Board. Moreover, the overall strategy and other key business, financial, and operational policies of the Group are collectively formulated after thorough deliberation by the Board and senior management. The Board will continue to review the effectiveness of the corporate governance structure of the Group to assess whether it is necessary to separate the roles of chairman of the board and chief executive officer.

### Independent Non-Executive Directors

During the Year, the Board has always met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing one-third of the board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his or her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the requirements set out in the Listing Rules.

## BOARD OF DIRECTORS (CONTINUED)

### Appointment and Re-election of Directors

Each of the Directors is engaged on a service contract (in the case of the executive Directors) or a letter of appointment (in the case of the independent non-executive Directors) for a specific term of three years, which is renewable by mutual consent and subject to the articles of association of the Company (the "**Articles of Association**").

The Articles of Association provide that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to re-election by shareholders at the next following annual general meeting of the Company.

Every Director (including those appointed for a specific term) shall also be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association.

### Responsibilities of Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information about the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties with the Company.

### Continuous Professional Development of Directors

Directors should keep abreast of regulatory developments and changes to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

## BOARD OF DIRECTORS (CONTINUED)

### Continuous Professional Development of Directors (Continued)

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Besides, meetings with senior management of the Company were also arranged.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate.

During the Year, the Company organized one training session conducted by qualified professionals for all the Directors. Such training session covered a wide range of relevant topics including directors' duties and responsibilities, risk management and internal controls etc. In addition, relevant reading materials including directors' manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

All Directors are encouraged to attend relevant training courses at the Company's expense. The company secretary is responsible for keeping records of training taken by each Director.

The individual training record of each Director received during the year ended 31 December 2025 is set out below:

| Name of Directors | Reading materials relevant to corporate governance and director's duties | Attending training session(s) relevant to corporate governance and director's duties |
|---|---|---|
| **Executive Directors** | | |
| Mr. Luk Wing Ming *(Chairman)* | Y | Y |
| Mr. Chan Cheung Ngai | Y | Y |
| Mr. Chan Ming | Y | Y |
| Mr. Ng Ming Chee | Y | Y |
| **Independent Non-executive Directors** | | |
| Mr. Jiang Yongwei | Y | Y |
| Mr. Tsui Yung Kwok | Y | Y |
| Ms. Han Shuting | Y | Y |

## BOARD OF DIRECTORS (CONTINUED)

### Board Meetings and Directors' Attendance Record

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Four Board meetings and one annual general meeting of the Company (the "**AGM**") were held during the Year. The attendance of each Director at the Board meetings and the AGM is as follows:

| Name of Directors | Attendance/ Number of Board Meetings | Attendance/ Number of General Meeting(s) | Attendance Rate |
|---|---|---|---|
| Mr. Luk Wing Ming | 4/4 | 1/1 | 100% |
| Mr. Chan Cheung Ngai | 4/4 | 1/1 | 100% |
| Mr. Chan Ming | 4/4 | 1/1 | 100% |
| Mr. Ng Ming Chee | 4/4 | 1/1 | 100% |
| Mr. Jiang Yongwei | 4/4 | 1/1 | 100% |
| Mr. Tsui Yung Kwok | 4/4 | 1/1 | 100% |
| Ms. Han Shuting | 4/4 | 1/1 | 100% |

## BOARD OF DIRECTORS (CONTINUED)

### Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered by the management.

### Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

## BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee and Environmental, Social and Governance Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of the Remuneration Committee, Audit Committee and Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Jiang Yongwei, Ms. Han Shuting and Mr. Tsui Yung Kwok. Mr. Tsui Yung Kwok, being Chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are no less exact terms than those set out in the CG Code. The main duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group, assist the Board to fulfill its responsibility over the audit, and review and approve connected transactions and to advise the Board.

The Audit Committee is also responsible for performing the functions set out in code provision D.3.3 of the CG Code. These include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of directors and senior management of the Company; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and reviewing the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual report.

The Audit Committee held two meetings during the Year to review and consider, in respect of the year ended 31 December 2025, the interim and annual financial results and reports, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors.

The Audit Committee also met the external auditors twice during the Year without the presence of the executive Directors and the management.

# BOARD COMMITTEES (CONTINUED)

## Audit Committee (Continued)

The attendance record of the members of the Audit Committee is as follows:

| Name of Members of the Audit Committee | Attendance/ Number of Meeting(s) |
|---|---|
| Mr. Tsui Yung Kwok *(Chairman)* | 2/2 |
| Mr. Jiang Yongwei | 2/2 |
| Ms. Han Shuting | 2/2 |

## Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three members, namely Mr. Jiang Yongwei, Mr. Chan Cheung Ngai, Mr. Tsui Yung Kwok (appointed on 28 March 2025) and Ms. Han Shuting (ceased to be a member on 28 March 2025). Mr. Jiang Yongwei is Chairman of the committee. The majority of the Remuneration Committee members are independent non-executive Directors.

The terms of reference of the Remuneration Committee are no less exacting terms than those set out in the CG Code. The main duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management, to assess the performance of executive directors, to approve the terms of executive directors' service contracts, as well as to review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting during the Year. The attendance record of the members of the Remuneration Committee is as follows:

| Name of Members of the Remuneration Committee | Attendance/ Number of Meeting(s) |
|---|---|
| Mr. Jiang Yongwei *(Chairman)* | 1/1 |
| Mr. Chan Cheung Ngai | 1/1 |
| Ms. Han Shuting *(ceased to be a member on 28 March 2025)* | 1/1 |
| Mr. Tsui Yung Kwok *(appointed on 28 March 2025)* | 0/0 |

During the meeting, the Remuneration Committee reviewed the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management and other related matters of the Company.

## BOARD COMMITTEES (CONTINUED)

### Remuneration Committee (Continued)

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended 31 December 2025 are as follows:

| Remuneration Band | Number of Employee(s) |
|---|---|
| RMB1,000,001 to RMB2,000,000 | 1 |
| RMB2,000,001 to RMB3,000,000 | 1 |

Details of the Directors' remuneration are set out in note 8 of the consolidated financial statements in this annual report.

### Nomination Committee

The Nomination Committee consists of three members, namely Mr. Luk Wing Ming, Mr. Jiang Yongwei, Mr. Tsui Yung Kwok (ceased to be a member on 28 March 2025) and Ms. Han Shuting (appointed on 28 March 2025). Mr. Luk Wing Ming is Chairman of the committee since 21 January 2022. The majority of the Nomination Committee members are independent non-executive Directors, including one member of a different gender.

The terms of reference of the Nomination Committee are no less exacting terms than those set out in the CG Code. The main duties of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and Board succession. The Nomination Committee's terms of reference were adopted, amended and approved by the Board on 28 March 2025.

The Board has adopted a board diversity policy on 1 January 2019 (the "**Board Diversity Policy**"). A summary of the Board Diversity Policy is set out below:

Purpose: The Board Diversity Policy aims to set out the approach to achieve diversity in the Company's Board.

Board Diversity Policy statement: With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Nomination committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. All appointments are based on the principle of merit-based appointment and comprehensive consideration of objective conditions, so as to select leading talents with both ability and virtue.

## BOARD COMMITTEES (CONTINUED)

### Nomination Committee (Continued)

| | |
|---|---|
| Measurable Objectives: | Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. |

The Board has adopted a workforce (including senior management) diversity policy on 28 March 2025 (the "**Workforce Diversity Policy**"). A summary of the Workforce Diversity Policy is set out below:

| | |
|---|---|
| Purpose: | The Workforce Diversity Policy sets out the approach and commitment of the Company to promoting diversity and inclusion among its workforce, including senior management. |
| Workforce Diversity Policy statement: | To achieve sustainable growth and drive Group performance, the Company believes that fostering a culture of faith and inclusion among all employees is essential to supporting its strategic objectives and operational efficiency. The Company is committed to fostering a diverse, inclusive and supportive working environment for its employees. The Nomination Committee shall annually review the Workforce Diversity Policy, discussing, considering and implementing the measurable targets set forth therein, particularly with regards to achieving gender diversity objectives. It shall also conduct regular reviews to identify any gender pay gaps and ensure equal pay for equal work. |
| Measurable Objectives: | The Company is committed to upholding diversity in the gender, background, skills and experience of all employees, maintaining an appropriate proportion of female staff, and ensuring women hold representative management positions. The Company will endeavour to maintain current levels of female management personnel and female employees. |

The Board will strive to maintain gender diversity when recruiting and selecting the workforce across the Group's operation. As at 31 December 2025, the Board members include one female member.

## BOARD COMMITTEES (CONTINUED)

### Nomination Committee (Continued)

As at the date of this report, the Board comprises seven Directors, one of which is female. The Board will timely review the gender diversity of the Board in accordance with the business development of the Group, perform annual review of Workforce Diversity Policy for ensuring its constant effectiveness, monitor the implementation of Board Diversity Policy and report its details in the Corporate Governance Report annually.

In respect of workforce diversity policy, as of 31 December 2025, the gender ratio of employees of the Group is male 71% and female 29%, and the employee composition is as follows:

| Rank | Number of Male Employees | Number of Female Employees |
|---|---|---|
| Senior management | 2 | 0 |
| Middle management and general staff | 1,049 | 430 |

The gender distribution of the Group's employees reflects characteristics of the nature of the business and area of specialisation of the Group as a provider of automotive electronics solutions. The Board will continue to strive to enhance female representation and achieve and maintain an appropriate balance of gender diversity in its workforce.

The Nomination Committee has adopted a nomination policy which sets out a set of nomination procedures and selection criteria for Directors.

## BOARD COMMITTEES (CONTINUED)

### Nomination Committee (Continued)

A summary of board nomination policy and related nomination procedures is set out as follows:

| | |
|---|---|
| Director Selection Criteria | In the determination of the suitability of a candidate, the Nomination Committee will consider a range of factors, including but not limited to the following selection criteria, before making recommendations to the Board:<br><br>a) character and integrity;<br><br>b) business experience relevant and beneficial to the Company;<br><br>c) qualifications including professional qualifications, skills and knowledge that are relevant to the Company's business and corporate strategy;<br><br>d) willingness to devote adequate time to discharge duties as a member of the Board and other significant commitments;<br><br>e) present needs of the Board for particular expertise, skills or experience and whether the candidates would satisfy those needs;<br><br>f) for independent directors, whether the candidates for independent directors would be considered independent with reference to the independence guidelines set out in the Listing Rules; and<br><br>g) the Company's prevailing board diversity policy, and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board. |

A summary of nomination procedure by the Nomination Committee is set out as follows:

| | |
|---|---|
| Nomination Procedure by Nomination Committee | The Nomination Committee will have a meeting at least once a year, and candidates, if any, will be identified for consideration.<br><br>Where a retiring director, being eligible, offers himself/herself for re-election, the Nomination Committee will review the overall contribution to the Company of the retiring director and will also determine whether the retiring director continues to meet the selection criteria as set out in the nomination policy.<br><br>The Nomination Committee will assess the eligibility of a candidate to become a director of the Company considering the director's selection criteria as set out in the nomination policy and make recommendations for the Board's consideration and approval.<br><br>The Board will consider and approve the appointment, if appropriate, based upon the recommendation of the Nomination Committee. |

## BOARD COMMITTEES (CONTINUED)

### Nomination Committee (Continued)

The Nomination Committee held one meeting during the Year.

Subject to the provisions in the memorandum and articles of association of the Company and the Listing Rules, the nomination procedures and the process and criteria to select and recommend candidates for directorship are as follows:

(a) the Nomination Committee identifies potential candidates based on the criteria as set out above;

(b) the Nomination Committee or the Company Secretary provides the Board with the biographical details and details of the relationship between the candidate and the Company or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(c) The Nomination Committee would make recommendation on the proposed candidate(s) and the terms and conditions of the appointment to the Board;

(d) The Nomination Committee should ensure the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(e) In the case of the appointment of an independent non-executive Director, the Nomination Committee and/or the Board obtains all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time;

(f) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

## BOARD COMMITTEES (CONTINUED)

### Nomination Committee (Continued)

The attendance record of the members of the Nomination Committee is as follows:

| Name of Members of the Nomination Committee | Attendance/ Number of Meeting(s) |
|---|---|
| Mr. Luk Wing Ming *(Chairman)* | 1/1 |
| Mr. Jiang Yongwei | 1/1 |
| Mr. Tsui Yung Kwok *(ceased to be a member with effect from 28 March 2025)* | 1/1 |
| Ms. Han Shuting *(appointed as a member with effect from 28 March 2025)* | 0/0 |

During the meeting, the Nomination Committee discussed and made recommendations to the Board on the assessment of the independence of the independent non-executive Directors, considered the re-election of Directors and reviewed the structure, size, composition and diversity of the Board.

### Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee consists of three executive Directors, namely Mr. Luk Wing Ming, Mr. Chan Ming and Mr. Ng Ming Chee.

Mr. Luk Wing Ming is the chairman of the Environmental, Social and Governance Committee of the Board.

The purpose of the establishment of the ESG Committee is to (i) better position the Group for management of ESG issues; and (ii) providing guidance in the implementation of related measures, in order to promote the Group's ESG.

The Environmental, Social and Governance Committee held two meetings during the Year. The attendance record of the members of the Environmental, Social and Governance Committee is as follows:

| Name of Members of the Environmental, Social and Governance Committee | Attendance/ Number of Meeting(s) |
|---|---|
| Mr. Luk Wing Ming *(Chairman)* | 2/2 |
| Mr. Chan Ming | 2/2 |
| Mr. Ng Ming Chee | 2/2 |

During the meetings, the Environmental, Social and Governance Committee reviewed the policies and practices of the Group relating to ESG.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for risk management and internal control systems and reviews their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

During the Year, the Audit Committee engaged AVISTA Risk Advisory Limited ("**AVISTA**"), an independent internal control consultant, to facilitate internal audit function to review the adequacy and effectiveness of the Group's system of risks management and internal controls including financial, operational, compliance, risk management policies and systems established by the Company.

### Risk Management

The Group has conducted formal risk assessments by the management to identify and assess enterprise risks (including environmental, social and governance risks) with reference to the Group's business objectives and strategies. A risk assessment based on the Group's risk model has been conducted through interviews with senior management of the Group, together with reviews of existing risk mitigation measures and follow-up interviews as necessary, to facilitate the assessment. Action plans have been developed to further enhance the risk management capabilities of particular key risks as appropriate.

### Internal Control

The Group ensures internal controls are designed and implemented in all major aspects of the Group's operations and details of internal control activities are included in the operating policies and procedures of the Group. Based on the procedures performed by the AVISTA and internal audit function, no significant deficiencies were identified and improvement opportunities associated with financial management, sales and marketing management, and production quality management had been submitted to the Audit Committee for consideration.

The Audit Committee also reported such findings and recommendations to the Board for the improvement of the risk management and internal control systems of the Group and the Board considered that all recommendations should be properly followed to ensure that the sound and effectiveness of the risk and internal control systems of the Group can be maintained.

## RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

### Internal Audit Function

The Group has established an internal audit function assisting the Board in maintaining effective risk management and internal control systems by evaluating its effectiveness and efficiency and by promoting continuous improvement. The internal audit function of the Group reports directly to the Audit Committee regularly and has access to the chairman of the Audit Committee if appropriate.

In addition, the Board received confirmation from the management that:

– the financial records have been properly maintained, and the financial statements give a true and fair view of the operations and finances of the Group; and

– the risk management and internal control systems of the Group are effective.

Based on the framework for risk management and internal control system established by the Group, the procedures performed by the AVISTA and internal audit function, the Board is of the opinion that the Group's risk management and internal control systems are effective and adequate and that nothing has come to its attention to cause the Board to believe the Group's risk management and internal control systems are inadequate for the year ended 31 December 2025.

Such assessment of risk management and internal control systems will be conducted annually.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 73 to 78 of this annual report.

## DIVIDEND POLICY

The Company adopted a dividend policy on 1 January 2019 which is in accordance with the relevant provisions of the Articles of Association. Pursuant to the dividend policy, the Company may from time to time in general meeting declare dividends in any currency to be paid to the members of the Company, but no dividend shall be declared more than the amount recommended by the Board. No dividend shall be declared or payable except out of the profits and reserves (including share premium) of the Company lawfully available for distribution. No dividend shall carry interest against the Company.

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also, without placing the same reserve carry forward any profits which it may think is prudent not to distribute by way of dividend.

The Board may also, without convening a general meeting, from time to time declare interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. The Board may also pay half-yearly or at other suitable intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the financial conditions and the profits available for distribution justify the payment. The Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of the Company as it thinks fit. Any unclaimed dividend shall be forfeited and shall be returned to the Company in accordance with the Articles of Association and all applicable laws and regulations.

The Board will review the dividend policy from time to time and may adopt changes as appropriate at the relevant time.

## AUDITORS' REMUNERATION

An analysis of the remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out as follows:

| **Service Categories** | **Fees Paid/Payable**<br>*RMB'000* |
|---|---|
| Audit services | 3,283 |
| Non-audit services | – |
| **TOTAL** | 3,283 |

## COMPANY SECRETARY

As at the date of this annual report, Mr. Ng Ming Chee is the company secretary of the Company.

For the year ended 31 December 2025, Mr. Ng Ming Chee confirmed that he had attended sufficient professional training as required in accordance with Rule 3.29 of the Listing Rules during the Year.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, extraordinary general meetings shall also be convened on the written requisition of one or more members deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requester(s), provided that such requester(s) shall hold, as at the date of submission of the request, not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company.

## SHAREHOLDERS' RIGHTS (CONTINUED)

### Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Law for shareholders to make new resolutions at general meetings. Shareholders who wish to make a resolution may request the Company convenes a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a director, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company which is posted on the Company's website.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

| | |
|---|---|
| Address: | Unit 703&705, 7/F, Building 22E, 22 Science Park East Avenue<br>Hong Kong Science Park, Pak Shek Kok<br>Shatin, New Territories, Hong Kong<br>(For the attention of the Investor Relations Department) |
| Fax: | +852 3580 1876 |
| Email: | ir@intron-tech.com |

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on- going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Company maintains a website at www.intron-tech.com as a communication platform with Shareholders and investors, where the financial information and other relevant information about the Company are available for public access.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2025.

## DIRECTORS

### Executive Directors

**Mr. Luk Wing Ming (陸穎鳴)**, aged 56, is the co-founder and the executive Director of the Group. Mr. Luk is also the chairman of the Board and the co-CEO, primarily responsible for the Group's strategic development and business operations. Mr. Luk also holds positions in other members of the Group, including the director of Shanghai Intron Electronics Company Limited ("**Shanghai Intron**"), Intron Technology (China) Limited and Evertronics Technology (China) Company Limited; the supervisor of Shanghai G-Pulse Electronics Technology Company Limited, and Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited; and the executive Director of Intron Intelligent Technology (Shanghai) Limited.

Mr. Luk has over 25 years of working experience, including more than 20 years in the automotive electronics industry. Prior to the establishment of the Group in 2001, Mr. Luk worked at Array Electronics (China) Limited, a semiconductor distributor, from February 1996 to January 2001. He was initially a sales executive and was subsequently promoted to the strategic marketing manager. Mr. Luk graduated from China Europe International Business School, China, with a Master of Business Administration and obtained a Bachelor of Materials Science and Engineering from Shanghai Jiao Tong University, China.

**Mr. Chan Cheung Ngai (陳長藝)**, aged 53, is the co-founder and the executive Director of the Group. Mr. Chan is also the co-CEO primarily responsible for the Group's overall strategic planning and business development. Mr. Chan also holds positions in other members of the Group, including the executive Director of Shanghai G-Pulse Electronics Technology Company Limited and Shanghai G-pulse Automotive Electronics Company Limited; the director of Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited and Intron Technology (China) Limited and the supervisor of Intron Intelligent Technology (Shanghai) Company Limited. Since the early stage of the Group's development, Mr. Chan has been actively involved in product design and is the inventor of several patents, including "an electric control board of machine oil pressure sensor of engine" (Patent Number: ZL 03 2 55715.9) and "an automobile instrument comprehensive checking device" (Patent Number: ZL 2009 2 0209166.9). As the executive Director of Shanghai G-Pulse Electronics Technology Company Limited, Mr. Chan also oversees its research and development functions.

Under Mr. Chan's visionary leadership since the establishment of the Group, several key strategic initiatives have been implemented to position the Group as an industry-leading operator dedicated to providing high-quality engineering services to customers. Mr. Chan spearheaded the creation of a dedicated engineering function to develop automotive electronics solutions for OEMs, and subsequently expanded the Group's research and development capabilities, strengthened partnerships with major business collaborators, and directed the Group's focus towards fast-growing sectors such as new energy.

Mr. Chan has over 25 years of working experience, including more than 20 years in the automotive electronics industry. Prior to founding the Group in 2001, Mr. Chan accumulated approximately seven years of sales experience at Array Electronics Limited, a distributor of electronic devices. He joined Array Electronics Limited in March 1994 as a sales engineer and was promoted to sales manager his last position, in 1998. In the same year, Mr. Chan was transferred to Array Electronics (China) Limited to work in the Shanghai office of Array Electronics Limited.

## DIRECTORS (CONTINUED)

### Executive Directors (Continued)

**Mr. Chan Ming (陳銘)**, aged 56, is the general manager and the executive Director and is primarily responsible for marketing and business development of the Group. Mr. Chan graduated from the University of Birmingham, the United Kingdom, in 1992 with a Bachelor of Engineering (majoring in Electronic and Electrical Engineering) and obtained a Master of Business Administration from the University of Wales, the United Kingdom, in 1994. Mr. Chan has more than 20 years of experience in the electronic components industry. He commenced his career at Array Electronics Limited as a sales engineer from 1993 to 1994. Prior to joining the Group in 2005, Mr. Chan served as the senior regional sales manager from 2001 to 2004 at DMX Technologies (Hong Kong) Limited, a network solutions provider.

Since joining the Group, Mr. Chan has been overseeing the team responsible for developing relationships with suppliers and customers, including domestic automotive OEMs in China and their Tier 1 suppliers. Mr. Chan also manages the Group's field application engineering team.

**Mr. Ng Ming Chee (黃晞華)**, aged 60, is the chief financial officer, the executive Director and the company secretary (since 17 February 2021). Mr. Ng is primarily responsible for financial and public relations matters of the Group.

Mr. Ng graduated from the University of Western Australia in 1987 with a Bachelor degree of Commerce and obtained a Master degree of Business Administration from the Henley Management College/Brunel University, the United Kingdom, in 2003. Mr. Ng was admitted as a certified practising accountant from the Australian Society of Certified Practising Accountants (now known as CPA Australia) in November 1995 and as a certified public accountant from the Hong Kong Institute of Certified Public Accountants (HKICPA) in July 2018.

Prior to joining the Group, Mr. Ng had more than 30 years of experience in finance. He has worked as chief financial officer, finance director or finance controller for multiple corporations spanning different industries, including Shanghai Oriental DreamWorks Culture Media Co., Ltd. (December 2014 to October 2016), a film production company, Telstra (August 2013 to December 2014), a technology solutions provider, Fullerton Investment & Credit Guarantee Co., Ltd. (September 2010 to August 2013), a credit services provider, Trauson Holdings Company Limited (November 2009 to September 2010), an orthopaedic products manufacturer, NBA Sports and Culture Development (Beijing) Co., Ltd. (November 2008 to April 2009), a sports promotion company, Publicis Groupe (July 2004 to November 2008), a subsidiaries of advertising company, and Intel China Ltd. (April 2001 to March 2003), a computer components manufacturer. Mr. Ng's career began as a consultant for Coopers & Lybrand Management Consultants Pte Ltd, an accounting and consultancy service provider, where he worked from May 1990 to May 1993. Until 2001, Mr. Ng worked as financial managers/controller of various fast-moving consumer goods manufacturers.

Mr. Ng has served as an independent non-executive Director of Meihao Medical Group Co., Ltd (stock code: 1947) since November 2022, the shares of which are listed on the Hong Kong Stock Exchange.

## DIRECTORS (CONTINUED)

### Independent Non-Executive Directors

**Mr. Jiang Yongwei (江永瑋)**, aged 55, is currently an independent non-executive Director of the Company. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Jiang graduated from Shanghai Jiao Tong University, China, in 1992 and obtained a Bachelor degree of Metallurgical Engineering.

Mr. Jiang has more than 20 years of experience in the automotive industry. He had been working for Faurecia Emission Control Technologies Development (Shanghai) Co., Ltd., an automotive technology solutions provider, where he held various positions including China Division President (October 2015 to July 2020), China Division Operation Director (February to October 2015), and General Manager of the Wuhan plant (October 2013 to January 2015). From 2012 to 2013, Mr. Jiang worked as the General Manager of Dongfeng GEFCO, a provider of logistics services for the automotive industry. From 1992 to 1994, he worked as a research and development engineer for Dongfeng Motor.

**Mr. Tsui Yung Kwok (徐容國)**, aged 57, is currently an independent non-executive Director of the Company. He is the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Tsui graduated from the Curtin University of Technology (now known as Curtin University), Australia, in 1992 with a Bachelor of Commerce majoring in accounting and obtained a Master of Corporate Governance from the Hong Kong Polytechnic University in 2007.

Mr. Tsui has more than 25 years of experience in accounting and finance fields. His career began as an audit accountant for Kwan Wong Tan & Fong BDO (now known as Deloitte) (December 1992 to February 1994). From February 1994 to October 2003, he worked for Ernst & Young, where his latest position was Senior Manager. Since November 2003, he has worked as Chief Financial Officer and Company Secretary for companies listed on the Hong Kong Stock Exchange. From November 2003 to August 2004, Mr. Tsui was the chief financial officer and company secretary of Qin Jia Yuan Media Services Company Limited (stock code: 2366). From August 2004 to present, Mr. Tsui has been an executive director, chief financial officer, and company secretary (up to March 2017) of Ju Teng International Holdings Limited (stock code: 3336).

Mr. Tsui has also served as independent non-executive Director of Shenguan Holdings (Group) Limited (stock code: 829) and Cabbeen Fashion Limited (stock code: 2030) since September 2009 and February 2013, respectively, the shares of which are all listed on the Hong Kong Stock Exchange.

Mr. Tsui is a member of the Chartered Accountants Australia and New Zealand, CPA Australia, the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Chartered Governance Institute.

## DIRECTORS (CONTINUED)

### Independent Non-Executive Directors (Continued)

**Ms. Han Shuting (韓舒婷)**, aged 36, is currently an independent non-executive Director of the Company. She is a member of the Audit Committee and the Nomination Committee. Ms. Han graduated from Wuhan University, China, in 2011 with a Bachelor of Electronic Science and Technology, and obtained a Master of Electronic Media from Bangalore University, India, in 2013.

Ms. Han is a seasoned professional and has extensive experience in investor relations and public relations. From December 2014 to July 2016, she was senior marketing director at Shenzhen Pico Plus Service Company Limited. She subsequently served as Media Relations Director at Shenzhen Brain Power Consulting Co., Ltd. from August 2016 to April 2021. Between April 2021 and October 2022, she was the deputy general manager of the public relations department at Ofilm Group Co., Ltd. Since October 2022, she has been director of investors relations and public relations at Lingyi iTECH (Guangdong) Company.

In March 2023, Ms. Han was awarded the qualification certificate for secretary to the board of directors issued by the Shenzhen Stock Exchange.

## SENIOR MANAGEMENT

**Mr. Zhu Xinping (朱欣平)**, aged 48, is the deputy general manager of Shanghai Intron. He started working as a sales engineer in February 2002 and was promoted to his current capacity in 2014. Mr. Zhu is also the legal representative of Shanghai Intron.

Mr. Zhu graduated from Fudan University, China, with a Bachelor of Electronic and Information System in 2000.

**Mr. Qin Chen (秦晨)**, aged 48, is the director of the R&D department of Shanghai Intron. He joined the Group in September 2002 as an R&D engineer, working on automotive embedded system development. He was promoted to his current position in September 2008. Mr. Qin is also the general manager of Intron Technology Intelligent (Shanghai) Limited and the supervisor of Shanghai G-pulse Automotive Electronics Company Limited.

Mr. Qin graduated from Hefei University of Technology, China, with a Bachelor of Electrical Engineering in 1999.

Upon graduation and prior to joining the Group, Mr. Qin worked at the China Electronics Technology Group Corporation (CETC) No. 21 Research Institute, an electronics technology developer, as an assistant engineer from July 1999 to March 2002.

## COMPANY SECRETARY

**Mr. Ng Ming Chee (黃晞華)**, our chief financial officer and executive Director, was appointed as the company secretary of the Company on 17 February 2021. For the biographical details of Mr. Ng, please see the section headed "Executive Directors" above.

# REPORT OF DIRECTORS

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company, together with its subsidiaries, is a fast-growing automotive electronics solutions provider in China. We focus on providing solutions for critical automotive electronic components utilised in new energy, body control, safety, and powertrain systems.

A list of the Company's subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 1 to the consolidated financial statements in this annual report.

## BUSINESS REVIEW

### Overview and Performance of the Year

A review of the business of the Group during the Year and a discussion and analysis on the Group's future business development are set out in the sections headed "Management Discussion and Analysis" on pages 9 to 27 of this annual report.

### Environmental Policies and Performance

The Group is not subject to any significant health, safety or environmental risks. We do not operate any production facilities or transportation, as we engage third parties to transport our solution products. The Group has taken measures to promote environmental-friendliness in the workplace by encouraging paper recycling culture, water conservation measures and energy-saving culture within the Group to reduce the impact of operations on the environment and natural resources.

To the best knowledge of the Group, during the year ended 31 December 2025, the Group complied with the relevant environmental and occupational health and safety laws and regulations and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the Reporting Period.

### Compliance with Relevant Laws and Regulations

As far as the Board is concerned, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non- compliance with the applicable laws and regulations by the Group.

## BUSINESS REVIEW (CONTINUED)

### Key Relationship with Stakeholders

The Group recognizes that various stakeholders include employees, customers, suppliers and shareholders. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and discretionary bonus. Moreover, the Group has also adopted a share option scheme. The remuneration policy of the Directors is reviewed and determined by the remuneration committee having regard to the Directors' experience, responsibilities, workload and time devoted to the Group and performance of the Group.

The Group's principal customers mainly include OEMs and their suppliers in the automotive industry. Our marketing efforts are focused on locating the nexus between our solution offerings and technical capabilities on one hand, and our business partners' development direction on the other. We have established a long-term relationship with our major customers and focus on identifying and understanding their requirements as demand for a particular product feature arises.

Our suppliers include manufacturers and distributors of semiconductor devices. We also engage contract manufacturers to assemble electronic components which we deliver to our customers as part of our solutions package. Good relationship with suppliers constitutes one of the essential elements of the Group's success. To ensure the quality of supplies, which would enhance consistency in our product quality, we have a strict system for selecting our suppliers.

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on our core business to achieve sustainable profit growth and reward the shareholders with dividend payouts considering the business development needs and financial health of the Group.

During the Year, there was no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

## BUSINESS REVIEW (CONTINUED)

### Key Risks and Uncertainties and Risk Management

The business operations and results of the Group may be affected by various factors, some of which are external causes, and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below:

Our results of operations are heavily dependent on the condition of the PRC automotive industry. Any events that have an adverse effect on the demand for our customers' products could materially and adversely affect the demand for our solutions, which in turn affects our business, financial conditions and results of operations.

Our growth is dependent on our continuing ability to retain and attract qualified research and development professional personnel. Failure to retain and attract appropriate qualified professional personnel may adversely affect our business and prospects.

We are exposed to foreign exchange risks primarily because we purchase imported semiconductor devices from overseas suppliers in foreign currency such as US dollars and Euros while we generate a majority of revenue in Renminbi. Future movements in the exchange rate of the Renminbi may adversely affect our financial condition and results of operations.

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in evaluating material risk exposure arising internally and externally from the Group's business, including operational risks, financial risks, regulatory risks, etc. and proactively setting up appropriate risk management and internal control mechanisms which is embedded in daily operation management.

## RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 79 to 80 of this annual report. The Board resolved to propose to the Shareholders in the forthcoming AGM on Tuesday, 26 May 2026 for the distribution of a final dividend of HK cents: 1.82 per share for the year ended 31 December 2025. The proposed final dividend is expected to be paid on or about Thursday, 2 July 2026 to the Shareholders whose names are listed in the register of members of the Company at the close of business on Wednesday, 3 June 2026. The actual total amount of final dividends to be paid will be subject to the total issued share capital of the Company as at the record date for determining the entitlement of Shareholders to the final dividend. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this Directors' Report were:

### Executive Directors

Mr. Luk Wing Ming *(Chairman and Co-Chief Executive Officer)*
Mr. Chan Cheung Ngai *(Co-Chief Executive Officer)*
Mr. Chan Ming
Mr. Ng Ming Chee

### Independent non-executive Directors

Mr. Jiang Yongwei
Mr. Tsui Yung Kwok
Ms. Han Shuting

### Biographies of the Directors and Senior Management

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 49 to 52 of this annual report.

### Service Contracts of the Directors

Each of the executive Directors has entered a contract with the Company dated 23 June 2018, which was effective from their respective appointment dates, and is subject to termination before expiry by either party giving not less than three months' notice in writing to the other. Each of the independent non-executive Directors has entered a letter of appointment with the Company dated 23 June 2018 which commenced from their respective appointment dates and shall be terminable by either party giving not less than three months' notice in writing to the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting and will continue thereafter until terminated in accordance with the terms of the service agreement/letter of appointment.

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## DIRECTORS (CONTINUED)

### Service Contracts of the Directors (Continued)

In accordance with the Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation.

Accordingly, Mr. Luk Wing Ming, Mr. Ng Ming Chee and Mr. Tsui Yung Kwok shall retire from office at the forthcoming AGM to be held on Tuesday, 26 May 2026. All the retired directors, being eligible, offer themselves for re-election, at the AGM.

### Remuneration of the Directors and Five Highest Paid Individuals

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements in this annual report.

### Employees and Remuneration Policies

A review of the employees and remuneration policies of the Group during the Year are set out in the section headed "Management Discussion and Analysis — Employees and Remuneration Policies" on page 26 this annual report.

### Independence of Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

## NON-COMPETE UNDERTAKING

Mr. Luk Wing Ming and Mr. Chan Cheung Ngai hold their interests in the Company together through Magnate Era Limited ("**Magnate Era**") and Zenith Benefit Investments Limited ("**Zenith Benefit**") as well as individually through Treasure Map Ventures Limited ("**Treasure Map**") and Heroic Mind Limited ("**Heroic Mind**"), respectively. Therefore, Mr. Luk, Mr. Chan, Magnate Era, Zenith Benefit, Treasure Map and Heroic Mind are considered to be a group of controlling shareholders (as defined under the Listing Rules) (the "**Controlling Shareholders**"). The Controlling Shareholders had entered a deed of non-competition in favour of the Company on 22 June 2018 (the "**Deed of Non-competition**"). The Controlling Shareholders have confirmed in writing to the Company that they all have complied with the undertakings under the Deed of Non-competition during the period from the date of the Deed of Non-competition until 31 December 2025.

## NON-COMPETE UNDERTAKING (CONTINUED)

The independent non-executive Directors have also reviewed confirmations on the undertakings of the Deed of Non-competition by the Controlling Shareholders during the period from the date of the Deed of Non-competition until 31 December 2025 and confirmed that there was no breach of undertakings in the Deed of Non-competition by the Controlling Shareholders.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in this annual report, as at 31 December 2025, none of the Directors or their respective associates engaged in or had any interest in any business which competes or may compete with the business of the Group.

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in note 37 to the consolidated financial statements headed "Related Party Transactions", no Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 December 2025 or at any time during the year ended 31 December 2025.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the year ended 31 December 2025 are set out in note 37 to the consolidated financial statements. None of the related party transactions constituted connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) are as follows:

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (CONTINUED)

### (a) Long positions in the ordinary Shares

| Name of Shareholders | Nature of Interests | Number of Shares Held[(1)] | Approximate Shareholding Percentage *(%)* |
|---|---|---|---|
| Luk Wing Ming ("**Mr. Luk**")[(2)] | Interest in controlled corporations | 643,970,000 (L) | 59.20% |
| Chan Cheung Ngai ("**Mr. Chan**")[(3)] | Interest in controlled corporations | 643,970,000 (L) | 59.20% |
| Zhang Dan[(4)] | Interest of spouse | 643,970,000 (L) | 59.20% |
| Zhang Hui[(5)] | Interest of spouse | 643,970,000 (L) | 59.20% |
| Chan Ming | Beneficiary | 3,200,000 (L) | 0.29% |
| Ng Ming Chee | Beneficiary | 2,260,000 (L) | 0.21% |
| Tsui Yung Kwok | Beneficiary | 40,000 (L) | 0.00% |
| Jiang Yongwei | Beneficiary | 40,000 (L) | 0.00% |

Notes:

1. The letter "L" denotes long position of the Shares.

2. Mr. Luk owned 50.0% shareholding interest in Magnate Era, 50.0% shareholding interest in Zenith Benefit and 100.0% shareholding interest in Treasure Map (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 643,970,000 Shares directly held by the aforesaid three holding companies.

3. Mr. Chan owned 50.0% shareholding interest in Magnate Era, 50.0% shareholding interest in Zenith Benefit and 100.0% shareholding interest in Heroic Mind (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 643,970,000 Shares directly held by the aforesaid three holding companies.

4. Ms. Zhang Dan is the spouse of Mr. Luk. Under the SFO, Ms. Zhang Dan is deemed to be interested in the entirety of the 643,970,000 Shares in which Mr. Luk is interested.

5. Ms. Zhang Hui is the spouse of Mr. Chan. Under the SFO, Ms. Zhang Hui is deemed to be interested in the entirety of the 643,970,000 Shares in which Mr. Chan is interested.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (CONTINUED)

### (b) Long positions in underlying Shares – share options

The following directors of the Company have personal interests in options to subscribe for the Shares:

| | | | Number of Share Options | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Date of Grant | Exercisable Period | Balance as at 1 January 2025 | Granted during the Year | Exercised during the Year | Lapsed/ Forfeited during the Year | Cancelled during the Year | Balance as at 31 December 2025 | Exercise Price per Share *HK$* |
| Chan Ming | 21 January 2019 | 1 January 2020 to 31 December 2025 | 1,550,000 | – | – | 1,550,000 | – | – | 2.662 |
| | 18 May 2021 | 1 June 2022 to 31 May 2028 | 200,000 | – | – | – | – | 200,000 | 4.25 |
| Ng Ming Chee | 21 January 2019 | 1 January 2020 to 31 December 2025 | 1,500,000 | – | – | 1,500,000 | – | – | 2.662 |
| | 18 May 2021 | 1 June 2022 to 31 May 2028 | 160,000 | – | – | – | – | 160,000 | 4.25 |
| Jiang Yongwei | 21 January 2019 | 1 January 2020 to 31 December 2025 | 50,000 | – | – | 50,000 | – | – | 2.662 |
| | 18 May 2021 | 1 June 2022 to 31 May 2028 | 40,000 | – | – | – | – | 40,000 | 4.25 |
| Tsui Yung Kwok | 21 January 2019 | 1 January 2020 to 31 December 2025 | 50,000 | – | – | 50,000 | – | – | 2.662 |
| | 18 May 2021 | 1 June 2022 to 31 May 2028 | 40,000 | – | – | – | – | 40,000 | 4.25 |

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives of the Company or any of their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEME

### The 2018 Share Option Scheme

The Company conditionally adopted a share option scheme on 22 June 2018 (the "**2018 Share Option Scheme**") for the purpose of recognizing and acknowledging the contributions of certain eligible participants had or may have made to the Group whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible participants of the 2018 Share Option Scheme include any proposed, full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors or proposed director (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; any direct or indirect shareholder of the Company or any of its subsidiaries; and any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2018 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at 12 July 2018 (the date on which the Shares were listed on the Main Board of the Stock Exchange), i.e. 100,000,000 shares of the Company representing approximately 9.19% of the issued share capital of the Company as at the date of this annual report. Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of the shares in issue as at the date of the approval by the shareholders of the Company in general meeting; and/or

(ii) grant options beyond the 10% limit to eligible participants specifically identified by the Board.

Notwithstanding the foregoing, the maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2018 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

The maximum number of Shares issuable upon the exercise of options granted under the 2018 Share Option Scheme and any other share option scheme adopted by the Group (including both exercised and outstanding options) to each eligible participant within any 12-month period, is limited to 1% of the Shares in issue at any time. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company; and

(ii) the approval of the shareholders in general meetings and/or other requirements prescribed under the Listing Rules from time to time.

## SHARE OPTION SCHEME (CONTINUED)

### The 2018 Share Option Scheme (Continued)

Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial Shareholder or an independent non-executive Director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determined by the Directors, which period may commence on the date of the offer of the share options, and end on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. There is no minimum period for which an option must be held before it can be exercised. Participants of the 2018 Share Option Scheme shall pay HK$1.00 to the Company by way of consideration for the grant.

The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of:

(i) the closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant, which must be a business day;

(ii) the average closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and

(iii) the nominal value of a share.

The 2018 Share Option Scheme has been terminated with effect from 27 May 2024 (the "**Termination Date**") by way of an ordinary resolution at the 2024 annual general meeting. For further details, please refer to the announcement and circular of the Company dated 20 March 2024 and 25 April 2024, respectively.

Since the Termination Date, no further options can be granted under the 2018 Share Option Scheme, and there were 73,944,550 outstanding share options granted but not yet exercised under the 2018 Share Option Scheme as at the Termination Date.

As at the date of this report, the total number of shares which may be issued upon exercise of all outstanding share options granted but not yet exercised under the 2018 Share Option Scheme was 47,915,000, representing approximately 4.40% of the issued share capital of the Company.

As at the date of this report, the total number of shares available for issues pursuant to grant of further option under the 2018 Share Option Scheme is 0. The number of options available for grant under the 2018 Share Option Scheme was 0 as at 1 January 2025 and as at 31 December 2025.

## SHARE OPTION SCHEME (CONTINUED)

### The 2018 Share Option Scheme (Continued)

The details of the exercise price and number of options outstanding during the year ended 31 December 2025 which have been granted to, exercised and cancelled by the eligible participants under the 2018 Share Option Scheme are as follows:

| | | | Number of Share Options | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Category | Date of Grant | Exercisable Period | Balance as at 1 January 2025 | Granted during the Year | Exercised during the Year | Lapsed/ Forfeited during the Year | Cancelled during the Year | Balance as at 31 December 2025 | Exercise Price per Share HK$ |
| Executive Directors(11) | 21 January 2019(1) | 1 January 2020 to 31 December 2025(2) | 3,050,000 | – | – | 3,050,000 | – | – | 2.662 |
| | 18 May 2021(5) | 1 June 2022 to 31 May 2028(6) | 360,000 | – | – | – | – | 360,000 | 4.25 |
| Independent non-executive Directors(11) | 21 January 2019(1) | 1 January 2020 to 31 December 2025(2) | 100,000 | – | – | 100,000 | – | – | 2.662 |
| | 18 May 2021(5) | 1 June 2022 to 31 May 2028(6) | 80,000 | – | – | – | – | 80,000 | 4.25 |
| Employees | 21 January 2019(1) | 1 January 2020 to 31 December 2025(2) | 18,596,550 | – | – | 18,596,550 | – | – | 2.662 |
| | 30 September 2020(3) | 1 October 2021 to 30 September 2027(4) | 2,925,000 | – | – | 75,000 | – | 2,850,000 | 2.810 |
| | 18 May 2021(5) | 1 June 2022 to 31 May 2028(6) | 19,425,000 | – | – | 200,000 | – | 19,225,000 | 4.25 |
| | 25 November 2022(7) | 1 December 2023 to 30 November 2029(8) | 11,240,000 | – | – | 1,420,000 | – | 9,820,000 | 4.324 |
| | 20 September 2023(9) | 1 October 2024 to 30 September 2030(10) | 16,425,000 | – | – | 805,000 | – | 15,620000 | 3.364 |
| Total | | | 72,201,550 | – | – | 24,246,550 | – | 47,955,000 | |

*Notes:*

1. The closing prices of the shares of the Company immediately before the grant of share options on 21 January 2019 was HK$2.66.

2. The granted options shall be vested to the grantees in accordance with the vesting schedule as follows: (i) as to 25% of the total number of granted options on 1 January 2020; (ii) as to 25% of the total number of granted options on 1 January 2021; (iii) as to 25% of the total number of granted options on 1 January 2022; and (iv) as to 25% of the total number of granted options on 1 January 2023. Once vested, the share options shall be exercisable on a cumulative basis.

3. The closing prices of the shares of the Company immediately before the grant of share options on 30 September 2020 was HK$2.81.

## SHARE OPTION SCHEME (CONTINUED)

### The 2018 Share Option Scheme (Continued)

*Notes: (Continued)*

4. The granted options shall be vested to the grantees in accordance with the vesting schedule as follows: (i) as to 25% of the total number of granted options on 1 October 2021; (ii) as to 25% of the total number of granted options on 1 October 2022; (iii) as to 25% of the total number of granted options on 1 October 2023; and (iv) as to 25% of the total number of granted options on 1 October 2024. Once vested, the share options shall be exercisable on a cumulative basis.

5. The closing price of the Shares immediately before the grant of share options on 18 May 2021 was HK$4.25.

6. The granted options shall be vested to the grantees in accordance with the vesting schedule as follows: (i) as to 25% of the total number of granted options on 1 June 2022; (ii) as to 25% of the total number of granted options on 1 June 2023; (iii) as to 25% of the total number of granted options on 1 June 2024; and (iv) as to 25% of the total number of granted options on 1 June 2025. Once vested, the options granted shall be exercisable on a cumulative basis.

7. The closing price of the Shares immediately before the grant of share options on 25 November 2022 was HK$4.25 and the fair value of the share options at the date of grant was HK$1.98 per share, amounting to approximately HK$25.8 million in total. Please refer to Note 31 to the Financial Statements for the accounting standard and policy adopted in respect of the fair value of share options.

8. The granted options shall be vested to the grantees in accordance with the vesting schedule as follows: (i) as to 25% of the total number of granted options on 1 December 2023; (ii) as to 25% of the total number of granted options on 1 December 2024; (iii) as to 25% of the total number of granted options on 1 December 2025; and (iv) as to 25% of the total number of granted options on 1 December 2026. Once vested, the options granted shall be exercisable on a cumulative basis.

9. The closing price of the Shares immediately before the grant of share options on 20 September 2023 was HK$3.23 and the fair value of the share options at the date of grant was HK$1.30 per share, amounting to approximately HK$23.0 million in total. Please refer to Note 31 to the Financial Statements for the accounting standard and policy adopted in respect of the fair value of share options.

10. The granted options shall be vested to the grantees in accordance with the vesting schedule as follows: (i) as to 25% of the total number of granted options on 1 October 2024; (ii) as to 25% of the total number of granted options on 1 October 2025; (iii) as to 25% of the total number of granted options on 1 October 2026; and (iv) as to 25% of the total number of granted options on 1 October 2027. Once vested, the options granted shall be exercisable on a cumulative basis.

11. Details of share options granted to the Directors are disclosed in the section headed "Directors' and chief executive's interests and short positions in Shares, underlying shares and debentures of the Company or its associated corporations" above.

### 2024 Share Scheme

On 27 May 2024, the Company adopted the 2024 share scheme which shall be valid and effective for a period of ten years commencing from 27 May 2024 and as of the date of this annual report, it has a remaining life of approximately 9 years and 2 months. The major terms of the 2024 share scheme (the "**2024 Share Scheme**") is set out below:

The purpose of the 2024 Share Scheme is to provide incentives for the eligible participants, including the directors and employees of the Company or any of its subsidiaries, to promote the development and success of the business of the Group.

## SHARE OPTION SCHEME (CONTINUED)

### 2024 Share Scheme (Continued)

For share options granted under 2024 Share Scheme, the exercise price of a share option shall be a price solely determined by the Board, which shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant. The Board may determine in its absolute discretion the amount (if any) payable on acceptance of an offer of a grant of share option or share award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the letter of grant.

For share award granted under the 2024 Share Scheme, the board may in its absolute discretion determine whether the grantee is required to pay any purchase price for obtaining the shares underlying a share award.

Save for the circumstances prescribed under the 2024 Share Scheme, the vesting period for share awards or share options granted under the 2024 Share Scheme shall not be less than 12 months. In case of a share option, subject to the terms of the 2024 Share Scheme and to the specific terms on which such share option is granted, a share option may be exercised as a whole or in part after the same has been vested and before the expiry date by the grantee. The expiry date shall be determined by the Board in its absolute discretion determined and shall not exceed 10 years from the offer date.

The maximum number of shares issued and to be issued upon the vesting or exercise of the share options or share awards granted to each eligible participant under the 2024 Share Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the relevant share scheme) in any 12-month period up to and including the offer date shall not exceed 1% of the Shares in issue (excluding treasury Shares) for the time being.

No share option or share award had been granted under the 2024 Share Scheme since its adoption and there was no outstanding share option or share award under the 2024 Share Scheme as at 1 January 2025 and 31 December 2025, respectively. The number of share options and share awards available for grant under the scheme mandate of the 2024 Share Scheme was 108,783,840 as at 1 January 2025 and 31 December 2025.

As at the date of this annual report, the total number of Shares available for issue pursuant to the grant of further share option or share award under the 2024 Share Scheme was 108,783,840, representing approximately 10.0% of the issued share capital of the Company.

During the Year, no share option or share award was granted under the 2018 Share Option Scheme or the 2024 Share Scheme, therefore, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year divided by the weighted average number of shares in issue for the Year is not applicable.

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

As at 31 December 2025, the following persons (other than the interests of the Directors or chief executives of the Company as disclosed above) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

| Name of Shareholders | Nature of Interests | Number of Shares Held[1] | Approximate Shareholding Percentage *(%)* |
|---|---|---|---|
| Magnate Era [2, 5 & 7] | Beneficial owner | 525,000,000 (L) | 48.26% |
| Treasure Map [4 & 5] | Beneficial owner | 75,000,000 (L) | 6.89% |
| Heroic Mind [6 & 7] | Beneficial owner | 75,000,000 (L) | 6.89% |
| Zenith Benefit [3, 5 & 7] | Beneficial owner | 43,970,000 (L) | 4.04% |

Notes:

1. The letter "L" denotes long position of the shares.

2. Magnate Era is a corporate Controlling Shareholder legally and beneficially owned by both Mr. Luk and Mr. Chan in equal shares.

3. Zenith Benefit is a corporate Controlling Shareholder legally and beneficially owned by both Mr. Luk and Mr. Chan in equal shares.

4. Treasure Map is a corporate Controlling Shareholder legally and beneficially owned as to 100.0% by Mr. Luk.

5. As disclosed in Notes 2, 3 and 4 above, Mr. Luk owned 50.0% shareholding interest in Magnate Era, 50.0% in Zenith Benefit and 100.0% shareholding interest in Treasure Map (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 643,970,000 Shares directly held by the aforesaid three holding companies.

6. Heroic Mind was a corporate Controlling Shareholder legally and beneficially owned as to 100.0% by Mr. Chan.

7. As disclosed in Notes 2, 3 and 6 above, Mr. Chan owned 50.0% shareholding interest in Magnate Era, 50.0% shareholder interest in Zenith Benefit and 100.0% shareholding interest in Heroic Mind (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 643,970,000 Shares directly held by the aforesaid three holding companies.

Save as disclosed above, as at 31 December 2025, there are no other persons (other than Directors or chief executives of the Company) who had or are taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company under Section 336 of the SFO, or which are notified to the Company.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Year.

## MAJOR CUSTOMERS AND SUPPLIERS

### Major Customers

For the year ended 31 December 2025, the Group's sales to its five largest customers accounted for 17.6% of the Group's total revenue, as compared to 32.7% for the year ended 31 December 2024. The Group's sales to the largest customer accounted for 4.4% of the Group's total revenue, as compared to 12.3% for the year ended 31 December 2024.

### Major Suppliers

For the year ended 31 December 2025, the Group's five largest suppliers accounted for 78.3% of the Group's total purchase, as compared to 83.8% for the year ended 31 December 2024. The Group's single largest supplier accounted for 73.4% of the Group's total purchases, as compared to 79.1% for the year ended 31 December 2024.

During the year ended 31 December 2025, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

## MANAGEMENT CONTRACTS

During the Reporting Period, the Company has not entered into any contract with any individuals, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group.

## DIRECTORS PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified out of the assets of Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or trusts or otherwise in relation thereto in accordance with the Articles of Association. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2025.

## SPECIFIC PERFORMANCE OBLIGATIONS OF CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES

On 22 August 2025, the Company as borrower, and Intron Technology (China) Limited (the "**Guarantor**"), a direct wholly-owned subsidiary of the Company as guarantor, entered into a facilities agreement (the "**Facilities Agreement**") with a syndicate of banks as lenders (collectively referred to as the "**Lenders**") for a syndicated loan in the total principal amount of up to US$90,000,000, with an accordion option to increase the aggregate principal amount to not exceeding US$120,000,000 (the "**Facilities**") subject to the terms and conditions of the Facilities Agreement. The Facilities have a final repayment date falling 36 months from the first drawdown date. Pursuant to the Facilities Agreement, if Mr. Luk Wing Ming and Mr. Chan Cheung Ngai (the "**Ultimate Controlling Shareholders**") collectively do not or cease to (a) own beneficially, directly or indirectly, at least 51% of all the issued share capital (which are free from any security) in the Company or the Guarantor or (b) control the Company or the Guarantor; the Lenders would be entitled to cancel the available commitment under the Facilities and to declare that all amounts outstanding (including the loans and interest accrued) under the Facilities Agreement shall immediately become due and payable.

For further details, please refer to the announcement of the Company dated 22 August 2025.

As at the date of this report, Mr. Luk Wing Ming and Mr. Chan Cheung Ngai collectively own approximately 66.09% of the issued share capital of the Company.

As at the date of this report, the above specific performance obligations imposed on the Ultimate Controlling Shareholders under the Facilities Agreement continue to exist.

## SHARE CAPITAL

Details of movements in share capital of the Company during the Reporting Period are set out in note 30 of the consolidated financial statements in this annual report.

## RESERVES

Details of movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity and note 32 of the consolidated financial statements in this annual report.

The Company's reserves available for distribution to the Shareholder as at 31 December 2025 amounted to RMB657.7 million (RMB697.2 million as at 31 December 2024).

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 of the consolidated financial statements in this annual report.

## USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 12 July 2018 with net proceeds received by the Company from the Global Offering (as defined in the Prospectus) amounted to HK$766.7 million (equivalent to RMB655.4 million), after deducting the underwriting fees, commissions and all related expenses (the "**Net Proceeds**").

As disclosed in the announcement of the Company dated 12 July 2019, having reassessed the funding needs for the enhancement of the Group's overall R&D infrastructure, the Board has resolved to change the proposed use of part of the Net Proceeds originally allocated for the enhancement of the Group's R&D infrastructure by investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solutions development cycle and thus increase exposure of the Group's solutions to customers by enhancement of the Group's R&D infrastructure by (i) investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solution development cycle and thus increase exposure of the Group's solutions to customers; and (ii) investing in, acquiring and renovating properties for R&D purposes.

During the Year, the Net Proceeds have been used for the purpose consistent with the section headed "Future Plans and Use of Proceeds" as set out in the Prospectus and the announcement of the Company dated 12 July 2019.

## USE OF PROCEEDS FROM LISTING (CONTINUED)

The planned applications of Net Proceeds, details of the original and revised allocation of Net Proceeds, and the utilization of Net Proceeds as at 31 December 2025 are set out below:

| Use of Proceeds | Planned applications (RMB million) | Percentage of total Net Proceeds (%) | Unutilized Net Proceeds brought forward from 31 December 2024 (RMB million) | Proceeds utilized during the year ended 31 December 2025 (RMB million) | Actual usage up to 31 December 2025 (RMB million) | Unutilized Net Proceeds as at 31 December 2025 (RMB million) | Expected timeframe for utilizing the remaining unused Net Proceeds |
|---|---|---|---|---|---|---|---|
| 1. For the expansion of R&D capabilities | 196.6 | 30 | 0 | 0 | 196.6 | 0 | N/A |
| 2. For the enhancement of R&D infrastructure | 196.6 | 30 | 0 | 0 | 196.6 | 0 | N/A |
| 3. For the acquisitions of R&D capabilities | 196.6 | 30 | 52.0 | 5.2 | 149.8 | 46.8 | Expected to be fully utilized by end of 2026* |
| 4. General working capital | 65.6 | 10 | 0 | 0 | 65.6 | 0 | N/A |
| **Total** | 655.4 | 100 | 52.0 | 5.2 | 608.6 | 46.8 | |

* As disclosed in the 2024 interim report, after considering the recent global and domestic economic environment and the associated uncertainty, the expected timeframe for utilizing the remaining unused net proceeds was extended to the end of 2025. As disclosed in the 2025 interim report, the expected timeframe was further extended to the end of 2026, as more time is required to select and identify suitable potential investees.

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## EQUITY-LINKED AGREEMENTS

Details of the share option scheme of the Company are set out in the section headed "Share Option Scheme" above and note 31 of the consolidated financial statements.

Save as disclosed above, no equity-linked agreement will or may result in the Company issuing Shares or that requires the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year or subsisted at the end of the Year.

## AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Tuesday, 26 May 2026. A notice convening the AGM is expected to be published and dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026 both dates inclusive, during which period no transfer of shares of the Company will be registered. To ensure that Shareholders are entitled to attend and vote at the AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to 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, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 May 2026.

For determining the entitlement to the proposed final dividend subject to the approval by Shareholders at the AGM, the register of members of the Company will be closed from Saturday, 30 May 2026 to Wednesday, 3 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for the proposed final dividend for the year ended 31 December 2025, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 29 May 2026.

## CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 48 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## AUDITORS

The Company has appointed Ernst & Young as the auditor of the Company for the year ended 31 December 2025. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

By Order of the Board
**Intron Technology Holdings Limited**
**Luk Wing Ming**
*Chairman and executive Director*

Hong Kong, 27 March 2026

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel電話: +852 2846 9888
Fax傳真: +852 2868 4432
ey.com

**Independent auditor's report**
**To the shareholders of Intron Technology Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Intron Technology Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 79 to 184, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

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

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Write-down of inventories* | |
| As at 31 December 2025, the net carrying value of inventories amounted to RMB1,211,928,000, which represented 21.2% of the Group's total assets.<br><br>The Group states inventories at the lower of cost and net realisable value. While cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads, net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Allowance for inventory obsolescence is based on management's judgement using the available facts and circumstances, including, but not limited to, the inventories' physical conditions, their market selling prices and estimated selling costs. We focus on this area as the inventories are material to the Group and the determination of the allowance for slow-moving and obsolete inventories involves significant judgement and estimation from management.<br><br>The Group's disclosures about the write-down of inventories are included in notes 2.4, 3 and 18 to the financial statements, which also explain the accounting policies and management's accounting estimates. | We evaluated management's assessment of the write-down of inventories by reviewing the detailed ageing analysis of the inventories. We also reviewed, on a sampling basis, the subsequent market selling prices, estimated selling costs of the inventories and assessed the actual and forecast usage of the inventories. We recalculated the expected provisions to check the mathematical accuracy of the calculation. We also attended physical inventory counts, on a sampling basis, to observe the condition of the inventories and to evaluate the provision for slow-moving and obsolete inventories. |

## KEY AUDIT MATTERS (CONTINUED)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Recoverability of trade receivables* | |
| As at 31 December 2025, the net carrying value of the Group's trade receivables amounted to RMB1,803,329,000, after netting off an impairment provision of RMB21,642,000, which represented 31.6% of the Group's total assets.<br><br>The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Impairment of trade receivables is assessed using the expected credit loss model, which requires significant judgements and estimates from management. In assessing the expected credit loss for the trade receivables, management considers various factors such as the ageing of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties, macroeconomic influences and other key forward-looking factors. The assessment is highly judgemental.<br><br>The Group's disclosures about trade receivables are included in notes 2.4, 3 and 19 to the financial statements, which also explain the accounting policies, management's accounting estimates and the related expected credit losses. | We evaluated management's assessment of the recoverability of the trade receivables by reviewing the detailed analyses of the ageing of the receivables, historical payment patterns, any disputes between the parties involved and the credit status of the counterparties where available, and testing, on a sampling basis, payments received subsequent to the year end.<br><br>We reviewed the estimates used to determine the expected credit losses by considering cash collection performance against historical trends and the forward-looking adjustments used in the simplified approach and checked the mathematical accuracy of the calculations. |

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis of the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Letter to Shareholders, the Corporate Governance Report and the Report of Directors, which are expected to be made available to us after that date.

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

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

When we read the Letter to Shareholders, the Corporate Governance Report and the Report of Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong (practising certificate number: P06108).

**Ernst & Young**
*Certified Public Accountants*
Hong Kong
27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **REVENUE** | 5 | **6,057,340** | 6,693,118 |
| Cost of sales | | **(5,301,946)** | (5,724,526) |
| **Gross profit** | | **755,394** | 968,592 |
| Other income and gains | 5 | **136,273** | 46,430 |
| Selling and distribution expenses | | **(110,301)** | (110,192) |
| Administrative expenses | | **(584,121)** | (561,427) |
| Other expenses | | **(32,083)** | (55,616) |
| Finance costs | 7 | **(89,125)** | (110,778) |
| Share of profits and losses of associates | 16 | **(291)** | 2,734 |
| **PROFIT BEFORE TAX** | 6 | **75,746** | 179,743 |
| Income tax (expense)/credit | 10 | **(20,744)** | 24,466 |
| **PROFIT FOR THE YEAR** | | **55,002** | 204,209 |
| Attributable to: | | | |
| Owners of the parent | | **57,872** | 208,633 |
| Non-controlling interests | | **(2,870)** | (4,424) |
| | | **55,002** | 204,209 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic and diluted | 12 | **RMB5.32 cents** | RMB19.18 cents |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **PROFIT FOR THE YEAR** | | **55,002** | 204,209 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | **26,265** | (22,746) |
| Net other comprehensive loss/(income) that may be reclassified to profit or loss in subsequent periods | | **26,265** | (22,746) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Equity investments designated at fair value through other comprehensive income: | | | |
| Changes in fair value | 17 | **4,546** | 1,967 |
| Income tax effect | | **(754)** | (321) |
| | | **3,792** | 1,646 |
| Exchange differences on translation of the Company | | **(18,792)** | 17,475 |
| Net other comprehensive (income)/loss that will not be reclassified to profit or loss in subsequent periods | | **(15,000)** | 19,121 |
| **OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX** | | **11,265** | (3,625) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **66,267** | 200,584 |
| Attributable to: | | | |
| Owners of the parent | | **69,137** | 205,008 |
| Non-controlling interests | | **(2,870)** | (4,424) |
| | | **66,267** | 200,584 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 13 | **243,898** | 259,628 |
| Right-of-use assets | 14(a) | **43,377** | 43,876 |
| Other intangible assets | 15 | **487,257** | 424,697 |
| Investments in associates | 16 | **14,900** | 15,191 |
| Financial assets at fair value through profit or loss | 22 | **227,910** | 131,394 |
| Equity investment designated at fair value through other comprehensive income | 17 | **8,951** | 4,410 |
| Deferred tax assets | 28 | **168,496** | 168,091 |
| Advance payments for property, plant and equipment | | **31,818** | 25,760 |
| Total non-current assets | | **1,226,607** | 1,073,047 |
| **CURRENT ASSETS** | | | |
| Inventories | 18 | **1,211,928** | 1,332,966 |
| Trade and notes receivables | 19 | **2,097,104** | 2,352,870 |
| Contract assets | 21 | **1,316** | 405 |
| Prepayments, other receivables and other assets | 20 | **554,028** | 269,257 |
| Pledged deposits | 23 | **134,782** | 165,520 |
| Cash and cash equivalents | 23 | **489,569** | 916,208 |
| Total current assets | | **4,488,727** | 5,037,226 |
| **CURRENT LIABILITIES** | | | |
| Trade and notes payables | 24 | **740,203** | 574,947 |
| Other payables and accruals | 25 | **782,331** | 937,949 |
| Derivative financial instruments | 26 | **440** | 680 |
| Interest-bearing bank and other loans | 27 | **1,264,616** | 1,742,945 |
| Lease liabilities | 14(b) | **18,369** | 19,707 |
| Tax payable | | **58,582** | 44,560 |
| Total current liabilities | | **2,864,541** | 3,320,788 |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **NET CURRENT ASSETS** | | **1,624,186** | 1,716,438 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,850,793** | 2,789,485 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 14(b) | **12,416** | 10,963 |
| Government grants | 29 | **220** | 1,260 |
| Interest-bearing bank and other loans | 27 | **340,312** | 295,443 |
| Deferred tax liabilities | 28 | **4,633** | 553 |
| Total non-current liabilities | | **357,581** | 308,219 |
| Net assets | | **2,493,212** | 2,481,266 |
| **EQUITY** | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 30 | **9,249** | 9,249 |
| Reserves | 32 | **2,485,571** | 2,470,577 |
| | | **2,494,820** | 2,479,826 |
| Non-controlling interests | | **(1,608)** | 1,440 |
| Total equity | | **2,493,212** | 2,481,266 |

**Mr. Luk Wing Ming**
*Director*

**Mr. Chan Cheung Ngai**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

| | Attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (note 30) | Share premium* RMB'000 | Share option and award reserve* RMB'000 (note 31) | Statutory surplus reserve* RMB'000 (note 32) | Capital reserve* RMB'000 (note32) | Exchange fluctuation reserve* RMB'000 (note 32) | Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000 | Retained profits* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| At 1 January 2024 | 9,249 | 946,917 | 74,543 | 25,450 | 25,825 | 22,173 | 1,205 | 1,247,428 | 2,352,790 | 5,864 | 2,358,654 |
| Profit for the year | – | – | – | – | – | – | – | 208,633 | 208,633 | (4,424) | 204,209 |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | – | – | – | – | – | – | 1,646 | – | 1,646 | – | 1,646 |
| Exchange differences on translation of the Company | – | – | – | – | – | 17,475 | – | – | 17,475 | – | 17,475 |
| Exchange differences on translation of foreign operations | – | – | – | – | – | (22,746) | – | – | (22,746) | – | (22,746) |
| Total comprehensive income for the year | – | – | – | – | – | (5,271) | 1,646 | 208,633 | 205,008 | (4,424) | 200,584 |
| Transfer of statutory surplus reserve | – | – | – | 8,795 | – | – | – | (8,795) | – | – | – |
| Acquisition of a subsidiary | – | – | – | – | – | – | – | – | – | – | – |
| Acquisition of non-controlling interests | – | – | – | – | – | – | – | – | – | – | – |
| Equity-settled share option and award arrangements | – | – | 19,020 | – | – | – | – | – | 19,020 | – | 19,020 |
| Dividends declared and paid | – | – | – | – | – | – | – | (96,992) | (96,992) | – | (96,992) |
| At 31 December 2024 | 9,249 | 946,917 | 93,563 | 34,245 | 25,825 | 16,902 | 2,851 | 1,350,274 | 2,479,826 | 1,440 | 2,481,266 |

| | Attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (note 30) | Share premium* RMB'000 | Share option and award reserve* RMB'000 (note 31) | Statutory surplus reserve* RMB'000 (note 32) | Capital reserve* RMB'000 (note32) | Exchange fluctuation reserve* RMB'000 (note 32) | Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000 | Retained profits* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| At 1 January 2025 | 9,249 | 946,917 | 93,563 | 34,245 | 25,825 | 16,902 | 2,851 | 1,350,274 | 2,479,826 | 1,440 | 2,481,266 |
| Profit for the year | - | - | - | - | - | - | - | 57,872 | 57,872 | (2,870) | 55,002 |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | - | - | - | - | - | - | 3,792 | - | 3,792 | - | 3,792 |
| Exchange differences on translation of the Company | - | - | - | - | - | (18,792) | - | - | (18,792) | - | (18,792) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 26,265 | - | - | 26,265 | - | 26,265 |
| Total comprehensive income for the year | - | - | - | - | - | 7,473 | 3,792 | 57,872 | 69,137 | (2,870) | 66,267 |
| Transfer of statutory surplus reserve | - | - | - | 15,767 | - | - | - | (15,767) | - | - | - |
| Acquisition of non-controlling interests | - | - | - | - | (322) | - | - | - | (322) | (178) | (500) |
| Equity-settled share option and award arrangements | - | - | 9,018 | - | - | - | - | - | 9,018 | - | 9,018 |
| Dividends declared and paid | - | - | - | - | - | - | - | (62,839) | (62,839) | - | (62,839) |
| At 31 December 2025 | 9,249 | 946,917 | 102,581 | 50,012 | 25,503 | 24,375 | 6,643 | 1,329,540 | 2,494,820 | (1,608) | 2,493,212 |

* These reserve accounts comprise the consolidated reserves of RMB2,485,571,000 (2024: RMB2,470,577,000) in the consolidated statement of financial position.

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **75,746** | 179,743 |
| Adjustments for: | | | |
| Finance costs | 7 | **89,125** | 110,778 |
| Share of profits and losses of associates | 16 | **291** | (2,734) |
| Interest income | | **(9,299)** | (5,890) |
| Loss/(gain) on disposal of items of property, plant and equipment | | **10** | (423) |
| Fair value gain, net: | | | |
| Derivative instruments | | **(5,338)** | (4,557) |
| Depreciation of property, plant and equipment | | **56,837** | 58,512 |
| Depreciation of right-of-use assets | 14(a) | **21,631** | 24,463 |
| Gain on termination of leases | | **(297)** | (241) |
| Amortisation of patents and software | | **9,823** | 8,744 |
| Amortisation of deferred development costs | | **54,380** | 53,481 |
| Recognition of government grants | | **(2,940)** | (240) |
| Equity-settled share option and award expense | 31 | **9,018** | 19,020 |
| Dividend income from financial assets at fair value through profit or loss | | **(547)** | (776) |
| Gain on disposal of financial assets at fair value through profit or loss | | **–** | (11,134) |
| Fair value gain, net: | | | |
| Financial assets at fair value through profit or loss – mandatorily designated as such | | **(94,271)** | (7,913) |
| | | **204,169** | 420,833 |
| Decrease in inventories | | **121,038** | 221,294 |
| Decrease/(increase) in trade and notes receivables | | **255,766** | (504,635) |
| (Increase)/decrease in contract assets | | **(911)** | 46 |
| (Increase)/decrease in prepayments, other receivables and other assets | | **(284,771)** | 217,079 |
| Withdrawal of pledged deposits | | **31,026** | – |
| Increase/(decrease) in trade and notes payables | | **165,256** | (20,982) |
| (Decrease)/increase in other payables and accruals | | **(157,012)** | 98,190 |
| Increase in government grants | | **1,900** | – |
| Cash generated from operations | | **336,461** | 431,825 |
| Interest received | | **9,299** | 5,890 |
| Interest paid | | **(89,125)** | (110,778) |
| Income tax paid | | **(3,801)** | (52,277) |
| Net cash flows from operating activities | | **252,834** | 274,660 |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of non-controlling interests | | **(500)** | – |
| Purchases of items of property, plant and equipment | | **(52,052)** | (52,061) |
| Additions to other intangible assets | | **(120,239)** | (117,608) |
| Purchases of financial assets at fair value through profit or loss | | **(5,000)** | (5,187) |
| Proceeds from disposal of items of property, plant and equipment | | **–** | 1,281 |
| Dividend received from financial assets at fair value through profit or loss | | **548** | 770 |
| Investment income from derivative instruments | | **5,098** | 2,237 |
| Proceeds from disposal of financial assets at fair value through profit or loss | | **–** | 56,900 |
| Net cash flows used in investing activities | | **(172,145)** | (113,668) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| New bank and other loans | 33(b) | **5,328,421** | 5,189,192 |
| Repayment of bank and other loans | 33(b) | **(5,751,983)** | (4,790,554) |
| Principal portion of lease payments | 33(b) | **(20,616)** | (23,942) |
| Dividends paid | | **(62,839)** | (96,992) |
| Placement of pledged deposits | | **(288)** | (20,808) |
| Net cash flows (used in)/from financing activities | | **(507,305)** | 256,896 |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(426,616)** | 417,888 |
| Effect of foreign exchange rate changes, net | | **(23)** | (18,678) |
| Cash and cash equivalents at beginning of year | | **916,208** | 516,998 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **489,569** | 916,208 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balances | 23 | **489,569** | 916,208 |
| Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows | | **489,569** | 916,208 |

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 January 2017. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries focused on developing automotive component engineering solutions for key automotive manufacturers in the Chinese mainland.

In the opinion of the directors, the Company does not have an immediate holding company or ultimate holding company. Mr. Luk Wing Ming, Mr. Chan Cheung Ngai, Magnate Era Limited, Zenith Benefit Investments Limited ("**Zenith Benefit**"), Treasure Map Ventures Limited and Heroic Mind Limited are considered to be a group of controlling shareholders of the Company, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

| Name | Place of incorporation/ registration and business | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Intron Technology (China) Limited ("**Intron HK**") | Hong Kong | HK$7,500,000 | 100 | – | Sale of automotive and other electronic components |
| Evertronics Technology (China) Company Limited | Hong Kong | HK$10,000 | – | 100 | Sale of automotive and other electronic components |
| Shanghai Intron Electronics Company Limited ("**Shanghai Intron**") (上海英恒電子有限公司)[2] | People's Republic of China ("**PRC**")/ Chinese mainland | RMB10,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |
| Guangzhou Intron Electronics Technology Company Limited ("**Guangzhou Intron**") (廣州英創電子科技有限公司)[2] | PRC/Chinese mainland | RMB1,000,000 | – | 100 | Provision of import and export customs declaration agency services |
| Shanghai G-Pulse Electronics Technology Company Limited ("**G-Pulse**") (上海金脈電子科技有限公司)[2] | PRC/Chinese mainland | RMB150,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |

# 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

| Name | Place of incorporation/ registration and business | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited ("**Beijing G-Pulse**") (北京脈創智恒新能源科技有限公司)[2] | PRC/Chinese mainland | RMB10,000,000 | – | 100 | Research and development of renewable electronic components |
| Intron Intelligent Technology (Shanghai) Company Limited (英恒智能科技(上海)有限公司)[1] | PRC/Chinese mainland | RMB119,443,000 | – | 100 | Investment holding |
| Wuxi Maxdone Electronics Technology Company Limited ("**Wuxi Maxdone**") (無錫麥道電子科技有限公司)[2] | PRC/Chinese mainland | RMB15,000,000 | – | 100 | Research and development and related business activities for embedded control electronic products and devices |
| Intron Technology Limited (英恒科技有限公司) | Taiwan | TWD18,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |
| Shanghai G-Pulse Auto Electronics Company Limited (上海金脈汽車電子有限公司)[1] | PRC/Chinese mainland | US$15,000,000 | – | 100 | Research and development and testing services |
| Intron Technology (Netherlands) Holdings B.V. | Netherlands | EUR10,000 | – | 100 | Research and development and sale of automotive and other electronic components |
| Shenzhen Intron Electronics Company Limited ("**Shenzhen Intron**") (深圳英恒電子有限公司)[1] | PRC/Chinese mainland | RMB10,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |
| Intron Technology GmbH | Germany | EUR25,000 | – | 100 | Research and development and sale of automotive and other electronic components |

# 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

| Name | Place of incorporation/ registration and business | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| Shanghai Yingheng Zihui Enterprise Management Co., Ltd. (上海英恒茲慧企業管理有限公司)[2] | PRC/Chinese mainland | RMB500,000 | – | 100 | Provision of enterprise management services |
| Shanghai Qingheng Automotive Electronics Co., Ltd. ("**Shanghai Qingheng**") (上海氫恒汽車電子有限公司)[2] | PRC/Chinese mainland | RMB11,111,111 | – | 63 | Research and development of hydrogen fuel cell battery control technology |
| Power Eternity Limited (權永有限公司) | Hong Kong | HK$1 | 100 | – | Investment holding |
| Fine Elite Limited (暉俊有限公司) | Hong Kong | HK$1 | 100 | – | Investment holding |
| Dynamic Sky Investment Limited | Cayman Islands | HK$390,000 | 100 | – | Investment holding |
| Silver Perfect Investment Limited | Cayman Islands | HK$390,000 | 100 | – | Investment holding |
| Ocean Access Investment Limited | Cayman Islands | HK$390,000 | 100 | – | Investment holding |
| Faith Linked Limited[3] | Hong Kong | HK$353,184 | 100 | – | Investment holding |
| Power Linked Limited[3] | Hong Kong | HK$353,184 | 100 | – | Investment holding |
| Star Drive Limited[3] | Hong Kong | HK$353,184 | 100 | – | Investment holding |
| Hengxi Intelligent Technology (Jiangsu) Co., Ltd. (恒曦智能科技(江蘇)有限公司)[1] | PRC/Chinese mainland | RMB15,000,000 | – | 100 | Investment holding |
| Yingrui Automotive Electronic Systems (Jiangsu) Co., Ltd. (英睿汽車電子系統(江蘇)有限公司)[1] | PRC/Chinese mainland | RMB234,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |

# 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

| Name | Place of incorporation/ registration and business | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Yinghao Intelligent Technology (Jiangsu) Co., Ltd. ("**Yinghao Intelligent**") (英灝智能科技(江蘇)有限公司)[1] | PRC/Chinese mainland | RMB30,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |
| Jiangsu Jinmai Electronic Control Technology Co., Ltd (江蘇金脈電控科技有限公司)[2] | PRC/Chinese mainland | RMB234,000,000 | – | 100 | Research and development and sale of automotive and other electronic components |
| Shanghai Hydrogen Pulse Enterprise Management Partnership (Limited Partnership) (上海氫脈企業管理合夥企業(有限合夥))[3] | PRC/Chinese mainland | RMB1,000,000 | – | 50 | Provision of enterprise management services |
| G-pulse Technology Holdings Limited[3] | Cayman Islands | HK$390,000 | 100 | – | Investment holding |
| Bright Genius Investments Limited[3] | Cayman Islands | HK$390,000 | 100 | – | Investment holding |

1 These entities are wholly-foreign-owned enterprises under PRC law.

2 These entities are limited liability enterprises established under PRC law.

3 These entities were newly established and commenced operations in 2025.

# 2. ACCOUNTING POLICIES

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in associates and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

**Basis of consolidation**

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 BASIS OF PREPARATION (Continued)

**Basis of consolidation (Continued)**

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

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

| | |
|---|---|
| HKFRS 18 | *Presentation and Disclosure in Financial Statements*[2] |
| HKFRS 19 and its amendments | *Subsidiaries without Public Accountability: Disclosures*[2] |
| Amendments to HKFRS 9 and HKFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments*[1] |
| Amendments to HKFRS 9 and HKFRS 7 | *Contracts Referencing Nature-dependent Electricity*[1] |
| Amendments to HKFRS 10 and HKAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| Amendments to HKAS 21 | *Translation to a Hyperinflationary Presentation Currency*[2] |
| *Annual Improvements to HKFRS Accounting Standards – Volume 11* | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1] |

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

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

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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

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

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

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease ability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

**Investments in associates**

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Business combinations and goodwill (Continued)**

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

**Fair value measurement**

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

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

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Fair value measurement (Continued)**

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

**Impairment of non-financial assets**

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Related parties**

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Property, plant and equipment and depreciation**

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

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

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

| | |
|---|---|
| Buildings | 2.00% to 5.00% |
| Leasehold improvements | 13.33% to 33.33% |
| Plant and machinery | 10.00% to 33.33% |
| Office equipment | 12.00% to 33.33% |
| Motor vehicles | 20.00% to 33.33% |

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

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Intangible assets (other than goodwill)**

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

***Patents and software***

Purchased patents and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 10 years.

***Research and development costs***

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

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

Deferred development costs are stated at cost less any impairment losses and amortised using the straight-line basis over the commercial lives of underlying products not exceeding three to five years, commencing from the date when the products are put into commercial production.

**Leases**

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

***Group as a lessee***

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Leases (Continued)**

***Group as a lessee (Continued)***

(a) Right-of-use assets

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

| | |
|---|---|
| Motor vehicles | 2 to 5 years |
| Leasehold land | 50 years |
| Buildings | 1 to 5 years |

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

(b) Lease liabilities

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

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

The Group's lease liabilities are presented separately in the statement of financial position.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Leases (Continued)**

***Group as a lessee (Continued)***

(c) Short-term leases

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

**Investments and other financial assets**

***Initial recognition and measurement***

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

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

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Investments and other financial assets (Continued)**

***Initial recognition and measurement (Continued)***

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

***Subsequent measurement***

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

***Financial assets at amortised cost (debt instruments)***

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

***Financial assets designated at fair value through other comprehensive income (equity investments)***

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Investments and other financial assets (Continued)**

***Financial assets at fair value through profit or loss***

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Derecognition of financial assets**

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

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

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Impairment of financial assets**

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

***General approach***

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Impairment of financial assets (Continued)**

***General approach (Continued)***

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has not increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

***Simplified approach***

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Financial liabilities**

***Initial recognition and measurement***

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

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

The Group's financial liabilities include trade and other payables, derivative financial instruments, interest-bearing bank and other loans and lease liabilities.

***Subsequent measurement***

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

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Financial liabilities (Continued)**

***Financial liabilities at amortised cost (trade and other payables, and borrowings)***

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

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

**Derecognition of financial liabilities**

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

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

**Offsetting of financial instruments**

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

**Derivative financial instruments**

***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Inventories**

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

**Cash and cash equivalents**

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

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

**Provisions**

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Income tax**

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Income tax (Continued)**

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

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

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

**Government grants**

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Revenue recognition**

***Revenue from contracts with customers***

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(b) Technical services

Revenue from the provision of technical services is recognised at the point in time when the service is provided to the customer.

***Other income***

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

**Contract assets**

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Contract liabilities

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

### Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

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

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

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

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Share-based payments (Continued)**

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

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

**Other employee benefits**

***Pension scheme***

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to the statement of profit or loss as incurred. The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The subsidiaries established and operating in the Chinese mainland are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# 2. ACCOUNTING POLICIES (CONTINUED)

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Dividends**

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

**Foreign currencies**

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

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

**Foreign currencies (Continued)**

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

There is no significant effect on the amounts recognised in the Group's financial statements arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies.

### Estimation uncertainty

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

**Provision for expected credit losses on trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing analysis for groupings of various customer segments that have similar loss patterns such as by customer type.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 19 and note 21 to the financial statements, respectively.

**Write-down of inventories to net realisable value**

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management's judgement and estimates which are influenced by assumptions concerning future sales and usage, and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amount of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed. At 31 December 2025, the carrying amount of inventories was RMB1,212,282,000 (2024: RMB1,332,966,000).

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

**Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**Impairment of non-financial assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was RMB117,085,000 (2024: RMB129,380,000). Further details are contained in note 28 to the financial statements.

**Development costs**

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2025, the best estimate of the carrying amount of capitalised development costs was RMB470,655,000 (2024: RMB408,670,000).

## 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

**(a) Revenue from external customers**

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Hong Kong | 137,494 | 227,744 |
| Chinese mainland | 5,918,788 | 6,419,743 |
| Other countries/regions | 1,058 | 45,631 |
| | 6,057,340 | 6,693,118 |

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

**(b) Non-current assets**

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Hong Kong | 9,100 | 15,702 |
| Chinese mainland | 811,237 | 752,005 |
| Other countries/regions | 913 | 1,445 |
| | 821,250 | 769,152 |

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets, financial assets at fair value through profit or loss and equity investment designated at fair value through other comprehensive income.

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Customer 1 | **N/A*** | 826,387 |

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for that year.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Revenue from contracts with customers | **6,057,340** | 6,693,118 |

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Revenue from contracts with customers

**(i) Disaggregated revenue information**

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Timing of revenue recognition** | | |
| At a point in time | | |
| – Sale of products | 5,979,095 | 6,605,951 |
| – Rendering of technical services | 78,245 | 87,167 |
| | 6,057,340 | 6,693,118 |

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Sale of products | 8,243 | 20,033 |
| Technical services | 29,647 | 28,400 |
| Total | 37,890 | 48,433 |

**(ii) Performance obligations**

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

***Sale of products***

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

# 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

## Revenue from contracts with customers (Continued)

### (ii) Performance obligations (Continued)

***Technical services***

The performance obligation is satisfied at the point in time when services are rendered and short-term advances are normally required before rendering the services. Technical service contracts are for periods of one year or more and are billed based on the time incurred.

As at the end of the reporting period, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| *Other income* | | |
| Government grants (note a) | **26,135** | 12,777 |
| Investment income from derivative financial instruments | **5,098** | 2,237 |
| Bank interest income | **9,299** | 5,890 |
| Dividend income from financial assets at fair value through profit or loss | **547** | 776 |
| Commission income | **471** | 2,707 |
| Compensation income | **–** | 148 |
| Others | **212** | 105 |
| Total other income | **41,762** | 24,640 |
| *Gains* | | |
| Gain on disposal of items of property, plant and equipment | **–** | 423 |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | 11,134 |
| Fair value gains, net: | | |
| Derivative instruments | | |
| – transactions not qualifying as hedges | **240** | 2,320 |
| Financial assets at fair value through profit or loss | | |
| – mandatorily designated as such | **94,271** | 7,913 |
| Total gains | **94,511** | 21,790 |
| Total other income and gains | **136,273** | 46,430 |

Note:

(a) The amount represents grants received by the subsidiaries of the Company from the local government where they reside mainly for the purpose of compensation for expenses arising from research and development activities and to support the Group's operation and development. There are no unfulfilled conditions and other contingencies relating to these grants.

## 6. PROFIT BEFORE TAX

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

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Cost of inventories sold | | **5,194,740** | 5,628,694 |
| Cost of services provided | | **52,826** | 42,351 |
| Depreciation of property, plant and equipment | | **56,837** | 58,512 |
| Depreciation of right-of-use assets | 14(a) | **21,631** | 24,463 |
| Amortisation of patents and software* | | **9,823** | 8,744 |
| Research and development costs: | | | |
| Deferred expenditure amortised* | 15 | **54,380** | 53,481 |
| Current year expenditure | | **454,253** | 439,643 |
| Total | | **508,633** | 493,124 |
| Lease payments not included in the measurement of lease liabilities | 14(c) | **3,251** | 6,405 |
| Auditor's remuneration | | **3,283** | 3,295 |
| Employee benefit expense (excluding directors' and co-chief executives' remuneration (note 8)): | | | |
| Wages and salaries | | **479,817** | 475,752 |
| Equity-settled share option and award expense | | **8,918** | 18,717 |
| Pension scheme contributions | | **88,046** | 84,583 |
| Staff welfare expenses | | **5,611** | 5,808 |
| Less: Amount capitalised | | **(86,520)** | (92,419) |
| Total | | **495,872** | 492,441 |

## 6. PROFIT BEFORE TAX (CONTINUED)

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

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Foreign exchange differences, net | | **31,762** | 53,716 |
| Impairment of trade receivables, net | 19 | **8,868** | 3,858 |
| Write-down of inventories to net realisable value** | | **32,796** | 71,424 |
| Dividend income from financial assets at fair value through profit or loss | | **(547)** | (776) |
| Gain on disposal of financial assets at fair value through profit or loss | | **–** | (11,134) |
| Investment income from derivative financial instruments | | **(5,098)** | (2,237) |
| Fair value gains, net: | | | |
| Derivative instruments | | | |
| – transactions not qualifying as hedges | | **(240)** | (2,320) |
| Financial assets at fair value through profit or loss | | | |
| – mandatorily designated as such | | **(94,271)** | (7,913) |
| Bank interest income | | **(9,299)** | (5,890) |
| Government grants | | **(26,135)** | (12,777) |
| Donation | | **–** | 29 |

* The amortisation of patents and software for the year is included in "Administrative expenses" and the amortisation of deferred development costs for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

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

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Interest on bank borrowings | **68,647** | 86,697 |
| Interest on lease liabilities | **1,227** | 1,261 |
| Interest on discounted notes receivable | **19,251** | 22,820 |
| Total | **89,125** | 110,778 |

## 8. DIRECTORS' AND CO-CHIEF EXECUTIVES' REMUNERATION

Directors' and co-chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Fees | **550** | 550 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | **15,621** | 15,599 |
| Equity-settled share option and award expense | **100** | 303 |
| Pension scheme contributions | **100** | 100 |
| Subtotal | **15,821** | 16,002 |
| Total | **16,371** | 16,552 |

## 8. DIRECTORS' AND CO-CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

### (a) Independent non-executive directors

During the year and in prior years, certain directors were granted share options and restricted shares, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options and restricted shares, which has been recognised in the statement of profit or loss over the vesting period and restricted period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and co-chief executives' remuneration disclosures.

| | Fees RMB'000 | Equity-settled share option and award expense RMB'000 | Total RMB'000 |
|---|---|---|---|
| **2025** | | | |
| Mr. Tsui Yung Kwok | **220** | **6** | **226** |
| Mr. Jiang Yongwei | **165** | **6** | **171** |
| Ms. Han Shuting** | **165** | **–** | **165** |
| Total | **550** | **12** | **562** |

| | Fees RMB'000 | Equity-settled share option and award expense RMB'000 | Total RMB'000 |
|---|---|---|---|
| **2024** | | | |
| Mr. Yu Hong* | 151 | – | 151 |
| Mr. Tsui Yung Kwok | 220 | 6 | 226 |
| Mr. Jiang Yongwei | 165 | 6 | 171 |
| Ms. Han Shuting** | 14 | – | 14 |
| Total | 550 | 12 | 562 |

* Mr. Yu Hong has tendered his resignation as an independent non-executive director with effect from 1 December 2024.

** Ms. Han Shuting has been appointed as an independent non-executive director with effect from 1 December 2024.

## 8. DIRECTORS' AND CO-CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

### (b) Executive directors and the co-chief executives

| | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Performance related bonuses RMB'000 | Equity-settled share option and award expense RMB'000 | Pension scheme contributions RMB'000 | Total remuneration RMB'000 |
|---|---|---|---|---|---|---|
| **2025** | | | | | | |
| **Executive directors:** | | | | | | |
| Mr. Luk Wing Ming | – | 4,533 | – | – | 25 | 4,558 |
| Mr. Chan Cheung Ngai | – | 4,541 | – | – | 25 | 4,566 |
| Mr. Chan Ming | – | 3,762 | – | 76 | 25 | 3,863 |
| Mr. Ng Ming Chee | – | 2,785 | – | 12 | 25 | 2,822 |
| Total | – | 15,621 | – | 88 | 100 | 15,809 |

| | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Performance related bonuses RMB'000 | Equity-settled share option and award expense RMB'000 | Pension scheme contributions RMB'000 | Total remuneration RMB'000 |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| **Executive directors:** | | | | | | |
| Mr. Luk Wing Ming | – | 4,520 | – | – | 25 | 4,545 |
| Mr. Chan Cheung Ngai | – | 4,549 | – | – | 25 | 4,574 |
| Mr. Chan Ming | – | 3,745 | – | 246 | 25 | 4,016 |
| Mr. Ng Ming Chee | – | 2,785 | – | 45 | 25 | 2,855 |
| Total | – | 15,599 | – | 291 | 100 | 15,990 |

Mr. Luk Wing Ming and Mr. Chan Cheung Ngai were both the co-chief executives of the Company.

There was no arrangement under which a director or the co-chief executives waived or agreed to waive any remuneration during the year.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: one) highest paid employee who is neither a director nor co-chief executive of the Company are as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | 1,111 | 1,111 |
| Performance related bonuses | 670 | 970 |
| Equity-settled share option and award expense | 126 | 349 |
| Pension scheme contributions | 114 | 114 |
| Total | 2,021 | 2,544 |

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

| | Number of employees | |
|---|---|---|
| | 2025 | 2024 |
| HK$2,000,001 to HK$2,500,000 | 1 | – |
| HK$2,500,001 to HK$3,000,000 | – | 1 |
| Total | 1 | 1 |

During the year and in prior years, share options and restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options and restricted shares, which has been recognised in the statement of profit or loss over the vesting period and restricted period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-co-chief executive highest paid employee's remuneration disclosures.

## 10. INCOME TAX

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax in the Cayman Islands. The Company has registered with the Company Registry in Hong Kong on 22 December 2017 and recorded an interest income during the year. Since the provision of credit of the loan was in Hong Kong, the interest income received is subject to Hong Kong Profits Tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2024: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

The subsidiary in the Netherlands is entitled to a preferential income tax rate of 19% (2024: 15%) for the taxable income less than or equal to Euro200,000 and an income tax rate of 25.8% (2024: 25.8%) for the taxable income over Euro200,000. The subsidiary in the Chinese Taiwan is entitled to a tax exemption for the taxable income less than or equal to Taiwan dollar 120,000, an income tax rate of 50% (2024: 20%) for the taxable income over Taiwan dollar 120,000 but less 200,000 and an income tax rate of 20% (2024: 20%) for the taxable income over Taiwan dollar 120,000. The subsidiary in Germany is entitled to a combined tax rate of 19.31% (2024: 32.98%), consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and a trade tax rate of 3.5% (2024: 17.15%).

The provision for current income tax in the Chinese mainland is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Shanghai Intron, G-Pulse, Wuxi Maxdone, Shenzhen Intron and Shanghai Qingheng are qualified as High and New Technology Enterprises and are subject to a preferential income tax rate of 15% (2024: 15%) during the year. Guangzhou Intron, Beijing G-Pulse and Yinghao Intelligent are qualified as Small and Micro Enterprises and are subject to a preferential tax rate of 5% to 25% during the year (2024: 5% to 25%).

### Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong. The Group will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

## 10. INCOME TAX (CONTINUED)

### Pillar Two income taxes (Continued)

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the current year. Based on the assessment, the Group has identified potential exposure from the subsidiaries in respect of profits of Hong Kong entities where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them.

The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Current – Chinese mainland | | |
| Charge for the year | **47** | 91 |
| Current – Elsewhere | | |
| Charge for the year | **16,605** | 42,058 |
| Pillar Two income taxes – current tax* | **1,171** | – |
| Deferred tax (note 28) | **2,921** | (66,615) |
| Total tax expense/(credit) for the year | **20,744** | (24,466) |

* The current tax expense mainly relates to Hong Kong.

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Profit before tax | **75,746** | 179,743 |
| Tax at the statutory income tax rate of 25% | **18,937** | 44,936 |
| Effect of tax rate differences in other jurisdictions | **(11,283)** | (18,542) |
| Preferential income tax rates applicable to certain subsidiaries | **6,236** | 40,065 |
| Additional deduction allowance for research and development costs | **(105,624)** | (101,749) |
| Profits and losses attributable to associates | **73** | (684) |
| Expenses not deductible for tax | **2,757** | 7,419 |
| Income not subject to tax | **(14,993)** | (17,064) |
| Tax losses not recognised | **123,908** | 17,801 |
| Temporary differences not recognised | **(386)** | 6,108 |
| Effect on opening deferred tax of decrease in rate | **–** | (2,756) |
| Pillar Two income taxes | **1,171** | – |
| Tax losses utilised from previous periods | **(52)** | – |
| Tax expense/(credit) at the Group's effective rate | **20,744** | (24,466) |

## 11. DIVIDENDS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Proposed final – HK1.82 cents (2024: HK6.3 cents) per ordinary share | **17,518** | 63,229 |

The proposed final dividend of HK$19,799,000 (equivalent to RMB17,518,000) for the year, which is based on the Company's total number of shares as at 28 February 2026, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,087,838,400 (2024: 1,087,838,400) outstanding during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2025 and 31 December 2024 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the shares during the current year.

The calculation of the basic and diluted earnings per share is based on:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Earnings** | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation | **57,872** | 208,633 |

| | Number of shares | |
|---|---|---|
| | 2025 | 2024 |
| **Shares** | | |
| Weighted average number of ordinary shares outstanding during the year | **1,087,838,400** | 1,087,838,400 |

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Buildings RMB'000 | Leasehold improve-ments RMB'000 | Plant and machinery RMB'000 | Office equipment RMB'000 | Motor vehicles RMB'000 | Construc-tion in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **31 December 2025** | | | | | | | |
| At 1 January 2025: | | | | | | | |
| Cost | 114,539 | 46,892 | 220,822 | 97,690 | 20,603 | 5,959 | 506,505 |
| Accumulated depreciation | (17,915) | (36,159) | (120,173) | (62,279) | (10,351) | – | (246,877) |
| Net carrying amount | 96,624 | 10,733 | 100,649 | 35,411 | 10,252 | 5,959 | 259,628 |
| At 1 January 2025,net of accumulated depreciation | 96,624 | 10,733 | 100,649 | 35,411 | 10,252 | 5,959 | 259,628 |
| Additions | 575 | 3,991 | 18,140 | 10,124 | 658 | 13,900 | 47,388 |
| Disposals | 3 | – | (47) | 10 | 24 | – | (10) |
| Depreciation provided during the year | (3,936) | (6,600) | (32,278) | (16,870) | (3,677) | – | (63,361) |
| Transfer from construction in progress | – | – | 3,175 | 8,699 | – | (11,874) | – |
| Foreign exchange movement | – | 1 | 187 | 65 | – | – | 253 |
| At 31 December 2025,net of accumulated depreciation | 93,266 | 8,125 | 89,826 | 37,439 | 7,257 | 7,985 | 243,898 |
| At 31 December 2025: | | | | | | | |
| Cost | 115,117 | 50,883 | 235,919 | 116,407 | 21,284 | 7,985 | 547,595 |
| Accumulated depreciation | (21,851) | (42,758) | (146,093) | (78,968) | (14,027) | – | (303,697) |
| Net carrying amount | 93,266 | 8,125 | 89,826 | 37,439 | 7,257 | 7,985 | 243,898 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Buildings RMB'000 | Leasehold improvements RMB'000 | Plant and machinery RMB'000 | Office equipment RMB'000 | Motor vehicles RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **31 December 2024** | | | | | | | |
| At 1 January 2024: | | | | | | | |
| Cost | 106,011 | 44,556 | 178,910 | 81,828 | 16,417 | 11,161 | 438,883 |
| Accumulated depreciation | (14,083) | (27,082) | (91,066) | (47,230) | (9,558) | – | (189,019) |
| Net carrying amount | 91,928 | 17,474 | 87,844 | 34,598 | 6,859 | 11,161 | 249,864 |
| At 1 January 2024, net of accumulated depreciation | 91,928 | 17,474 | 87,844 | 34,598 | 6,859 | 11,161 | 249,864 |
| Additions | 8,528 | 2,494 | 42,936 | 5,603 | 6,577 | 9,167 | 75,305 |
| Disposals | – | (140) | (567) | (151) | – | – | (858) |
| Depreciation provided during the year | (3,832) | (9,079) | (33,309) | (15,289) | (3,184) | – | (64,693) |
| Transfer from construction in progress | – | – | 3,745 | 10,624 | – | (14,369) | – |
| Foreign exchange movement | – | (16) | – | 26 | – | – | 10 |
| At 31 December 2024, net of accumulated depreciation | 96,624 | 10,733 | 100,649 | 35,411 | 10,252 | 5,959 | 259,628 |
| At 31 December 2024: | | | | | | | |
| Cost | 114,539 | 46,892 | 220,822 | 97,690 | 20,603 | 5,959 | 506,505 |
| Accumulated depreciation | (17,915) | (36,159) | (120,173) | (62,279) | (10,351) | – | (246,877) |
| Net carrying amount | 96,624 | 10,733 | 100,649 | 35,411 | 10,252 | 5,959 | 259,628 |

# 14. LEASES

## The Group as a lessee

The Group has lease contracts for buildings, leasehold land and motor vehicles used in its operations. Leases of buildings generally have lease terms between 1 and 5 years, while motor vehicles have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

### (a) Right-of-use assets

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

| | Motor vehicles RMB'000 | Leasehold land RMB'000 | Buildings RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| As at 1 January 2024 | – | 13,404 | 27,637 | 41,041 |
| Additions | 257 | – | 27,235 | 27,492 |
| Depreciation charge | (12) | (268) | (24,183) | (24,463) |
| Lease modification | – | – | (215) | (215) |
| Foreign exchange movement | – | – | 21 | 21 |
| As at 31 December 2024 and 1 January 2025 | **245** | **13,136** | **30,495** | **43,876** |
| Additions | **281** | **–** | **11,036** | **11,317** |
| Depreciation charge | **(77)** | **(268)** | **(21,286)** | **(21,631)** |
| Lease modification | **–** | **–** | **9,988** | **9,988** |
| Foreign exchange movement | **–** | **–** | **(173)** | **(173)** |
| As at 31 December 2025 | **449** | **12,868** | **30,060** | **43,377** |

## 14. LEASES (CONTINUED)

### (b) Lease liabilities

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Carrying amount at 1 January | **30,670** | 27,540 |
| New leases | **11,317** | 27,492 |
| Accretion of interest recognised during the year | **1,227** | 1,261 |
| Payments | **(21,843)** | (25,203) |
| Lease modification | **9,691** | (456) |
| Foreign exchange movement | **(277)** | 36 |
| Carrying amount at 31 December | **30,785** | 30,670 |
| Analysed into: | | |
| Current portion | **18,369** | 19,707 |
| Non-current portion | **12,416** | 10,963 |

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Interest on lease liabilities | **1,227** | 1,261 |
| Depreciation charge of right-of-use assets | **21,631** | 24,463 |
| Profit on lease modification | **(297)** | (241) |
| Lease payments not included in the measurement of lease liabilities | **3,251** | 6,405 |
| Total amount recognised in profit or loss | **25,812** | 31,888 |

### (d) The total cash outflow for leases is disclosed in note 33(c).

## 15. OTHER INTANGIBLE ASSETS

| | Patents RMB'000 | Software RMB'000 | Deferred development costs RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **31 December 2025** | | | | |
| Cost at 1 January 2025, net of accumulated amortisation | **291** | **15,736** | **408,670** | **424,697** |
| Additions-internal development | **–** | **–** | **116,365** | **116,365** |
| Additions | **–** | **11,846** | **–** | **11,846** |
| Amortisation provided during the year | **–** | **(11,271)** | **(54,380)** | **(65,651)** |
| At 31 December 2025 | **291** | **16,311** | **470,655** | **487,257** |
| At 31 December 2025: | | | | |
| Cost | **21,409** | **69,514** | **664,260** | **755,183** |
| Accumulated amortisation | **(21,118)** | **(53,203)** | **(193,605)** | **(267,926)** |
| Net carrying amount | **291** | **16,311** | **470,655** | **487,257** |
| **31 December 2024** | | | | |
| Cost at 1 January 2024, net of accumulated amortisation | 291 | 21,683 | 341,159 | 363,133 |
| Additions-internal development | – | – | 120,992 | 120,992 |
| Additions | – | 4,938 | – | 4,938 |
| Amortisation provided during the year | – | (10,885) | (53,481) | (64,366) |
| At 31 December 2024 | 291 | 15,736 | 408,670 | 424,697 |
| At 31 December 2024: | | | | |
| Cost | 21,409 | 57,668 | 547,895 | 626,972 |
| Accumulated amortisation | (21,118) | (41,932) | (139,225) | (202,275) |
| Net carrying amount | 291 | 15,736 | 408,670 | 424,697 |

## 16. INVESTMENTS IN ASSOCIATES

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Share of net assets | **7,313** | 7,604 |
| Goodwill on acquisition | **7,587** | 7,587 |
| Total | **14,900** | 15,191 |

The Group's shareholding in associates is held through wholly-owned subsidiaries of the Company.

The following table illustrates the financial information of the Group's associates that are not individually material:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Share of the associates' (loss)/profit for the year | **(291)** | 2,734 |
| Share of the associates' total comprehensive (loss)/income | **(291)** | 2,734 |
| Aggregate carrying amount of the Group's investments in the associates | **14,900** | 15,191 |

## 17. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Unlisted investment, at fair value | **8,951** | 4,410 |

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

## 18. INVENTORIES

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Semiconductor devices and electronic components | **1,211,928** | 1,332,966 |

## 19. TRADE AND NOTES RECEIVABLES

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Trade receivables | **1,824,971** | 2,311,500 |
| Notes receivable | **293,775** | 54,144 |
| | **2,118,746** | 2,365,644 |
| Impairment | **(21,642)** | (12,774) |
| Net carrying amount | **2,097,104** | 2,352,870 |

The Group's trading terms with its customers are mainly on credit. The credit period is generally within three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB19,025,000 as at 31 December 2025 (2024: RMB11,916,000), which are repayable on credit terms similar to those offered to the other customers of the Group.

## 19. TRADE AND NOTES RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Less than 3 months | **1,666,021** | 2,194,563 |
| 3 to 6 months | **101,674** | 54,997 |
| 6 to 12 months | **10,560** | 31,526 |
| 1 to 2 years | **20,522** | 15,940 |
| 2 to 3 years | **4,552** | 1,700 |
| Total | **1,803,329** | 2,298,726 |

The movements in the loss allowance for impairment of trade receivables are as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| At beginning of year | **12,774** | 8,916 |
| Impairment losses, net (note 6) | **8,868** | 3,858 |
| At end of year | **21,642** | 12,774 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if ageing more than three years and are not subject to enforcement activity.

## 19. TRADE AND NOTES RECEIVABLES (CONTINUED)

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

**As at 31 December 2025**

| | Ageing based on the invoice date | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1 to 2 years** | **2 to 3 years** | **More than 3 years** | **Total** |
| Expected credit loss rate | **0.15%** | **16.35%** | **47.58%** | **100.00%** | **1.19%** |
| Gross carrying amount (RMB'000) | **1,780,876** | **24,532** | **8,684** | **10,879** | **1,824,971** |
| Expected credit losses (RMB'000) | **2,621** | **4,010** | **4,132** | **10,879** | **21,642** |

**As at 31 December 2024**

| | Ageing based on the invoice date | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| Expected credit loss rate | 0.06% | 5.56% | 30.38% | 100.00% | 0.55% |
| Gross carrying amount (RMB'000) | 2,282,492 | 16,880 | 2,442 | 9,686 | 2,311,500 |
| Expected credit losses (RMB'000) | 1,407 | 939 | 742 | 9,686 | 12,774 |

The Group's notes receivables were all aged within one year, for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

## 19. TRADE AND NOTES RECEIVABLES (CONTINUED)

As at 31 December 2025, notes receivable of RMB224,559,000 (2024: RMB39,305,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant in 2025 and 2024.

At 31 December 2025, the Group endorsed certain notes receivable accepted by banks in the Chinese mainland (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB429,609,000 (2024: RMB235,047,000) (the "**Endorsement**"). In addition, at 31 December 2025, the Group discounted certain notes receivable accepted by certain banks in Chinese mainland (the "**Discounted Notes**") with a carrying amount in aggregate of RMB1,070,666,000 (2024: RMB1,668,193,000) (the "**Discount**"). In accordance with the Law of Negotiable Instruments in Chinese mainland, the holders of the Endorsed Notes and the Discounted Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**").

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes and Discounted Notes accepted by large and reputable banks with amounts of RMB385,957,000 (2024: RMB220,755,000) and RMB1,041,466,000 (2024: RMB1,655,184,000), respectively, as at 31 December 2025 (the "**Derecognised Notes**"). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes and the Discounted Notes.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

At 31 December 2025, the Group continued to recognise the full carrying amounts of the remaining Endorsed Notes and the associated trade payables settled with an amount of RMB43,652,000 (2024: RMB14,292,000), and to recognise the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB29,200,000 (2024: RMB13,009,000), as short-term loans because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes and Discounted Notes.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively. The Endorsement and the Discount have been made evenly during the year.

## 20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Prepayments | 506,820 | 231,235 |
| Prepaid expenses | 11,812 | 7,711 |
| Interest receivables | 419 | 695 |
| Other tax recoverable | 13,787 | 8,913 |
| Deposits and other receivables | 27,406 | 25,241 |
| | 560,244 | 273,795 |
| Impairment allowance | (6,216) | (4,538) |
| Total | 554,028 | 269,257 |

Deposits and other receivables mainly represent rental deposits, deposits with suppliers and loan to an investee and receivable for disposal of financial assets at fair value through profit or loss. An impairment analysis was performed at the end of each of the year. The Group has applied the general approach to provide for expected credit losses for other receivables under HKFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate. The loss rate applied for deposits and other receivables as at 31 December 2025 was close to zero (2024: close to zero) except the loss rate applied for loan to an investee where there were no comparable companies as at 31 December 2025 was 100% (2024: 100%).

## 21. CONTRACT ASSETS

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Contract assets arising from: | | |
| Technical services | **1,316** | 405 |

Contract assets are initially recognised for revenue earned from the provision of technical services as the receipt of consideration is conditional on successful completion of the technical services. Included in contract assets for technical services are retention receivables. Upon completion of the technical services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2025 was the result of the increase in the ongoing provision of technical services at the end of the year.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Within one year | **1,316** | 405 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on ageing of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. As at 31 December 2025 and 2024, the loss rate applied was close to zero and the loss allowance was assessed to be minimal.

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Non-current | | |
| Unlisted investments, at fair value | **227,910** | 131,394 |

The above non-current unlisted equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The Group has interests in certain investee companies in the form of ordinary shares without significant influence, which are managed and their performance are evaluated on a fair value basis. The Group maintained significant influence in these companies but in substance had risks and returns different with those of interests in associates. The Group designated the whole instruments as financial assets at fair value through profit or loss.

## 23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Cash and bank balances | **489,569** | 916,208 |
| Time deposits | **134,782** | 165,520 |
| Subtotal | **624,351** | 1,081,728 |
| Less: Pledged deposits | | |
| – Pledged for letter of credit | **(53,800)** | (92,320) |
| – Pledged for bank borrowings | **(68,596)** | (68,308) |
| – Pledged for notes payable | **(12,386)** | (4,892) |
| Cash and cash equivalents | **489,569** | 916,208 |

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to RMB442,931,000 (2024: RMB895,344,000). The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

## 23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods from one to six months and earn interest at the fixed time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Deposits amounting to RMB68,596,000 have been pledged to secure bank loans as at 31 December 2025 (2024: RMB68,308,000) (note 27).

## 24. TRADE AND NOTES PAYABLES

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Trade payables | **607,415** | 502,664 |
| Notes payable | **132,788** | 72,283 |
| | **740,203** | 574,947 |

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Less than 3 months | **361,762** | 295,605 |
| 3 to 6 months | **244,049** | 155,584 |
| 6 to 12 months | **660** | 46,982 |
| 1 to 2 years | **737** | 4,328 |
| Over 2 years | **207** | 165 |
| Total | **607,415** | 502,664 |

The trade payables are non-interest-bearing and are normally settled within six months.

## 25. OTHER PAYABLES AND ACCRUALS

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Other payables | (a) | **558,234** | 687,968 |
| Taxes payable other than corporate income tax | | **52,249** | 80,822 |
| Payroll and welfare payable | | **113,261** | 112,000 |
| Contract liabilities | (b) | **54,799** | 54,765 |
| Payables for purchase of property, plant and equipment | | **3,788** | 2,394 |
| Total | | **782,331** | 937,949 |

Notes:

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

| | 31 December 2025 RMB'000 | 31 December 2024 RMB'000 | 1 January 2024 RMB'000 |
|---|---|---|---|
| Short-term advances received from customers | | | |
| Sale of goods | **31,243** | 11,469 | 25,519 |
| Technical services | **23,556** | 43,296 | 41,831 |
| Total | **54,799** | 54,765 | 67,350 |

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

No contract liabilities were due to the Group's related parties as at 31 December 2025 (2024: Nil).

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Forward currency contracts | 440 | 680 |

The Group has entered into various forward currency contracts to manage its exchange rate exposures and are measured at fair value through profit or loss.

## 27. INTEREST-BEARING BANK AND OTHER LOANS

| | 2025 | | |
|---|---|---|---|
| | Effective interest rate (%) | Maturity | RMB'000 |
| **Current** | | | |
| Bank loans – secured | 2.38-4.00 | 2026 | 580,735 |
| Current portion of long term bank loans – secured | 3.60 | 2026 | 7,782 |
| Bank loans – unsecured | 0.59-2.55 | 2026 | 475,838 |
| Discounted notes receivable | 0.59-1.08 | 2026 | 200,261 |
| Total – current | | | 1,264,616 |
| **Non-current** | | | |
| Bank loans – secured | 3.6 | 2027 | 340,312 |
| Total | | | 1,604,928 |

## 27. INTEREST-BEARING BANK AND OTHER LOANS (CONTINUED)

| | 2024 | | |
|---|---|---|---|
| | Effective interest rate (%) | Maturity | RMB'000 |
| **Current** | | | |
| Bank loans – secured | 3.32-6.59 | 2025 | 1,060,194 |
| Current portion of long term bank loans – secured | 6.78-7.24 | 2025 | 106,256 |
| Bank loans – unsecured | 2.90-3.38 | 2025 | 523,486 |
| Discounted notes receivable | 0.95-1.55 | 2025 | 53,009 |
| Total – current | | | 1,742,945 |
| **Non-current** | | | |
| Bank loans – secured | 6.5-7.25 | 2026 | 295,443 |
| Total | | | 2,038,388 |

Notes:

(a) Certain of the Group's bank loans are secured by the pledged of certain of the Group's deposits amounting to RMB68,596,000 (2024: RMB68,308,000) (note 23) and are guaranteed by the intercompany of the Group.

(b) At the end of the reporting period, the carrying amounts of loans denominated in US$, RMB and HKD amounted to RMB347,951,000 (2024: RMB423,590,000), RMB1,256,977,000 (2024: RMB1,535,856,000) and RMB Nil. (2024: RMB78,942,000), respectively.

# 28. DEFERRED TAX

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

## Deferred tax liabilities

| | Right-of-use assets RMB'000 | Withholding taxes RMB'000 | Fair value adjustments of financial assets at fair value through profit or loss RMB'000 | Fair value adjustments of equity investment at fair value through other comprehensive income RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Gross deferred tax liabilities at 1 January 2024 | 4,107 | 5,000 | 1,098 | 232 | 10,437 |
| Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10) | 313 | (5,000) | 685 | – | (4,002) |
| Deferred tax credited to other comprehensive income during the year | – | – | – | 321 | 321 |
| Gross deferred tax liabilities at 31 December 2024 and 1 January 2025 | **4,420** | **–** | **1,783** | **553** | **6,756** |
| Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10) | **57** | **–** | **2,818** | **–** | **2,875** |
| Deferred tax credited to other comprehensive income during the year | **–** | **–** | **–** | **754** | **754** |
| Gross deferred tax liabilities at 31 December 2025 | **4,477** | **–** | **4,601** | **1,307** | **10,385** |

## 28. DEFERRED TAX (CONTINUED)

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

### Deferred tax assets

| | Impairment of trade and other receivables RMB'000 | Decelerated amortisation for tax purposes RMB'000 | Losses available for offsetting against future taxable profits RMB'000 | Unrealised profit attributable to the intra-group transactions RMB'000 | Impairment of inventories RMB'000 | Equity-settled share options RMB'000 | Lease liabilities RMB'000 | Fair value adjustments of financial assets at fair value through profit or loss RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|---|
| Gross deferred tax assets at 1 January 2024 | 1,339 | 6,811 | 77,692 | 7,405 | 11,036 | – | 4,103 | 3,295 | 111,681 |
| Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10) | 579 | 4,008 | 51,688 | (5,033) | 10,898 | – | 313 | 160 | 62,613 |
| Gross deferred tax assets at 31 December 2024 and 1 January 2025 | **1,918** | **10,819** | **129,380** | **2,372** | **21,934** | **-** | **4,416** | **3,455** | **174,294** |
| Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10) | **1,383** | **3,602** | **(12,295)** | **2,229** | **4,943** | **-** | **92** | **-** | **(46)** |
| Gross deferred tax assets at 31 December 2025 | **3,301** | **14,421** | **117,085** | **4,601** | **26,877** | **-** | **4,508** | **3,455** | **174,248** |

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

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Net deferred tax assets recognised in the consolidated statement of financial position | **168,496** | 168,091 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | **4,633** | 553 |
| Total | **163,863** | 167,538 |

## 28. DEFERRED TAX (CONTINUED)

### Deferred tax assets (Continued)

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Tax losses | 705,159 | 208,928 |
| Deductible temporary differences | 77,172 | 78,424 |
| Total | 782,331 | 287,352 |

The above tax losses arising in the Chinese mainland and Chinese Taiwan will expire in one to five years or one to ten years, for offsetting against future taxable profits. The above tax losses arising in Hong Kong, Netherlands and Germany are available indefinitely for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future due to the Group's business development in Chinese mainland. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately RMB728,573,000 as at 31 December 2025 (2024: RMB824,529,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 29. GOVERNMENT GRANTS

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| At 1 January | **1,260** | 1,500 |
| Grants received during the year | **1,900** | – |
| Recognised as income during the year | **(2,940)** | (240) |
| At 31 December | **220** | 1,260 |
| Non-current | **220** | 1,260 |

The grants related to the subsidies received from the government for the purpose of compensation for expenses arising from research and development and improvement of manufacturing facilities on certain special projects. Upon completion of the related projects and having passed the final assessment of the relevant government authorities, the grants related to the expense items would be recognised as other income directly in the statement of profit or loss and the grants related to an asset would be released to the statement of profit or loss over the expected useful life of the relevant asset.

## 30. SHARE CAPITAL

| | 2025 HK$'000 | 2024 HK$'000 |
|---|---|---|
| Authorised: | | |
| 2,400,000,000 (2024: 2,400,000,000) ordinary shares of HK0.01 each | **24,000** | 24,000 |

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Issued and fully paid: | | |
| 1,087,838,400 (2024: 1,087,838,400) ordinary shares of HK0.01 each | **9,249** | 9,249 |

## 30. SHARE CAPITAL (CONTINUED)

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

| | Number of shares in issue | Share capital RMB'000 |
|---|---|---|
| At 31 December 2024 and 1 January 2025 | 1,087,838,400 | 9,249 |

## 31. SHARE-BASED PAYMENTS

### (a) Share option scheme

The Company conditionally adopted a share option scheme on 22 June 2018 (the "**Scheme**") for the purpose of recognising and acknowledging the contributions of certain eligible participants had or may have made to the Group whose contributions are or will be beneficial to the performance, growth or success of the Group. Subject to the earlier termination of the Scheme in accordance with the rules thereof, the Scheme shall remain in force for a period of ten years from the date of its adoption.

Eligible participants of the Scheme include any proposed, full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors or proposed director (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; any direct or indirect shareholder of the Company or any of its subsidiaries; and any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries.

## 31. SHARE-BASED PAYMENTS (CONTINUED)

### (a) Share option scheme (Continued)

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at 12 July 2018 (the date on which the ordinary shares of the Company were listed on the Stock Exchange), i.e. 100,000,000 shares of the Company representing approximately 9.22% of the issued share capital of the Company as at the date of this report. Subject to the issue of a circular by the Company and the approval of the shareholders in a general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the board may:

(i) renew this limit at any time to 10% of the shares in issue as at the date of the approval by the shareholders of the Company in a general meeting; and/or

(ii) grant options beyond the 10% limit to eligible participants specifically identified by the board of directors.

Notwithstanding the foregoing, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares in issue from time to time.

The maximum number of shares issuable upon the exercise of options granted under the Scheme and any other share option scheme adopted by the Group (including both exercised and outstanding options) to each eligible participant within any 12-month period, is limited to 1% of the shares in issue at any time. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company; and

(ii) the approval of the shareholders in a general meeting and/or other requirements prescribed under the Listing Rules from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the directors, which period may commence on the date of the offer of the share options, and end on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. There is no minimum period for which an option must be held before it can be exercised. Participants of the Scheme shall pay HK$1.00 to the Company by way of consideration for the grant.

## 31. SHARE-BASED PAYMENTS (CONTINUED)

### (a) Share option scheme (Continued)

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

In 2025, no share options were granted to the eligible participants (2024: Nil) under the Scheme.

The following share options were outstanding under the Scheme during the year:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Weighted average exercise price HK$ per share** | **Number of options '000** | Weighted average exercise price HK$ per share | Number of options '000 |
| At 1 January | **3.524** | **72,202** | 3.541 | 75,825 |
| Lapsed during the year | **2.797** | **(24,247)** | 3.881 | (3,623) |
| At 31 December | **3.891** | **47,955** | 3.524 | 72,202 |

## 31. SHARE-BASED PAYMENTS (CONTINUED)

### (a) Share option scheme (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

**2025**

| Number of options '000 | Exercise price HK$ per share | Exercise period |
|---|---|---|
| 713 | 2.81 | 1-10-21 to 30-9-27 |
| 713 | 2.81 | 1-10-22 to 30-9-27 |
| 713 | 2.81 | 1-10-23 to 30-9-27 |
| 713 | 2.81 | 1-10-24 to 30-9-27 |
| 4,803 | 4.25 | 1-6-22 to 31-5-28 |
| 4,940 | 4.25 | 1-6-23 to 31-5-28 |
| 4,960 | 4.25 | 1-6-24 to 31-5-28 |
| 4,960 | 4.25 | 1-6-25 to 31-5-28 |
| 2,455 | 4.32 | 1-12-23 to 30-11-29 |
| 2,455 | 4.32 | 1-12-24 to 30-11-29 |
| 2,455 | 4.32 | 1-12-25 to 30-11-29 |
| 2,455 | 4.32 | 1-12-26 to 30-11-29 |
| 3,905 | 3.36 | 1-10-24 to 30-9-30 |
| 3,905 | 3.36 | 1-10-25 to 30-9-30 |
| 3,905 | 3.36 | 1-10-26 to 30-9-30 |
| 3,905 | 3.36 | 1-10-27 to 30-9-30 |
| 47,955 | | |

## 31. SHARE-BASED PAYMENTS (CONTINUED)

### (a) Share option scheme (Continued)

**2024**

| Number of options '000 | Exercise price HK$ per share | Exercise period |
|---|---|---|
| 3,868 | 2.662 | 1-1-20 to 31-12-25 |
| 5,106 | 2.662 | 1-1-21 to 31-12-25 |
| 6,194 | 2.662 | 1-1-22 to 31-12-25 |
| 6,602 | 2.662 | 1-1-23 to 31-12-25 |
| 713 | 2.810 | 1-10-21 to 30-9-27 |
| 738 | 2.810 | 1-10-22 to 30-9-27 |
| 738 | 2.810 | 1-10-23 to 30-9-27 |
| 738 | 2.810 | 1-10-24 to 30-9-27 |
| 4,865 | 4.250 | 1-6-22 to 31-5-28 |
| 5,000 | 4.250 | 1-6-23 to 31-5-28 |
| 5,020 | 4.250 | 1-6-24 to 31-5-28 |
| 5,020 | 4.250 | 1-6-25 to 31-5-28 |
| 2,810 | 4.324 | 1-12-23 to 30-11-29 |
| 2,810 | 4.324 | 1-12-24 to 30-11-29 |
| 2,810 | 4.324 | 1-12-25 to 30-11-29 |
| 2,810 | 4.324 | 1-12-26 to 30-11-29 |
| 4,090 | 3.364 | 1-10-24 to 30-9-30 |
| 4,090 | 3.364 | 1-10-25 to 30-9-30 |
| 4,090 | 3.364 | 1-10-26 to 30-9-30 |
| 4,090 | 3.364 | 1-10-27 to 30-9-30 |
| 72,202 | | |

The Group recognised a share option expense of HK$8,043,000 (equivalent to RMB7,272,000) (2024: HK$17,664,000 (equivalent to RMB15,904,000)) during the year.

No share options exercised during the year (2024: Nil).

At the date of approval of these financial statements, the Company had 47,955,000 share options outstanding under the Scheme, which represented approximately 4.4% of the Company's shares in issue as at that date.

## 31. SHARE-BASED PAYMENTS (CONTINUED)

### (b) Share award

On 18 July 2022, Zenith Benefit Investments Limited ("**Zenith Benefit**", a corporate controlling shareholder legally and beneficially owned by both Mr. Luk Wing Ming and Mr. Chan Cheung Ngai in equal shares) transferred an aggregate of 14,360,000 shares (representing approximately 1.32% of the existing issued share capital of the Company) to the core research and development personnel and senior management members of the Group (the "**Selected Core Members**") as incentive shares at the consideration of HK$5.28 for each share. The major purpose of the restricted share unit plan is for the appreciation of the special contribution of the Selected Core Members over the past years, as well as encouraging their continual contribution to the future development of the Group.

The restricted share is conditional upon the Selected Core Members remaining as an eligible participant for the 3 years from 18 July 2022. Eligible participant means any full-time or part-time employees, executives or officers (including executive and independent non-executive directors) of the Group and any advisers, consultants, suppliers, customers, agents to the Company and related entities who, in the sole opinion of the board of directors, will contribute or have contributed to the Group.

The fair value of the restricted shares transferred amounted to HK$94,776,000, which was estimated as at the date of transfer using the market quoted price. The total restricted share award expense was HK$18,955,000 (equivalent to RMB16,286,000), of which the Group recognised a restricted share award expense of HK$2,032,000 (equivalent to RMB1,746,000) (2024: HK$3,627,000 (equivalent to RMB3,116,000)) during the year.

## 32. RESERVES

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

### Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are registered in the PRC as domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

### Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies comprising the Group prior to the incorporation of the Company and the reserve arising from the reorganisation during the initial public offering process and difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interest in a subsidiary. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

### Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

# 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB11,317,000 (2024: RMB27,492,000) and RMB11,317,000 (2024: RMB27,492,000), respectively, in respect of lease arrangements for buildings and motor vehicles.

## (b) Changes in liabilities arising from financing activities

**2025**

| | Bank and other loans RMB'000 | Lease liabilities RMB'000 |
|---|---|---|
| At 1 January 2025 | **2,038,388** | **30,670** |
| Changes from financing cash flows | **423,562** | **(20,616)** |
| New leases | **–** | **11,317** |
| Interest expense | **–** | **1,227** |
| Interest paid classified as operating cash flows | **–** | **(1,227)** |
| Reassessment and revision of lease terms | **–** | **9,691** |
| Foreign exchange movements | **(9,898)** | **(277)** |
| At 31 December 2025 | **1,604,928** | **30,785** |

**2024**

| | Bank and other loans RMB'000 | Lease liabilities RMB'000 |
|---|---|---|
| At 1 January 2024 | 1,651,770 | 27,540 |
| Changes from financing cash flows | 398,638 | (23,942) |
| New leases | – | 27,492 |
| Interest expense | – | 1,261 |
| Interest paid classified as operating cash flows | – | (1,261) |
| Reassessment and revision of lease terms | – | (456) |
| Foreign exchange movements | (12,020) | 36 |
| At 31 December 2024 | 2,038,388 | 30,670 |

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

### (c) Total cash outflow for leases

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Within operating activities | **1,227** | 1,261 |
| Within financing activities | **20,616** | 23,942 |
| Total | **21,843** | 25,203 |

## 34. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities (2024: Nil).

## 35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans are included in note 27 to the financial statements.

## 36. COMMITMENTS

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Machinery | **6,750** | 7,243 |

## 37. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

| Name | Relationship |
|---|---|
| Mr. Chan Cheung Ngai ("**Mr. Chan**") | Director, the ultimate shareholder |
| Mr. Luk Wing Ming ("**Mr. Luk**") | Director, the ultimate shareholder |
| United Trinity Electronics Co., Ltd. ("**UTE**") | An entity significantly influenced by Mr. Chan and Mr. Luk |
| Moshi Automatic Technology (Shanghai) Co., Ltd. ("**Moshi Automatic**") | An entity significantly influenced by Mr. Chan and Mr. Luk |
| Suzhou Chipswork Electronic Technologies Co., Ltd. ("**Chipswork**") | An entity jointly controlled by Mr. Chan and Mr. Luk |
| Shanghai Whaleye Technology Co., Ltd. ("**Whaleye**") | An associate of the Group |
| Shanghai EUCI Software Information Technology Co., Ltd. ("**EUCI Software**") | An associate of the Group |
| Insoon Electronics Technology (Shanghai) Co., Ltd. ("**Insoon**") | An entity controlled by Mr. Chan and Mr. Luk |
| Shenzhen Topwave Technology Co., Ltd. ("**Topwave**") | An entity controlled by Mr. Chan and Mr. Luk |
| Shanghai Green Energy Electronics Technology Co., Ltd. ("**Green Energy**") | An entity controlled by Mr. Chan and Mr. Luk |
| Shanghai Maibang Electronic Technology Co., Ltd. ("**Maibang Electronic**") | An entity significantly influenced by Mr. Chan and Mr. Luk |

## 37. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions detailed in note 27 to the financial statements, the Group had the following transactions with related parties during the year:

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Sales of products to: | | | |
| UTE | (i) | **7,829** | 30,817 |
| Moshi Automatic | (i) | **26,275** | 15,210 |
| Chipswork | (i) | **910** | 50 |
| | (i) | **35,014** | 46,077 |
| Provision of services to: | | | |
| UTE | (i) | **154** | 257 |
| | | **154** | 257 |
| Purchases of goods and services from: | | | |
| EUCI Software | (ii) | **2,642** | 525 |
| Green Energy | (ii) | **275** | 370 |
| Maibang Electronic | (ii) | **–** | 75 |
| Topwave | (ii) | **–** | 7 |
| UTE | (ii) | **–** | 1 |
| | | **2,917** | 978 |

Notes:

(i) The sales of products and provision of services to related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases of goods and services from related parties were made according to the published prices and conditions offered by the related parties to their major customers.

## 37. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

Details of the Group's trade balances with its related parties as at the end of the reporting period are disclosed in notes 19 to the financial statements.

(c) Compensation of key management personnel of the Group:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Short term employee benefits | **18,714** | 18,692 |
| Performance related bonuses | **1,598** | 2,469 |
| Equity-settled share option and award expense | **427** | 1,225 |
| Pension scheme contributions | **446** | 442 |
| Total compensation paid to key management personnel | **21,185** | 22,828 |

Further details of directors' and co-chief executives' remuneration are included in note 8 to the financial statements.

## 38. FINANCIAL INSTRUMENTS BY CATEGORY

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

**2025**

**Financial assets**

| | | Financial assets at fair value through other comprehensive income | | Financial assets at fair value through profit or loss | |
|---|---|---|---|---|---|
| | Financial assets at amortised cost RMB'000 | Debt investment RMB'000 | Equity investment RMB'000 | Mandatorily designated as such RMB'000 | Total RMB'000 |
| Equity investments designated at fair value through other comprehensive income | – | – | 8,951 | – | 8,951 |
| Trade and notes receivables | 1,872,545 | 224,559 | – | – | 2,097,104 |
| Financial assets included in prepayments, other receivables and other assets | 27,825 | – | – | – | 27,825 |
| Financial assets at fair value through profit or loss | – | – | – | 227,910 | 227,910 |
| Pledged deposits | 134,782 | – | – | – | 134,782 |
| Cash and cash equivalents | 489,569 | – | – | – | 489,569 |
| Total | 2,524,721 | 224,559 | 8,951 | 227,910 | 2,986,141 |

**Financial liabilities**

| | Financial liabilities at fair value through profit or loss RMB'000 | Financial liabilities at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|---|
| Trade and notes payables | – | 740,203 | 740,203 |
| Financial liabilities included in other payables and accruals | – | 562,022 | 562,022 |
| Interest-bearing bank and other loans | – | 1,604,928 | 1,604,928 |
| Derivative financial instruments | 440 | – | 440 |
| Total | 440 | 2,907,153 | 2,907,593 |

## 38. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

**2024**

**Financial assets**

| | | Financial assets at fair value through other comprehensive income | | Financial assets at fair value through profit or loss | |
|---|---|---|---|---|---|
| | Financial assets at amortised cost RMB'000 | Debt investment RMB'000 | Equity investment RMB'000 | Mandatorily designated as such RMB'000 | Total RMB'000 |
| Equity investments designated at fair value through other comprehensive income | – | – | 4,410 | – | 4,410 |
| Trade and notes receivables | 2,313,565 | 39,305 | – | – | 2,352,870 |
| Financial assets included in prepayments, other receivables and other assets | 25,936 | – | – | – | 25,936 |
| Financial assets at fair value through profit or loss | – | – | – | 131,394 | 131,394 |
| Pledged deposits | 165,520 | – | – | – | 165,520 |
| Cash and cash equivalents | 916,208 | – | – | – | 916,208 |
| Total | 3,421,229 | 39,305 | 4,410 | 131,394 | 3,596,338 |

**Financial liabilities**

| | Financial liabilities at fair value through profit or loss RMB'000 | Financial liabilities at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|---|
| Trade and notes payables | – | 574,947 | 574,947 |
| Financial liabilities included in other payables and accruals | – | 690,362 | 690,362 |
| Interest-bearing bank and other loans | – | 2,038,388 | 2,038,388 |
| Derivative financial instruments | 680 | – | 680 |
| Total | 680 | 3,303,697 | 3,304,377 |

## 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values.

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

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at the end of the reporting period were assessed to be insignificant.

The Group enters into derivative financial instruments with banks. Derivative financial instruments, such as forward currency contracts, are measured using valuation technique similar to the forward pricing model, using present value calculation. The model incorporates various market observable inputs including foreign exchange spot and forward rates and the discount factor. The carrying amounts of forward currency contracts are the same as their fair values.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and designated as financial assets at fair value through profit and loss have been estimated using a market based valuation technique and discounted cash flow valuation technique.

The fair values of the notes receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at 31 December 2025 have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within one year, and thus their fair values approximate to their carrying values.

# 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy

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

**Assets measured at fair value:**

**As at 31 December 2025**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | Total RMB'000 |
| Notes receivable | – | 224,559 | – | 224,559 |
| Equity investments designated at fair value through other comprehensive income | – | – | 8,951 | 8,951 |
| Financial assets at fair value through profit or loss | – | – | 227,910 | 227,910 |
| Total | – | 224,559 | 236,861 | 461,420 |

**As at 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | Total RMB'000 |
| Notes receivable | – | 39,305 | – | 39,305 |
| Equity investments designated at fair value through other comprehensive income | – | – | 4,410 | 4,410 |
| Financial assets at fair value through profit or loss | – | – | 131,394 | 131,394 |
| Total | – | 39,305 | 135,804 | 175,109 |

## 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (Continued)

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

| | Equity investments designated at fair value through other comprehensive income RMB'000 | Financial assets at fair value through profit or loss RMB'000 |
|---|---|---|
| At 1 January 2024 | 2,438 | 142,667 |
| Purchases | – | 5,187 |
| Disposals | – | (36,900) |
| Total gains recognised in other comprehensive income | 1,967 | – |
| Total gains recognised in the statement of profit or loss included in other income | – | 19,047 |
| Foreign exchange movement | 5 | 1,393 |
| At 31 December 2024 and 1 January 2025 | **4,410** | **131,394** |
| Purchases | **–** | **5,000** |
| Disposals | **–** | **–** |
| Total gains recognised in other comprehensive income | **4,546** | **–** |
| Total gains recognised in the statement of profit or loss included in other income | **–** | 94,271 |
| Foreign exchange movement | **(5)** | **(2,755)** |
| At 31 December 2025 | **8,951** | **227,910** |

# 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy (Continued)

Quantitative information of significant unobservable inputs – Level 3:

| Description | **2025 RMB'000** | Valuation technique | Unobservable input | Average of range |
|---|---|---|---|---|
| Equity investments designated at fair value through other comprehensive income | **8,951** | EV/Sales multiple | Average EV/Sales multiple of peers | 0.82x |
| | | | Discount for lack of liquidity | 19% |
| Financial assets at fair value through profit or loss | **149,251** | Equity allocation | Average EV/EBIT multiple of peers | 26.9x |
| | | | Discount for lack of liquidity | 28% |
| | **33,093** | EV/Sales multiple | Average EV/Sales multiple of peers | 6.9x |
| | | | Discount for lack of liquidity | 18% |
| | **2,545** | EV/Sales multiple | Average EV/Sales multiple of peers | 4.5x |
| | | | Discount for lack of liquidity | 18% |
| | **12,407** | Recent transaction | N/A | N/A |
| | **28,302** | Recent transaction | N/A | N/A |
| | **2,312** | Cost approach | N/A | N/A |

| Description | 2024 RMB'000 | Valuation technique | Unobservable input | Average of range |
|---|---|---|---|---|
| Equity investments designated at fair value through other comprehensive income | 4,410 | EV/Sales multiple | Average EV/Sales multiple of peers | 0.7x |
| | | | Discount for lack of liquidity | 20% |
| Financial assets at fair value through profit or loss | 80,766 | Equity allocation | Average EV/EBIT multiple of peers | 18.7x |
| | | | Discount for lack of liquidity | NA |
| | 33,450 | EV/Sales multiple | Average EV/Sales multiple of peers | 8.7x |
| | | | Discount for lack of liquidity | 21% |
| | 15,431 | Recent transaction | N/A | N/A |
| | 1,747 | Cost approach | N/A | N/A |

# 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025:

| Description | Unobservable input | Sensitivity used* | Effect on fair value RMB'000 |
|---|---|---|---|
| Equity investments designated at fair value through other comprehensive income | Average EV/Sales multiple of peers | 0.2x | 2,515 |
| | Discount for lack of liquidity | 5% | 553 |
| Financial assets at fair value through profit or loss | Average EV/EBIT multiple of peers | 1.5x | 7,545 |
| | Discount for lack of liquidity | 5% | 10,365 |
| | Average EV/Sales multiple of peers | 0.2x | 1,191 |
| | Discount for lack of liquidity | 5% | 2,004 |
| | Average EV/Sales multiple of peers | 0.2x | 172 |
| | Discount for lack of liquidity | 5% | 155 |

* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

Significant increases (decreases) in the average multiple for comparable companies in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in the discount to average multiple in isolation would result in a significantly (lower) higher fair value measurement. In practice these measures are likely to move in opposite directions and therefore are likely to partially offset one another.

## 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (Continued)

**Liabilities measured at fair value:**

**As at 31 December 2025**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | Total RMB'000 |
| Derivative financial instruments | – | 440 | – | 440 |

**As at 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | Total RMB'000 |
| Derivative financial instruments | – | 680 | – | 680 |

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

# 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other loans and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables and trade and notes payables, which arise directly from its operations.

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

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

| | Increase/ (decrease) in basis points | Increase/ (decrease) in profit before tax RMB'000 |
|---|---|---|
| **2025** | | |
| RMB | **50** | **(6,167)** |
| RMB | **(50)** | **6,167** |
| US$ | **50** | **(4,636)** |
| US$ | **(50)** | **4,636** |
| HKD$ | **50** | **–** |
| HKD$ | **(50)** | **–** |
| **2024** | | |
| RMB | 50 | (2,394) |
| RMB | (50) | 2,394 |
| US$ | 50 | (2,162) |
| US$ | (50) | 2,162 |
| HKD$ | 50 | (175) |
| HKD$ | (50) | 175 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from foreign currency denominated financial instruments).

| | Increase/ (decrease) in rate of foreign currency % | Increase/ (decrease) in profit before tax RMB'000 |
|---|---|---|
| **2025** | | |
| If the RMB weakens against the HK$ | 5 | 1,685 |
| If the RMB strengthens against the HK$ | (5) | (1,685) |
| If the RMB weakens against the US$ | 5 | (13,892) |
| If the RMB strengthens against the US$ | (5) | 13,892 |
| If the RMB weakens against the CHF | 5 | 62 |
| If the RMB strengthens against the CHF | (5) | (62) |
| If the RMB weakens against the EUR | 5 | (2,006) |
| If the RMB strengthens against the EUR | (5) | 2,006 |
| If the RMB weakens against the TWD | 5 | (46) |
| If the RMB strengthens against the TWD | (5) | 46 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk (Continued)

| | Increase/ (decrease) in rate of foreign currency % | Increase/ (decrease) in profit before tax RMB'000 |
|---|---|---|
| **2024** | | |
| If the RMB weakens against the HK$ | 5 | 1,688 |
| If the RMB strengthens against the HK$ | (5) | (1,688) |
| If the RMB weakens against the US$ | 5 | (32,186) |
| If the RMB strengthens against the US$ | (5) | 32,186 |
| If the RMB weakens against the CHF | 5 | 49 |
| If the RMB strengthens against the CHF | (5) | (49) |
| If the RMB weakens against the EUR | 5 | (1,058) |
| If the RMB strengthens against the EUR | (5) | 1,058 |
| If the RMB weakens against the TWD | 5 | 39 |
| If the RMB strengthens against the TWD | (5) | (39) |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk

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

**Maximum exposure and year-end staging**

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

The amounts presented are gross carrying amounts for financial assets.

**As at 31 December 2025**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Trade receivables* | – | – | – | 1,824,971 | 1,824,971 |
| Contract assets* | – | – | – | 1,316 | 1,316 |
| Notes receivable** | 293,775 | – | – | – | 293,775 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| - Normal** | 27,825 | – | – | – | 27,825 |
| - Doubtful** | 6,216 | – | – | – | 6,216 |
| Pledged deposits | | | | | |
| - Not yet past due | 134,782 | – | – | – | 134,782 |
| Cash and cash equivalents | | | | | |
| - Not yet past due | 489,569 | – | – | – | 489,569 |
| Total | 952,167 | – | – | 1,826,287 | 2,778,454 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

**As at 31 December 2024**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1<br>RMB'000 | Stage 2<br>RMB'000 | Stage 3<br>RMB'000 | Simplified approach<br>RMB'000 | Total<br>RMB'000 |
| Trade receivables* | – | – | – | 2,311,500 | 2,311,500 |
| Contract assets* | – | – | – | 405 | 405 |
| Notes receivable** | 54,144 | – | – | – | 54,144 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| – Normal** | 25,936 | – | – | – | 25,936 |
| – Doubtful** | 4,538 | – | – | – | 4,538 |
| Pledged deposits | | | | | |
| – Not yet past due | 165,520 | – | – | – | 165,520 |
| Cash and cash equivalents | | | | | |
| – Not yet past due | 916,208 | – | – | – | 916,208 |
| Total | 1,166,346 | – | – | 2,311,905 | 3,478,251 |

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 and 21 to the financial statements, respectively.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and notes receivables are disclosed in note 19 to the financial statements.

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

# 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing bank and other loans.

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

**2025**

| | On demand RMB'000 | Less than 3 months RMB'000 | 3 to less than 12 months RMB'000 | 1 to 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Trade and notes payables | **115,563** | **381,244** | **243,130** | **266** | **740,203** |
| Financial liabilities included in other payables and accruals | **562,022** | **–** | **–** | **–** | **562,022** |
| Interest-bearing bank and other loans | **242,984** | **590,549** | **451,347** | **361,257** | **1,646,137** |
| Derivative financial instruments | **–** | **440** | **–** | **–** | **440** |
| Lease liabilities | **–** | **5,210** | **14,283** | **12,892** | **32,385** |
| Total | **920,569** | **977,443** | **708,760** | **374,415** | **2,981,187** |

**2024**

| | On demand RMB'000 | Less than 3 months RMB'000 | 3 to less than 12 months RMB'000 | 1 to 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Trade and notes payables | 317,360 | 213,995 | 42,911 | 681 | 574,947 |
| Financial liabilities included in other payables and accruals | 690,362 | – | – | – | 690,362 |
| Interest-bearing bank and other loans | 315,204 | 659,259 | 676,198 | 401,113 | 2,051,774 |
| Derivative financial instruments | – | 680 | – | – | 680 |
| Lease liabilities | – | 6,083 | 15,254 | 11,480 | 32,817 |
| Total | 1,322,926 | 880,017 | 734,363 | 413,274 | 3,350,580 |

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other loans, trade and notes payables and other payables and accruals, less cash and cash equivalents and pledged deposits. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Interest-bearing bank and other loans | **1,604,928** | 2,038,388 |
| Trade and notes payables | **740,203** | 574,947 |
| Other payables and accruals | **782,331** | 937,949 |
| Less: Cash and cash equivalents | **(489,569)** | (916,208) |
| Pledged deposits | **(134,782)** | (165,520) |
| Net debt | **2,503,111** | 2,469,556 |
| Equity attributable to owners of the parent | **2,494,820** | 2,479,826 |
| Capital and net debt | **4,997,931** | 4,949,382 |
| Gearing ratio | **50%** | 50% |

## 41. EVENTS AFTER THE REPORTING PERIOD

The Company and its subsidiaries have no significant subsequent events need to be disclosed.

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| NON-CURRENT ASSETS | | |
| Due from a subsidiary | 222,056 | 1,153,724 |
| Investments in subsidiaries | 106,336 | 97,709 |
| Total non-current assets | 328,392 | 1,251,433 |
| CURRENT ASSETS | | |
| Due from a subsidiary | 843,425 | 29,747 |
| Prepayments, other receivables and other assets | 8,064 | 4,021 |
| Cash and cash equivalents | 6,490 | 4,947 |
| Total current assets | 857,979 | 38,715 |
| CURRENT LIABILITIES | | |
| Other payables and accruals | 311 | 862 |
| Interest-bearing bank and other borrowings | 7,639 | 106,582 |
| Tax payable | 241 | – |
| Total current liabilities | 8,191 | 107,444 |
| NET CURRENT ASSETS | 849,788 | (68,729) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 1,178,180 | 1,182,704 |
| NON-CURRENT LIABILITIES | | |
| Interest-bearing bank and other borrowings | 340,312 | 295,443 |
| Total non-current liabilities | 340,312 | 295,443 |
| Net assets | 837,868 | 887,261 |
| EQUITY | | |
| Share capital | 9,249 | 9,249 |
| Reserves (note) | 828,619 | 878,012 |
| Total equity | 837,868 | 887,261 |

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

| | Share premium RMB'000 | Share option and award reserve RMB'000 | Exchange fluctuation reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| At 1 January 2024 | 946,917 | 74,543 | 69,690 | (133,884) | 957,266 |
| Profit for the year | – | – | – | (18,757) | (18,757) |
| Exchange differences on translation of the Company | – | – | 17,475 | – | 17,475 |
| Total comprehensive income for the year | – | – | 17,475 | (18,757) | (1,282) |
| Exercise of share options | – | – | – | – | – |
| Equity-settled share option and award arrangements | – | 19,020 | – | – | 19,020 |
| Dividends declared and paid | – | – | – | (96,992) | (96,992) |
| **At 31 December 2024 and 1 January 2025** | **946,917** | **93,563** | **87,165** | **(249,633)** | **878,012** |
| Profit for the year | **–** | **–** | **–** | **23,220** | **23,220** |
| Exchange differences on translation of the Company | **–** | **–** | **(18,792)** | **–** | **(18,792)** |
| Total comprehensive income for the year | **–** | **–** | **(18,792)** | **23,220** | **4,428** |
| Equity-settled share option and award arrangements | **–** | **9,018** | **–** | **–** | **9,018** |
| Dividends declared and paid | **–** | **–** | **–** | **(62,839)** | **(62,839)** |
| At 31 December 2025 | **946,917** | **102,581** | **68,373** | **(289,252)** | **828,619** |

## 43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

intron
英恒