DELTON

DELTON TECHNOLOGY (GUANGZHOU) INC.

廣州廣合科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1989

2025
Annual Report

IMPORTANT NOTICE

The Company's Board of Directors, Directors and senior management hereby guarantee that the contents of this annual report (the "**Report**") are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions, and shall assume individual and joint legal liabilities.

The Financial Report is prepared in accordance with the IFRS Accounting Standards and audited by Ernst & Young, which has expressed a standard unqualified opinion thereon.

The Report has been considered and approved at the 24th meeting of the second session of the Board of Directors of the Company with all Directors present and voting in favor.

Forward-looking statements such as future development plans contained herein do not constitute any substantive undertaking made by the Company to investors. Investors are advised to invest rationally and to take into account investment risks.

Investors are advised to pay attention to the major risks currently faced by the Group and the countermeasures, the details of which are set out in the "Risk Management and Internal Controls" section of the "Corporate Governance Report."

The Report is prepared in both Chinese and English versions. If there is any ambiguity in understanding the Financial Report, the English version shall prevail. If there is any ambiguity in understanding of other contents other than the Financial Report, the Chinese version shall prevail.

CONTENTS

CORPORATE INFORMATION

BOARD

Executive Directors

Mr. Xiao Hongxing *(Chairman)*
Ms. Zeng Hong
Mr. Peng Jinghui

Non-executive Director

Ms. Liu Jinchan

Independent non-executive Directors

Ms. Chen Limei
Ms. Li Ying
Dr. Shi Ling

AUDIT COMMITTEE

Ms. Chen Limei *(Chairperson)*
Ms. Li Ying
Ms. Liu Jinchan

NOMINATION COMMITTEE

Ms. Li Ying *(Chairperson)*
Ms. Chen Limei
Mr. Xiao Hongxing

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Chen Limei *(Chairperson)*
Ms. Li Ying
Ms. Zeng Hong

STRATEGY AND ESG COMMITTEE

Mr. Xiao Hongxing *(Chairperson)*
Ms. Zeng Hong
Ms. Li Ying

JOINT COMPANY SECRETARIES

Mr. Zeng Yangqing
Ms. Kwan Sau In

AUTHORIZED REPRESENTATIVES

Mr. Xiao Hongxing
Ms. Kwan Sau In

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISORS AS TO THE LAWS OF HONG KONG

Paul Hastings (Hong Kong) LLP
22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

COMPLIANCE ADVISOR

Yue Xiu Capital Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

STOCK CODE

Shenzhen Stock Exchange: 001389
The Stock Exchange of Hong Kong Limited: 01989

COMPANY'S WEBSITE

www.delton.com.cn

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

FIVE-YEAR FINANCIAL SUMMARY

In the Report, unless otherwise stated, monetary units are denominated in Renminbi ("**RMB**").

The financial statements for 2021 to 2025 have been prepared in accordance with International Accounting Standards ("**IAS**") and the relevant regulations:

RESULTS

For the year ended 31 December

	2025 **RMB'000**	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
REVENUE	**5,485,371**	3,734,285	2,678,270	2,412,387	2,075,543
Cost of sales	**-3,596,675**	-2,487,825	-1,786,428	-1,783,719	-1,675,159
Gross profit	**1,888,696**	1,246,460	891,842	628,668	400,384
Other income and gains	**66,010**	91,212	32,595	84,710	28,728
Selling and marketing expenses	**-128,743**	-106,620	-85,287	-69,018	-60,499
Administrative expenses	**-239,252**	-157,491	-118,538	-104,522	-99,308
Research and development costs	**-279,793**	-179,197	-120,589	-115,095	-92,581
Other expenses	**-153,251**	-116,016	-89,213	-102,432	-75,037
Finance costs	**-16,571**	-15,867	-13,927	-11,666	-5,780
Share of loss of an associate	**-197**	–	–	–	–
PROFIT BEFORE TAX	**1,136,899**	762,481	496,883	310,645	95,907
Income tax expense	**-121,110**	-86,381	-82,197	-30,994	5,184
PROFIT FOR THE YEAR/PERIOD	**1,015,789**	676,100	414,686	279,651	101,091

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

	2025 **RMB'000**	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
OTHER COMPREHENSIVE INCOME/ (LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	**-5,645**	4,162	–	–	–
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX	**-5,645**	4,162	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	**1,010,144**	680,262	414,686	279,651	101,091
Profit attributable to:					
Owners of the parent	**1,015,789**	676,100	414,686	279,651	101,091
Total comprehensive income attributable to:					
Owners of the parent	**1,010,144**	680,262	414,686	279,651	101,091
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic (RMB)	**2.40**	1.66	1.09	0.74	0.28
Diluted (RMB)	**2.39**	1.65	1.09	0.74	0.28

The Company was incorporated in the People's Republic of China (the "**PRC**") on 17 June 2002 and was converted into a joint stock limited company on 22 June 2020. Its A shares have been listed on the Main Board of the Shenzhen Stock Exchange since 2 April 2024 (stock code: 001389), and its H Shares have been listed on the Main Board of the Stock Exchange since 20 March 2026 (stock code: 01989).

The Report has been prepared in accordance with IFRS Accounting Standards.

CHAIRMAN'S STATEMENT

To our shareholders, investors, and friends who care about the Company:

In 2025, the global computing power wave continued to gain momentum. With the popularization of AI technologies and accelerated construction of data centers, the computing power PCB industry embraced vast development opportunities. As a world-leading manufacturer of key components for computing power servers, Delton Technology seized the moment and achieved historic breakthroughs. In 2025, the Company recorded annual revenue of RMB5.485 billion, representing a year-on-year increase of 46.89%, and net profit of RMB 1.016 billion, up 50.24% year on year. Following its listing on the Main Board of the Shenzhen Stock Exchange in April 2024, the Company successfully listed on the Main Board of the Hong Kong Stock Exchange in 2026, fully establishing an A+H dual-capital development platform.

Against the booming global computing power industry and profound shifts in the competitive landscape, Delton will take four strategic pillars as its foundation: technology as its edge, customers as its core, quality as its shield, and operations as its bedrock. The Company will pursue effective improvement in quality and reasonable growth in quantity on its new journey, injecting strong impetus into the long-term development of Delton Technology.

I. Strengthening Core Competitiveness through In-Depth Technological Development

Technological innovation is the fundamental driving force for Delton Technology to navigate industry cycles and lead the sector. Delton has built a technological moat through a three-pronged approach of "cutting-edge research + extreme manufacturing + simulation-driven design". In terms of our cutting-edge research, we will work closely with world-leading suppliers to advance the layout of new materials and processing technologies for 224G and higher-speed products, align with the needs of leading domestic and overseas customers simultaneously, and seize the strategic commanding heights of next-generation technologies. In extreme manufacturing, we will form specialized task forces focusing on key areas such as ultra-high-layer boards, ultra-fine circuits and high-performance products, and break through technical barriers with industry-leading breakthroughs in yield and stability. In terms of our simulation-driven design, we will extend our services from "manufacturing execution" to the upstream stage of "design optimization", providing customers with end-to-end integrated solutions, so that technology can truly become a core engine that empowers customers and drives growth.

II. Achieving Symbiotic Growth with Customers and Creating Long-Term Value

Customer trust underpins the development of Delton Technology. Delton will deepen symbiotic relationships with strategic customers through a model of "joint development + customized value + digital connectivity". It will implement full-process joint development, establish dedicated R&D teams, and participate deeply in customers' early-stage design and product iteration to align technologies with market demands. The Company will explore dedicated production capacity units and one-stop service teams for top-tier customers, ensuring delivery efficiency with highest-priority response. It will build a core customer data exchange platform to enable real-time sharing and efficient collaboration on demand, production scheduling, and material planning, evolving from a single-product supplier to a trusted strategic partner for customers, and realizing co-creation of value and sharing of benefits through collaborative innovation.

CHAIRMAN'S STATEMENT

III. Upgrading Quality Strategy to Consolidate the Foundation of Trust

Amid rapid technological iteration, quality has become a core strategic asset for enterprises. Delton has upgraded its quality management from performance assurance to a strategic core and foundation of trust, establishing a full-lifecycle immune quality control system featuring source governance and supply chain collaboration. The Company has built future-oriented quality inspection and reliability verification capabilities, established next-generation product reliability testing and failure analysis laboratories, and leveraged AI technologies for in-depth mining of quality data, shifting quality management from post-event defect detection to pre-event prediction and prevention. By promoting a zero-defect culture and fostering the core value that "quality is designed and built in" across the organization, and by practicing the principle of "doing things right the first time", Delton will make quality its most prominent hallmark and win long-term customer trust.

IV. Empowering Excellence in Operations to Forge Dual Strengths in Delivery and Resilience

Against challenges of tight production capacity and supply chain volatility, operational excellence is critical to ensuring stable corporate development. Delton will build an efficient and resilient operational system driven by the dual wheels of "capacity layout + supply chain innovation". In capacity development, the Company will accelerate technical upgrades at its Guangzhou and Huangshi bases to maximize production flexibility. It will speed up the planning and construction of Phase II at its Thailand base to form a dual engine of global production capacity. The Company will fully advance the high-end PCB project of Guangzhou Yunqing, ensuring its official launch by the end of 2026 and solidifying production capacity for high-end products. In supply chain management, it will build strategic symbiotic relationships with core suppliers, shifting from transactional procurement to in-depth cooperation including capacity locking and joint forecasting. Delton will develop a "1+N" diversified supply network, complete source certification for key materials, and establish strategic dynamic inventories, with a particular focus on strengthening supply chain security in Southeast Asia. With extreme resilience, the Company will respond to market fluctuations and ensure stable and reliable delivery.

The road ahead is long and arduous, but success is attainable through perseverance; with unremitting efforts, a promising future awaits. Faced with market peaks and the spiritual height of self-transcendence, Delton will pave the way with cutting-edge technologies, gather strength through in-depth collaboration, ensure progress with operational excellence, and pursue long-term growth with an open ecosystem. Committed to deep value creation, the Company will tackle capacity expansion with extraordinary courage, build supply chain resilience through win-win innovation, and deliver customer value with determination to exceed expectations. It will forge ahead bravely in technological innovation, customer service, quality management, and operational optimization, navigating and leading industry cycles. Together with all colleagues and partners, Delton Technology will write a new chapter of high-quality development, strive toward its goal of becoming the most reliable and valuable strategic cornerstone in the global computing power era and a world-class electronic circuit enterprise, scale new heights, and win the future together.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business Activities of the Company during the Reporting Period

Delton Technology was established in June 2002. Its principal business is the research, development, production and sale of multilayer and high-layer-count printed circuit boards (PCBs). The Company's principal business remained unchanged during the reporting period. The Company's PCB products are primarily positioned in the mid-to-high-end application market, with high requirements for precision, density and reliability. The products are widely used in fields such as servers, consumer electronics, industrial control, security electronics, telecommunications and automotive electronics. Among these, PCB products used for servers account for approximately 80% of revenue, representing the most significant downstream application area for the Company's products. The products are applied in core equipment of data centers, including high-performance computing (HPC) servers, AI computing servers, storage servers and switches, thereby supplying critical electronic components for global industries such as big data and cloud computing.

The Company is a state-level high-tech enterprise and has accumulated extensive experience in the research, development and production of PCBs over many years, with a dedicated focus on high-speed PCB research. The Company, by virtue of possessing multiple core technologies applicable to various types of server PCBs, has established independent intellectual property rights, and has mastered corresponding high-precision manufacturing processes. The Company's "PCBs for Server Motherboards" was selected as a National "Manufacturing Single Champion Product" in the seventh batch (2022) organized by the General Office of the Ministry of Industry and Information Technology and the China Federation of Industrial Economics. The Company's "Ultra-High-End High-Layer-Count Composite Substrate Project for AI Servers" received the Third Prize of the 2025 Science and Technology Progress Award from the Chinese Institute of Electronics. The project "R&D and Application of Key Technologies for Ultra-Small Step Gold Finger PCBs" was awarded the Second Prize of the 2025 Science and Technology Progress Award by the Guangdong Provincial Institute of Electronics. "Large-BGA Server Motherboard for HPC" received the Second Prize of the 2025 Science and Technology Progress Award from the Guangdong High-Tech Industry Association.

Furthermore, several products related to the Company's core technologies, including "High-Performance PCBs for High-End Servers", "Large-BGA Server Motherboard for HPC" and "Ultra-High-End High-Layer-Count Composite Substrate for AI Servers", were recognized as 2025 Guangdong Famous & High-Quality High-Tech Products.

MANAGEMENT DISCUSSION AND ANALYSIS

2025 Industry Review

Industry Overview during the Reporting Period

The industry in which the Company operates falls within the electronic components and electronic specialty materials manufacturing sector. A Printed Circuit Board (PCB) primarily functions to interconnect various electronic components through conductive pathways, serving the roles of conduction and transmission. It is a critical electronic interconnect in electronic products and is widely referred to as the "mother of electronic products". The PCB industry is widely distributed worldwide, with Chinese Mainland, Taiwan (China), Japan, South Korea, the United States, Europe, and Southeast Asia representing the principal global production bases of PCBs. As PCB being an indispensable component of electronic end-devices, the development level of the PCB industry to some extent reflects the pace and technological sophistication of a country's or region's electronic information industry advancement. As a vital supporting sector for electronic information, PCB industry development is closely tied to downstream demand. Application requirements from downstream industries impose increasingly stringent demands on PCB precision and stability, propelling the industry toward higher density and higher performance. Furthermore, as an upstream component sector within the electronic information industry, the PCB industry is significantly influenced by macroeconomic conditions and international political and economic relations.

According to Prismark's Q4 2025 report forecast, the global PCB industry output value in USD terms is projected to reach USD84.891 billion in 2025, representing a year-on-year increase of 15.4%. By 2029, the global PCB market size is expected to exceed the USD100 billion. With sustained high growth in capital expenditure among global server cloud providers, market demand for AI computing power will continue to rise, thereby sustaining the high prosperity of the AI server market. Coupled with rapid AI iteration and deepening application, this will drive the evolution of PCB product performance to higher levels. Market demand for high-layer-count, high-precision, high-density, and high-reliability PCB products is expected to continue growing.

The PCB industry recovery in 2025 exhibited pronounced structural differentiated characteristics. Although all regions and sub-sectors recorded positive growth, high-end segments and core application areas led the pace. By application area, benefiting from rapid development in data centers, AI, IoT, and automotive electronics, demand for high-layer-count multilayer PCBs, HDI PCBs, and packaging substrates experienced robust growth, with year-on-year growth rates of 18.2%, 25.6%, and 16.9% respectively in 2025. By regional distribution, the global growth landscape was characterized by China leading and Southeast Asia supplementing. Chinese Mainland, as the world's largest PCB market, accounted for over 50% of global output value and is projected to achieve a 19.8% growth rate in 2025. The global PCB output value growth rate for 2025 is estimated to be approximately 15.4%, with every region registering positive growth. The global PCB output value is expected to register a compound annual growth rate (CAGR) of approximately 8.2% from 2024 to 2029. Among regions, Asia (excluding Japan and Chinese Mainland) is forecast to achieve the highest future PCB output value CAGR of 8.9%, representing the fastest-growing region globally. Southeast Asian countries such as Vietnam and Thailand, leveraging policy advantages and labor cost advantages, have become core recipients of capacity relocation, forming a dual-base global supply chain landscape for domestic PCB enterprises. Although the PCB industry faces challenges including raw material price fluctuations and trade frictions, technological innovation and market expansion have created substantial development opportunities. Looking ahead, with the deepening of AI applications, rising penetration of new energy vehicles, and advancement of domestic substitution, the PCB industry is poised to transition from scale-driven expansion to high-quality development, with the global market size expected to continue its upward trajectory.

MANAGEMENT DISCUSSION AND ANALYSIS

Global PCB Industry Development Forecast by Region, 2024-2029

Unit: USD Million

Region	2023 Output Value	2024 Output Value	2025 Forecast Output Value	2025 Forecast Growth Rate	2029 Forecast Output Value	2024-2029 CAGR Forecast
Americas	3,206	3,493	3,791	8.5%	4,476	5.1%
Europe	1,728	1,638	1,843	12.5%	2,040	4.5%
Japan	6,078	5,840	6,166	5.6%	7,918	6.3%
Chinese Mainland	37,794	41,213	49,354	19.8%	62,026	8.5%
Asia (excl. Chinese Mainland & Japan)	20,710	21,381	23,737	11.0%	32,698	8.9%
Total	69,517	73,565	84,891	15.4%	109,158	8.2%

Data Source: Prismark Q4 2025 Report

In 2025, with the accelerated development of AI applications and sustained rising demand for cloud computing and high-speed networking, server and infrastructure architectures continue to upgrade, and industry competition is progressively shifting toward a new phase characterized by elevated technological barriers, stringent quality requirements, and high delivery stability. Categorized by downstream application sector, servers/data storage represents the fastest-growing application segment going forward, with a projected growth rate as high as 46.3% in 2025 and a CAGR of 18.7% from 2024 to 2029.

MANAGEMENT DISCUSSION AND ANALYSIS

Global PCB Output Value Growth Forecast by Application Sector, 2024-2029

Unit: USD Million

Application Sector	2023 Output Value	2024 Output Value	2025 Forecast Output Value	2025 Forecast Growth Rate	2029 Forecast Output Value	2024-2029 CAGR Forecast
Computer	9,391	9,429	10,100	7.1%	11,202	3.5%
Servers/Data Storage	8,201	10,916	15,975	46.3%	25,729	18.7%
Other Computers	3,661	3,649	3,830	5.0%	4,110	2.4%
Mobile Phones	13,085	13,886	14,793	6.5%	17,670	4.9%
Wired Infrastructure	5,955	6,153	8,385	36.3%	12,759	15.7%
Wireless Infrastructure	3,118	3,177	3,611	13.7%	4,800	8.6%
Other Consumer Electronics	9,129	8,972	9,610	7.1%	10,755	3.7%
Automotive	9,153	9,195	9,712	5.6%	11,365	4.3%
Industrial Control	2,871	2,918	3,157	8.2%	3,823	5.6%
Medical	1,440	1,500	1,603	6.9%	1,893	4.8%
Military/Aerospace	3,514	3,770	4,116	9.2%	5,154	6.5%
Total	69,517	73,565	84,891	15.4%	109,258	8.2%

Data Source: Prismark Q4 2025 Report

Driven by the boom in computing and communications infrastructure, high-layer-count multilayer PCBs and HDI PCBs have emerged as the fastest-growing sub-segments. The HDI market is projected to achieve robust growth of 25.6% in 2025. The packaging substrate market showed signs of recovery in Q2 2025, with the 2025 growth forecast revised upward to 16.9%, a growth trajectory attributable to sustained climbing demand for advanced substrates from AI servers and high-end networking equipment. In the medium to long term, AI and high-performance computing-related demand is expected to maintain a high-growth trend. High-end products such as high-layer-count multilayer PCBs, HDI PCBs, and packaging substrates are anticipated to sustain relatively high growth rates, with CAGRs of 9.0%, 11.2%, and 9.8% respectively for the period 2024-2029.

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in PCB Market Product Structure by Product Type, 2024-2029

Unit: USD Million

Product Type	2023	2024	2025 Forecast Output Value	2025 Forecast Growth Rate	2029 Forecast Output Value	2024-2029 CAGR Forecast
High-layer-count multilayer PCBs	26,534	27,994	33,091	18.2%	43,106	9.0%
HDI	10,536	12,518	15,717	25.6%	21,295	11.2%
Packaging substrates	12,498	12,602	14,727	16.9%	20,086	9.8%
Flexible PCBs	12,191	12,504	12,966	3.7%	15,144	3.9%
Others	7,757	7,947	8,390	5.6%	9,627	3.9%
Total	69,517	73,565	84,891	15.4%	109,258	8.2%

Data Source: Prismark Q4 2025 Report

Our Industry Position and Strengths

According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, the Company ranked third among high performance server PCB manufacturers globally, and ranked first among high performance server PCB manufacturers headquartered in the Chinese Mainland based on the cumulative revenue from high performance server PCBs from 2022 to 2024. In 2022, 2023, 2024, and 2025, the Company's revenue from computing application PCBs was RMB1,635.3 million, RMB1,858.2 million, RMB2,705.6 million, and RMB4,123.3 million, representing 67.8%, 69.4%, 72.5%, and 75.2% of total revenue for those respective periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Core Competitiveness

1. Customer Resource Advantages

PCBs serve as a carrier and connection medium for various electronic components, and the electrical performance of PCBs are directly associated with the performance of end products, particularly for customers in the mid-to-high-end PCB segment represented by servers. To ensure high stability and reliability of their products and to support their continuous iteration requirements, customers tend to establish stable and robust relationships with PCB suppliers. The Company has forged enduring and solid cooperation with leading global server brands and EMS providers, covering eight of the world's top ten server manufacturers. Its products are widely used in AI servers, general-purpose servers, and HPC scenarios, enabling the Company to deeply share in the dividends arising from the surge in global demand for computing power. The Company actively participates in the collaborative development of new products with its customers, providing stable and reliable supply assurance and timely, attentive technical support, thereby earning widespread recognition and favor from customers. It has repeatedly received awards from customers such as "Annual Outstanding Supplier," "Best Supplier," and "Perfect Quality Award," establishing a strong brand image in the computing power server PCB market. Furthermore, the Company actively expands its customer base into sectors such as consumer electronics, industrial control, security electronics, communications, and automotive electronics.

2. Technology and R&D Advantages

The Company is a state-level high-tech enterprise and has been recognized as a Provincial Enterprise Technology Center and the Guangdong Provincial Engineering Technology Research Center for High-Frequency and High-Speed Printed Circuit Boards. The Company's research institute has established a Material Application and Research Laboratory, a Product Development Group, and an Innovative Process Research Group. On one hand, it conducts preliminary research on specialized materials and technologies based on the evolution of chip technology. On the other hand, it organizes technical teams to carry out customized process and product development in response to customer needs, and undertakes the summarization and transformation of technological achievements. It continuously conducts technological transformation and upgrading to ensure that the Company's product R&D iterations remain synchronized with customer product iterations, thereby forming a technological moat for product and process know-how. Simultaneously, it conducts comprehensive verification of the functions and performance of new products according to customer requirements, and provides capability support for production process quality monitoring and reliability monitoring of well-developed products, thereby providing technical assurance for the quality of high-end PCB products.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Rapid Response Advantages

The Company consistently adheres to a customer demand-oriented approach. A professional project management team conducts customized product development according to customer requirements, integrating the stages of demand, R&D, production, and delivery through the JDM (Joint Design Manufacturing) business model to provide customers with fully customized products and services throughout the entire process. The Company offers comprehensive solution recommendations covering material selection, circuit design, process engineering, testing methods, cost control and so on. During the customer product development and validation phase, the Company organizes specialized product development teams to provide sample processing services and collaborates with customers to analyze testing and validation results, formulate optimization plans, and adjust material selection and manufacturing processes to meet the technical performance requirements of the customer's products. Through providing customized services to diverse customers, the Company accumulates industry experience, and through its deep and long-term cultivation within the industry, it has established a strong brand image among industry customers.

4. Management Advantages

The Company possesses an outstanding and capable management team whose members have many years of industry experience and possess profound expertise in market research, business technology, and quality management. They are deeply familiar with the characteristics and trends of industry development, enabling them to grasp market dynamics in a timely and accurate manner and bring new products and technologies to market based on customer demand.

The Company places great emphasis on cost control in its production and operations, continuously implementing lean production management. It has established a comprehensive cost independent accounting and evaluation system, implementing operational cost breakdown across the entire process from material procurement, engineering design, process parameter optimization, production, to delivery, supported by corresponding data collection, analysis, and performance assessment and incentive mechanisms, thereby forming a comprehensive cost control management system. By establishing a well-developed cost control management system, continuously conducting lean management and cost reduction and efficiency enhancement initiatives, and promoting management optimization and improvement, the Company has developed strong cost control capabilities, ensuring its sustained and healthy development in the highly competitive PCB industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's product quality remains stable with a strong reputation within the industry, having received numerous product quality awards from customers, which provides a robust quality assurance for business development. In the course of long-term cooperation with customers, the Company has established a comprehensive quality management system. In accordance with relevant quality system requirements, the Company has formulated system control documents covering the entire process, including supplier qualification management, material inspection, production process control, sales order management, and customer service, and conducts regular internal reviews and audits on the implementation of these control documents to ensure the effective operation and continuous improvement of the quality management system. The Company utilizes its ERP system for comprehensive information recording and tracking across such processes as material procurement, production material issuance, manufacturing processes, quality inspection and warehousing, and order shipment, establishing a reliable data traceability system that provides technical support for the analysis and improvement of quality issues.

5. Green and Environmentally Friendly Production Advantages

The Company has established an annual mechanism for the regular disclosure of Sustainable Development (ESG) information, promoting comprehensive progress through top-level design and reinforcing the primary responsibilities of individual business units. The strategic goals of "carbon peak and carbon neutrality" are fully embedded into the operational business chain, ensuring that the overall objectives, strategic approach, and implementation pathways for carbon peak and carbon neutrality are deeply aligned with the Company's overarching development strategy. Within this framework, the Company has formulated and implemented the "Delton Technology Group Carbon Management Procedure," establishing a standardized management and control system for greenhouse gas emissions across the entire process. It continuously reduces emission intensity per unit of output value and scientifically manages carbon emission reduction costs, driving high-quality sustainable development through systematic carbon management. Green development is by no means a burden but rather a strategic cornerstone for strengthening the Company's long-term core competitiveness and ensuring stable development for decades to come. Leveraging its deep practical experience and achievements in green manufacturing, the Company continues to garner authoritative recognition, having been honored as a National-Level Green Factory, a Provincial Water Conservation Benchmark Enterprise, a Zero-Waste Factory, an Outstanding Enterprise for Green Manufacturing and Environmental Protection in 2024, and an IPC China ESG Benchmark Enterprise in 2025, among other accolades.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. Principal Business Analysis

1. Overview

The year 2025 marked a historic leap forward as we embraced the transformative wave of digitalization and intelligentization. The Company capitalized on market opportunities arising from the surge in demand for computing power hardware. Adhering closely to the "computing power" core focus, we steadfastly concentrated on the computing power PCB market, including general-purpose servers, AI servers, switching products, and accelerator cards. Driven by technological innovation to optimize product mix and leveraging digitalization to enhance production efficiency and output, our operating results improved steadily. In 2025, we achieved annual revenue of RMB5.485 billion, representing a year-on-year increase of 46.89%, and net profit of RMB1.016 billion, representing a year-on-year increase of 50.24%.

(1) Maintaining our focus on computing power applications and aligned with our strategic objectives, we successfully advanced the qualification process with core computing power customers, laying a solid foundation for subsequent in-depth collaboration. All departments worked in close coordination, fully cooperating with customers to complete the audit processes and actively preparing for the conversion of mass production orders.

(2) Closely tracking the global computing power technology roadmap, we carried out various R&D activities focused on next-generation computing power products and processes. In the general-purpose server segment, we completed the transition-to-volume capability for the PCIE 6.0 platform. In the AI server segment, we completed process capability certification for a series of high-end products, including PCIe switch PCBs (30L+), UBB/IO PCBs (28L-46L), OAM PCBs (18L+, 2nd to 8th order HDI), GPU motherboards (24L, 6th order HDI), and mid-plane backplanes (N+M/N+N technology). In the data center switch segment, we achieved mass production of 400G and 800G switch PCBs. In process technology R&D, breakthroughs were made in key process capabilities, including enhanced multi-hole alignment accuracy, drilling of 6mm thick boards, 30:1 high-aspect-ratio electroplating, back-drilling alignment accuracy of D+4, and stub control processes. These achievements have established a solid foundation for further upgrading and optimizing the product mix.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Delton Technology remains committed to cultivating new quality productive forces. As the Company's primary manufacturing base, the Guangzhou base continued its technological transformation in 2025 to enhance capacity and process capabilities at bottleneck stages. The ongoing improvement of the Guangzhou base's digitalization level not only enhanced its technological capabilities but also increased production capacity, continuously optimized the product mix, and significantly strengthened delivery competitiveness. During the reporting period, while expanding its revenue scale, the Guangzhou base maintained relatively high profitability, achieving rapid growth in performance metrics while maintaining healthy operational efficiency indicators. Huangshi Delton, a wholly-owned subsidiary, continued to drive cost control, adjust its product mix, and enhance production and efficiency during the reporting period, achieving a turnaround from loss to profit. Thailand Delton officially commenced production in June 2025 and achieved monthly profitability by December 2025, reaching the break-even point within a remarkably short period of six months—achieving profitability in the same year production commenced. During the reporting period, Thailand Delton completed the audit and qualification of core customers as originally planned. With the progress in key customer qualification and product introduction, coupled with the ramp-up of Phase I capacity at the Thailand facility, Thailand Delton is emerging as a second engine driving the growth of the Company's computing power product sales.

(4) The Company actively fulfills its corporate social responsibility, deeply embedding the concept of sustainable development into its corporate strategy and daily operations. From an environmental perspective, the Company continues to intensify its energy conservation and emission reduction efforts, optimize production processes, and reduce resource consumption and pollutant discharge, striving to achieve a positive interaction between corporate development and environmental protection. From a social dimension, the Company focuses on employee growth and development and emphasizes supply chain sustainability, contributing to social harmony and stability. At the corporate governance level, the Company continuously improves its governance structure, enhances decision-making transparency, and strengthens risk management and control to ensure the Company's stable and robust development.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the year ended December 31, 2025, the Group recorded a revenue of RMB5,485.4 million (corresponding period in 2024: RMB3,734.3 million), representing an increase of 46.9% as compared to that of the corresponding period of last year, primarily due to the increased sales of PCBs featured 12 layers and above. This was attributable to the increased market demand from our customers for computing application PCBs, in line with the growth in demand for computing power infrastructures.

The PCBs the Group sells include (i) computing application PCBs, (ii) industrial application PCBs and (iii) consumer application PCBs. The Group primarily focus on computing application PCBs. In 2024 and 2025, the Group's revenue from computing application PCBs was RMB2,705.6 million and RMB4,123.3 million, representing 72.5% and 75.2% of our total revenue, respectively.

The table below sets out a breakdown of our revenue by application of PCBs for the periods indicated:

	Year ended December 31					
	2025		2024		Change	
	Amount (RMB'000)	**Percentage (%)**	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)
PCB						
Computing application PCBs	**4,123,341**	**75.2**	2,705,557	72.5	1,417,784	52.4
Industrial application PCBs	**378,370**	**6.9**	280,768	7.5	97,602	34.8
Consumer application PCBs	**600,179**	**10.9**	493,055	13.2	107,124	21.7
Subtotal	**5,101,890**	**93.0**	3,479,380	93.2	1,622,510	46.6
Other Products[1]	**383,481**	**7.0**	254,905	6.8	128,576	50.4
Total	**5,485,371**	**100.0**	3,734,285	100.0	1,751,086	46.9

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

MANAGEMENT DISCUSSION AND ANALYSIS

Computing application PCBs

During the reporting period revenue from computing application PCBs increased from RMB2,705.6 million in the corresponding period of 2024 to RMB4,123.3 million, representing an increase of 52.4%, and accounting for approximately 75.2% of total revenue (for the year ended December 31, 2024: 72.5%).

The increase in revenue from computing application PCBs was primarily attributable to higher customer demand and procurement volumes for certain 12 to 20-layer PCBs.

Industrial application PCBs

During the reporting period, revenue from industrial application PCBs increased from RMB280.8 million in the corresponding period of 2024 to RMB378.4 million, representing an increase of 34.8%, and accounting for approximately 6.9% of total revenue (for the year ended December 31, 2024: 7.5%).

The increase in revenue from industrial application PCBs was primarily attributable to an increase in sales of telecommunications-related PCBs characterized by 12 or more layers.

Consumer application PCBs

During the reporting period, revenue from consumer application PCBs increased from RMB493.1 million in the corresponding period of 2024 to RMB600.2 million, representing an increase of 21.7%, and accounting for approximately 10.9% of total revenue (for the year ended December 31, 2024: 13.2%).

The increase in revenue from consumer application PCBs was primarily attributable to the growing demand from downstream customers in the consumer electronics industry.

Cost of sales

The Group's cost of sales primarily includes (i) raw material costs, (ii) production fees and (iii) staff costs.

During the reporting period, the Group's cost of sales was RMB3,596.7 million (corresponding period of 2024: RMB2,487.8 million), representing an increase of 44.6% from the corresponding period of 2024, which was primarily attributable to increases in raw material costs (CCL, gold salt and copper foil) and production costs. Such increase was in line with the increased production demand arising from procurement and business development.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating costs

The Group's operating costs primarily consist of (i) direct material costs, (ii) direct labour costs and (iii) manufacturing expenses.

The table below sets out a breakdown of our operating costs by item for the periods indicated:

Unit: RMB'000

	Year ended December 31				
	2025		2024		
Item	**Amount**	**% of operating costs**	Amount	% of operating costs	Year-on-year change
Direct materials	**2,418,662**	**67.3%**	1,627,546	65.5%	48.6%
Direct labour	**330,612**	**9.2%**	231,768	9.3%	42.6%
Manufacturing expenses	**785,074**	**21.8%**	598,183	24.0%	31.2%
Others	**43,050**	**1.2%**	15,766	0.6%	173.1%
Subtotal	**3,577,398**	**99.5%**	2,473,263	99.4%	44.6%
Other products	**19,277**	**0.5%**	14,562	0.6%	32.4%
Total	**3,596,675**	**100.0%**	2,487,825	100.0%	44.6%

During the reporting period, the Group's direct materials costs amounted to RMB2,418.7 million (corresponding period in 2024: RMB1,627.5 million), representing an increase of 48.6% as compared with the corresponding period in 2024, primarily attributable to (i) an increase in the purchase volume of raw materials driven by higher turnover, and (ii) a rise in the purchase prices of major raw materials.

During the reporting period, the Group's direct labour costs amounted to RMB330.6 million (corresponding period in 2024: RMB231.8 million), representing an increase of 42.6% as compared with the corresponding period in 2024, primarily attributable to an increase in production personnel headcount resulting from higher turnover to ensure corresponding output.

During the reporting period, the Group's manufacturing expenses amounted to RMB785.1 million (corresponding period in 2024: RMB598.2 million), representing an increase of 31.2% as compared with the corresponding period in 2024, primarily attributable to higher turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

During the reporting period, the Group's gross profit amounted to RMB1,888.7 million, representing an increase of 51.5% from RMB1,246.5 million for the corresponding period in 2024. Gross profit margin was 34.4%, representing an increase of 1 percentage point from 33.4% for the corresponding period in 2024, mainly due to the increased sales of HDI PCBs with a relatively higher gross profit margin in consumer applications.

Other income and gains

During the reporting period, the Group's other income and gains amounted to RMB66 million, representing a decrease of 27.6% from RMB91.2 million for the corresponding period in 2024, primarily due to a decrease in gains on foreign exchange of RMB30.3 million as a result of the depreciation of Renminbi against the US dollar in the first half of 2024.

Selling and marketing expenses

During the reporting period, the Group's selling and marketing expenses amounted to RMB128.7 million, representing an increase of 20.7% from RMB106.6 million for the corresponding period in 2024, primarily due to the increase in employee compensation attributable to the increasing sales and marketing personnel headcount in line with our business operations and development. Selling and marketing expenses accounted for 2.3% of total revenue during the reporting period, representing a decrease of 0.6 percentage points from 2.9% for the corresponding period in 2024.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB239.3 million, representing an increase of 51.9% from RMB157.5 million for the corresponding period in 2024. Administrative expenses accounted for 4.4% of total revenue during the Reporting Period, representing an increase of 0.2 percentage points from 4.2% for the corresponding period in 2024, due to the increase in share-based payment, employee compensation and professional service fees in line with our business development.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development expenses

During the reporting period, the Group's research and development expenses amounted to RMB279.8 million, representing an increase of 56.1% from RMB179.2 million for the corresponding period in 2024. Research and development expenses accounted for 5.1% of total revenue during the reporting period, representing an increase of 0.3 percentage point from 4.8% for the corresponding period in 2024, due to the increased employee compensation and materials and power expenses. Such increases are mainly due to our increased R&D investments in projects relating to computing application PCBs, aimed at enhancing and optimizing our manufacturing processes to better meet customer demand.

Other expenses

During the reporting period, the Group's other expenses amounted to RMB153.3 million, representing an increase of 32.1% from RMB116.0 million for the corresponding period in 2024, primarily attributable to the increase in impairment loss on financial assets as a result of our increased trade receivables due to business development.

Finance costs

During the reporting period, the Group's finance costs amounted to RMB16.6 million, representing an increase of 4.4% from RMB15.9 million for the corresponding period in 2024, primarily attributable to the impact of revaluation resulting from exchange rate fluctuations at the end of the period.

Income tax expenses

During the reporting period, the Group's income tax expenses amounted to RMB121.1 million, representing an increase of 40.2% from RMB86.4 million for the corresponding period in 2024, which was in line with the increase in revenue and taxable profits during the same year.

Profit for the Year

As a result of the foregoing, the Group's profit for the year amounted to RMB1,015.8 million, representing an increase of 50.2% from RMB676.1 million for the corresponding period in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets and liabilities

The following table sets out a breakdown of assets and liabilities by item for the periods indicated:

RMB’000

	2025		2024			
	Amount	**% of total assets**	Amount	% of total assets	Change (%)	Description of material changes
Cash and cash equivalents	**410,368**	**5.4%**	635,071	11.2%	-5.8%	Mainly due to an increase in dividend distributions and expenditures on plant and staff dormitories
Trade and bills receivables	**2,050,117**	**27.2%**	1,292,954	22.7%	4.5%	Mainly due to the increase in operating income in 2025, resulting in a corresponding increase in trade receivables
Inventories	**764,446**	**10.1%**	458,550	8.1%	2.0%	Mainly due to an increase in orders, leading to an increase in the Company’s inventory
Property, plant and equipment	**3,335,026**	**44.2%**	2,567,318	45.2%	-1.0%	Mainly due to the Thailand plant and equipment reaching their intended use state in 2025
Right-of-use assets	**147,447**	**2.0%**	104,949	1.8%	0.2%	No significant changes
Contract liabilities	**6,053**	**0.1%**	7,379	0.1%	0.0%	No significant changes
Trade and bills payables	**2,379,987**	**31.6%**	1,646,602	29.0%	2.6%	Mainly due to the continuous growth in sales orders and the increase in raw material purchases, leading to an increase in notes payable and trade payables for materials
Prepayments, deposits and other receivables	**154,093**	**2.0%**	83,775	1.5%	0.5%	Prepaid marketing promotion expenses
Financial assets at fair value through profit or loss	**190,468**	**2.5%**	291,070	5.1%	-2.6%	Use of proceeds raised for the Huangshi factory, resulting in a decrease in deposits
Other payables and accruals	**222,109**	**2.9%**	267,563	4.7%	-1.8%	Increase in bank bills with good credit

Explanatory Notes to Items in the Balance Sheet

Inventories

During the reporting period, the Group’s inventories comprise raw materials and consumables, work in progress, finished goods, contract costs and goods in transit. Inventories amounted to RMB764.4 million (corresponding period of 2024: RMB458.6 million), representing an increase of 66.7% compared with the corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Property, plant and equipment

The Group's property, plant and equipment mainly consisted of buildings, machinery, construction in progress, tools and freehold land. As at December 31, 2025, the net book amount of the Group's property, plant and equipment was RMB3,335.0 million, representing an increase of RMB767.7 million from RMB2,567.3 million as at December 31, 2024. The increase was mainly attributable to additional machinery and construction in progress arising from the capacity expansion of the Guangzhou base and Thai base.

Trade and bills payables

The Group's trade and bills payables primarily consist of payments for raw materials, equipment and construction costs, electricity and processing fees. The Group's trade and bills payable are non-interest-bearing.

As at December 31, 2025, the Group's trade and bills payable amounted to approximately RMB2,380.0 million, representing an increase of approximately RMB733.4 million from approximately RMB1,646.6 million as at December 31, 2024, mainly due to the continuous growth in sales orders and the increase in raw material purchases, leading to an increase in notes payable and trade payables for materials.

Prepayment, deposits and other receivables

The Group's prepayments, deposits and other receivables primarily include prepayments, deposits, other receivables, value-added tax recoverable, tax repayments, and H Share listing expenses. As at December 31, 2025, the Group's prepayments, deposits and other receivables amounted to RMB154.1 million, representing an increase of RMB70.3 million from RMB83.8 million as at December 31, 2024. The increase was primarily due to (i) the increase in our prepayments of advance payments to construction funds and (ii) the increase in value-added tax recoverable as a result of our expansion of production scale.

Financial Assets at Fair Value through Profit or Loss

The Group's financial assets at fair value through profit or loss primarily include wealth management of principal-guaranteed structured deposits with low risks to generate additional returns on cash reserves, while ensuring liquidity and capital preservation. As at December 31, 2025, the Group's intangible assets amounted to RMB190.5 million, representing a decrease of RMB100.6 million from RMB291.1 million as at December 31, 2024, primarily as a result of redemption of certain structured deposits.

Other payables and accruals

Other payables and accruals of the Group primarily consist of lease liabilities, restricted share repurchase obligations, deposits received, accruals, payroll and welfare payable, other tax payables, endorsed and unmatured bank bills not derecognized and other payables. As at December 31, 2025, other payables and accruals of the Group amounted to RMB222.1 million, representing a decrease of RMB45.5 million from RMB267.6 million as at December 31, 2024, primarily due to the decrease in endorsed and unmatured bank bills not derecognized as a result of the respective recognition.

MANAGEMENT DISCUSSION AND ANALYSIS

Contract liabilities

Contract liabilities primarily represent the prepayments made by customers based on sales orders in advance of the Group's delivery of products under the contracts. As at December 31, 2025, contract liabilities of the Group amounted to approximately RMB6.1 million, representing a decrease of approximately RMB1.3 million from RMB7.4 million as at December 31, 2024.

Right-of-use assets

Right-of-use assets of the Group primarily consist of buildings and land use rights. As at December 31, 2025, right-of-use assets of the Group amounted to approximately RMB147.4 million, representing an increase of approximately RMB42.5 million from RMB104.9 million as at December 31, 2024, primarily due to our newly leased office and the acquisition of land use rights.

Liability-to-asset ratio

The liability-to-asset ratio is calculated as total liabilities divided by total assets as at the same date. As at December 31, 2025, the liability-to-asset ratio of the Group was 47.3% (the liability-to-asset ratio as at December 31, 2024 was 45.9%).

Pledge of assets

As of December 31, 2025, the net book value of collateral pledged or mortgaged by the Company to secure bank borrowings was RMB498.4 million, consisting primarily of fixed assets and intangible assets.

Contingent liabilities

As of December 31, 2025, the Group had no significant contingent liabilities.

Financing plans

The Group will consider factors including repayment of maturing debts, debt replacement and material future capital expenditures, in order to make financing arrangements in advance, enhance funding and debts management, optimize the funding utilization and control the scale of debts effectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow

As at December 31, 2025, the net cash and cash equivalents generated from the Group's financing activities amounted to approximately RMB-69.2 million, representing a decrease of approximately RMB678.3 million compared with approximately RMB609.1 million as at December 31, 2024.

The table below sets out a breakdown of cash flows by item for the period as indicated:

RMB'000

Item	2025	2024	Year-on-year change
Net cash flows generated from operating activities	**1,031,571**	796,285	29.5%
Net cash flows generated from investing activities	**-1,211,843**	-1,123,735	-7.8%
Net cash flows generated from financing activities	**-69,223**	609,070	-111.4%

Description of Cash Flow Items

As at December 31, 2025, the Group's net cash flow from operating activities was approximately RMB1,031.6 million, representing an increase of approximately RMB235.3 million compared with approximately RMB796.3 million as at December 31, 2024, primarily due to an increase in operating profit and higher collections from customers.

As at December 31, 2025, the Group's net cash flow from investing activities was approximately RMB-1,211.8 million, representing a decrease of approximately RMB88.1 million compared with approximately RMB-1,123.7 million as at December 31, 2024, primarily due to new investments in the Yunqing Project and the Motian Workshop dormitory building in Guangzhou.

As at December 31, 2025, the Group's net cash flow from financing activities was approximately RMB-69.2 million, representing a decrease of approximately RMB678.3 million compared with approximately RMB609.1 million as at December 31, 2024, primarily due to the impact of funds raised from the listing in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Indebtedness

Our indebtedness primarily consisted of (i) interest-bearing bank borrowings, and (ii) lease liabilities. The table below sets forth a breakdown of our total indebtedness as at the dates indicated:

Item	2025 RMB'000	2024 RMB'000
Current		
Interest-bearing bank borrowings	**362,513**	220,973
Lease liability	**627**	433
Non-current		
Interest-bearing bank borrowings	**318,001**	193,946
Lease liability	**4,568**	–
Total	**685,709**	415,352

Interest-bearing bank borrowings

As of December 31, 2024 and 2025, we had outstanding aggregate interest-bearing bank borrowings of RMB414.9 million and RMB680.5 million, respectively, accounting for 100% and 100% of the total borrowings, primarily due to the increase in machinery and construction in progress in relation to the production expansion at our Guangzhou base and Thai base.

By type of borrowings

As of December 31, 2025, other borrowings amounted to RMB181.2 million, accounting for 26.6% of total borrowings. Of the bank borrowings, secured borrowings totaled RMB513.9 million and unsecured credit borrowings totaled RMB166.6 million, accounting for 75.5% and 24.5% of total borrowings respectively. A majority of the Group' s borrowings bear floating interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the Company's Future Development

(I) Overall Development Strategy and Operating Strategy

Going forward, the Company will maintain its focus on the core trajectory of High performance PCBs. Aligned with its formulated "Cloud, Pipe, and Device" development strategy, the Company will prioritize the organization of technological research and product development in fields including PCIe 6.0/7.0/8.0 servers, AI servers, high-level HDI, 112G/224G/448G switches, 5.5G/6G communications, optical modules, autonomous driving, high-definition displays, and new energy. We will proactively embrace the explosive growth in demand from the AI computing power market as well as the PCB product market for next-generation communication technologies. We will accelerate our global strategic deployment, strive to achieve even larger-scale revenue growth at our Thailand facility, secure a commanding position in the market, and enhance our market competitiveness and profitability.

(II) Development Prospects and Outlook

According to the forecast in Prismark's Q4 2025 report, the global PCB industry output value in USD terms is projected to reach USD 84.891 billion in 2025, representing a year-on-year increase of 15.4%. By 2029, the global PCB market size is expected to exceed the USD 100 billion. With sustained high growth in capital expenditure among global server cloud providers, market demand for AI computing power will continue to rise, thereby sustaining the high prosperity of the AI server market. Coupled with rapid AI iteration and deepening application, this will drive the evolution of PCB product performance to higher levels. Market demand for high-layer-count, high-precision, high-density, and high-reliability PCB products is expected to continue growing.

In 2025, with the accelerated deployment of AI applications and sustained rising demand for cloud computing and high-speed networking, server and infrastructure architectures continue to upgrade, and industry competition is progressively shifting toward a new phase characterized by elevated technological barriers, stringent quality requirements, and high delivery stability. Categorized by downstream application sector, servers/data storage represents the fastest-growing application segment going forward, with a projected growth rate as high as 46.3% in 2025 and a CAGR of 18.7% from 2024 to 2029.

Looking ahead to 2026, the industry exhibits two prominent characteristics: structural supply shortage of high-end capacity and persistently tight supply of key materials and equipment. This is altering the fundamental nature of industry competition: competition has evolved from a singular focus on technology or cost into a comprehensive ecosystem competition centered on "certainty of capacity assurance" and "supply chain security." Leading customers are concentrating orders with strategic partners capable of delivering the tripartite value proposition of "technology leadership, reliable delivery, and collaborative innovation." Simple buyer-supplier relationships will be phased out, and deeply integrated "symbiotic relationships" will become mainstream. Consequently, the Company's overarching strategic tone for 2026 is: customer-centricity, with the mission of creating value for customers. We will continue to lead with advanced technology, ensure stable quality, collaborate with industrial chain partners, and secure guaranteed delivery. To achieve this strategic transformation, the Company will fully commit to building and solidifying five strategic pillars in 2026:

MANAGEMENT DISCUSSION AND ANALYSIS

1. *Deepening Technological Capabilities to Build Core Competitiveness*

    (1) Advanced Preliminary Research: Focusing on global advanced material and equipment technologies, the Company will closely interact with supplier R&D teams to deploy new materials and their processing techniques required for 224G and higher transmission rates. In conjunction with the needs of leading domestic and international customers, the Company will also deploy the development of new process technologies for signal rates of 224G and above;

    (2) Extreme Manufacturing: Establish dedicated task force teams to achieve industry benchmark breakthroughs in yield rates and stability across areas such as ultra-high-layer-count PCBs, ultra-fine line circuits, and high-performance products;

    (3) Simulation-Driven Design: Conduct specialized internal research and industry-academia-research collaboration to deepen the front-end extension from "manufacturing execution" to "design optimization", thereby providing customers with integrated solutions encompassing both design and manufacturing.

2. *Customer Symbiosis to Create Value for Customers*

    (1) Promote Joint Development: Establish technical R&D teams dedicated to strategic customers to participate in customer design and product development from the early stages through the entire process;

    (2) Provide Exclusive Value: Explore establishing dedicated capacity units and "one-stop" service teams for top-tier customers to achieve the highest priority response levels;

    (3) Deepen Digital Connectivity: Establish data exchange platforms with core customers to enable the sharing and application of demand, production scheduling, and material planning.

MANAGEMENT DISCUSSION AND ANALYSIS

3. *Elevating Quality into a Core Strategic Advantage*

(1) Rapid technological iteration presents greater challenges to product reliability and quality stability. Quality management must elevate from "performance assurance" to become a "strategic core" and the "cornerstone of trust";

(2) We will establish a "full-process immune" quality prevention and control system featuring source governance, in-process control, and supply chain collaboration. We will build "forward-looking" quality inspection and reliability verification capabilities, construct reliability testing and failure analysis laboratories for next-generation products, apply AI to quality data mining, and realize the leap from "defect detection" to the "prediction and prevention of potential defects";

(3) We will promote a zero-defect culture, instill in all employees the core quality value that "quality depends on design and manufacturing, not on inspection", and drive zero-defect practices by ensuring work is done right the first time.

4. *Operational Excellence Forging Dual Advantages in Delivery and Resilience*

(1) Capacity Deployment to Ensure Delivery: We will accelerate domestic technological transformation. The Guangzhou and Huangshi bases must expedite and intensify production enhancement and technological transformation efforts to maximize the release of capacity flexibility;

(2) Accelerate Overseas Expansion: Upon achieving full production capacity for Phase I, the Thailand base will initiate Phase II investment planning and construction, thereby establishing a "dual-engine" configuration for global production capacity;

(3) Tackle High-End Projects: Full support will be provided to ensure the construction of the Guangzhou Yunqing Intelligent Manufacturing Project, which will achieve full production by the end of 2026 and lay a solid foundation for undertaking high-end product production in 2027;

(4) Innovate Supply Chain Management to Ensure Security: We will establish strategically symbiotic relationships with core suppliers, shifting from transactional procurement to in-depth collaboration featuring capacity bonding, joint forecasting, as well as dynamic interactive adjustments and modifications.

MANAGEMENT DISCUSSION AND ANALYSIS

5. *Ecosystem Deployment to Expand a Sustainable Future*

(1) Talent Development: On the basis of appropriately recruiting high-end talent, the Company will continue to intensify the cultivation of talent through its elite management trainee program to match the technical and managerial talent required for the Company's sustained development. It will also explore localized talent development models in Thailand to provide international talent for the sustained growth of the Thailand facility;

(2) Proactively implement the dual-carbon goals and ESG governance, deeply integrating carbon and emission reduction into new plant construction planning, existing plant technological transformation, and daily operations. The Company will invest substantially in energy management, waste recycling and reuse, and green processes. ESG will be integrated into core operations and the value chain, transforming sustainable development into a competitive advantage.

Potential Risks Faced by the Company

1. Risks Arising from Macroeconomic and Downstream Market Fluctuations

PCBs serve as critical electronic interconnects in electronic products. Their development is closely linked to downstream industries and significantly correlated with the global macroeconomic environment. Macroeconomic fluctuations can exert varying degrees of impact on the downstream sectors of the PCB industry, thereby influencing the market demand for PCBs. The Company will continue to closely monitor changes in the macroeconomic environment and strengthen internal control management over accounts receivable and inventories to safeguard operating cash flow and enhance risk resilience. Concurrently, the Company will actively seize market opportunities and horizontally broaden its business scope to mitigate the impact of segment market fluctuations on its operations.

2. Technology R&D and Application Risks

The iteration cycle for servers is relatively short (averaging two to three years). The ability to continuously synchronize the R&D of server PCB products with the iteration of computing power chips, and whether the Company's R&D and capability building can keep pace with downstream customers' new product iterations, constitute critical factors for maintaining competitiveness in this arena. Should the Company fail to keep pace with the iterative upgrading of server products, or should technology R&D efforts prove unsuccessful, its operating results could be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company engages in deep collaboration with server customers, adopting a strategy encompassing "one generation in mass production, one generation in pilot production, and one generation under development." This approach aligns with server customers' diverse application scenarios and multi-model requirements across successive server product generations. The Company's research institute organizes R&D activities centered on fundamental PCB processing technologies, material signal technologies, and PCB product development. It undertakes forward-looking PCB product and technology R&D based on the iteration of chip technology and customers' new product roadmaps. Collaboration with server customers extends from the R&D phase through to mass production, thereby minimizing the probability of R&D failure.

3. Risk of Fluctuations in Raw Material Prices

PCB raw material costs account for a high proportion of the principal business costs. The principal raw materials used in the Company's production and operations include copper-clad laminates, prepregs, copper spheres, copper foils, gold salts, and dry films. The prices of these principal raw materials are significantly affected by international commodities such as copper, gold, and petroleum. Significant fluctuations in raw material prices could materially impact the Company's operating results. The Company maintains long-term and stable cooperative relationships with its suppliers. It will enhance communication with suppliers, appropriately increase safety stock levels for key frequently used materials, and establish diversified sources of supply to mitigate the impact of rising raw material prices. Simultaneously, the Company actively invests in technological innovation and product development, continuously optimizes its order mix through differentiated competition, increases the proportion of high-margin products, and hedges against the negative impact of rising raw material prices.

4. Exchange Rate Fluctuation Risk

During the reporting period, export sales revenue accounted for approximately 70% of the Company's principal business revenue for the corresponding period. Export products are primarily denominated in US dollars. Should the Renminbi appreciate significantly in the future, it would, on one hand, increase the Company's foreign exchange losses, and on the other hand, potentially diminish its price advantage relative to overseas competitors, thereby adversely affecting the Company's operating results. The Company will continuously and closely monitor exchange rate fluctuations and conduct foreign exchange lock-in operations based on the amount of foreign exchange collections from shipments and credit periods to reduce its foreign exchange exposure and mitigate risks associated with exchange rate volatility.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Trade Friction Risk

The Company's products are primarily sold overseas, with export sales accounting for approximately 70% of revenue. Should international trade frictions lead relevant countries to impose restrictive policies, increase tariffs, or adopt other trade protectionist measures against Chinese PCB products, the Company's business development could be adversely affected. The Company will closely monitor changes in the international political and economic landscape and maintain active communication and coordination with overseas customers. To ensure the stability and security of the supply chain, the Company has invested in the construction of its Thailand facility to enhance its ability to respond to trade friction risks.

6. Risks Associated with the Construction and Operation of Overseas Facilities

During the reporting period, driven by business development needs and the strategy to enhance its overseas footprint, the Company actively advanced the construction progress of its production base in Thailand. Thailand's laws and regulations, supply chain infrastructure, human resources, and cultural characteristics differ significantly from those in China. Consequently, the construction and operation of the Thailand production base entail certain management, operational, and market risks. The Company is leveraging the experiences of industry peers that have expanded into Thailand to swiftly familiarize itself with and adapt to the local business culture and legal framework. It is deploying suitable equipment and technology, actively cultivating relationships with renowned overseas customers, and recruiting international professional and technical talent to safeguard the smooth operation of its Thailand production base.

Liquidity, Reserves, and Capital Structure

The Group maintained a sound financial position during the reporting period. As of December 31, 2025, the Group's cash and cash equivalents amounted to RMB410.4 million, representing a decrease of 35.4% from RMB635.1 million as of December 31, 2024, primarily due to the use of proceeds raised for the Huangshi factory and new investments in the Yunqing Project and the Motian Workshop dormitory building in Guangzhou.

As of December 31, 2025, the Group's total equity amounted to RMB3,978.1 million, representing an increase of RMB904.3 million, or 29.4%, from RMB3,073.8 million as of December 31, 2024, primarily due to to the increase in revenue and the corresponding rise in net profit.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments

The table below sets forth the absolute amounts of the Company's capital commitments as of December 31, 2025 and December 31, 2024:

	2025	2024
	RMB'000	RMB'000
Construction in progress	**1,350,653**	179,265

Capital Expenditures

The table below sets forth the absolute amounts of the Company's capital expenditures for the years 2025 and 2024:

	2025	2024
	RMB'000	RMB'000
Purchases of items of property, plant and equipment	**1,247,894**	814,824
Purchases of intangible assets	**18,678**	10,323
Total	**1,266,572**	825,147

The Company's capital expenditures include purchases items of property, plant and equipment and intangible assets. The Company's capital expenditures increased from RMB825.1 million in 2024 to RMB1,266.6 million in 2025, primarily due to an increase in equipment purchases at the Huangshi Factory and Thailand Factory and new investments in the Yunqing Project and the Motian Workshop dormitory building in Guangzhou.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The Directors shall have a term of office of three years and are eligible for re-election upon the expiration of the term.

BOARD OF DIRECTORS

Executive Directors

Mr. Xiao Hongxing (肖紅星), aged 58, is executive Director and the chairman of our Company. Mr. Xiao has been the chairman of our Board since March 2013 and was redesignated as our executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company. Mr. Xiao is primarily responsible for overall strategic planning, business development and major investment and financing decision of the Group.

Mr. Xiao has over 30 years of experience in the electronics industry and possesses a deep understanding of PCB and its upstream and downstream industries. Prior to joining our Group, Mr. Xiao served as a production manager at Shengyi Electronics. Mr. Xiao co-founded various companies which focused on R&D, manufacturing and application of PCB-related upstream and downstream products with Ms. Liu Jinchan thereunder, including Dongguan Guanghua Chemical Co., Ltd. (東莞市廣華化工有限公司), Dongguan Superb Electronic Materials Co., Ltd. (東莞秀博電子材料有限公司) and Hubei Unitech Photoelectric Technology Co., Ltd. (湖北優尼科光電技術股份有限公司) from 2007 to 2015. Mr. Xiao was also a director of Beijing Markham Investment Management Co., Ltd. (北京馬克漢姆投資管理有限公司)[1].

In 2013, Mr. Xiao acquired the Company's predecessor and has served as the chairman since then. In 2019, he established Huangshi Delton and has served as the executive director of Huangshi Delton since September 2019. In 2021, he established Dongguan Delton and has served as the executive director and the general manager of Dongguan Delton since January 2021. He has served as an executive director of Thailand Delton since May 2023. With keen market foresight, he initiated the early deployment of high speed PCB materials in cloud computing applications as early as 2016, enabling the Company to secure a first-mover advantage in the computing application PCBs.

Mr. Xiao graduated from South China University of Technology (華南理工大學) with a major in chemical engineering in July 1988.

[1] Beijing Markham Investment Management Co., Ltd. is a company established in the PRC, whose business license was revoked in June 2019 (during which Beijing Markham Investment Management Co., Ltd. was solvent) due to the inadvertent overlook by relevant staff to complete the annual inspection within the prescribed time limit.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zeng Hong (曾紅), aged 59, is executive Director and general manager of our Company. Ms. Zeng has been our general manager since February 2013 and our Director since March 2013. She was redesignated as our executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company. Ms. Zeng is primarily responsible for overall operation and management, strategic planning and business development of the Group.

Ms. Zeng has over 30 years of experience in PCB production and quality management, with a deep understanding of the PCB industry. Prior to joining our Group, Ms. Zeng served at Shengyi Electronics from July 1988 to February 2013 and was its deputy general manager.

Ms. Zeng is a well-known expert manager in the PCB industry. She holds the professional title of senior engineer in electronic technology and held positions in multiple institutions of PCB industry associations, including as vice president of the Scientific and Technological Committee of the China Electronic Circuit Industry Association (中國電子電路行業協會科學技術委員會), as deputy director of the National Printed Circuit Standards Committee under the China Electronics Society's Electronics Manufacturing and Packaging Technology Branch (中國電子學會電子製造與封裝技術分會全國印製電路專委會). She was also a member of the Guangdong Provincial Bureau of Quality and Technical Supervision (廣東省質量技術監督局) and the Guangdong Province Information Technology Standardization Technical Committee (廣東省信息技術標準化技術委員會委員).

Ms. Zeng obtained a bachelor's degree in applied chemistry from South China University of Technology in July 1988.

Mr. Peng Jinghui (彭鏡輝), aged 39, is executive Director and employee representative Director of our Company. Mr. Peng joined the Company in December 2015 and was appointed as our employee representative Director in May 2025. He was redesignated as our executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company. He is also the director of our research institute. Mr. Peng is primarily responsible for research and development management and our research institute affairs.

Mr. Peng has served as the process engineer of Shengyi Electronics from July 2009 to February 2013. From March 2013 to August 2015, he consecutively served as the process engineer and senior engineer of Delton Technology (Guangzhou) Co., Ltd. (廣合科技(廣州)有限公司), our predecessor.

Mr. Peng obtained a bachelor's degree in chemical engineering and process from Huazhong University of Science and Technology (華中科技大學) in June 2009.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Ms. Liu Jinchan (劉錦嬋), aged 59, is a non-executive Director of the Company. Ms. Liu has served as our supervisor from March 2013 to April 2019 and has been our Director since April 2019. Ms. Liu was redesignated as our non-executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company, and she is primarily responsible for providing strategic guidance and advice to the Board.

Ms. Liu co-founded various companies with Mr. Xiao which focused on R&D, manufacturing and application of PCB-related upstream and downstream products, including Dongguan Guanghua Chemical Co., Ltd. and Dongguan Superb Electronic Materials Co., Ltd in 2007 and 2015, respectively.

Ms. Liu graduated from Huizhou Education College (惠州教育學院) with a major in English in July 1987.

Independent Non-executive Directors

Ms. Chen Limei (陳麗梅), aged 57, is an independent non-executive Director of the Company. Ms. Chen was appointed as an independent Director of our Company in February 2022 and was redesignated as an independent non-executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company. Ms. Chen is primarily responsible for providing independent opinion and judgment to the Board.

During 2000 to 2018, Ms. Chen worked at Guangzhou New Star Investment Development Co., Ltd. (廣州新星投資發展有限公司), Guangdong Jinqiao Accounting Firm Co., Ltd. (廣東金橋會計師事務所有限公司), Guangdong Huazheng Xindongshan Tax Agents Co., Ltd. (廣東華政新東山稅務師事務所有限公司) and Guangzhou Xindongyue Accounting Firm Co., Ltd. (廣州市新東越會計師事務所有限公司), consecutively.

Ms. Chen served as the independent director of Guangzhou Goaland Energy Conservation Tech Co., Ltd. (廣州高瀾節能技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300499)) from May 2011 to May 2017 and as the independent director of GMG International Tendering Co., Ltd. (國義招標股份有限公司) (a company listed on the Beijing Stock Exchange (stock code: 831039)) from February 2014 to June 2020.

Ms. Chen currently serves as a supervisor of Guangzhou Xindongyue Certified Public Accountants (廣州市新東越會計師事務所有限公司). She also serves as the independent director of Guangzhou Tinci Materials Technology Co., Ltd. (廣州天賜高新材料股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002709)) since May 2020, the independent director of Guangdong Baolun Electronics Co., Ltd. (廣東保倫電子股份有限公司) since February 2023 and the director of Huangpu Culture (Guangzhou) Development Group Co., Ltd. (黃埔文化(廣州)發展集團有限公司) since July 2023.

Ms. Chen obtained a bachelor's degree in applied chemistry from South China University of Technology in July 1989. She graduated from Jinan University (暨南大學) with a major in accounting in June 1996. Ms. Chen has been accredited as a PRC Certified Public Accountant since December 2001 and as a Certified Tax Agent since June 2001.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li Ying (李瑩), aged 58, is an independent non-executive Director of the Company. Ms. Li was appointed as an independent director of our Company in June 2020 and was redesignated as an independent non-executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company. Ms. Li is primarily responsible for providing independent opinion and judgment to the Board.

She served as a supervisor of Guangzhou Sikeya Freight Forwarding Co., Ltd. (廣州思客亞貨運代理有限公司) from May 2016 to March 2018, and as a director of Foshan Saturday Shoes Co., Ltd. (佛山星期六鞋業股份有限公司) (currently known as Guangdong Yowant Technology Co., Ltd (廣東遙望科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002291)) from April 2012 to September 2018.

Since November 2003, Ms. Li has been an executive partner of Guangzhou Tianyuan Tax Agents (General Partnership) (廣州天源稅務師事務所(普通合夥)). Ms. Li has also served as (i) a supervisor of Xinjiaxin (Guangdong) Corporate Management Limited (信加信(廣東)企業管理有限公司) from November 2014 to February 2024; (ii) an executive director and general manager of Xinjiaxin (Guangzhou) Corporate Investment Consulting Limited (信加信(廣州)企業投資顧問有限公司) (formerly known as Guangzhou Chaoli Cleaning Supplies Co., Ltd. (廣州超麗清潔用品有限公司)) since December 2016; (iii) a supervisor of Xinjiaxin (Guangzhou) Financial Management Consulting Limited (信加信(廣州)財務管理諮詢有限公司) since September 2020; and (iv) an independent director of Guangdong Yowant Technology Co., Ltd. since March 2025.

Ms. Li completed executive master of business administration courses of Sun Yat-sen University (中山大學) in March 2017. Ms. Li has been accredited as a Certified Tax Agent since June 2004.

Dr. Shi Ling (施凌), aged 45, is an independent non-executive Director of the Company. Dr. Shi was appointed as an independent director of our Company in May 2025. He was redesignated as an independent non-executive Director in May 2025 with effect from March 20, 2026, the date of listing of the Company and primarily responsible for supervising our Board and providing independent judgment.

Dr. Shi is a tenured professor in the Department of Electronic and Computer Engineering at the Hong Kong University of Science and Technology ("**HKUST**"). He joined the Department of Electronic and Computer Engineering at HKUST as an assistant professor in October 2008 upon completion of his doctoral studies, and is currently a professor. From February 2017 to November 2021, he served as a deputy director of the HKUST Robotics Institute and a deputy director of the HKUST-DJI Joint Innovation Laboratory. Since June 2024, he has been appointed as a deputy director of the HKUST Institute of Space Science and Technology. He was awarded with the Chen Han-Fu Award (陳翰馥獎) by the Chinese Association of Automation in 2024.

Dr. Shi obtained a bachelor's degree in electronic and electrical engineering with a minor in mathematics from HKUST in May 2002, and a Ph.D. in control and dynamical systems from the California Institute of Technology in September 2008.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management of our business. Ms. Zeng Hong, our executive Director and general manager, is also a member of our senior management. For her biographical information, please refer to "— Directors — Executive Directors" above in this section.

Mr. Li Qinyuan (黎欽源), aged 52, is a deputy general manager and chief engineer of the Company and is primarily responsible for management of the Group's technical development plan and the Guangzhou factory. Mr. Li joined the Company in January 2013 and has successively served as the technical director from January 2013 to May 2017 and the chief engineer since May 2017.

Mr. Li has focused on PCB manufacture, research and development for approximately 30 years. Prior to joining the Group, he held various positions at Shengyi Electronics from July 1996 to June 2012, including assistant process engineer, engineer, senior engineer, manager, and senior manager. He then joined Guangzhou GCI Science & Technology Co. Ltd. (廣州傑賽科技股份有限公司) (currently known as CETC Potevio Science & Technology Co., Ltd. (中電科普天科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002544)) as chief technology officer from June 2012 to December 2012.

Mr. Li has participated in various significant projects such as research on Graded Golden Finger Manufacturing Technology (分級金手指製造技術) and the "Purley Platform Big Data Server System PCB Technology Breakthrough" (Purley平台大數據服務器系統套板技術攻關), an Industry-Academia-Research Major Special Project of Guangzhou (廣州市產學研重大專項). Mr. Li was awarded with the third prize for Scientific and Technological Progress from the China Electronics Society (中國電子學會科學技術進步獎) in 2021 and also awarded as the "PCB Industry Science and Technology Star" (PCB行業科技之星) by the PCB Industry Association of Guangdong Province (廣東省電路板行業協會) in 2022. He is the primary drafter of four PCB industry standards and holds 29 invention patents.

Mr. Li obtained a bachelor's degree in chemical engineering from South China University of Technology in July 1996 and holds the professional title of senior engineer.

Mr. Wang Jun (王峻), aged 52, is a deputy general manager of the Company and is primarily responsible for the sales and marketing and business expansion. Mr. Wang joined the Company in February 2013 and has successively served as the quality director and production director from February 2013 to March 2016 and the deputy general manager since April 2016.

Prior to joining the Group, he served at Shengyi Electronics from August 1992 to February 2013 and was its director of quality.

Mr. Wang graduated from Beijing Xinghua University (北京興華大學) with a major in business administration in July 1998.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zeng Yangqing (曾楊清), aged 48, is a the Company's deputy general manager and the secretary to the Board and is primarily responsible for board affairs, corporate governance, capital management, investor relations and securities affairs of the Group. Mr. Zeng joined the Company in March 2017 and has served as the deputy general manager and the secretary to the Board since then.

Prior to joining the Group, Mr. Zeng served at Guangdong Fortune Science & Technology Co., Ltd. (廣東福地科技股份有限公司) (currently known as Dongguan Development (Holdings) Co., Ltd. (東莞發展控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000828)) from July 2000 to September 2001 and subsequently served as securities affairs representative, deputy general manager and secretary to the Board at Jiangsu Boxin Investing & Holdings Co., Ltd. (江蘇博信投資控股股份有限公司) (a company formerly listed on the Shanghai Stock Exchange (stock code: 600083)) from October 2001 to June 2007. Mr. Zeng also worked at Foshan Saturday Shoes Co., Ltd. as deputy general manager and secretary to the board of directors from July 2007 to June 2012. From April 2016 to March 2017, Mr. Zeng served as investment director at Huahao Huijin Asset Management Co., Ltd. (深圳華皓匯金資產管理有限公司) (currently known as Shenzhen Huahao Huijin Private Equity Fund Management Co., Ltd. (深圳市華皓匯金私募股權投資基金管理有限公司)).

Mr. Zeng obtained a bachelor's degree in automatic testing technology and instruments from China Jiliang University (中國計量大學) in June 2000.

Ms. He Jianqing (賀劍青), aged 50, is the chief financial officer of our Company and is primarily responsible for overall financial and funds management. Ms. He joined our Company in February 2017 and has served as our chief financial officer since then.

Prior to joining our Group, Ms. He served in various companies, including Airmate Electric (Shenzhen) Co., Ltd. (艾美特電器(深圳)有限公司) from May 2001 to August 2004, Foxconn Technology Group (富士康科技集團) from August 2004 to July 2011 and Shenzhen Kaizhong Precision Technology Co., Ltd. (深圳市凱中精密技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 002823)) from July 2011 to February 2017.

Ms. He graduated from Fujian Normal University (福建師範大學) with a major in financial management through online learning in July 2016. Ms. He held Intermediate Accounting Professional Qualification (中級會計專業技術資格).

JOINT COMPANY SECRETARIES

Mr. Zeng Yangqing (曾楊清), the deputy general manager of our Company and secretary to our Board, was appointed as one of our joint company secretaries in May 2025. For the biographical details of Mr. Zeng, see "— Senior Management" above in this section.

Ms. Kwan Sau In (關秀妍) was appointed as a joint company secretary of our Company in August 2025. Ms. Kwan serves as a senior manager of company secretarial services of Tricor Services Limited and has over 12 years of the corporate secretarial experience for Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Kwan obtained her master's degree in law (Chinese Law) from The University of Hong Kong and bachelor's degree of business administration in corporate administration from Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong). Ms. Kwan is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

OTHER INFORMATION

Each director has confirmed that (i) he/she has obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on 26 May 2025 (for Mr. Xiao Hongxing, Ms. Zeng Hong, Mr. Peng Jinghui and Ms. Liu Jinchan) and 26 May 2025 (for Ms. Chen Limei, Ms. Li Ying and Dr. Shi Ling), respectively, and (ii) he/she is aware of his/her responsibilities as a director of a listed issuer under the Listing Rules. Each independent non-executive director has confirmed in writing (i) his/her independence with respect to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries, or any connection with any core connected person of the Company, and (iii) that there are no other factors that could affect his/her independence at the time of his/her appointment.

Each director has confirmed that he/she does not have any interest in any business (other than the business of the Group) that competes or may compete, directly or indirectly, with our business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

Changes in Directors, Supervisors and Senior Management during the reporting period

1. During the reporting period, Dr. Shi Ling (施凌) was elected as an independent director, with effect from the date of approval by the shareholders' meeting on May 16, 2025.

2. During the reporting period, Mr. Peng Jinghui (彭鏡輝) was elected as an employee representative Director, with effect from the date of approval by the employees' representative congress on May 30, 2025.

3. During the reporting period, Mr. Chen Jionghui (陳炯輝) resigned from his positions due to work adjustment and ceased to hold any position in the Company or its subsidiaries after May 30, 2025.

4. During the reporting period, Mr. Guan Shuchun (管術春) resigned from his positions due to work adjustment and ceased to hold any position in the Company or its subsidiaries after August 6, 2025.

Save as disclosed in the Report, there were no changes in the Directors, Supervisors and Senior Management of the Company during the reporting period, and no changes in the Directors and Senior Management of the Company occurred after the end of the reporting period and up to the date of the Report.

Board of Supervisors

A resolution regarding the amendments to the Article and Association and relevant rules of procedures was considered and approved by the Company at the 2025 first extraordinary shareholders' meeting convened on May 16, 2025. According to the amendments to the Company Law, the original organizational structure of the board of supervisors has been adjusted, and the board of supervisors will no longer be maintained; its supervisory functions will be assumed by the established governance bodies.

CORPORATE GOVERNANCE REPORT

The Board of Directors is pleased to present the Group's Corporate Governance Report for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards to safeguard the interests of shareholders. The Board believes that high corporate governance standards are essential in providing a framework for the Company 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 principles and code provisions of the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Listing Rules as the basis for the corporate governance practices of the Company.

As the Company's H Shares were not listed on the Stock Exchange as of December 31, 2025, the CG Code set out in Appendix C1 to the Listing Rules were not applicable to the Company during the year ended December 31, 2025 but has applied to the Company since the Listing date.

In the opinion of the Board, the Company has complied with all applicable code provisions under the CG Code during the period from the Listing date to the date of the Report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors and Supervisors.

As the Company's H Shares were not listed on the Stock Exchange as of December 31, 2025, the relevant rules of the Model Code, to which the Directors and Supervisors were subject, were not applicable to the Company during the year ended December 31, 2025.

Specific enquiry has been made of all the Directors, all the Directors have confirmed that they have strictly complied with the Model Code since the Listing date up to the date of the Report. The Company has also established Registration and Management System for Persons with Access to Inside Information for securities transactions by employees who may possess inside information of the Company or its securities by virtue of their positions or employment, on terms no less stringent than the Model Code.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

As at the Listing date and up to the Latest Practicable Date, the Board consists of seven Directors, including three executive Directors (namely Mr. Xiao Hongxing (Chairman), Ms. Zeng Hong and Mr. Peng Jinghui), one non-executive Director (namely Ms. Liu Jinchan), and three independent non-executive Directors (namely Ms. Chen Limei, Ms. Li Ying and Dr. Shi Ling).

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" in the Report. Mr. Xiao Hongxing and Ms. Liu Jinchan are spouses, and Ms. Zeng Hong is the elder sister of Mr. Zeng Yangqing. Save as disclosed above, there were no relationships (including financial, business, family or other material or connected/related relationships) among the Directors or members of the senior management of the Company.

Board Meetings and Directors' Attendance Records

Board meetings should be held at least four times a year, roughly once a quarter, involving active participation, either in person or through electronic means of communication, of a majority of Directors. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings. An agenda and accompanying board papers would be sent at least three days before the regular Board meeting.

For other Board meetings, reasonable notice has to be given generally. For other committee meetings, a notice shall be given as prescribed in the terms of reference prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

CORPORATE GOVERNANCE REPORT

As the Company's H Shares were listed on the Stock Exchange on March 20, 2026, the code provisions in relation to the number of Board Meetings and board committees meetings held during the reporting period set out in the CG Code were not applicable to the Company during the year ended December 31, 2025. During the period from the Listing date and up to the date of the Report, the Board convened two Board Meetings and did not hold any general meeting. The attendance of the individual Directors at Board meeting of the Company is set out below:

Name of Directors	Number of attendance/ meeting(s) held
Executive Directors	
Mr. Xiao Hongxing (肖紅星)	2/2
Ms. Zeng Hong (曾紅)	2/2
Mr. Peng Jinghui (彭鏡輝)	2/2
Non-executive Director	
Ms. Liu Jinchan (劉錦嬋)	2/2
Independent non-executive Directors	
Ms. Chen Limei (陳麗梅)	2/2
Ms. Li Ying (李瑩)	2/2
Dr. Shi Ling (施凌)	2/2

Responsibilities, Accountabilities and Contributions of the Board and the Management

The Company maintains a clear division of responsibilities between the Board and the management.

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 judgement on corporate actions and operations.

CORPORATE GOVERNANCE REPORT

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

The Board is responsible for and in possession of the general powers for our business management and operation, including determining our business strategies and investment plans, implementing resolution(s) passed at the general meeting, and exercising other powers, functions and duties granted by the Articles of Association. The Board is also responsible for exercising other powers, functions and duties pursuant to the Articles of Association and all applicable laws and regulations, including the Listing Rules. The Board has granted the powers and duties in respect of the Group's daily management and operation to the senior management of the Group, and the management assume responsibilities for the operation of the Group to the Board. The senior management team operates under the guidance of the Board, implementing decisions approved by the Board and overseeing the day-to-day operations of the business.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Xiao Hongxing and Ms. Zeng Hong respectively. The Chairman is primarily responsible for leading the Board, formulating the Group's overall corporate development and strategic plans, and steering the directions of the Group's strategies and corporate culture, which ensures that the Company remains competitive within a dynamic market. By providing clear vision and leadership, the Chairman also guides the management team in driving sustainable, long-term growth. The Chief Executive Officer is in charge of the overall operations and management. This includes leading the senior management team and ensuring the effective implementation of business strategies to promote the Company's continued growth. Meanwhile, she is also responsible for monitoring operational efficiency and fostering cross-departmental collaboration to enhance overall corporate performance.

Independent non-executive Directors

From the Listing date to the date of the Report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing no less than 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 confirmation from each of the independent non-executive Directors annually in respect of his/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.

CORPORATE GOVERNANCE REPORT

Board Independence Evaluation

The Board has implemented mechanism to ensure independent views and information are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively from the Listing date to the date of the Report. The mechanism is summarized as below:

Composition

The Board of Directors ensures the appointment of at least three independent non-executive directors, with at least one-third (or a higher proportion as may be stipulated by the Listing Rules from time to time) of its members being independent non-executive directors. Additionally, at least one independent non-executive director shall possess appropriate professional qualifications and expertise in accounting or related financial management. Furthermore, in accordance with the Listing Rules, independent non-executive directors will be appointed as members of Board committees to the greatest extent possible to ensure that the Board of Directors has access to independent opinions. The Chairman made sufficient face-to-face communications with the independent non-executive directors by making use of appropriate time before and after the convening of in-person meetings of the Board. In 2025, taking the opportunity of Board meetings, the Chairman held meetings with the independent non-executive directors for face-to-face exchanges, and conducted in-depth communication and discussions on relevant issues of concern to the independent non-executive directors.

Independent Evaluation of the Nomination Process

The Company has established a nomination policy for the election of directors. This policy outlines the criteria and procedures for election and performance evaluation, providing guidance to the Board of Directors on the nomination and appointment of the Company's directors (including independent non-executive directors). In relation to the nomination and appointment of independent non-executive directors, the Nomination Committee strictly adheres to the nomination policy and annually assesses the independence of independent non-executive directors to ensure their continued ability to exercise independent judgment. The Board of Directors believes that a clear election process is conducive to corporate governance, Board sustainability, and appropriate leadership at the Board level, enhancing Board efficiency and diversity, and ensuring that the Board of Directors has access to independent opinions and information.

CORPORATE GOVERNANCE REPORT

Board Decision-Making

Directors (including independent non-executive Directors) may seek independent professional advice to assist them in performing their duties when reasonably required, with the costs borne by the Company. If a major shareholder or director has a conflict of interest in a matter deemed significant by the Board of Directors during its review, the matter will be handled through an offline Board meeting rather than by written resolution. Directors with a material interest in a contract, transaction, or arrangement shall abstain from voting on the Board resolution approving such contract, transaction, or arrangement, or shall not be counted towards the quorum.

Appointment and Re-election of Directors

Pursuant to the articles of association, Directors (including executive Directors, non-executive Directors and independent non-executive Directors) are elected by shareholders at general meetings. The term of office of a Director is three years commencing from the date of his or her appointment. Upon the expiry of the term of office, a Director who is qualified may be re-elected.

Save as disclosed above, the Company has not entered into any outstanding service contracts which are not terminable within one year without payment of compensation (other than statutory compensation).

Continuing Professional Development of Directors

Directors should keep abreast of regulatory developments and changes to effectively discharge their duties and ensure their continued informed and relevant contributions to the Board.

Each newly appointed Director has received formal and comprehensive induction training upon initial appointment to ensure a proper understanding of the Group's business and operations, and full awareness of the Directors' responsibilities and obligations under the Listing Rules and applicable statutory requirements.

Directors are expected to participate in appropriate continuing professional development to develop and refresh their knowledge and skills. During the year ended December 31, 2025 and prior to the Listing, all Directors have undertaken continuous professional development by attending training courses or external seminars to develop and update their relevant knowledge and skills for contributing to the Board.

CORPORATE GOVERNANCE REPORT

A summary of training attended by Directors during the year ended December 31, 2025 and up to the date of the Report is set out below:

Name of Director	Participation in continuing professional development[(1)]
Executive Directors	
Mr. Xiao Hongxing (肖紅星)	✓
Ms. Zeng Hong (曾紅)	✓
Mr. Peng Jinghui (彭鏡輝)	✓
Non-executive Director	
Ms. Liu Jinchan (劉錦嬋)	✓
Independent non-executive Directors	
Ms. Chen Limei (陳麗梅)	✓
Ms. Li Ying (李瑩)	✓
Dr. Shi Ling (施凌)	✓

(1) Participation in training courses arranged by the Company or other external institutions, including but not limited to briefings, seminars, conferences and workshops, or review of relevant materials (such as legal and regulatory updates), newspapers, journals, magazines and related publications

SPECIAL COMMITTEES UNDER THE BOARD

The Board has established four committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG 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, and have required each Board committee to report back to the Board on their decisions or recommendations. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code, and has adopted written terms of reference. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Ms. Chen Limei, Ms. Li Ying and Ms. Liu Jinchan. Ms. Chen Limei is the chairperson of the Audit Committee who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control and risk management systems, effectiveness of the audit procedures and internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

As the H Shares of the Company were listed on the Stock Exchange on March 20, 2026, the provisions of the CG Code regarding the number of board committee meetings held during the reporting period do not apply to the Company for the year ended 31 December 2025. From the Listing date up to the date of the Report, the Audit Committee has held two meetings to, among other things, review and discuss the audited consolidated financial statements of the Group for the year ended December 31, 2025 and the annual results announcement, the accounting policies and practices adopted by the Company, the risk management and internal control systems, the re-appointment of the external auditor, the terms of reference of the Audit Committee, and other related matters. The attendance of the members of the Audit Committee at the meeting is set out below:

Names of Directors	Number of Attendances/ Number of Meetings Held
Ms. Chen Limei (陳麗梅)	2/2
Ms. Li Ying (李瑩)	2/2
Ms. Liu Jinchan (劉錦嬋)	2/2

CORPORATE GOVERNANCE REPORT

Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, and has adopted written terms of reference. The Remuneration and Appraisal Committee comprises two independent non-executive Directors and one executive Director, namely Ms. Chen Limei, Ms. Li Ying and Ms. Zeng Hong. Ms. Chen Limei serves as the chairlady of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are no less exacting than those set out in the Corporate Governance Code. The principal duties of the Remuneration and Appraisal Committee include, among other things, reviewing the remuneration packages of individual executive Directors and senior management, as well as the remuneration policy and structure for all Directors, Supervisors (if any) and senior management, and making recommendations to the Board in this regard; reviewing the performance of Directors; considering salaries paid by comparable companies as well as the time commitment, responsibilities and employment conditions of the Directors within other members of the Group; reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct, loss or termination of office or appointment, to ensure that such arrangements are consistent with contractual terms and are otherwise fair and reasonable; reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

As the Company's H Shares were listed on the Stock Exchange on March 20, 2026, the code provisions in relation to the number of Board Meetings and Board committees meetings held during the reporting period set out in the CG Code were not applicable to the Company during the year ended December 31, 2025. During the period from the listing date to the date of the Report, the Remuneration and Appraisal Committee held two meetings to, among other things, review the Company's remuneration policy and structure, assess the performance of the Directors and senior management of the Company, and review matters related to the remuneration packages and service contracts of individual executive Directors and senior management and make recommendations to the Board. The attendance records for the Remuneration and Appraisal Committee meetings are set out below:

Name of Directors	Attendance/No. of Meetings held
Ms. Chen Limei (陳麗梅)	2/2
Ms. Li Ying (李瑩)	2/2
Ms. Zeng Hong (曾紅)	2/2

CORPORATE GOVERNANCE REPORT

Remuneration of Directors, Supervisors and Senior Management

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals of the Group are set out in notes 8 and 9 to the consolidated financial statements of the Report. The remuneration payable to Directors, Supervisors and Senior Management[(1)] by band for the year ended December 31, 2025 is set out below:

Remuneration (RMB)	Number of individuals
Nil to RMB1,000,000	7
Above RMB1,000,000	6

(1) Including individuals who left the Company during the current reporting period

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. The remuneration policy for the independent non-executive Directors is to ensure that the independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board.

Nomination Committee

The Company has established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code, and has adopted written terms of reference. The Nomination Committee consists of two independent non-executive Directors and one executive Director, namely Ms. Li Ying, Ms. Chen Limei and Mr. Xiao Hongxing. Ms. Li Ying is the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary duties of the Nomination Committee include, but are not limited to: (i) considering and formulating the criteria and procedures for the selection of Directors and senior management, and making recommendations to the Board in this regard. Factors to be considered include, but are not limited to, cultural and educational background as well as work experience; (ii) identifying candidates with suitable qualifications to become Directors and making nominations to the Board, as well as reviewing and making recommendations on candidates for Directors (especially the Chairman of the Board and the General Manager) of the Company; (iii) evaluating and reviewing the independence of independent non-executive Directors; (iv) reviewing at least annually the structure, size, composition and diversity of the Board (including but not limited to gender, age, cultural and educational background, skills, knowledge, professional experience, and length of service), assisting the Board in developing a Board skills matrix, and making recommendations on any proposed changes to the Board to align with the Company's strategy; (v) supporting the regular assessment of the Board's performance by the Company, including an evaluation of each Director's time commitment and contributions to the Board, as well as their ability to effectively fulfill their duties (at least once every two years); and (vi) handling other matters authorized by the Board.

CORPORATE GOVERNANCE REPORT

When assessing the composition of the Board, the Nomination Committee takes into account the various aspects and factors relating to board diversity as set out in the Company's board diversity policy (including gender ratio). The Nomination Committee will, where necessary, discuss and agree on measurable objectives for achieving board diversity, and recommend such objectives to the Board for adoption.

Name	Gender	Age	Position	Status	Total Pre-tax Remuneration Received from the Company (RMB0'000)
Xiao Hongxing (肖紅星)	Male	58	Chairman	Incumbent	0
Liu Jinchan (劉錦嬋)	Female	59	Director	Incumbent	0
Zeng Hong (曾紅)	Female	59	Director and General Manager	Incumbent	458.99
Chen Limei (陳麗梅)	Female	57	Independent Non-executive Director	Incumbent	10.42
Li Ying (李瑩)	Female	58	Independent Non-executive Director	Incumbent	10.42
Shi Ling (施凌)	Male	45	Independent Non-executive Director	Incumbent	7.14
Peng Jinghui (彭鏡輝)	Male	39	Executive Director and Staff Representative Director	Incumbent	279.96
Zeng Yangqing (曾楊清)	Male	48	Board Secretary and Deputy General Manager	Incumbent	251.80
He Jianqing (賀劍青)	Female	50	Chief Financial Officer	Incumbent	231.71
Wang Jun (王峻)	Male	52	Deputy General Manager	Incumbent	222.77
Li Qinyuan (黎欽源)	Male	52	Deputy General Manager	Incumbent	401.57
Guan Shuchun (管術春)	Male	54	Deputy General Manager	Resigned	60.98
Chen Jionghui (陳炯輝)	Male	55	Deputy General Manager	Resigned	50.78
Total	–	–	–	–	1,986.54

The Nomination Committee is responsible for identifying suitably qualified director candidates and making nominations to the Board. When evaluating suitable candidates, the Nomination Committee considers the established selection criteria, including factors such as cultural or educational background and work experience, as well as how the candidate would complement the Board's structure, size and composition (including skills, knowledge and experience). The Nomination Committee shall make recommendations to the Board regarding director candidates for its consideration and approval. Following the Nomination Committee's recommendation, the Board is responsible for approving such nominations before they are submitted for election at the shareholders' meeting.

CORPORATE GOVERNANCE REPORT

As the Company's H Shares were listed on the Stock Exchange on March 20, 2026, the provisions of the CG Code regarding the number of Board committee meetings held during the reporting period do not apply to the Company for the year ended 31 December 2025. During the period from the Listing date up to the date of the Report, no Nomination Committee was held for the purpose of, among other things, reviewing the independence of independent non-executive Directors, reviewing the biographies of the proposed candidates for directors and senior management, and examining the structure, composition and diversity of the Board. The Nomination Committee considered that the Board had maintained an appropriate balance of diversity. The attendance record of the members of the Nomination Committee at the meeting is set out as follows:

Name of Directors	Number of attendance/ meeting(s) held
Ms. Li Ying	N/A
Ms. Chen Limei	N/A
Mr. Xiao Hongxing	N/A

Strategy and ESG Committee

The Strategy and ESG Committee comprises two executive Directors and one independent non-executive Director, namely Mr. Xiao Hongxing, Ms. Zeng Hong and Ms. Li Ying. Mr. Xiao Hongxing serves as the chairman of the Strategy and ESG Committee.

The Strategy and ESG Committee has adopted written terms of reference. Its primary duties include, among others, reviewing the Company's long-term development strategy and major investment decisions and making recommendations to the Board, as well as overseeing the implementation of environmental, social and governance matters.

During the period from the Listing Date to the date of the Report, the Strategy and ESG Committee held two meetings to, among others, review and oversee matters relating to the Company's environmental, social and governance information, discuss the Company's long-term development strategy, and make recommendations to the Board. The attendance record of the members of the Strategy and ESG Committee at the meeting is set out as follows:

Name of Directors	Number of attendance/ meeting(s) held
Mr. Xiao Hongxing	2/2
Ms. Zeng Hong	2/2
Ms. Li Ying	2/2

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Company is committed to fostering a culture of diversity and recognizes that a diverse Board is essential to enhancing the Board's effectiveness and achieving its strategic objectives. The Company has adopted a Board diversity policy, which sets forth the objectives and methods for achieving and maintaining diversity on the Board.

Pursuant to the Board Diversity Policy, all appointments to the Board are based on the principle of meritocracy, and the benefits of diversity of Board members are fully taken into consideration with appropriate conditions when considering candidates. The Company seeks to achieve diversity on the Board by considering a range of factors, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge, and/or length of service, when selecting candidates for the Board. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Nomination Committee, as authorised by the Board, is responsible for compliance with the relevant code provisions under the CG Code in respect of board diversity and for ensuring diversity of the Board. It reviews the board diversity policy from time to time to ensure its continued effectiveness, including conducting an annual assessment of board diversity and gender balance, reviewing the pipeline of potential female candidates for the Board, monitoring progress towards achieving the set objectives, and making recommendations on suitable candidates for appointment to the Board. The Nomination Committee reviews the board diversity policy and the measurable objectives at least annually for the implementation of such policy, and monitors the progress made towards achieving those objectives.

The Board also conducts an annual review of the implementation and effectiveness of the board diversity policy. We will disclose the implementation of the board diversity policy in the Corporate Governance Report on an annual basis.

As at the date of the Report, our Board currently consists of four female and three male Directors, ranging from 38 years old to 59 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and finance and electronic and electrical engineering. They obtained degrees and certificates in various majors including chemistry, English, accounting, economic management, and electronic and electrical engineering. Taking into account the Company's existing business model and specific needs, as well as the different backgrounds of our Directors, we consider that the composition of our Board satisfies our board diversity policy.

CORPORATE GOVERNANCE REPORT

Gender Diversity

The Company values gender diversity across all levels of the Group. As of December 31, 2025, the gender ratio of workforce of the Group, including the Directors and senior management, is as follows:

	Female	Male
Board	57.1%	42.9%
Senior Management (excluding executive Directors)	25.0%	75.0%
Total workforce	38.6%	61.4%

The Company has achieved gender diversity among its employees (including senior management), and will continue to implement measures supporting gender diversity among its staff.

Nomination Policy for Director and Senior Management

The Nomination Committee of the Company is primarily responsible for selection of candidates for directors, general manager and other senior management of the Company, and setting up criteria and procedures for selection and making recommendation.

The Company has adopted a director nomination policy which sets out the selection criteria and nomination procedures and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination procedures as set out in the director nomination policy are as follows:

(1) The Nomination Committee shall actively communicate with the relevant departments of the Company, study the Company's demand for new directors and senior management, and prepare written documentation;

(2) The Nomination Committee may conduct extensive searches for candidates for directors and senior management within the Company, its holding (or participating) subsidiaries, and the talent market;

(3) The Nomination Committee shall collect information on the preliminary candidates' professions, educational backgrounds, professional titles, detailed work experience, and all outside directorships/officers, and prepare written materials;

(4) The Nomination Committee shall obtain the consent of the nominee for the nomination; otherwise, such person shall not be considered as a candidate for director or senior management;

(5) Convene meetings of the Nomination Committee to review the qualifications of the preliminary candidates based on the conditions for serving as directors and senior management;

CORPORATE GOVERNANCE REPORT

(6) The Nomination Committee shall propose recommendations and relevant materials regarding director nominees and candidates for newly hired senior management to the Board; and

(7) The Nomination Committee shall perform other follow-up work based on the decisions and feedback from the Board.

Where appropriate, the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting. Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Corporate Governance Function

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the Corporate Governance Code. From the Listing date up to the date of the Report, the Board confirms that it has:

(a) formulated and reviewed the Company's corporate governance policies and practices, and made recommendations to the Board;

(b) reviewed and monitored the training and continuing professional development of Directors and senior management;

(c) reviewed and monitored the Company's policies and practices in respect of compliance with legal and regulatory requirements;

(d) formulated, reviewed and monitored the code of conduct and compliance manual for employees and Directors; and

(e) reviewed the Company's compliance with the Corporate Governance Code and the disclosures contained in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has always focused on building robust internal rules and an internal control framework. The continuous and effective implementation and improvement of various internal systems provides a solid foundation for the development of the Company. The Company has also established risk management systems consisting of relevant policies and procedures that are appropriate for our business operations, including the sale of our products, administration of daily operations, financial reporting and recording, fund management, procurement, and compliance with applicable laws and regulations on environmental protection, production safety and anti-bribery.

CORPORATE GOVERNANCE REPORT

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness on an ongoing basis and annual basis. Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. The Board monitors and reviews the effectiveness of these systems annually, in compliance with paragraph D.2 of the CG Code, to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting. The Board also identifies and manages the major risks which may affect the performance of the Group, and reviews and updates the system annually. Meanwhile, the Audit Committee assists the Board in fulfilling its oversight and corporate governance roles regarding the Group's financial, operational, compliance, risk management and internal controls, and the resourcing of the finance and internal audit functions. Separately, the management and employees of the Company will consult with an external legal counsel concerning legal risks and compliance matters, as appropriate.

The Company's risk management process begins with identifying risks related to our corporate strategy and business operation. We have in place risk management policies to assess the probability and potential impact of our risks, and then actively develop corresponding mitigation strategies and plans. We also provide training to our employees to ensure that all employees are aware of their responsibilities in managing risks.

In addition to the Group's internal reviews of risk management and internal controls, the external auditor will also assess the adequacy and effectiveness of certain key controls as part of their statutory audits. When appropriate, the external Auditor's recommendations shall be adopted, and enhancements to the risk management and internal control systems will be made.

Internal Audit

Our Company's internal audit function regularly monitors key controls and procedures to provide assurance to management and the Board that the internal control system is operating effectively. The Audit Committee oversees the internal audit function. Based on an audit plan approved by the Audit Committee, internal audits review the Group's significant operational, financial, compliance, and risk management controls. Through these audits, the internal audit team identifies control deficiencies and weaknesses and proposes recommendations for improvement. Findings and deficiencies are communicated to management, who is responsible for ensuring timely rectification, and reported to the Audit Committee. The internal audit team subsequently performs follow-up reviews to verify that remedial actions have been implemented.

CORPORATE GOVERNANCE REPORT

Internal Control System and Review of Effectiveness of Risk Management and the Internal Control System

A summary of the Group's internal control policies, measures and procedures in place is set out below:

- The Board has delegated to the Audit Committee the responsibility for reviewing and supervising the financial reporting process and internal control system of the Company on an ongoing basis, and for reviewing the effectiveness of these systems annually in compliance with paragraph D.2 of the CG Code. The review covers all significant controls, including financial, operational, and compliance controls.

- The Company has adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, disclosable and connected transactions and disclosure of information.

- The Company has adopted various measures regarding conflicts of interest in our operations, enabling us to identify, monitor and review transactions with potential conflicts of interest, and take corresponding actions.

- The Company has established a whistleblowing policy and related mechanisms to allow employees of the Company and persons dealing with the Company (e.g., customers and suppliers) to raise concerns, on a confidential and anonymous basis, with the Audit Committee about possible improprieties in any matters related to the Company.

- The Company has engaged Yue Xiu Capital Limited as its compliance adviser to provide advice to its Directors and management team until the end of the first full financial year after the Listing regarding matters relating to the Listing Rules. The Company's compliance adviser is expected to ensure that the use of proceeds complies with the disclosure in the Prospectus, as well as to provide support and advice regarding the requirements of relevant regulatory authorities in a timely fashion.

- The Company will also consult its legal advisor(s) on a regular basis for advice on relevant laws and regulations to increase compliance awareness and to keep the Company abreast of relevant regulatory developments.

Management has reported to the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review procedures for the Reporting Period also covered the financial reporting function, the internal audit function, and an assessment of the adequacy of relevant personnel's qualifications, experience, and resource allocation.

CORPORATE GOVERNANCE REPORT

Anti-corruption and Whistleblowing Policy

In compliance with code provisions of the CG Code, the Board adopted a formal whistleblowing policy, which provides clear channels and guidance for employees of the Group and relevant third parties (such as customers, suppliers, creditors, and debtors) to raise concerns about possible improprieties, in confidence and without fear of reprisals.

The Group strictly adheres to laws and regulations relating to anti-corruption, such as the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). A zero-tolerance approach is maintained towards any form of corruption, bribery, extortion, fraud, and money laundering, irrespective of the area or country of operation. All employees are expected to discharge their duties with integrity and self-discipline, abstaining from any activities that may exploit their positions against the Group's interests. Furthermore, when cooperating with external parties, the Group implements proper internal controls, including tendering processes, to prevent potential corruption threats.

The Company has an internal whistleblowing channel that is open and available for employees to report any suspected corruption. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. During the year ended December 31, 2025, the Company held anti-corruption training and briefings to all employees and carried out anti-corruption and anti-bribery activities to foster a culture of integrity, and actively organized anti-corruption training and inspections to ensure the effectiveness of the implementation of relevant policies.

During the reporting period, no legal cases regarding corrupt practices were brought against the Group or its employees. There were no suspected enquiries or reported cases involving fraud against the Group. The Group was also not aware of any material non-compliance with the relevant laws and regulations concerning bribery, extortion, fraud, and money laundering.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

The Directors have prepared the financial statements in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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 Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

CORPORATE GOVERNANCE REPORT

A statement from the external auditors of the Company about their reporting responsibilities for the financial statements is set forth in the Independent Auditor's Report in the Report.

AUDITOR'S REMUNERATION

For the year ended December 31, 2025, the remuneration paid and payable to Ernst & Young, the international auditor of the Company, in respect of audit services and non-audit services amounted to approximately RMB5.5 million and RMB0.4 million respectively; the remuneration paid and payable to the Company's domestic and international auditors, RSM China CPA LLP, was approximately RMB1.0 million and RMB0.4 million, respectively.

JOINT COMPANY SECRETARIES

Mr. Zeng Yangqing and Ms. Kwan Sau In were appointed as joint company secretaries of the Company in May 2025 and August 2025, respectively. For the biographical details of Mr. Zeng Yangqing and Ms. Kwan Sau In, please refer to the sub-section headed "Directors and Senior Management – Joint Company Secretaries" of the Report.

Ms. Kwan Sau In's major contact person in the Company is Mr. Zeng Yangqing.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary Shareholders' Meetings

In accordance with article 55 of the Articles of the Association of the Company, Shareholders that, either individually or jointly, hold over 10% of shares of the Company in total have the right to propose to the Board of Directors for the convening of an extraordinary shareholders' meeting, and such proposal shall be made in writing to the Board of Directors. In accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, the Board of Directors shall issue a written feedback to state if it agree to convene the extraordinary shareholders' meeting within 10 days from the receipt of the written proposal. In event that the Board of Directors agrees to convene such extraordinary shareholders' meeting, a notice of the meeting shall be provided within five days of such resolution by the Board of Directors. Alterations to the original proposals for the meeting stated in the notice shall be approved by the relevant shareholders. In the event that the Board of Directors disagrees with the convening of such extraordinary shareholders' meeting or fails to provide any feedback within 10 days after receiving the proposal, shareholders that, either individually or jointly, hold over 10% of shares of the Company have the right to propose to the audit committee for the convening of the extraordinary shareholders' meeting, and such proposal shall be made in writing to the audit committee. In event that the audit committee agrees to convene an extraordinary shareholders' meeting, a notice of the meeting shall be issued within five days of receipt of such request. Alterations to the original proposals in the notice shall be approved by the relevant shareholders. In event that the audit committee fails to issue the notice on such meeting within the specified period, the audit committee shall be considered to be unwilling to convene and preside over the meeting. The shareholders that, either individually or jointly, hold over 10% or more of shares of the Company for a period of 90 consecutive days or more may convene and preside over the Shareholders' Meeting on their own.

CORPORATE GOVERNANCE REPORT

Putting Forward Proposals at General Meetings

Pursuant to Article 60 of the Articles of Association of the Company, Shareholders individually or jointly holding 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 days before a Shareholders' meeting is convened. The ad hoc proposal shall contain a clear topic for discussion and specific matters for resolution. The convener shall, within 2 days upon receipt of the proposal, issue a supplementary notice of the general meeting by way of announcement which shall contain the contents of the ad hoc proposal, and submit the ad hoc proposal to the general meeting for deliberation, unless the ad hoc proposal is in violation of any law, administrative regulation or the provisions of the Articles of Association or fails to fall into the scope of functions of the general meeting.

Putting Forward Enquiries to the Board

The Chairman attaches great importance to effective communication between the Company and its shareholders, attends and presides over general meetings of shareholders, continuously advances and enhances investor relations, and is committed to maximizing shareholder returns. For putting forward any enquiries to the Board, 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: Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (For the attention of the joint company secretaries)

Email: stock@delton.com.cn

For the avoidance of doubt, Shareholders 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 Shareholders' meetings. At the general meeting, Directors and the senior management are available to meet Shareholders and answer their enquiries, which helps them understand the Company's operations.

CORPORATE GOVERNANCE REPORT

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

Shareholders' Communication Policy

The Company adopts a shareholders' communication policy to guarantee continuous and effective communication with the shareholders.

Up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access on the website of the Company at www.delton.com.cn.

The Company's management regularly reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the implementation and effectiveness of the shareholder communication channels of the Group and the practices of other listed companies, the Company confirmed its effectiveness during the period from the Listing date and up to the Latest Practicable Date.

Amendments to Constitutional Documents

At the first extraordinary general meeting of 2025 held on March 16, 2026, the Company considered and approved the resolution regarding the proposed amendments to Articles of Association (Draft) and relevant Rules of Procedures of Delton Technology (Guangzhou) Inc. to take effect upon the issuance and listing of H Shares. For the issuance of H Shares and the listing thereof on the Stock Exchange, the Company amended its Articles of Association and the appendices thereto, which took effect from the Listing date.

A latest version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

Dividend Policy

The Company has adopted a dividend policy on payment of dividends. After taking into account the Company's results of operations, financial conditions, business needs, capital requirements, interests of the shareholders, and other conditions that the Board may deem relevant, as well as the conditions and factors set out in the Company's dividend policy, the Board will recommend future dividend distributions in accordance with the procedures set out in the Company's Articles of Association. The Board may propose and/or declare dividends during a financial year, and any final dividend for a financial year (and if necessary, the Company may also declare interim cash dividends or stock dividends). Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents and applicable PRC laws, and shall be subject to the approval of the shareholders.

REPORT OF DIRECTORS

The directors of the Company hereby present the directors' report and the audited financial statements of the Group for the year ended December 31, 2025.

Principal Business

During the reporting period, there was no significant change in the nature of the Group's principal business activities. Details of the principal business activities of the Group's subsidiaries are set out in note 1 to the financial statements in the Report. An analysis of the Group's revenue, other income and gains by principal business activities during the reporting period is set out in the "Management Discussion and Analysis" section of the Report and in notes 4 and 5 to the consolidated financial statements in the Report.

Delton Technology was established in June 2002. Its principal business is the research, development, production and sale of multilayer and high-layer-count printed circuit boards (PCBs). The Company's principal business remained unchanged during the reporting period. The Company's PCB products are primarily positioned in the mid-to-high-end application market, with high requirements for precision, density and reliability. The products are widely used in fields such as servers, consumer electronics, industrial control, security electronics, tele-communications and automotive electronics. Among these, PCB products used for servers account for approximately 80% of revenue, representing the most significant downstream application area for the Company's products. The products are applied in core equipment of data centers, including high-performance computing (HPC) servers, AI computing servers, storage servers and switches, thereby supplying critical electronic components for global industries such as big data and cloud computing.

The Company is a state-level high-tech enterprise and has accumulated extensive experience in the research, development and production of PCBs over many years, with a dedicated focus on high-speed PCB research. The Company's "PCBs for Server Motherboards" was selected as a National "Manufacturing Single Champion Product" in the seventh batch (2022) organized by the General Office of the Ministry of Industry and Information Technology and the China Federation of Industrial Economics. The Company's "Ultra-High-End High-Layer-Count Composite Substrate Project for AI Servers" received the Third Prize of the 2025 Science and Technology Progress Award from the Chinese Institute of Electronics. The project "R&D and Application of Key Technologies for Ultra-Small Step Gold Finger PCBs" was awarded the Second Prize of the 2025 Science and Technology Progress Award by the Guangdong Provincial Institute of Electronics. "Large-BGA Server Motherboard for HPC" received the Second Prize of the 2025 Science and Technology Progress Award from the Guangdong High-Tech Industry Association.

Furthermore, several products related to the Company's core technologies, including "High-Performance PCBs for High-End Servers", "Large-BGA Server Motherboard for HPC" and "Ultra-High-End High-Layer-Count Composite Substrate for AI Servers", were recognized as 2025 Guangdong Famous & High-Quality High-Tech Products.

REPORT OF DIRECTORS

OPERATING RESULTS

The operating results of the Group for the year ended December 31, 2025 are set out in the financial statements.

USE OF PROCEEDS FROM GLOBAL OFFERING

On March 20, 2026, the Company issued 46,000,000 H Shares and listed on the Main Board of the Hong Kong Stock Exchange at an offer price of HK$71.88 per share. The gross proceeds amounted to HK$3,306.48 million (approximately RMB2,906.89 million). After deducting direct issue expenses in connection with the issue of new shares, the net proceeds amounted to approximately HK$3,178.35 million (approximately RMB2,794.25 million) (the net amount per share is approximately HK$69.09).

As at the date of the Report, there has been no change to the proposed use of the net proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. If the net proceeds are not immediately used for the proposed purposes, the Company will place the net proceeds in interest-bearing short-term accounts with licensed banks and/or other authorized financial institutions (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or applicable laws and regulations of other jurisdictions).

No over-allotment option was granted in the Global Offering. As at the date of the Report, there has been no change to the proposed use of the net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus:

	Total net proceeds raised from the Listing Approximate (%)	Proposed use of net proceeds (in the same manner and proportion as set out in the Prospectus) (HK$ million)	Actual net proceeds as at the Listing Date (HK$ million)	Net proceeds unutilized as at the Latest Practicable Date (HK$ million)	Expected timeline for full utilization of net proceeds
(I) Used for Thai Base Phase II	**19.7**	**625.8**	**626.13**	**626.13**	**By December 31, 2026**
(A) Used for the purchase and installation of approximately 55 power and environmental protection equipment	5.2	164.9	165.27	165.27	By December 31, 2026
(B) Used for the purchase and installation of approximately 49 image transfer equipment	4.5	143.2	143.03	143.03	By December 31, 2026
(C) Used for the purchase and installation of approximately 157 drilling and milling equipment	4.6	147.4	146.2	146.2	By December 31, 2026
(D) Used for the purchase and installation of approximately 121 inspection and quality control equipment	5.4	170.3	171.63	171.63	By December 31, 2026

REPORT OF DIRECTORS

	Total net proceeds raised from the Listing Approximate (%)	Proposed use of net proceeds (in the same manner and proportion as set out in the Prospectus) (HK$ million)	Actual net proceeds as at the Listing Date (HK$ million)	Net proceeds unutilized as at the Latest Practicable Date (HK$ million)	Expected timeline for full utilization of net proceeds
(II) Used for expanding and upgrading our production facilities in Guangzhou base	**52.1**	**1,655.1**	**1655.92**	**1627.87**	**By December 31, 2027**
(A) Used for the purchase and installation of approximately 166 environmental protection equipment	11.8	375.3	375.05	375.05	By December 31, 2027
(B) Used for the purchase and installation of approximately 793 image transfer equipment	11.5	364.7	365.51	350.5	By December 31, 2027
(C) Used for the purchase and installation of approximately 332 drilling and milling equipment	13.9	442.6	441.79	441.79	By December 31, 2027
(D) Used for the purchase and installation of approximately 176 wet processing and associated inspection equipment	14.9	472.5	473.57	460.53	By December 31, 2027
(III) Used for enhancing our R&D capabilities	**10.0**	**317.5**	**317.84**	**300.39**	**By December 31, 2026**
(IV) Used for pursuing strategic partnerships, investments or acquisitions	**8.2**	**259.3**	**260.62**	**260.62**	**By December 31, 2026**
(V) Used for working capital and other general corporate uses	**10.0**	**317.5**	**317.84**	**298.37**	**By December 31, 2026**
Total	**100%**	**3,175.2**	**3178.35**	**3113.38**	**–**

The expected timeline for utilization of the remaining unutilized net proceeds is based on the best estimation of the future market conditions made by the Company with reference to the then prevailing market condition which might be subject to changes in accordance with the change in market conditions from time to time. The Company will utilize these proceeds within a reasonable timeframe in accordance with actual business requirements and in the best interests of shareholders.

REPORT OF DIRECTORS

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

Employees

Number of Employees, Professional Composition and Educational Background

Number of in-service employees of the parent company as at the end of the Reporting Period (persons)	2,586
Number of in-service employees of the major subsidiaries as at the end of the Reporting Period (persons)	2,412
Total number of in-service employees as at the end of the Reporting Period (persons)	4,998
Total number of employees receiving remuneration during the period(persons)	4,998
Number of retired employees for whom the parent company and major subsidiaries bear expenses (persons)	0

Professional Composition

Category	**Number of Employees (persons)**
Production Staff	3,723
Sales Staff	98
Technical Staff	846
Finance Staff	22
Administrative Staff	309
Total	4,998

Educational Background

Educational Level	**Number of Employees (persons)**
Master's degree or above	57
Bachelor's degree	605
College diploma (Junior college)	953
Senior high school or below	3,383
Total	4,998

REPORT OF DIRECTORS

Remuneration Policy

The Company has established a remuneration management system in accordance with applicable national laws and regulations and taking into account its own operational circumstances, with a view to enhancing its employee remuneration framework. Based on the Company's and each business unit's annual operating targets, performance and value are assessed and remuneration is allocated accordingly. In addition, the Company adopts a diversified remuneration structure, comprising basic salary, performance-based bonuses and benefits and allowances. Basic salary is determined with reference to employees' grades and capabilities, and is designed to be competitive in the market and equitable. Benefits and allowances include statutory social insurance and housing provident fund contributions, festive benefits and health check-ups, providing employees with comprehensive welfare protection.

Training Programs

To continuously enhance employees' overall competencies and professional skills and to support the Company's sustainable development, the Company has formulated a standardised training framework covering induction training, on-the-job training, customised training and a promotion system, with the aim of providing all employees with comprehensive learning and development opportunities. For employees at different positions and levels, the Company has developed detailed customised training programmes to ensure that training content aligns with their respective career development needs.

Based on the qualification requirements for each position, the Company organises training and requires each department to formulate, for different positions and grades, "Probationary Training Plans and Implementation Record Forms for Professional, Technical and Management Personnel", which primarily cover knowledge of environment, occupational health and safety management, quality management, specialised statistical tools, company policies, departmental operations, job-specific knowledge and skills, and information security.

Pension Scheme

The Group participates, for its eligible employees, in local statutory retirement and social security schemes (the "**Schemes**") in accordance with the relevant laws and regulations of the jurisdictions where the employees are employed. The Group contributes a certain percentage of salary costs to the Schemes in accordance with the relevant requirements of each country or region. Upon completion of the statutory contributions, the Group has no further obligation to pay additional pensions, and the relevant retirement benefits are payable by the local government or statutory authorities.

Except the statutory contributions described above, the Group has no other material defined benefit plans or material pension benefit obligations.

REPORT OF DIRECTORS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not make or hold any significant investments on a standalone basis during the reporting period (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2025), or material acquisitions and disposals of subsidiaries, associates and joint ventures. As of December 31, 2025, the Company also has no plans to make significant investments or purchase capital assets in the future.

Connected Transactions

For the year ended December 31, 2025, none of the related party transactions disclosed in note 38 to the consolidated financial statements, nor any other transactions, constituted "connected transactions" or "continuing connected transactions" as defined under Chapter 14A of the Listing Rules. During the reporting period, the Company had no connected transactions or continuing connected transactions which were subject to the disclosure requirements under Chapter 14A of the Listing Rules.

Subsequent to the Reporting Period, our Group entered into the following continuing connected transactions with the following connected persons:

(i) On March 4, 2026, our Group entered into a framework agreement with Dongguan Superb Electronic Materials Co., Ltd. (東莞秀博電子材料有限公司) ("**Dongguan Superb**"), pursuant to which, Dongguan Superb would supply to our Group chemical solutions, including, among others, etchants and brown oxidation solutions, for our production as we may require from time to time. As of the Latest Practicable Date, Dongguan Superb was owned as to 70% by Dongguan Guanghua Chemical Co., Ltd. (東莞市廣華化工有限公司) ("**Guanghua Chemical**"), which was in turn owned as to 91% by Ms. Liu Jinchan. Accordingly, Dongguan Superb is an associate of Ms. Liu and therefore constitutes a connected person of our Company under the Listing Rules. The initial term of the Procurement of Chemical Solutions Framework Agreement shall commence on the Listing date (i.e. March 20, 2026) until December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

REPORT OF DIRECTORS

The following table sets forth the proposed annual caps for the transaction amounts to be paid by the Company to Dongguan Superb under the Procurement of Chemical Solutions Framework Agreement:

	For the year ending December 31,		
	2025	**2026**	**2027**
		(RMB million)	
Procurement of chemical solutions	20.0	29.0	36.0

Our Group will separately enter into specific agreements with Dongguan Superb which will set out the specific terms and conditions in accordance with the principles provided in the Procurement of Chemical Solutions Framework Agreement. For further details, please refer to the Company's Prospectus dated March 12, 2026.

(ii) On March 4, 2026, our Group entered into a framework agreement with Dongguan Guanghua Environmental Protection Technology Co., Ltd. (東莞市廣華環保技術有限公司) ("**Guanghua Environmental**") ("**Cooperation Framework Agreement**"), pursuant to which, Guanghua Environmental would provide reclamation treatment services to our Group in relation to used etchants, and such treatment services would recover and extract cupric carbonate from the used etchants. As of the Latest Practicable Date, Guanghua Environmental was owned as to 65% by Dongguan Superb and 25% by Guanghua Chemical. Accordingly, Guanghua Environmental is an associate of Ms. Liu Jinchan and therefore constitutes a connected person of our Company under the Listing Rules. The initial term of the Cooperation Framework Agreement shall commence on the Listing date (i.e. March 20, 2026) until December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

REPORT OF DIRECTORS

The following table sets forth the proposed annual caps for the transaction amounts to be paid by the Company to Guanghua Environmental under the Cooperation Framework Agreement:

	For the year ending December 31,		
	2025	2026	2027
		(RMB million)	
Cooperation with Guanghua Environmental on Reclamation Treatment	15.0	17.5	20.0

Our Group will separately enter into specific agreements with Guanghua Environmental which will set out the specific terms and conditions in accordance with the principles provided in the Cooperation Framework Agreement. For further details, please refer to the Company's Prospectus dated March 12, 2026.

Confirmation by Independent Non-executive Directors:

The independent non-executive directors of the Company have reviewed the transactions during the reporting period and confirmed that:

(a) the above continuing connected transactions complied with the relevant laws and regulations and the provisions of the Articles of Association, were conducted on the principles of fairness, openness and impartiality, and were subject to the appropriate approval procedures; no circumstances were identified that would prejudice the interests of the Company and its shareholders, in particular the minority shareholders;

(b) the above continuing connected transactions were entered into in the ordinary and usual course of business of the Company;

(c) the above continuing connected transactions were conducted on normal commercial terms or better; and

(d) the above continuing connected transactions were carried out in accordance with the terms of the relevant agreements governing such transactions, and the terms of the transactions were fair and reasonable and in the interests of the shareholders of the Company as a whole.

REPORT OF DIRECTORS

Confirmation by Auditors:

The auditors of the Company have reviewed the transactions during the reporting period and confirmed that:

(a) nothing has come to our attention that causes us to believe that the above continuing connected transactions have not been approved by the board of directors of your Company.

(b) for the transactions involving your Group, nothing has come to our attention that causes us to believe that such transactions were not, in all material respects, conducted in accordance with the pricing policies of your Group.

(c) nothing has come to our attention that causes us to believe that such transactions were not, in all material respects, conducted in accordance with the relevant agreements governing such transactions.

(d) with respect to the aggregate amount of the continuing connected transactions, nothing has come to our attention that causes us to believe that the amounts of such continuing connected transactions have exceeded the annual cap set by your Company.

REPORT OF DIRECTORS

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES

As the Company had not been listed on the Main Board of the Hong Kong Stock Exchange as at December 31, 2025, Divisions 7 and 8 of Part XV and Section 352 of the SFO were not applicable to the Directors and chief executives of the Company as at December 31, 2025.

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors, supervisors and chief executives of the Company are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code as set out in Appendix C3 of the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange are as follows:

Name	Position	Nature of interest	Number and class of Shares or underlying Shares held[1]	Approximate percentage of interests in issued shares of each class[2]	Approximate percentage of interest in the issued shares
Mr. Xiao Hongxing (肖紅星)[3][4][5][6]	Chairman of the Board and executive Director	Interest in controlled corporation	228,808,321 A Shares (L)	53.65%	48.43
Ms. Liu Jinchan (劉錦嬋)[6]	Non-executive Director	Interest of spouse	228,808,321 A Shares (L)	53.65%	48.43
Ms. Zeng Hong (曾紅)[7]	Executive Director and general manager	Interest in controlled corporation	43,249,099 A Shares (L)	10.14%	9.15

(1) The letter "L" denotes a long position.

(2) The calculation is based on the total number of Shares of the Company in issue as at the Latest Practicable Date, consisting of 46,000,000 H Shares and 426,492,764 A Shares, for a total of 472,492,764 shares.

(3) As at the Latest Practicable Date, Zhenyun Investment was held as to 99.90% by Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Zhenyun Investment.

(4) As at the Latest Practicable Date, the general partner of Guangsheng Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangsheng Investment.

(5) As at the Latest Practicable Date, the general partner of Guangcai Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangcai Investment

(6) Mr. Xiao and Ms. Liu are spouses. By virtue of the SFO, they are deemed to be interested in the Shares held by each other.

(7) As at the Latest Practicable Date, the general partner of Guangxie Investment was Ms. Zeng Hong, our executive Director and general manager. By virtue of the SFO, Ms. Zeng is deemed to be interested in the Shares held by Guangxie Investment.

REPORT OF DIRECTORS

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or the associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange. None of the Directors and chief executive of the Company or their spouse or children under the age of 18 held any options to subscribe shares, underlying shares or debentures of the Company, nor had there been any exercise of any such options.

Save as disclosed in the Report, no arrangement has been entered into between the Company, its holding company or its subsidiaries during any time in the reporting period, which would allow the Directors and chief executive of the Company to be benefited by acquiring the shares, underlying shares or debentures of the Company or other body corporates.

Interests and Short Positions of the Substantial Shareholders in the Shares and Underlying Shares

As at the Latest Practicable Date, to the best of the knowledge of the directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would 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 under Section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of Shares[1]	Approximate percentage of interest in class of Shares in issue[2]	Approximate percentage of interest in Shares in issue[2]
Mr. Xiao[3][4][5][6]	Interest in controlled corporation	228,808,321 A Shares (L)	53.65%	48.43%
Ms. Liu[6]	Interest of spouse	228,808,321 A Shares (L)	53.65%	48.43%
Ms. Zeng Hong[7]	Interest in controlled corporation	43,249,099 A Shares (L)	10.14%	9.15%
Zhenyun Investment[3]	Beneficial owner	171,142,853 A Shares (L)	40.13%	36.22%
Gaungxie Investment[7]	Beneficial owner	43,249,099 A Shares (L)	10.14%	9.15%

REPORT OF DIRECTORS

Name of Shareholders	Nature of interest	Number of Shares(1)	Approximate percentage of interest in class of Shares in issue(2)	Approximate percentage of interest in Shares in issue(2)
Guangsheng Investment(4)	Beneficial owner	28,832,734 A Shares (L)	6.76%	6.10%
Guangcai Investment(5)	Beneficial owner	28,832,734 A Shares (L)	6.76%	6.10%

(1) The letter "L" denotes a long position.

(2) The calculation is based on a total of on the total number of Shares of the Company in issue as of the Latest Practicable Date, consisting of 46,000,000 H Shares and 426,492,764 A Shares, for a total of 472,492,764 shares.

(3) As of the Latest Practicable Date, Zhenyun Investment was held as to 99.90% by Mr. Xiao. Under the SFO, Mr. Xiao is deemed to be interested in the shares held by Zhenyun Investment.

(4) As of the Latest Practicable Date, the general partner of Guangsheng Investment is Mr. Xiao. Under the SFO, Mr. Xiao is deemed to be interested in the shares held by Guangsheng Investment.

(5) As of the Latest Practicable Date, the general partner of Guangcai Investment is Mr. Xiao. Under the SFO, Mr. Xiao is deemed to be interested in the shares held by Guangcai Investment.

(6) Mr. Xiao and Ms. Liu are spouses. Under the SFO, each of them is deemed to be interested in the shares held by the other.

(7) As of the Latest Practicable Date, the general partner of Guangxie Investment is Ms. Zeng Hong, our executive director and general manager. Under the SFO, Ms. Zeng is deemed to be interested in the shares held by Guangxie Investment.

Save as disclosed above, as at the Latest Practicable Date, no person (other than the directors, supervisors, or chief executive officers of the Company) had any interest or short position in the shares or underlying shares that was recorded in the register required to be maintained by the Company pursuant to Section 335 of the SFO.

Share Incentive Plan

As at the date of the Report, save for the incentive plan set out below, the Company has not granted or agreed to grant any share options to any of its Directors, supervisors, chief executive, substantial Shareholders, their respective associates, or employees of the Company or its subsidiaries.

1. 2024 Restricted Share Incentive Plan

Our Company adopted the 2024 Restricted Share Incentive Plan on October 17, 2024. The following is a summary of the principal terms of the 2024 Restricted Share Incentive Plan. The terms of 2024 Restricted Share Incentive Plan are not subject to the relevant provisions of Chapter 17 of the Listing Rules as the 2024 Restricted Share Incentive Plan does not involve any grant of restricted Shares by our Company after our Listing.

REPORT OF DIRECTORS

(a) *Purpose of the plan*

The purpose of the 2024 Restricted Share Incentive Plan is to further enhance our Company's long-term incentive mechanism and to attract, retain top talent and effectively motivate our employees. The 2024 Restricted Share Incentive Plan is implemented to align the interests of our Shareholders with that of our Company and our core employees, which will benefit the long-term development of our Group by striking a balance between contribution and reward, while safeguarding our Shareholders' interests.

(b) *Administration*

The 2024 Restricted Share Incentive Plan is subject to the approval, administration by the Board and supervision by the board of supervisors and the independent Directors of our Company.

(c) *Participants*

The eligible participants of the 2024 Restricted Share Incentive Plan include mid-level management members, key personnels and high-potential employees of our Company (including our subsidiaries), and exclude independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold 5% or more of our Shares, and their respective spouses, parents, and children.

(d) *Source and maximum number of Shares*

The Shares underlying the 2024 Restricted Share Incentive Plan shall be A Shares issued by the Company or repurchased from secondary market. The maximum number of restricted Shares that can be granted under the 2024 Restricted Share Incentive Plan is 3,800,000.

(e) *Date of grant and term of the plan*

The date on which the restricted Shares are granted shall be determined by the Board within 60 days from the date of approval of the 2024 Restricted Share Incentive Plan by Shareholders' meeting. The grant of restricted Shares is subject to the approval of the Board and shall be registered and announced within 60 days after approval of the 2024 Restricted Share Incentive Plan by Shareholders' meeting. The 2024 Restricted Share Incentive Plan will be effective from the date of completion of the grant of restricted Shares under such plan until the date on which the restricted Shares granted under such plan are no longer subject to any lock-up or have been repurchased and canceled, provided that the term of the 2024 Restricted Share Incentive Plan shall not exceed 54 months.

REPORT OF DIRECTORS

(f) *Lock-up for Directors and senior management*

If the grantee is a Director or a senior management of our Company: (i) during their employment with our Company, the Shares to be transferred by him/her in each year shall not exceed 25% of the total Shares he or she holds; (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company; (iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with such amended laws and regulations.

(g) *Conditions to the grant*

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are met:

(i) The following circumstances have not occurred with respect to our Company: (a) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountant's report for the most recent fiscal year; (b) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year; (c) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing; (d) applicable laws and regulations prohibit the implementation of share incentive; or (e) any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred: (a) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months; (b) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months; (c) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months; (d) the grantee is not qualified to serve as a director or senior management according to the Company Law; (e) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or (f) any other circumstances as determined by the CSR.

REPORT OF DIRECTORS

(h) *Unlocking and vesting of restricted Shares*

During the lock-up period, the restricted Shares granted to the grantee shall not be transferred or used as guarantee or for repayment of debt.

In addition, the restricted Shares will only be unlocked when (i) the conditions set out under paragraph (g) above are fulfilled and (ii) the annual assessment and performance targets as set out under the 2024 Restricted Share Incentive Plan are achieved.

In respect of non-special grants, the restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2024 Restricted Share Incentive Plan as follows: (i) unlocked in tranches of 40% during the unlocking period that occurs between the first trading day after expiration of 12 months from the date of grant and the last trading day after expiration of 24 months from the date of grant; (ii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 24 months from the date of grant and the last trading day after expiration of 36 months from the date of grant; and (iii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 36 months from the date of grant and the last trading day after expiration of 48 months from the date of grant.

In respect of special grants, the restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2024 Restricted Share Incentive Plan as follows: (i) unlocked in tranches of 40% during the unlocking period that occurs between the first trading day after expiration of 18 months from the date of grant and the last trading day after expiration of 30 months from the date of grant; (ii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 30 months from the date of grant and the last trading day after expiration of 42 months from the date of grant; and (iii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 42 months from the date of grant and the last trading day after expiration of 54 months from the date of grant.

Each of the grantees is required to pay a grant price of RMB17.39 per Share to purchase the A Shares from our Company upon fulfillment of all conditions in respect of the restricted Shares.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing etc. Our Company may repurchase the restricted Shares upon the occurrence of certain events set forth in the 2024 Restricted Share Incentive Plan (including but not limited to where there is a change in the grantee's position or termination of his/her employment). Pursuant to the price adjustment mechanism and other terms and conditions as set forth in the 2024 Restricted Share Incentive Plan, the price payable by our Company for the repurchases of restricted Shares shall be equivalent to the grant price of the relevant restricted Shares.

REPORT OF DIRECTORS

(i) Dividend and voting rights

Prior to the unlocking of the restricted Shares, the restricted Shares (including the right to receive dividends and right to vote) shall be locked. Upon registration of transfer of the A Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

(j) Outstanding Restricted A Shares

As of the Latest Practicable Date, the number of outstanding Restricted A Shares granted under the 2024 Restricted Share Incentive Plan was 2,448,500, representing approximately 0.51% of our total issued Shares immediately following the completion of the Listing (assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing):

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management or connected persons of our Company under the 2024 Restricted Share Incentive Plan as of the Latest Practicable Date:

Name of grantee	Position in our Group	Date of grant	Number of outstanding Restricted A Shares	Grant Price	Unlocking period	Approximate percentage of total issued Shares as at the date of the Report(1)
Connected persons						
Mr. Zeng Zhijun	Director of Thailand Delton	November 14, 2024	36,000	RMB17.39	Note 2	0.01%

Notes:

(1) The calculation is based on the total of 426,313,683 A Shares of the Company in issue as at December 31, 2025.

(2) 40%, 30% and 30% of the restricted Shares granted to Mr. Zeng Zhijun will be unlocked in the three vesting periods occurring between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant.

As of the Latest Practicable Date, 24,000 restricted A Shares (being 40% of the grant) have been unlocked and 36,000 restricted A Shares remained outstanding and subject to the lock-up restrictions.

REPORT OF DIRECTORS

2. 2024 Share Option Incentive Plan

The Company adopted the 2024 Share Option Incentive Plan on October 17, 2024. The following is a summary of the principal terms of the 2024 Share Option Incentive Plan. The terms of 2024 Share Option Incentive Plan are not subject to the relevant provisions of Chapter 17 of the Listing Rules as the 2024 Share Option Incentive Plan does not involve any grant of share options by the Company after its Listing.

(a) Purpose of the plan

The purpose of the 2024 Share Option Incentive Plan is to further enhance our Company's long-term incentive mechanism and to attract, retain top talent and effectively motivate our employees. The 2024 Share Option Incentive Plan is implemented to align the interests of our Shareholders with that of our Company and our core employees, which will benefit the long-term development of our Group by striking a balance between contribution and reward, while safeguarding our Shareholders' interests

(b) Administration of the plan

The 2024 Share Option Incentive Plan is subject to the approval of the Shareholders' meetings, administration by the Board and supervision by the board of supervisors and the independent Directors of our Company.

(c) Participants of the plan

The eligible participants of the 2024 Share Option Incentive Plan include mid-level management members, key personnels and high-potential employees of our Company (including our subsidiaries), and exclude independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold 5% or more of our Shares, and their respective spouses, parents, and children. The total number of A Shares issued and to be issued after the exercise of the share options (including both exercised and outstanding share options) granted to each participant during any 12-month period shall not exceed 1% of the total issued A Share capital of the Company.

(d) Source and maximum number of options

The Shares underlying the options to be granted under the 2024 Share Option Incentive Plan shall be A Shares issued by the Company. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. The maximum number of options that can be granted under the 2024 Share Option Incentive Plan is 3,800,000, which may be exercisable into 2,535,740 A Shares, representing 0.59% of the issued A Shares and 0.54% of the total share capital of the Company as at the date of the Report.

(e) *Date of grant and duration of the plan*

The first grant of options to the participants shall be determined, announced and registered within 60 days upon approval of the 2024 Share Option Incentive Plan by the Shareholders' meeting. The participants for the grant of reserved options shall be specified within 12 months upon approval of the 2024 Share Option Incentive Plan by the Shareholders' meeting, otherwise the reserved options shall become invalid. The options under 2024 Share Option Incentive Plan shall be valid from the date of the first grant of the options until all such options granted to the participants are fully exercised or canceled, provided that the term of the 2024 Share Option Incentive Plan shall not exceed 54 months (with approximately forty one months remaining as at the date of the Report).

(f) *Conditions to the grant of options*

The share options under the 2024 Share Option Incentive Plan will only be granted to selected participants if the following conditions are met:

(i) The following circumstances have not occurred with respect to our Company: (a) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountant's report for the most recent fiscal year; (b) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year; (c) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing; (d) applicable laws and regulations prohibit the implementation of share incentive; or (e) any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred: (a) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months; (b) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months; (c) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months; (d) the grantee is not qualified to serve as a director or senior management according to the Company Law; (e) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or (f) any other circumstances as determined by the CSRC.

No consideration is payable for the options granted under the 2024 Share Option Incentive Plan.

REPORT OF DIRECTORS

(g) *Exercise of options*

Options may be exercised by a grantee provided that (1) the conditions set out under paragraph (f) above are still satisfied during the exercise period; and (2) corporate-level performance evaluation, business unit and subsidiary-level performance evaluation, and individual-level performance evaluation as set out under the 2024 Share Option Incentive Plan are satisfied. The number of options granted and the exercise prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision and consolidation of shares, share placing and distribution of dividends.

The exercise schedules of the options granted under the 2024 Share Option Incentive Plan are either: (1) exercisable in tranches of 40%, 30% and 30% in each of the three 12-month exercise periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant for non-special grants; or (2) exercisable in tranches of 40%, 30% and 30% in each of the three 12-month exercise periods that occur between the first trading date after 18 months from the date of grant and the last trading day up to 54 months from the date of grant for special grants.

The exercise of the options granted shall be on a trading day, which shall not fall within the following periods: (1) 30 days before the publication of annual report or interim report. If the publication date is delayed for special reasons, the period shall be 30 days before the original publication date to the actual publication date; (2) 10 days before the publication of earnings forecast, preliminary earnings estimate or quarterly report; (3) the period starting from the date of occurrence of any significant event that may have a material impact on the trading price of the Shares and its derivatives or the commencement of decision-making process in respect of such event to the date of announcement of such event; and (4) any other period stipulated by the CSRC and the Shenzhen Stock Exchange.

The exercise price of the share options to be granted under the 2024 Share Option Incentive Plan is determined in accordance with the following pricing basis:

The higher of (i) the average trading price of the A Shares on the trading day immediately preceding the announcement of the 2024 Share Incentive Plan; and (ii) the average trading price of the A Shares over the 20 trading days preceding the announcement of the 2024 Share Incentive Plan.

The grantees must exercise their options within the exercise period of the respective options. Upon the expiry of the exercise period, options granted but not exercised will cease to be exercisable and shall be canceled by the Company.

REPORT OF DIRECTORS

(h) Outstanding options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding options granted under the 2024 Share Option Incentive Plan amounted to 2,605,270 A Shares, representing approximately 0.55% of the issued Shares immediately following the completion of the Global Offering (assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing). As of the Latest Practicable Date, the outstanding options were held by 284 grantees. Assuming full exercise of all outstanding options granted under the 2024 Share Option Incentive Plan, the issued and outstanding shareholding of the Shareholders immediately following completion of the Global Offering will be diluted by approximately 0.55%. The dilution effect on our earnings per Share would be approximately 0.55%.

The table below sets forth the details of options granted to (i) the grantees who are Directors, members of senior management or connected persons of our Company, and (ii) other grantees who have been granted options to subscribe for an aggregate number of 30,000 or more A Shares under the 2024 Share Option Incentive Plan which were outstanding as of the Latest Practicable Date:

Name of grantee	Position in our Company	Date of grant	Vesting period	Exercise period	Exercise Price	Number of A Shares underlying the outstanding options granted as at the beginning of the reporting period	Number of A Shares underlying the outstanding options granted as at the end of the reporting period	A Shares underlying the options granted as a percentage of total issued Shares immediately after completion of the Global Offering[1]
Connected person								
Mr. Zeng Zhijun	Director of Thailand Delton	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	60,000	36,000	0.01%
Other grantees with options for 30,000 A Shares or more								
Mr. Jin Dunquan	Head of the manufacturing department of our Company	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	60,000	60,000	0.01%
Mr. Ji Chengguang	Head of the manufacturing engineering department of our Company	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	60,000	60,000	0.01%
Mr. Yang Boren	Head of the marketing center of our Company	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	60,000	36,000	0.01%
Mr. Shen Wei	Head of the technical innovation department of our Company	November 14, 2024	18 months	May 14, 2026 to May 13, 2029	RMB35.25	40,000	40,000	0.01%

REPORT OF DIRECTORS

Name of grantee	Position in our Company	Date of grant	Vesting period	Exercise period	Exercise Price	Number of A Shares underlying the outstanding options granted as at the beginning of the reporting period	Number of A Shares underlying the outstanding options granted as at the end of the reporting period	A Shares underlying the options granted as a percentage of total issued Shares immediately after completion of the Global Offering[(1)]
Mr. Shu Hailong	Head of the manufacturing department of our Company	November 14, 2024	18 months	May 14, 2026 to May 13, 2029	RMB35.25	30,000	30,000	0.01%
Mr. Gao Weihua	Senior manager of the manufacturing department of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	30,000	30,000	0.01%
Mr. Yang Shaobo	Head of the quality control department of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	30,000	30,000	0.01%
Ms. Xie Peizhen	Head of the human resources department of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	30,000	30,000	0.01%
Mr. Yang Changhai	Assistant to the general manager of our Company	September 23,2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	40,000	40,000	0.01%

Note:

(1) The calculation is based on the assumption that no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing.

REPORT OF DIRECTORS

The table below sets out details of the outstanding share options granted under the 2024 Share Option Incentive Plan as at the latest practicable date to other grantees (excluding (i) the aforesaid directors, members of the Company's senior management or connected persons, and (ii) other grantees who have been granted options to subscribe for an aggregate of 30,000 or more A Shares and such options remained outstanding as at the latest practicable date), by class of underlying shares:

By number of underlying A Shares	Number of grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of A Shares underlying the outstanding options granted as at the beginning of the reporting period	Number of A Shares underlying the outstanding options granted as at the end of the reporting period	Percentage of A Shares subject to outstanding options granted to the total number of issued Shares immediately following the completion of the Global Offering[1]
1 to 29,999	172	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	2,062,500	1,344,770	0.28%
	28		18 months	May 14, 2026 to May 13, 2029	RMB35.25	335,000	335,000	0.07%
	70	September 23, 2025.	12 months	September 23, 2027 to September 12, 2028	RMB35.25	465,000	465,000	0.10%
	4[2]	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	45,000	28,500	0.10%
		September 23, 2025	18 months	May 14, 2026 to May 13, 2029	RMB35.25	40,000	40,000	0.10%

Notes:

(1) The above calculation is based on the assumption that there are no other changes in the issued share capital of the Company from the latest practicable date up to the date of listing.

(2) Four grantees have been granted share options on both November 14, 2024 and September 23, 2025.

REPORT OF DIRECTORS

Major Suppliers and Customers

Details of our Company's five largest suppliers, five largest customers and the largest supplier and the largest customer are set out in the section headed "Management Discussion and Analysis" of the Report (such contents therein form a part of the Report of the Directors). All transactions between our Company and relevant customers and suppliers are on normal commercial terms.

As far as the Directors are aware, none of the Directors, Supervisors, or any Shareholders holding more than 5% of the Shares of the Company and their respective associates (as defined in the Listing Rules) had any interest in the above top five suppliers and customers during the reporting period.

For the year ended December 31, 2025, the purchases attributable to the Group's five largest suppliers accounted for more than 30% of the Group's total purchases, and the sales attributable to the Group's five largest customers accounted for more than 30% of the Group's total sales.

Tax Concessions

To the best of the Company's knowledge, no tax concessions are available to Shareholders by virtue of their holding of the Company's securities.

Pre-emptive Rights

According to the Articles of Association and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to its existing Shareholders in proportion to their shareholdings.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the reporting period, including a discussion of the principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement", "Financial Highlight" and "Management Discussion and Analysis" in the Report (such contents therein form a part of this "Report of the Directors)".

For discussion on the Group's compliance with relevant laws and regulations that have a significant impact on the Group and the Group's environmental policies and performance, please refer to the sections headed "Management Discussion and Analysis" and "Sustainability" in the Report.

REPORT OF DIRECTORS

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the staff of the Group and the related remuneration policy and training programs are set out in this "Report of the Directors" "Employees of the Parent Company and Major Subsidiaries at the end of the Reporting Period".

The Group maintains a good relationship with its customers. Our Group operates in accordance with laws and regulations, abides by contracts, follows international rules, rejects commercial frauds, and strives to provide customers with high-quality, safe and responsible products and services.

The Group maintains a good relationship with its suppliers. The Group continuously improves its procurement process mechanism, strengthens its management over suppliers, and consistently adheres to the business principles of integrity and trustworthiness. It enhances communication with suppliers through various means, striving to achieve win-win cooperation and mutual development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The 2025 environmental, social and governance report of the Company is published on the same date as the Report. Such contents form a part of this "Report of the Directors".

Repurchase, Redemption or Sale of the Company's Listed Securities

Pursuant to the rules of the restricted share incentive scheme, the Company repurchased and cancelled certain restricted A Shares granted to certain incentive participants (Repurchase Incentive Participants) (the Repurchase and Cancellation). None of the Repurchase Incentive Participants is a connected person of the Company. The special resolutions in respect of the Repurchase and Cancellation were submitted to, and approved by, the extraordinary general meeting of the Company. A summary of such Repurchase and Cancellation is set out below:

(1) In May 2025, an aggregate of 30,000 restricted A Shares granted under the scheme to certain incentive participants were repurchased and cancelled at a total consideration of RMB536,100.00, at a repurchase price of RMB17.87 per share;

(2) In October 2025, an aggregate of 182,500 restricted A Shares granted under the scheme to certain incentive participants were repurchased and cancelled at a total consideration of RMB3,173,675.00, at a repurchase price of RMB17.39 per share;

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, redeemed, or sold any of the Company's listed securities during the year ended December 31, 2025. The Company did not hold any treasury shares as at December 31, 2025.

REPORT OF DIRECTORS

Directors' Service Contracts

Each of the incumbent Directors has entered into a service contract with the Company for a term commencing from the date of his or her appointment and ending upon the expiry of the term of the second session of the Board. Pursuant to the Articles of Association of the Company, the term of office of the Directors is three years and is subject to re-election. The remuneration of the Directors is subject to revision by the shareholders' meeting. Save as disclosed above, none of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors and Their Terms of Office

During the reporting period and up to the date of publication of the Report, the Directors and Supervisors and their respective terms of office are as follows:

Name	Position	Gender	Age	Appointment Date	Expiry Date
Mr. Xiao Hongxing (肖紅星)	Chairman of the Board and executive Director	Male	58	June 2020	June 2026
Ms. Zeng Hong (曾紅)	Executive Director and general manager	Female	59	June 2020	June 2026
Mr. Peng Jinghui (彭鏡輝)	Executive Director and employee representative Director	Male	39	May 2025	June 2026
Ms. Liu Jinchan (劉錦嬋)	Non-executive Director	Female	59	June 2020	June 2026
Ms. Chen Limei (陳麗梅)	Independent non-executive Director	Female	57	February 2022	June 2026
Ms. Li Ying (李瑩)	Independent non-executive Director	Female	58	June 2020	June 2026
Dr. Shi Ling (施凌)	Independent non-executive Director	Male	45	May 2025	June 2026

Biographical Details of Directors and Senior Management

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" in the Report.

REPORT OF DIRECTORS

MANAGEMENT CONTRACT

Other than the service contracts with Directors, the Company did not enter into any contracts with any individual, company or corporate entity during the reporting period to undertake the management and administration of all or any major part of the Company's business.

PERMITTED INDEMNITY PROVISION

The Company has purchased Director and Officer Liability Insurance for its Directors and senior management. Besides, at no time during the reporting period and up to the date of the Report, there was no permitted indemnity provision being in force for the benefit of any Directors of the Company or its associated companies (whether made by the Company or otherwise).

DIRECTORS' AND SUPERVISORS' INTERESTS IN MAJOR TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as the service contracts of the Directors and Supervisors as disclosed above, there were no transactions, arrangements or contracts of significance to which the Company or its controlling company or its subsidiaries were a party to and in which a Director or Supervisor or an entity connected with a Director or Supervisor had a material interest, either directly or indirectly, subsisting at the end of the reporting period or at any time during the reporting period.

CHANGES IN DIRECTORS' INFORMATION

Since the Listing date and up to the date of the Report, saved as the changes as set out in the section headed "Directors and Senior Management – Changes in directors, supervisors and senior management during the reporting period" in the Report, there are no other changes in directors' information that need to be disclosed under Rule 13.51B(1) of the Listing Rules.

COMPETING BUSINESS

As at the date of the Report, none of the Directors or Supervisors of the Company holds any interest in business other than the businesses of the Group which directly or indirectly competes or is likely to compete with the business of the Group.

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of the Directors and Supervisors is determined by the Remuneration and Appraisal Committee after considering factors such as the remuneration paid by comparable companies, the time commitment and duties of the Directors and Supervisors. During the Year, the details of remuneration of the Directors, Supervisors and the five highest paid individuals of the Company are set out in the notes 8 and 9 to the financial statements of the Report.

REPORT OF DIRECTORS

During the year ended December 31, 2025, none of the Directors waived his/her emoluments nor agreed to waive his/her emoluments, and no emoluments were paid by the Group to any of the Directors or five highest paid individuals as inducement to join or upon joining the Group, or as compensation for loss of office.

THE BOARD AND BOARD COMMITTEES

Details of the Board and Board committees are set out in the sub-section headed "Corporate Governance Report – Special Committees under the Board of Directors" in the Report, and the contents therein form a part of the Report of the Board of Directors.

MATERIAL LITIGATION AND ARBITRATION

So far as the Directors of the Company are aware, the Company was not engaged in any material litigation, arbitration or claim, and no litigation or claim of material importance was pending or threatened against the Company during the Year.

FINANCIAL ASSISTANCE AND GUARANTEES PROVIDED TO AFFILIATED COMPANIES

There is no financial assistance provided to affiliated companies by the Company and guarantees given for facilities granted to its affiliated companies which together in aggregate exceeds 8% under the assets ratio defined under rule 14.07(1) of the Listing Rules.

EQUITY-LINKED AGREEMENT

The Company has not entered into any equity-linked agreement during the reporting period.

Bonds

The Company did not issue any bonds during the reporting period.

Undistributed Profit

As at December 31, 2025, details of the Company's undistributed profit are set out in note 32 to the financial statements.

REPORT OF DIRECTORS

Pledged or Charged Assets of the Group

As at 31 December 2025, the net book value of the collateral pledged or mortgaged by the Company to secure bank borrowings was RMB498.4 million, mainly consisting of fixed assets and intangible assets.

Except as described above, the Group had no material assets under pledge or contingent liabilities as at December 31, 2025

Off-balance Sheet Arrangements

As of December 31, 2025, the Company had no significant off-balance sheet arrangements.

Currency and Interest Rate Hedging Policy

Foreign currency risk

The Company's subsidiaries primarily operate in the PRC, Hong Kong and Thailand, with most transactions settled in RMB and U.S. dollars. Accordingly, foreign currency risk arises when future commercial transactions and recognized assets or liabilities are denominated in a currency that is not the functional currency.

Risk Analysis and Risk Control Measures for Foreign Exchange Hedging Business

(I) Risk Analysis

1. Exchange rate fluctuation risk: In the event of significant exchange rate volatility, the quoted rates for banks' forward foreign exchange settlement and sales may deviate from the rates prevailing at the time of the Company's actual receipts and payments, which may result in exchange losses.

2. Performance risk: Foreign exchange hedging transactions involve the risk of default arising from failure to perform upon contract maturity.

3. Internal control risk: Foreign exchange hedging is highly specialised and complex, and risks may arise from inadequate internal control mechanisms.

4. Forecast risk: The Company forecasts cash inflows based on sales orders. During actual execution, customers may adjust orders, leading to inaccurate cash inflow forecasts and resulting in the risk of deferred settlement under forward foreign exchange contracts.

5. Policy risk: Significant changes in laws, regulations and policies governing the foreign exchange or derivatives markets may trigger market volatility or render transactions infeasible.

REPORT OF DIRECTORS

(II) Risk Control Measures

1. Prior to entering into foreign exchange hedging transactions, the Company conducts comparative analyses across multiple markets and products, and selects instruments that best fit its business profile, with strong liquidity and controllable risk levels.

2. The Company prudently selects financial institutions, such as banks, with sound credit standing and with which it has established long-term business relationships.

3. The Company has formulated the Foreign Exchange Hedging Business Management Policy, which sets out clear provisions on operational principles, approval authorities, internal procedures, information segregation measures, internal risk reporting and handling procedures, and information disclosure requirements in respect of foreign exchange hedging activities.

4. The Company's audit department conducts periodic reviews of the actual operation of foreign exchange hedging activities, including the utilisation of funds and the resulting profits and losses.

FIXED ASSETS

Details of movements of the fixed assets of the Group during the year ended December 31, 2025 are set out in Note 13 to the financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the relevant laws and regulations, the Company's distributable reserves as at December 31, 2025 amounted to RMB3,595.0 million (December 31, 2024: RMB2,701.6 million).

BANK AND OTHER LOANS

Details of the Group's bank loans, trading financial liabilities and other loans are set out in Note 29 to the financial statements.

GEARING RATIO

Gearing ratio equals total debt divided by total equity as of the end of the period. Total debt includes short-term borrowings, current portion of long-term borrowings and long-term borrowings which are all interest-bearing borrowings. As of December 31, 2025, the gearing ratio of the Group was 89.6% (as of December 31, 2024: 85.0%).

REPORT OF DIRECTORS

DONATIONS

During the reporting period, the Group made charitable and other donations of approximately RMB1.055 million (2024: RMB3.00 million).

TAXATION

Details of the Group's taxation are set out in Note 10 to the financial statements.

CAPITAL COMMITMENTS

Details of the Group's capital commitments for the year are set out in Note 37 to the financial statements in the Report.

PUBLIC FLOAT

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H Shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H Shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

To the best knowledge of the Directors, for the purposes of Rule 19A.13A of the Listing Rules, all 46,000,000 H Shares to be issued under the Global Offering (representing approximately 9.74% of our total issued share capital immediately following the Listing will be held by the public and counted towards the public float upon Listing. Immediately following the completion of the Global Offering, the market value of the H Shares held by the public will be approximately HK$3.31 billion (based on the Offer Price of HK$71.88 per H Share), which exceeds the HK$3.0 billion minimum market value of H Shares required to be held by the public under Rule 19A.13A(2) of the Listing Rules. Accordingly, upon Listing, the Company will satisfy the public float requirement under Rule 19A.13A(2) of the Listing Rules.

From immediately after the completion of the Global Offering up to the Latest Practicable Date, the Company has complied with the sufficient public float requirement under Rule 19A.28B(2) of the Listing Rules. The number of H Shares held by the public represent 9.74% of the total issued shares in the relevant class of the Company' s H Shares, which satisfies the requirement under Rule 19A.28B(2) of the Listing Rules that the number of H Shares held by the public must represent at least 5% of the total issued shares (excluding treasury shares) in the relevant class of the Company' s H Shares.

REPORT OF DIRECTORS

Audit Committee

The Company has established the Audit Committee in compliance with the requirements of the Corporate Governance Code, with its terms of reference clearly defined in writing.

The Audit Committee of the Company comprises two independent non-executive Directors and one non-executive director. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including the review of the Group's consolidated annual financial statements for the year ended December 31, 2025. It has also discussed matters relating to risk management and internal controls, and is of the view that the annual results and financial statements for the year comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

Details of the meetings of the Audit Committee are set out in the subsection headed "Corporate Governance Report – Information on the Special Committees under the Board – Audit Committee" of the Report, which forms part of this Directors' Report.

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

REPORT OF DIRECTORS

Appointment and Dismissal of Accounting Firms

RSM China Certified Public Accountants (Special General Partnership):

Service Type	Paid/Payable expenses (including tax) RMB'000
Audit Services	
Of which: Annual Report Audits	800
Of which: Internal Control Audits	200
Non-Audit Services	394
Total	1,394

Ernst & Young:

Service Type	Paid/Payable expenses (including tax) RMB'000
Audit Services	
Of which: Audit of H-share Initial Public Offerings	3,500
Of which: Audit of Annual Reports	2,000
Non-audit Services	400
Total	5,900

Other than (i) the change of the Company's domestic accounting firm from Grant Thornton Zhitong Certified Public Accountants to RSM China Certified Public Accountants (Special General Partnership) as considered and approved at the Company's shareholders' meeting on September 3, 2024; and (ii) the appointment of Ernst & Young as the auditor and reporting accountant for the Company's H-share listing, in connection with which the Company prepared its consolidated financial statements for the three years ended December 31, 2024 and the nine months ended September 30, 2025 in accordance with IFRS Accounting Standards for (among others) setting out in the Prospectus for the global offering, the Company has not had any other change of auditors in the past three years.

REPORT OF DIRECTORS

Dividend

The 2025 annual profit distribution plan of the Company is proposed as follows: based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB6.46 (tax inclusive) for every 10 ordinary shares, with no capitalisation by way of capitalisation of capital reserves and no bonus shares. The total amount of cash dividends to be distributed is approximately RMB305.20 million, accounting for 30.05% of the net profit attributable to the owners of the parent company in the 2025 consolidated statements.

The Company's proposed profit distribution plan for 2025 is subject to approval by the Shareholders at the annual general meeting. The Company will disclose, in due course, further details regarding the proposed final dividend, including (among other things) the expected timetable and arrangements for the closure of the H Share register of members for the purpose of determining Shareholders' entitlement to the final dividend.

During the reporting period, there was no arrangement under which any shareholder has waived or agreed to waive any dividend.

Significant Events After the Reporting Period

The Company was listed on Hong Kong Stock Exchange on 20 March 2026 and issued 46,000,000 H Shares. The total number of H Shares to be offered under the global offering is 46,000,000 shares. After deducting the underwriting commissions and other estimated expenses relating to the global offering, and assuming that the over-allotment option is not exercised, the net proceeds from the global offering to be received by the Company are approximately HK$3,178.35 million.

Save as disclosed above, there were no significant events affecting the Group from the end of the reporting period up to the date of the Report.

By order of the Board
Delton Technology (Guangzhou) Inc.
Xiao Hongxing
Chairman
March 27, 2026

DEFINITIONS

In the Report, unless the context otherwise requires, the following terms shall have the meanings set forth below:

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of the Company's A Share(s)
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, supplemented, or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"Board of Supervisors"	the Company's Board of Supervisors
"China" or "Chinese Mainland" or "the PRC"	the People's Republic of China, but for the purpose of the Report and except where the context requires otherwise, references in the Report to "China," "Chinese Mainland" or the "PRC" do not apply to Hong Kong, the Macao Special Administrative Region, and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Delton Technology (Guangzhou) Inc. (廣州廣合科技股份有限公司), a company established under the laws of the PRC on June 17, 2002 and converted into a joint stock company with limited liability on June 22, 2020, whose A Shares have been listed on the Shenzhen Stock Exchange (stock code: 001389), and H Shares have been listed on the Main Board of Hong Kong Stock Exchange (stock code: 01989)
"Company Law"	the Company Law of the People's Republic of China
"Corporate Governance Code"	Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules

DEFINITIONS

"Delton International"	DELTON TECHNOLOGY INTERNATIONAL LIMITED (廣合科技(國際)有限公司), a limited liability company incorporated under the laws of Hong Kong on January 3, 2019, and a wholly-owned subsidiary of our Company
"Delton Investment"	Delton Investment Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands on April 4, 2023, and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"Dongguan Delton"	Delton Numerical Control Technology (Dongguan) Co., Ltd. (東莞廣合數控科技有限公司), a limited liability company established under the laws of the PRC on January 28, 2021, and a wholly-owned subsidiary of our Company
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"ESG"	Environmental, Social and Governance
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus of the Company
"Guangcai Investment"	Shenzhen Guangcai Investment Partnership (Limited Partnership) (深圳廣財投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 16, 2016, and a member of our Controlling Shareholders Group
"Guangsheng Investment"	Shenzhen Guangsheng Investment Partnership (Limited Partnership) (深圳廣生投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 16, 2016, and a member of our Controlling Shareholders Group
"Guangxie Investment"	Shenzhen Guangxie Investment Partnership (Limited Partnership) (深圳廣諧投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 11, 2016
"H Share(s)"	The Company's ordinary shares, each with a par value of RMB1.00, are traded in Hong Kong dollars as overseas-listed foreign shares and are listed on the Stock Exchange

DEFINITIONS

"H Shareholder(s)"	holder(s) of H Share(s) of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS Accounting Standards"	IFRS Accounting Standards, which include all International Financial Reporting Standards, International Accounting Standards and interpretations as issued by the International Accounting Standards Board
"Latest Practicable Date"	April 29, 2026, being the latest practicable date for the purpose of ascertaining certain information in the Report prior to its publication
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Hong Kong Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the Prospectus being issued in connection with the Global Offering by the Company on March 12, 2026
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China
"reporting period", "this year" or "this period"	from the year ended January 1, 2025 to the year ended December 31, 2025
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares

DEFINITIONS

"Shareholder(s)"	holder(s) of our Share(s)
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"Supervisor(s)"	the supervisor(s) of the Company
"the Group"	the Company and the subsidiaries
"Year-on-year" or "YOY"	year-on-year
"%"	per cent

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
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Quarry Bay, Hong Kong

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To the shareholders of Delton Technology (Guangzhou) Inc.
(Registered in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Delton Technology (Guangzhou) Inc. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 105 to 205, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") 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.

INDEPENDENT AUDITOR'S REPORT

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
Revenue recognition	
For the year ended 31 December 2025, revenue of the Group in total was RMB5,485,371,000, of which revenue from the sale of printed circuit boards. Revenue recognition is a key audit matter because the revenue amounts were significant to the consolidated financial statements as a whole. Besides, revenue is one of the performance indicators of the Group, and there is an inherent risk of management manipulating revenue recognition to achieve expected performance and meet earnings expectations among investors. The Group's disclosures relating to the revenue recognition are included in note 2.4, 4 and 5 to the consolidated financial statements.	Our audit procedures in relation to the revenue recognition included but not limited to: (a) obtaining our understanding of, assessing and testing the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition; (b) inspecting key customer contracts to identify terms and conditions which were related to the transfer of control, revenue recognition and measurement and evaluated whether the accounting policies on revenue recognition were in compliance with the relevant accounting standards; (c) performing an analytical review of revenue to analyse the fluctuations in revenue and gross profit during the year; (d) performing tests of details for revenue recognition, including but not limited to the invoices, customs declaration and acceptance notes, on a sample basis; (e) performing cut-off tests of revenue before and after the year end, on a sample basis; and (f) checking the adequacy of the disclosures of revenue in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of the expected credit losses on trade receivables	
The gross balance of trade receivables as at 31 December 2025 amounted to RMB2,038,545,000, against which an allowance for impairment amounting to RMB101,916,000 was made. Management assessed the expected credit losses on trade receivables based on expected credit loss rates. Assessment of the expected credit losses on trade receivables is a key audit matter because the balance in the consolidated financial statements was significant to the consolidated financial statements as a whole. Besides, the assessment of the expected credit losses on trade receivables involves significant estimates made by management. The Group's disclosures relating to the assessment of the expected credit losses on trade receivables are included in note 2.4, 20 and 41 to the consolidated financial statements.	Our audit procedures in relation to the assessment of the expected credit losses on trade receivables included but not limited to: (a) obtaining our understanding of, assessing and testing the design, implementation and operating effectiveness of the Group's key internal controls over assessment of the expected credit losses on trade receivables; (b) obtaining the impairment assessments of trade receivables prepared by management to understand the credit loss provisioning methodology adopted by the Group; (c) evaluating the rationality and sufficiency of the management's provision of expected credit losses on trade receivables which the management assesses the expected credit losses collectively by reference to the credit risk characteristics; (d) checking the mathematical accuracy of the calculation of the provision for loss allowance; (e) performing tests of the accuracy of the ageing analysis of receivables prepared by management, on a sample basis; (f) examining the subsequent settlement of the receivables to cash receipts and the related supporting documentation, on a sample basis; and (g) checking the adequacy of the disclosures of the expected credit losses on trade receivables in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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 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, 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.

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 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, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the Report.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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 CHAU, Man Lok, (practising certificate number: P05662).

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2026

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**5,485,371**	3,734,285
Cost of sales		**(3,596,675)**	(2,487,825)
Gross profit		**1,888,696**	1,246,460
Other income and gains	5	**66,010**	91,212
Selling and marketing expenses		**(128,743)**	(106,620)
Administrative expenses		**(239,252)**	(157,491)
Research and development costs		**(279,793)**	(179,197)
Other expenses		**(153,251)**	(116,016)
Finance costs	7	**(16,571)**	(15,867)
Share of loss of an associate		**(197)**	–
PROFIT BEFORE TAX	6	**1,136,899**	762,481
Income tax expense	10	**(121,110)**	(86,381)
PROFIT FOR THE YEAR		**1,015,789**	676,100
Attributable to:			
Owners of the parent		**1,015,789**	676,100
EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	12	**2.40**	1.66
Diluted (RMB)	12	**2.39**	1.65

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	**1,015,789**	676,100
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(5,645)**	4,162
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(5,645)**	4,162
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,010,144**	680,262
Attributable to:		
Owners of the parent	**1,010,144**	680,262

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2025

	Notes	**31 December 2025 RMB’000**	31 December 2024 RMB’000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,335,026**	2,567,318
Right-of-use assets	14	**147,447**	104,949
Intangible assets	15	**20,733**	18,695
Investment in an associate	16	**11,803**	–
Deferred tax assets	17	**54,945**	75,652
Other non-current assets	20	**278,295**	70,464
Total non-current assets		**3,848,249**	2,837,078
CURRENT ASSETS			
Inventories	18	**764,446**	458,550
Trade and bills receivables	19	**2,050,117**	1,292,954
Prepayments, deposits and other receivables	20	**154,093**	83,775
Financial assets at fair value through profit or loss	21	**190,468**	291,070
Derivative financial instruments	26	**3,045**	–
Financial assets at fair value through other comprehensive income	22	**11,865**	1,048
Pledged and restricted deposits	23	**109,422**	86,210
Cash and cash equivalents	23	**410,368**	635,071
Total current assets		**3,693,824**	2,848,678
CURRENT LIABILITIES			
Trade and bills payables	24	**2,379,987**	1,646,602
Other payables and accruals	25	**222,109**	267,563
Derivative financial instruments	26	**–**	8,088
Tax payable		**41,691**	31,884
Contract liabilities	27	**6,053**	7,379
Interest-bearing bank and other borrowings	29	**362,513**	220,973
Lease liabilities	14	**627**	433
Total current liabilities		**3,012,980**	2,182,922
NET CURRENT ASSETS		**680,844**	665,756
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,529,093**	3,502,834

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	29	**318,001**	193,946
Lease liabilities	14	**4,568**	–
Deferred income	28	**208,030**	166,725
Deferred tax liabilities	17	**20,409**	68,317
Total non-current liabilities		**551,008**	428,988
Net assets		**3,978,085**	3,073,846
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**425,664**	425,265
Treasury shares	30	**(42,579)**	(52,985)
Reserves	32	**3,595,000**	2,701,566
Total equity		**3,978,085**	3,073,846

Xiao Hongxing
Director

Zeng Hong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 30)	Treasury shares RMB'000 (note 30)	Capital reserve* RMB'000 (note 32)	Share-based payment reserve* RMB'000 (note 31)	Foreign currency translation reserve* RMB'000 (note 32)	Special reserve – safety fund* RMB'000 (note 32)	Statutory reserve* RMB'000 (note 32)	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2025	425,265	(52,985)	1,214,226	108,201	4,162	12,623	163,594	1,198,760	3,073,846
Profit for the year	–	–	–	–	–	–	–	1,015,789	1,015,789
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(5,645)	–	–	–	(5,645)
Total comprehensive income for the year	–	–	–	–	(5,645)	–	–	1,015,789	1,010,144
Share-based payments (note 31)	–	–	–	64,206	–	–	–	–	64,206
Deferred tax on share-based payments	–	–	–	16,667	–	–	–	–	16,667
Profit appropriations to statutory reserve	–	–	–	–	–	–	49,239	(49,239)	-
Profit appropriations to safety fund (note 32)	–	–	–	–	–	5,550	–	(5,550)	-
Issue of restricted shares (note 30)	635	(11,043)	10,408	–	–	–	–	–	-
Vesting of restricted share (note 30)	–	16,365	–	–	–	–	–	–	16,365
Repurchase and cancellation of forfeited restricted shares (note 30)	(236)	4,213	(3,977)	–	–	–	–	–	-
Dividend declared (note 11)	–	871	–	–	–	–	–	(204,014)	(203,143)
At 31 December 2025	425,664	(42,579)	1,220,657	189,074	(1,483)	18,173	212,833	1,955,746	3,978,085

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 30)	Treasury shares RMB'000 (note 30)	Capital reserve* RMB'000 (note 32)	Share-based payment reserve* RMB'000 (note 31)	Foreign currency translation reserve* RMB'000 (note 32)	Special reserve – safety fund* RMB'000 (note 32)	Statutory reserve* RMB'000 (note 32)	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2024	380,000	–	553,047	92,815	–	6,166	93,281	705,005	1,830,314
Profit for the year	–	–	–	–	–	–	–	676,100	676,100
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	4,162	–	–	–	4,162
Total comprehensive income for the year	–	–	–	–	4,162	–	–	676,100	680,262
Share-based payments (note 31)	–	–	–	15,386	–	–	–	–	15,386
Profit appropriations to statutory reserve	–	–	–	–	–	–	70,313	(70,313)	-
Profit appropriations to safety fund (note 32)	–	–	–	–	–	6,457	–	(6,457)	-
Issue of shares (note 30)	42,300	–	611,159	–	–	–	–	–	653,459
Issue of restricted shares (note 30)	2,965	(52,985)	50,020	–	–	–	–	–	-
Dividend declared (note 11)	–	–	–	–	–	–	–	(105,575)	(105,575)
At 31 December 2024	425,265	(52,985)	1,214,226	108,201	4,162	12,623	163,594	1,198,760	3,073,846

* These reserve accounts comprise the consolidated reserves of RMB3,595,000,000 (2024: RMB2,701,566,000) in the consolidated statements of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit before tax		**1,136,899**	762,481
Adjustments for:			
Finance costs	7	**16,571**	15,867
Interest income	5	**(20,319)**	(17,353)
Foreign exchange gains, net		**2,408**	(7,350)
Depreciation of property, plant and equipment	13	**212,268**	153,462
Amortisation of intangible assets	15	**15,698**	10,967
Depreciation of right-of-use assets	14	**3,360**	12,404
Net losses on disposal of property, plant and equipment		**1,499**	777
Net gains on disposal of right-of-use assets		**–**	(23)
Fair value gains on financial assets at fair value through profit or loss		**(3,470)**	(2,972)
Write-down of inventories to net realisable value	6	**74,246**	71,771
Fair value losses/(gains) on derivative financial instruments	5	**(11,096)**	14,929
Impairment losses on financial assets, net		**43,258**	17,870
Impairment of property, plant and equipment	13	**1,928**	7,501
Share of loss of an associate		**197**	–
Share-based payment expenses	31	**64,206**	15,386
Increase in inventories		**(380,142)**	(133,408)
Increase in trade and bills receivables		**(800,904)**	(424,149)
(Increase)/decrease in financial assets at fair value through other comprehensive income		**(10,817)**	11,964
Increase in prepayments, deposits and other receivables		**(53,199)**	(13,934)
Increase in trade and bills payables		**790,016**	231,928
Increase in other payables and accruals		**36,977**	121,266
(Decrease)/increase in contract liabilities		**(1,326)**	1,075
Increase in deferred income		**41,305**	40,004
Cash generated from operations		**1,159,563**	890,463
Interest received		**20,319**	17,353
Income taxes paid		**(148,311)**	(111,531)
Net cash flows from operating activities		**1,031,571**	796,285

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**5,254**	137
Purchases of items of property, plant and equipment		**(1,247,894)**	(814,824)
Purchases of intangible assets		**(18,678)**	(10,323)
Acquisition of land use rights		**(42,560)**	(2,364)
Placement of financial assets at fair value through profit or loss		**(1,013,800)**	(1,316,000)
Withdrawal of financial assets at fair value through profit or loss		**1,113,800**	1,026,000
Payment of equity investment in associate		**(12,000)**	–
Investment income from financial assets at fair value through profit or loss		**10,710**	7,504
Investment losses from derivative financial instruments		**(6,675)**	(13,865)
Net cash flows used in investing activities		**(1,211,843)**	(1,123,735)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		**395,558**	220,801
Proceeds from issue of shares		**11,043**	790,274
Dividend paid		**(204,014)**	(105,575)
Repayment of bank and other borrowings		**(233,858)**	(193,105)
Interest paid		**(16,612)**	(13,949)
Payments of lease liabilities		**(1,104)**	(10,696)
Payments of A Shares listing expenses		**–**	(78,680)
Payments of H Shares listing expenses		**(15,973)**	–
Repurchase and cancellation of forfeited restricted shares		**(4,213)**	–
Placement of pledged deposits		**(5,780)**	(4,988)
Withdrawal of pledged deposits		**5,730**	4,988
Net cash flows (used in)/from financing activities		**(69,223)**	609,070
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(249,495)**	281,620
Cash and cash equivalents at beginning of year		**635,071**	349,203
Effect of foreign exchange rate changes, net		**24,792**	4,248
CASH AND CASH EQUIVALENTS AT END OF YEAR		**410,368**	635,071
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**519,790**	721,281
Less: Pledged and restricted deposits	23	**(109,422)**	(86,210)
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows	23	**410,368**	635,071

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company was established under the laws of the People's Republic of China ("**PRC**") in June 2002 and converted into a joint stock company with limited liability in June 2020. In April 2024, the Company's A Shares were listed on the main board of the Shenzhen Stock Exchange (stock code: 001389). The registered office of the Company is located in No.22 Baoying South Road, Bonded Zone, Guangzhou, Guangdong, PRC.

During the year, the Group was principally engaged in the manufacture and sale of printed circuit boards ("**PCBs**").

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
黃石廣合精密電路有限公司 Delton Precision Circuits (Huangshi) Inc.* (notes (a), (b) and (c))	PRC/Chinese mainland 9 September 2019	RMB680,000,000	100%	–	Manufacture and sale of PCBs
東莞廣合數控科技有限公司 Delton Numerical Control Technology (Dongguan) Co., Ltd.* (notes (b), (c) and (d))	PRC/ Chinese mainland 28 January 2021	RMB100,000,000	100%	–	Manufacture and processing of PCB accessories
Delton Technology International Limited (notes (e))	Hong Kong 3 January 2019	USD42,000,000	100%	–	Trading of PCBs
Delton Investment Holdings Limited (note (f))	British Virgin Islands 4 April 2023	USD10,000	–	100%	Investment holding
Delton Technology (Thailand) Co., Ltd. (note (f))	Thailand 19 May 2023	THB1,600,000,000	–	100%	Manufacture and sale of PCBs
Delton Technology Inc.	United States 1 April 2025	USD3,000,000	–	100%	Research, development and distribution of PCBs

* The English names of the above companies registered in the PRC represent the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations) as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value through profit or loss, or other comprehensive income. They 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 (collectively referred to as the "**Group**") for the year ended 31 December 2025. A subsidiary is an entity (including a structured 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

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.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the foreign currency translation 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 IAS 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 IAS 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 for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRS Accounting Standards

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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 IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS 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 IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 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 IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 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 IFRS 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 IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

Amendments to IFRS 9 and IFRS 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 IFRS 9 and IFRS 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 the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 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 IFRS Accounting Standards (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 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 IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

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

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 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 IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 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.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 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 IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 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 IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 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 associate

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 associate 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 associate is included in the profit or loss and 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 associate are eliminated to the extent of the Group's investments in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate is included as part of the Group's investments in associate.

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.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Fair value measurement

The Group measures its financial instruments 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.

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:

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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.

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 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 each 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 profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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 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:

Freehold land	Not depreciated
Buildings	3.00% to 18.00%
Machinery	7.50% to 18.00%
Tools	9.00% to 18.00%
Others	9.00% 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 methods 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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 assets may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Software	3 to 5 years
Licences	3 to 5 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

All research costs are charged to 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

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.

(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:

Buildings	2 to 5 years
Land use rights	40 to 50 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

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.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (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.

Group as a seller-lessee

The Group applies the requirements of IFRS 15 to assess whether a sale and leaseback transaction constitutes a sale by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as other borrowings within the scope of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 IFRS 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.

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

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 profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For financial assets at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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 profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Derecognition of financial assets (Continued)

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 its 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.

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 ("**FVTPL**"). 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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.

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 and bills receivables 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, 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 bills payables, other payables and accruals, interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank and other 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 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 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and 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. The amount of write down of inventories to net realisable value is recognised as other expenses in the period in which the write down occurs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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.

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 each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each 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 goodwill or 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 and an associate, 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Income tax (Continued)

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 and an associate, 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.

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 each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

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 profit or loss by way of a reduced depreciation charge.

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.

Sale of PCBs

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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 services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Employee benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund – Chinese mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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 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.

Share-based payments

The Company operates a share award 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 on which they are granted.

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 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 profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Share-based payments (Continued)

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.

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.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Foreign currencies

The financial statements is presented in RMB, which is the Company's functional currency. 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 each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies (Continued)

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.

The functional currency of one overseas subsidiary is currency other than RMB. As at the end of each reporting period, the assets and liabilities of this entity are translated into RMB at the exchange rate prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the weighted average exchange rate for each of the year or period.

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 profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the reporting periods are translated into RMB at the weighted average exchange rate for each of the reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

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 the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB3,396,000 (2024: RMB113,904,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB Nil (2024: RMB16,799,000). Further details on deferred tax are disclosed in note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Provision for expected credit losses on trade receivables

For the ECLs for trade receivables assessed on collective basis, the Group uses a provision matrix to calculate. The provision rates are based on invoice date for groupings of various customer segments that have similar loss patterns.

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, 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 a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any changes in the assumptions would increase or decrease the amounts of inventories written down or the related reversals of write-down and affect the Group's financial position.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of each reporting period during the waiting period. Share-based payment expenses are recognised based on the fair value on the grant date and the latest subsequent information obtained. The Group has evaluated the fair value of the equity instruments on the grant date based on the recent transaction price and Black-Scholes Model, and also estimated the number of exercisable equity instruments.

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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION

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

Revenue is attributed to geographical areas based on the delivery destination. Revenue based on the delivery destination for each of the reporting period is presented as follows:

Segments

	2025	2024
	RMB'000	RMB'000
Chinese mainland	**1,829,826**	1,051,532
Outside Chinese mainland*	**3,655,545**	2,682,753
Total revenue	**5,485,371**	3,734,285

* The delivery destinations outside Chinese mainland include the delivery of bonded zones

The Group were not aware of any significant oversea tax exposure regarding sales for locations outside Chinese mainland.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

	2025	2024
	RMB'000	RMB'000
Chinese mainland	**2,843,191**	2,065,982
Outside Chinese mainland	**950,113**	695,444
Total non-current assets	**3,793,304**	2,761,426

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from the major customers which amounted to 10% or more of the Group's revenue is set out below:

	2025	2024
	RMB'000	RMB'000
Customer I	**1,108,003**	918,963
Customer II	**883,574**	607,612

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 **RMB'000**	2024 RMB'000
Revenue from contracts with customers	**5,485,371**	3,734,285

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 **RMB'000**	2024 RMB'000
Types of products		
PCBs	**5,101,890**	3,479,380
Others	**383,481**	254,905
Total revenue from contracts with customers	**5,485,371**	3,734,285
Geographical markets		
Chinese mainland	**1,829,826**	1,051,532
Outside Chinese mainland	**3,655,545**	2,682,753
Total revenue from contracts with customers	**5,485,371**	3,734,285
Timing of revenue recognition		
Goods transferred at a point in time	**5,485,371**	3,734,285

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the year.

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
PCBs	**7,379**	6,304

(b) Performance obligations

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

Sale of PCBs

The performance obligation is satisfied upon the customer's acceptance of the PCBs. The payment is generally due within 90 to 120 days from delivery, except for new customers, where payment in advance is normally required.

All sales of PCBs are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (Continued)

An analysis of other income and gains is as follows:

	2025	2024
	RMB'000	RMB'000
Other income		
Interest income	**20,319**	17,353
Government grants*	**27,612**	21,859
Others	**3,513**	416
Total other income	**51,444**	39,628
Gains		
Gains on foreign exchange differences	**–**	48,612
Fair value gains on financial assets at fair value through profit or loss	**3,470**	2,972
Fair value gains on derivative financial instruments at fair value through profit or loss	**11,096**	–
Total gains	**14,566**	51,584
Total other income and gains	**66,010**	91,212

* Government grants mainly represent incentives received from local governments for the purpose of compensation on R&D contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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		**3,596,675**	2,487,825
Depreciation of property, plant and equipment	13	**212,268**	153,462
Depreciation of right-of-use assets	14(a)	**3,360**	12,404
Amortisation of intangible assets*	15	**15,698**	10,967
Research and development costs		**279,793**	179,197
Lease payments not included in the measurement of lease liabilities	14(c)	**11,304**	1,236
Auditor's remuneration		**2,830**	849
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8)):			
Wages, salaries and other allowances		**634,627**	458,315
Pension scheme contributions**		**72,333**	39,483
Share-based payment expenses		**64,206**	14,968
Total		**771,166**	512,766
Loss on foreign exchange differences		**30,299**	(48,612)
Impairment losses on financial assets, net		**43,258**	17,870
Write-down of inventories to net realisable value		**74,246**	71,771
Fair value losses/(gains) on derivative financial instruments		**(11,096)**	14,929
Net losses/(gains) on disposal of property, plant and equipment		**1,499**	777
H Shares listing expenses		**1,597**	–
Net gains on disposal of right-of-use assets		**–**	(23)

* The amortisation of intangible assets are included in "Cost of sales", "Administrative expenses" and "Research and development costs" in profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	**16,256**	16,113
Interest on lease liabilities	**315**	212
Less: Interest capitalised	**–**	(458)
Total	**16,571**	15,867

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year is set out below:

	2025 RMB'000	2024 RMB'000
Fees	**279**	190
Other emoluments:		
Salaries, allowances and benefits in kind	**3,427**	4,305
Performance related bonuses	**4,351**	3,607
Share-based payment expenses	**–**	418
Pension scheme contributions	**128**	184
Subtotal	**7,906**	8,514
Total	**8,185**	8,704

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Ms. LI Ying	**104**	95
Ms. CHEN Limei	**104**	95
Mr. SHI Ling (i)	**71**	–
Total	**279**	190

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

(b) Executive directors and non-executive director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2025						
Executive directors:						
Mr. XIAO Hongxing	–	–	–	–	–	–
Ms. ZENG Hong (ii)	–	1,826	2,740	–	24	4,590
Mr. PENG Jinghui	–	1,234	1,494	–	72	2,800
Subtotal	–	3,060	4,234	–	96	7,390
Non-executive director:						
Ms. LIU Jinchan	–	–	–	–	–	–
Supervisors:						
Mr. ZHOU zhiyong(iii)	–	286	117	–	22	425
Ms. XUE Jing(iii)	–	81	–	–	10	91
Subtotal	–	367	117	–	32	516
Total	–	3,427	4,351	–	128	7,906

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

(b) Executive directors and non-executive director (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2024						
Executive directors:						
Mr. XIAO Hongxing	–	–	–	–	–	–
Ms. ZENG Hong (ii)	–	1,720	2,266	–	19	4,005
Subtotal	–	1,720	2,266	–	19	4,005
Non-executive director:						
Ms. LIU Jinchan	–	–	–	–	–	–
Supervisors:						
Mr. HUANG Jinguang(iv)	–	410	–	418	22	850
Mr. PENG Jinghui(v)	–	1,073	909	–	53	2,035
Mr. ZHOU zhiyong(iii)	–	757	351	–	53	1,161
Ms. XUE Jing(iii)	–	345	81	–	37	463
Subtotal	–	2,585	1,341	418	165	4,509
Total	–	4,305	3,607	418	184	8,514

Notes:

(i) Mr. SHI Ling was appointed as the independent non-executive director of the Company with effect from May 2025.

(ii) Ms. ZENG Hong was appointed as the chief executive of the Company.

(iii) The Company dissolved the supervisory committee with effect from May 2025.

(iv) Mr. HUANG Jinguang resigned as a supervisor in April 2024.

(v) Mr. PENG Jinghui was appointed as the executive director of the Company with effect from May 2025.

There were no emoluments payable to the non-executive directors during the year.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

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

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**4,222**	4,602
Performance related bonuses	**11,523**	6,448
Share-based payment expenses	**2,561**	1,860
Pension scheme contributions	**196**	166
Total	**18,502**	13,076

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

	2025	2024
HK$3,000,001 to HK$3,500,000	**–**	2
HK$3,500,001 to HK$4,000,000	**–**	2
HK$4,000,001 to HK$4,500,000	**2**	–
HK$5,000,001 to HK$5,500,000	**1**	–
HK$6,000,001 to HK$6,500,000	**1**	–
Total	**4**	4

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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/or operate.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the year.

Thailand

Under the investment preferential policy of the Thailand Board of Investment ("**BOI**"), the subsidiary incorporated in Thailand is exempt from taxation on the estimated assessable profits arising from Thailand, with a tax exemption ceiling of THB4,002,430,000. The preferential policy is effective from the subsidiary operation and remain valid for a period of up to 8 years. On 26 December 2024, Thailand issued the Emergency Decree on Top-up Tax (B.E. 2567), which imposes a 15% global minimum corporate tax on multinational enterprises operating in Thailand. The relevant provisions officially took effect from 1 January 2025.

British Virgin Islands

The subsidiary incorporated in British Virgin Islands was exempted from income tax for the year.

United States

The subsidiary incorporated in United States was subject to the federal corporate income tax rate at 21% for the year ended 31 December 2025. The subsidiary also subject to the state income tax in California at a rate of 8.84% for the year ended 31 December 2025.

Chinese mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Chinese mainland were subject to CIT at a rate of 25% on the taxable income except those which are subject to tax concession as set out below:

(a) In 2020, the Company was accredited as a High and New Technology Enterprise ("**HNTE**") for the consecutive three years hereafter. The Company renewed the HNTE status after the expiration in 2023, and the status of the HNTE is valid until 2025. Therefore the Company was entitled to a preferential CIT rate of 15% for the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

10. INCOME TAX (Continued)

Chinese mainland (Continued)

(b) In 2023, a subsidiary was accredited as an HNTE, and was entitled to a preferential CIT rate of 15% for the years ended 31 December 2025 and 2024.

The income tax expenses of the Group for the years are as follows:

	2025 RMB'000	2024 RMB'000
Current income tax	**131,817**	111,530
Deferred income tax	**(10,707)**	(25,149)
Total	**121,110**	86,381

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the country in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	**1,136,899**	762,481
Tax at the statutory tax rate of 15% (2024: 15%)	**170,535**	114,372
Effect on different tax rates	**2,136**	(26)
Adjustments in respect of current tax of previous periods	**3,152**	–
Expenses not deductible for tax	**1,028**	1,237
Additional deductible allowance for qualified research and development costs	**(39,957)**	(26,322)
Utilisation of previously unrecognised tax losses and deductible temporary differences	**(16,497)**	(10,065)
Tax losses and deductible temporary differences not recognised	**713**	7,185
Tax charge at the Group's effective tax rate	**121,110**	86,381

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

11. DIVIDEND

	2025	2024
	RMB'000	RMB'000
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	**204,014**	105,575

The final dividend of RMB4.80 per 10 ordinary share (tax inclusive) in respect of the year ended 31 December 2024 was approved by the annual general meeting of the Company, and was subsequently paid on 29 May 2025.

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

The calculation of the basic earnings per share amount is based on the profit attributable to owners of the parent, adjusted to reflect the impact of the restricted share incentive scheme, and the weighted averages number of ordinary shares outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	2025	2024
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculations	**1,015,789**	676,100

	2025	2024
	'000	'000
Shares:		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculations	**422,376#**	408,200
Effect of dilution – weighted average number of ordinary shares:		
Share options and other incentive schemes	**3,054**	41
Total	**425,430**	408,241

\# The weighted average number of shares was after taking into account the effect of treasury shares held.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2025	Buildings RMB'000	Machinery RMB'000	Tools RMB'000	Others RMB'000	Freehold land RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025:							
Cost	886,820	1,615,625	31,247	46,304	40,027	739,573	3,359,596
Accumulated depreciation and impairment	(170,104)	(585,752)	(18,732)	(17,690)	–	–	(792,278)
Net carrying amount	716,716	1,029,873	12,515	28,614	40,027	739,573	2,567,318
At 1 January 2025, accumulated depreciation and impairment	716,716	1,029,873	12,515	28,614	40,027	739,573	2,567,318
Additions	–	6,024	4,021	11,939	–	985,211	1,007,195
Disposals	–	(6,133)	(107)	(59)	–	–	(6,299)
Transfers	625,767	807,636	15,075	21,711	–	(1,470,189)	–
Exchange realignment	(10,131)	(7,210)	(148)	(335)	(539)	–	(18,363)
Depreciation provided during the year	(35,728)	(161,358)	(5,242)	(10,569)	–	–	(212,897)
Impairment	–	(1,928)	–	–	–	–	(1,928)
At 31 December 2025, net of accumulated depreciation and impairment	1,296,624	1,666,904	26,114	51,301	39,488	254,595	3,335,026
At 31 December 2025:							
Cost	1,502,271	2,415,554	50,071	79,521	39,488	254,595	4,341,500
Accumulated depreciation and impairment	(205,647)	(748,650)	(23,957)	(28,220)	–	–	(1,006,474)
Net carrying amount (note (a))	1,296,624	1,666,904	26,114	51,301	39,488	254,595	3,335,026

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2024	Buildings RMB'000	Machinery RMB'000	Tools RMB'000	Others RMB'000	Freehold land RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:							
Cost	740,229	1,376,297	26,857	34,824	33,290	255,090	2,466,587
Accumulated depreciation and impairment	(141,308)	(480,234)	(15,325)	(14,157)	–	–	(651,024)
Net carrying amount	598,921	896,063	11,532	20,667	33,290	255,090	1,815,563
At 1 January 2024, accumulated depreciation and impairment	598,921	896,063	11,532	20,667	33,290	255,090	1,815,563
Additions	7,415	44,676	1,066	8,871	6,531	844,874	913,433
Disposals	–	(792)	(57)	(81)	–	–	(930)
Transfers	139,176	211,798	3,859	5,558	–	(360,391)	–
Exchange realignment	–	–	–	9	206	–	215
Depreciation provided during the year	(28,796)	(114,559)	(3,715)	(6,392)	–	–	(153,462)
Impairment	–	(7,313)	(170)	(18)	–	–	(7,501)
At 31 December 2024, net of accumulated depreciation and impairment	716,716	1,029,873	12,515	28,614	40,027	739,573	2,567,318
At 31 December 2024:							
Cost	886,820	1,615,625	31,247	46,304	40,027	739,573	3,359,596
Accumulated depreciation and impairment	(170,104)	(585,752)	(18,732)	(17,690)	–	–	(792,278)
Net carrying amount (note (a))	716,716	1,029,873	12,515	28,614	40,027	739,573	2,567,318

(a) Certain property, plant and equipment with net carrying amounts of approximately RMB471,451,000 (2024: RMB914,961,000) were pledged as security for bank facilities granted to the Group and the sale and leaseback transactions (note 29).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 2 and 50 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 right-of-use assets and the movements during the year are as follows:

Year ended 31 December 2025	**Buildings RMB'000**	**Land use rights RMB'000**	**Total RMB'000**
At beginning of year	**393**	**104,556**	**104,949**
Additions	**3,298**	**42,560**	**45,858**
Depreciation charge	**(777)**	**(2,583)**	**(3,360)**
At end of year (note (i))	**2,914**	**144,533**	**147,447**

Year ended 31 December 2024	Buildings RMB'000	Land use rights RMB'000	Total RMB'000
At beginning of year	9,825	104,510	114,335
Additions	1,047	2,364	3,411
Early lease termination	(393)	–	(393)
Depreciation charge	(10,086)	(2,318)	(12,404)
At end of year (note (i))	393	104,556	104,949

(i) Certain land use rights with net carrying amounts of approximately RMB26,953,000 (2024: RMB104,556,000) were pledged as securities for bank facilities granted to the Group (note 29).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2025	2024
	RMB'000	RMB'000
At the beginning of the year	**433**	10,286
New leases	**5,551**	1,047
Accretion of interest recognised during the year (note 7)	**315**	212
Early lease termination	**–**	(416)
Payments	**(1,104)**	(10,696)
Carrying amount at the end of the year	**5,195**	433
Analysed into:		
Current portion	**627**	433
Non-current portion	**4,568**	–

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

	2025	2024
	RMB'000	RMB'000
Interest on lease liabilities (note 7)	**315**	212
Depreciation charge of right-of-use assets (note 6)	**3,360**	12,404
Expense relating to short-term leases (note 6)	**11,095**	858
Expense relating to leases of low-value assets (note 6)	**209**	378
Total amount recognised in profit or loss	**14,979**	13,852

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

15. INTANGIBLE ASSETS

31 December 2025	Software RMB'000	Licences RMB'000	Total RMB'000
At 1 January 2025:			
Cost	52,314	1,854	54,168
Accumulated amortisation	(33,959)	(1,514)	(35,473)
Net carrying amount	18,355	340	18,695
At 1 January 2025, net of accumulated amortisation	18,355	340	18,695
Additions	17,621	171	17,792
Exchange realignment	(43)	–	(43)
Amortisation provided during the year	(15,363)	(348)	(15,711)
At 31 December 2025, net of accumulated amortisation	20,570	163	20,733
At 31 December 2025:			
Cost	69,879	2,025	71,904
Accumulated amortisation	(49,309)	(1,862)	(51,171)
Net carrying amount	20,570	163	20,733

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

15. INTANGIBLE ASSETS (Continued)

31 December 2024	Software RMB'000	Licences RMB'000	Total RMB'000
At 1 January 2024:			
Cost	42,575	1,854	44,429
Accumulated amortisation	(23,363)	(1,143)	(24,506)
Net carrying amount	19,212	711	19,923
At 1 January 2024, net of accumulated amortisation	19,212	711	19,923
Additions	9,739	–	9,739
Amortisation provided during the year	(10,596)	(371)	(10,967)
At 31 December 2024, net of accumulated amortisation	18,355	340	18,695
At 31 December 2024:			
Cost	52,314	1,854	54,168
Accumulated amortisation	(33,959)	(1,514)	(35,473)
Net carrying amount	18,355	340	18,695

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

16. INVESTMENT IN AN ASSOCIATE

	2025	2024
	RMB'000	RMB'000
Share of net assets	**11,803**	–

Particulars of the material associate are as follows:

Name	**Place of incorporation/ registration and business**	**Particulars of issued shares held**	**Percentage of ownership interest attributable to the Group**	**Principal activity**
Jiupai Hongtao Emerging Industry Venture Capital Investment Fund (Suzhou) Partnership (Limited Partnership)	PRC/Chinese mainland	RMB90,070,000	33.31%	Investment

Jiupai Hongtao Emerging Industry Venture Capital Investment Fund (Suzhou) Partnership (Limited Partnership), which is considered a material associate of the Group and is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

17. DEFERRED TAX

The movements in deferred tax assets of the Group during the end of each of the years are as follows:

Deferred tax assets

	Tax losses	Deferred income	Impairment	Unrealised internal trading profits	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	11,969	19,008	18,360	–	1,772	51,109
Deferred tax credited to the consolidated statement of profit or loss and other comprehensive income during the year	1,191	6,001	5,684	10,258	1,409	24,543
At 31 December 2024	13,160	25,009	24,044	10,258	3,181	75,652
At 1 January 2025	**13,160**	**25,009**	**24,044**	**10,258**	**3,181**	**75,652**
Deferred tax credited/(charged) to the consolidated statement of profit or loss and other comprehensive income during the year	**12,518**	**7,123**	**7,887**	**(2,221)**	**18,108**	**43,415**
At 31 December 2025	**25,678**	**32,132**	**31,931**	**8,037**	**21,289**	**119,067**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

17. DEFERRED TAX (Continued)

Deferred tax liabilities

	Accelerated depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	67,449	1,474	68,923
Deferred tax (credited)/charged to the consolidated statements of profit or loss and other comprehensive income during the year	809	(1,415)	(606)
At 31 December 2024	68,258	59	68,317
At 1 January 2025	**68,258**	**59**	**68,317**
Deferred tax charged to the consolidated statements of profit or loss and other comprehensive income during the year	**15,511**	**701**	**16,212**
At 31 December 2025	**83,769**	**760**	**84,529**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the 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	**54,945**	75,652
Net deferred tax liabilities recognised in the consolidated statement of financial position	**20,409**	68,317

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

17. DEFERRED TAX (Continued)

The Group has tax losses arising in Thailand of approximately RMB Nil (2024: RMB8,238,000), which would expire in one to five years for offsetting against future taxable profits.

The Group has tax losses arising in Chinese mainland of approximately RMB Nil (2024: RMB105,464,000), which would expire in one to ten years for offsetting against future taxable profits.

The Group has tax losses arising in United States of approximately RMB3,396,000 (2024: RMB Nil), which would expire in one to twenty years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2025 **RMB'000**	2024 RMB'000
Tax losses not recognised	**3,396**	113,702
Deductible temporary differences	**–**	353
Total	**3,396**	114,055

18. INVENTORIES

	2025 **RMB'000**	2024 RMB'000
Raw materials and consumables	**190,571**	71,073
Work in progress	**249,749**	116,499
Finished goods	**166,007**	156,680
Goods in transit	**158,119**	114,298
Total	**764,446**	458,550

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

19. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	**2,038,545**	1,226,052
Bills receivable	**117,880**	129,469
Impairment	**(106,308)**	(62,567)
Net carrying amount	**2,050,117**	1,292,954

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 to 120 days. 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 and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the year (based on the invoice date and net of loss allowance) is as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	**2,050,117**	1,292,530
1 year to 2 years	**–**	424
Total	**2,050,117**	1,292,954

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

	2025	2024
	RMB'000	RMB'000
At the beginning of the year	**62,567**	44,716
Impairment losses, net	**43,741**	17,851
At the end of the year	**106,308**	62,567

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

19. TRADE AND BILLS RECEIVABLES (Continued)

For trade and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the invoice days of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables:

As at 31 December 2025

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Within 1 year	**2,156,425**	**5.00%**	**106,308**
Total	**2,156,425**	**5.00%**	**106,308**

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Within 1 year	1,354,991	5%	62,461
1 year to 2 years	530	20%	106
Total	1,355,521	5%	62,567

There were no trade receivables pledged as security for bank facilities during the current period (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	**291,257**	73,503
Deposits	**5,710**	10,804
Other receivables	**434**	2,428
Value-added tax recoverable	**119,628**	68,075
Tax repayments	**–**	532
H Shares listing expenses	**15,973**	–
Less: Non-current portion	**(278,295)**	(70,464)
Provision for impairment of other receivables	**(614)**	(1,103)
Current portion	**154,093**	83,775

An impairment analysis was performed at the end of each of the years. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Current assets		
Financial products, at fair value	**190,468**	291,070

The above financial assets were wealth management products issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Current assets		
Bills receivable, at fair value	**11,865**	1,048

The above bills receivable arising from bank acceptance are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

23. CASH AND CASH EQUIVALENTS, PLEDGED AND RESTRICTED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**519,790**	721,281
Less: Pledged and restricted deposits	**(109,422)**	(86,210)
Cash and cash equivalents	**410,368**	635,071
Denominated in USD	**250,683**	465,315
Denominated in RMB	**141,226**	154,616
Denominated in EUR	**15,801**	13,462
Denominated in THB	**1,976**	1,327
Denominated in HKD	**682**	351
Cash and cash equivalents	**410,368**	635,071

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

23. CASH AND CASH EQUIVALENTS, PLEDGED AND RESTRICTED DEPOSITS (Continued)

Certain pledged deposits are pledged for the issuance of a bank's acceptance.

Certain restricted deposits are restricted for the use for temporary land reclamation, which are required by the local government and cannot be used for daily operations.

Certain restricted deposits are restricted for frozen by judicial authority for a lawsuit case and cannot be used for daily operations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances, pledged and restricted deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

24. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the years were as follows:

	2025 **RMB'000**	2024 RMB'000
Within 1 year	**2,328,356**	1,610,962
1 to 2 years	**46,717**	26,853
2 to 3 years	**4,799**	4,909
Over 3 years	**115**	3,878
Total	**2,379,987**	1,646,602

Trade payables are non-interest-bearing and are normally settled on term of 90 to 120 days.

As at the end of each of the years, the carrying amounts of trade and bills payables approximated to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

25. OTHER PAYABLES AND ACCRUALS

	2025 **RMB'000**	2024 RMB'000
Restricted share repurchase obligations	**42,579**	52,985
Deposits received	**481**	300
Accruals	**21,158**	15,864
Payroll and welfare payable	**123,509**	107,543
Other tax payables	**4,582**	3,901
Endorsed and unmatured bank bills not derecognised	**29,536**	86,352
Other payables	**264**	618
Total	**222,109**	267,563

Other payables are unsecured and repayable on demand.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 **Assets** **RMB'000**	2024 Assets RMB'000
Derivative financial instruments without designated hedging relationships:		
Forward currency contracts	**3,045**	–

	2025 **Liabilities** **RMB'000**	2024 Liabilities RMB'000
Derivative financial instruments without designated hedging relationships:		
Forward currency contracts	**–**	8,088

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

27. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025	2024
	RMB'000	RMB'000
Advances from customers	**6,053**	7,379

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the goods or services have not yet been transferred or provided.

28. DEFERRED INCOME

	2025	2024
	RMB'000	RMB'000
Government grants and subsidies	**208,030**	166,725

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

31 December 2025	**Effective interest rate (%)**	**Maturity**	**RMB'000**
Current			
Bank loans – unsecured	**2.11 to 2.15**	**2026**	**86,772**
Current portion of long-term bank loans – secured	**2.75 to 4.05**	**2026**	**86,520**
Current portion of long-term bank loans – unsecured	**2.24 to 2.40**	**2026**	**8,031**
Other loans – secured	**1.32 to 1.42**	**2026**	**181,190**
Total – current			**362,513**
Non-current			
Long-term bank loans – secured	**2.75 to 4.05**	**2027 to 2031**	**246,189**
Long-term bank loans – unsecured	**2.24 to 2.40**	**2027**	**71,812**
Total – non-current			**318,001**
Total			**680,514**

31 December 2024	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	2.20 to 2.75	2025	84,139
Current portion of long-term bank loans – secured	3.10 to 4.05	2025	112,044
Other loans – secured	1.30	2025	15,983
Current portion of other loans – secured	3.74 to 4.40	2025	8,807
Total – current			220,973
Non-current			
Long-term bank loans – secured	3.10 to 4.05	2026 to 2031	191,678
Long-term other loans – secured	3.74 to 4.40	2026	2,268
Total – non-current			193,946
Total			414,919

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**362,513**	196,183
In the second year	**184,890**	55,813
In the third year	**95,788**	49,418
In the fourth to fifth years, inclusive	**16,588**	64,772
Beyond five years	**20,735**	21,675
Total	**680,514**	387,861
Analysed into:		
Other loans repayable:		
Within one year or on demand	**–**	24,790
In the second year	**–**	2,268
Total	**–**	27,058

Certain of the Group's bank loans and other loans are secured by:

(a) Guarantees provided by Mr. XIAO Hongxing and Ms. LIU Jinchan as at 31 December 2024, the guarantees were released as at December 31, 2025 (note 36);

(b) The Group's mortgaged buildings and machinery with net carrying amounts of RMB471,451,000 (2024: RMB914,961,000) (note 13);

(c) The Group's mortgaged land use rights with net carrying amounts of RMB26,953,000 (2024: RMB104,556,000) (note 14).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

30. SHARE CAPITAL AND TREASURY SHARES

Share capital

	2025 **RMB'000**	2024 RMB'000
Issued and fully paid:		
Ordinary shares of RMB1.00 each	**425,664**	425,265

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue '000	**Share capital** RMB'000
At 1 January 2024	380,000	380,000
Issue of shares (a)	42,300	42,300
Issue of restricted shares (b)	2,965	2,965
At 31 December 2024	425,265	425,265
At 1 January 2025	**425,265**	**425,265**
Issue of restricted shares (b)	**635**	**635**
Repurchase and cancellation of forfeited restricted share (c)	**(236)**	**(236)**
At 31 December 2025	**425,664**	**425,664**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

30. SHARE CAPITAL AND TREASURY SHARES (Continued)

Treasury shares

	Number of shares in issue '000	Treasury share RMB'000
At 1 January 2024	–	–
Issue of restricted shares (b)	2,965	52,985
At 31 December 2024	2,965	52,985
At 1 January 2025	**2,965**	**52,985**
Issue of restricted shares (b)	**635**	**11,043**
Repurchase and cancellation of forfeited restricted share (c)	**(236)**	**(4,213)**
Adjustment of cash dividends to restricted shares (d)	**–**	**(871)**
Vesting of restricted share	**(916)**	**(16,365)**
At 31 December 2025	**2,448**	**42,579**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

30. SHARE CAPITAL AND TREASURY SHARES (Continued)

Treasury shares (Continued)

(a) Upon approval by Shenzhen Stock Exchange, in connection with initial public offering of the Company on Shenzhen Stock Exchange on 2 April 2024, 42,300,000 domestic listed Renminbi ordinary shares ("**A shares**") of a par value of RMB1.00 each were issued at a price of RMB17.43 per share at a total cash consideration of RMB737,289,000.

(b) Pursuant to restricted shares incentive scheme approved by the shareholders' meeting of the Company on 17 October 2024, 2,965,000 restricted shares were granted to 222 staff at a grant price of RMB17.87 per share. The actual capital contribution received was RMB52,985,000, and the Company recognised treasury shares in the equivalent amount for the restricted shares repurchase obligations correspondingly. In September 2025, 635,000 reserved restricted shares of the Company were granted to 78 staffs at the initial subscription price of RMB17.39 per share under the restricted share incentive scheme. The actual capital contribution received was RMB11,043,000, and the Company recognised treasury shares in the equivalent amount for the restricted shares repurchase obligations correspondingly.

(c) Under the approval and authorization of the shareholders' meeting of the Company on 21 April 2025, the Company repurchased and cancelled a total of 30,000 forfeited restricted shares as these restricted shares will not be vested. Under the approval and authorization of the shareholders' meeting of the Company on 10 October 2025, the Company repurchased and cancelled a total of 182,500 forfeited restricted shares as these restricted shares will not be vested. Under the approval and authorization of the shareholders' meeting of the Company on 15 December 2025, the Company repurchased and cancelled a total of 23,248 forfeited restricted shares as these restricted shares will not be vested.

(d) The Company distributed cash dividends to restricted shares at RMB4.8 per 10 shares (tax inclusive) which were revocable. The cash dividends amount of RMB656,000 which relating to the restricted shares expected to be vested in the future, were treated as a distribution deducted from equity, and the Company reduced treasury shares and restricted shares repurchase obligations correspondingly by the equivalent amount.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

31. SHARE-BASED PAYMENTS

Employee incentive platforms

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the Company, has designed and established employee incentive platforms for the Company to operate restricted share incentive schemes (the "**Schemes**"). In order to implement the Schemes, Shenzhen Guangxie Investment Enterprise (Limited Partnership) ("**Guangxie**"), Shenzhen Guangsheng Investment Enterprise (Limited Partnership) ("**Guangsheng**") and Shenzhen Guangcai Investment Enterprise (Limited Partnership) ("**Guangcai**") were designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms. After the grant of the awards, the participants became partners of employee incentive platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements.

In December 2017, the Company granted the Group's employees with restricted shares of Guangsheng and Guangcai ("**Share incentive scheme I**"), and the initial subscription prices were between RMB2.00 to RMB2.24 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme I should be vested and exercisable upon completion of a five-year service period.

In December 2018, the Company granted the Group's employees with restricted shares of Guangsheng and Guangcai ("**Share incentive scheme II**"), and the initial subscription prices were between RMB2.00 to RMB2.40 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme II should be vested and exercisable upon completion of a five-year service period.

In June 2019, the Company granted the Group's employees with restricted shares of Guangsheng and Guangcai ("**Share incentive scheme III**"), and the initial subscription price was RMB2.24 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme III should be vested and exercisable upon completion of a five-year service period.

In September 2019, the Company granted the Group's employees with restricted shares of Guangsheng ("**Share incentive scheme IV**"), and the initial subscription price was RMB2.69 per share of the Company. The restricted shares granted to the employees under the Share incentive scheme IV should be vested and exercisable upon completion of a five-year service period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

31. SHARE-BASED PAYMENTS (Continued)

Restricted share incentive scheme

In November 2024, the Company implemented a restricted share incentive scheme which are subject to restrictions on transfer, termination and such other limitations set forth in the plan. 2,965,000 restricted shares of the Company were granted to 222 staffs at the initial subscription price of RMB17.87 per share under the restricted share incentive scheme. According to the Group's performance appraisal, the Company or the subsidiaries performance appraisal and individual performance appraisal for the three years ended 31 December 2024, 2025 and 2026, 40%, 30% and 30% of restricted share incentive scheme will be unlocked respectively.

In September 2025, 635,000 reserved restricted shares of the Company were granted to 78 staffs at the initial subscription price of RMB17.39 per share under the restricted share incentive scheme. According to the Group's performance appraisal, the Company or the subsidiaries performance appraisal and individual performance appraisal for the two years ended 31 December 2025 and 2026, 50% and 50% of restricted share incentive scheme will be unlocked respectively.

Stock option incentive plan

In November 2024, the Company implemented a stock option incentive plan, 2,965,000 stock option were granted to 222 staffs with an exercise price of RMB35.73. According to the Group's performance appraisal, the Company or the subsidiaries performance appraisal and individual performance appraisal for the three years ended 31 December 2024, 2025 and 2026, 40%, 30% and 30% of stock option would be vested and exercisable within the following years respectively.

In September 2025, 635,000 reserved stock option were granted to 78 staffs with an exercise price of RMB35.25. According to the Group's performance appraisal, the Company or the subsidiaries performance appraisal and individual performance appraisal for the two years ended 31 December and 2026, 50% and 50% of stock option would be vested and exercisable within the following years respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

31. SHARE-BASED PAYMENTS (Continued)

Stock option incentive plan (Continued)

Movements in the number of restricted shares for years are as follows:

	2025	2024
	'000	'000
At beginning of the year	**3,920**	13,896
Granted	**635**	2,965
Forfeited	**(236)**	–
Exercised	**(1,639)**	(12,941)
At end of the year	**2,680**	3,920

Movement in the number of share option for the year is as follows:

	2025		2024	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	RMB	**'000**	RMB	'000
At beginning of the year	**35.73**	**2,965**	–	–
Granted	**35.25**	**635**	35.73	2,965
Forfeited	**35.25**	**(236)**	–	–
At end of the year	**35.25**	**3,364**	35.73	2,965

No share option was exercised during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

31. SHARE-BASED PAYMENTS (Continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

31 December 2025

Number of options '000	Exercise price RMB	Exercise period
3,364	**35.25**	**2025-2029**

31 December 2024

Number of options '000	Exercise price RMB	Exercise period
2,965	35.73	2025-2029

Share-based payment expenses during the year are as follows:

	2025 RMB'000	2024 RMB'000
Restricted shares granted by the Company under the plans	**43,968**	11,803
Share options granted under the plan	**20,238**	3,583
Total	**64,206**	15,386

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

31. SHARE-BASED PAYMENTS (Continued)

The fair value of equity-settled share options granted during the year, was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Stock option incentive plan	Year ended 31 December 2025	Year ended 31 December 2024
Dividend yield (%)	–	–
Expected volatility (%)	37.39-41.71	22.01-28.03
Historical volatility (%)	37.39-41.71	22.01-28.03
Risk-free interest rate (%)	1.49-1.51	1.50-2.75
Share price at grant date per share (RMB per share)	85.12	44.98

No other feature of the options granted was incorporated into the measurement of fair value.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the years are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

32. RESERVES (Continued)

(b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the Company and the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company and the subsidiaries, the statutory reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

(d) Special reserve – safety fund

Pursuant to the revised Measures for the Extraction and Use of Enterprise Safety Production Funds issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,298,000 (2024: RMB1,047,000), in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other loans RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
At 1 January 2024	383,214	10,286	–	393,500
Additions	220,801	1,047	–	221,848
Payment	(193,105)	(10,696)	–	(203,801)
Non-cash settlement of other loans*	2,303	–	–	2,303
Early termination	–	(416)	–	(416)
Interest paid	(13,949)	–	–	(13,949)
Interest capitalised (note 7)	(458)	–	–	(458)
Interest expense (note 7)	16,113	212	–	16,325
Dividend declared (note 11)	–	–	105,575	105,575
Dividend paid (note 11)	–	–	(105,575)	(105,575)
At 31 December 2024	414,919	433	–	415,352
At 1 January 2025	**414,919**	**433**	**–**	**415,352**
Additions	**395,558**	**5,551**	**–**	**401,109**
Payment	**(233,858)**	**(1,104)**	**–**	**(234,962)**
Non-cash settlement of other loans*	**104,251**	**–**	**–**	**104,251**
Interest paid	**(16,612)**	**–**	**–**	**(16,612)**
Interest expense (note 7)	**16,256**	**315**	**–**	**16,571**
Dividend declared (note 11)	**–**	**–**	**204,014**	**204,014**
Dividend paid (note 11)	**–**	**–**	**(204,014)**	**(204,014)**
At 31 December 2025	**680,514**	**5,195**	**–**	**685,709**

* The non-cash settlement of other loans comprises (i) the settlement of other loans arising from endorsed bills receivable that are not derecognised and (ii) the netting of refundable sale and leaseback deposits against lease payments payable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

	2025 RMB'000	2024 RMB'000
Within operating activities	**11,095**	858
Within financing activities	**1,104**	10,696
Total	**12,199**	11,554

34. CONTINGENT LIABILITIES

Delton Numerical Control Technology (Dongguan) Co., Ltd.("**Delton Dongguan**"), a subsidiary of the Company, was an owner of a construction project for the Group's dongguan facility in Guangzhou base. The general contractor of the project was currently a defendant in a lawsuit, Delton Dongguan was as a co-defendant. Up to the date of the Report, the lawsuit is in process.

The Group is of the view that the lawsuit is still at an early stage, the outcome of this case is subject to a high degree of uncertainty and cannot be measured reliably. Therefore, the Group has not provided for any claim arising from the lawsuit, other than the related legal and other costs.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in notes 13, 14, 19 and 23 to the financial statements at the end of each of the years.

36. COMMITMENTS

The Group had the following contractual commitments the end of each of the years:

	2025 RMB'000	2024 RMB'000
Construction in progress	**1,350,653**	179,265

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Mr. XIAO Hongxing	An ultimate controlling shareholder of the Company and an executive director
Ms. LIU Jinchan	An ultimate controlling shareholder of the Company and a director
Guangzhou Zhenyun Investment Co., Ltd.	Shareholder of the Company with more than 5% of direct shareholding
Shenzhen Guangxie Investment Enterprise (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Shenzhen Guangsheng Investment Enterprise (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Shenzhen Guangcai Investment Enterprise (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Dongguan Superb Electronic Materials Co., Ltd.	Controlled by an ultimate controlling person of the Company
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	Controlled by an ultimate controlling person of the Company
Dongguan Longbo Automation Equipment Co., Ltd.	Entity with more than 5% of shares held by an ultimate controlling person of the Company

(b) The Group had the following transactions with related parties during the year:

	2025	2024
	RMB'000	RMB'000
Purchases of goods and services (note i)		
Dongguan Superb Electronic Materials Co., Ltd.	**17,921**	14,548
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	**12,910**	6,686
Total	**30,831**	21,234

(i) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS (Continued)

(c) Details of guarantees by the related parties:

The Group as the secured party:

	As at 31 December 2024		
	RMB'000	Effective period	Fulfilled
Mr. XIAO Hongxing	20,000	2024-2025	No
Mr. XIAO Hongxing	44,000	2024-2025	No
Mr. XIAO Hongxing	17,808	2024-2025	No
Mr. XIAO Hongxing	63,127	2024-2025	No
Mr. XIAO Hongxing	7,253	2024-2025	No
Mr. XIAO Hongxing	14,076	2024-2025	No
Mr. XIAO Hongxing	16,684	2024-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	71,643	2022-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	103,676	2022-2031	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	97,085	2023-2023	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	20,000	2024-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	825	2022-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	7,967	2022-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	22,371	2024-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	114,470	2024-2025	No
Mr. XIAO Hongxing, Ms. LIU Jinchan	21,096	2024-2025	No
Total	642,081		

The guarantees granted by related parties were released as at 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Trade and bills payables		
Dongguan Longbo Automation Equipment Co., Ltd.	–	11
Dongguan Superb Electronic Materials Co., Ltd.	6,078	5,831
Total	6,078	5,842
Other payables and accruals		
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	3,056	1,415

All the outstanding balances with related parties were trade in nature.

(e) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	22,903	22,966
Share-based payment expenses	60	2,861
Total	22,963	25,827

Further details of directors' and supervisors' emoluments are included in note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments the end of each of the years were as follows:

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	190,468	–	–	190,468
Financial assets at fair value through other comprehensive income	–	11,865	–	11,865
Trade and bills receivables	–	–	2,050,117	2,050,117
Financial assets included in prepayments, other receivables and other assets	–	–	5,710	5,710
Pledged and restricted deposits	–	–	109,422	109,422
Cash and cash equivalents	–	–	410,368	410,368
Total	190,468	11,865	2,575,617	2,777,950

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	2,379,987
Financial liabilities included in other payables and accruals	94,018
Derivative financial instruments	–
Interest-bearing bank and other borrowings	680,514
Total	3,154,519

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY(continued)

The carrying amounts of each of the categories of financial instruments at the end of each of the years were as follows: (Continued)

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	291,070	–	–	291,070
Financial assets at fair value through other comprehensive income	–	1,048	–	1,048
Trade and bills receivables	–	–	1,292,954	1,292,954
Financial assets included in prepayments, other receivables and other assets	–	–	10,840	10,840
Pledged and restricted deposits	–	–	86,210	86,210
Cash and cash equivalents	–	–	635,071	635,071
Total	291,070	1,048	2,025,075	2,317,193

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,646,602
Financial liabilities included in other payables and accruals	156,119
Derivative financial instruments	8,088
Interest-bearing bank and other borrowings	414,919
Total	2,225,728

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable in Chinese mainland (the "**Endorsed Bills**") with carrying amounts of RMB29,536,000 (2024: RMB102,335,000),respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

Transferred financial assets that are derecognised in their entirety

The Group endorsed certain bills receivable accepted by banks in Chinese mainland (the "**Derecognised Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB43,264,000 (2024: RMB17,447,000). The Derecognised Bills maturity of one to six months at the end of the year. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year the Group has recognised a loss on the date of transfer of the Derecognised Bills of approximately RMB Nil (2024: Nil), respectively. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in other receivables, pledged and restricted deposits, and other assets, interest-bearing bank and other borrowings (current portion), trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the chief finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance head. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance head.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts and fair values of the Group's financial instruments are as follows:

As at 31 December 2025

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Financial assets at fair value through other comprehensive income	11,865	11,865
Financial assets at fair value through profit or loss	190,468	190,468
Total	202,333	202,333
Financial liabilities		
Derivative financial instruments	–	–
Interest-bearing bank and other borrowings	680,514	670,686
Total	680,514	670,686

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2024

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Financial assets at fair value through other comprehensive income	1,048	1,048
Financial assets at fair value through profit or loss	291,070	291,070
Total	292,118	292,118
Financial liabilities		
Derivative financial instruments	8,088	8,088
Interest-bearing bank and other borrowings	414,919	399,509
Total	423,007	407,597

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**
Financial assets at fair value through other comprehensive income	**–**	**11,865**	**–**	**11,865**
Financial assets at fair value through profit or loss	**–**	**190,468**	**–**	**190,468**
Trade and bills receivables	**–**	**2,050,117**	**–**	**2,050,117**
Total	**–**	**2,252,450**	**–**	**2,252,450**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value (Continued)

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
Financial assets at fair value through other comprehensive income	–	1,048	–	1,048
Financial assets at fair value through profit or loss	–	291,070	–	291,070
Trade and bills receivables	–	1,292,954	–	1,292,954
Total	–	1,585,072	–	1,585,072

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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	–	–	–	–

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	–	8,088	–	8,088

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 financial assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, finance assets at fair value through profit or loss 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 receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are 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

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's debt obligations in RMB with floating interest rates.

The Group's policy is to manage its interest costs using a mix of fixed and floating rate debts with respect to the prevailing interest rate environment. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

If interest rates had been 100 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been decreased/increased by RMB3,931,000 (2024: RMB 3,194,000).

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the year to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

	(Decrease)/ increase in foreign currency rate	**Increase/ (decrease) in profit after tax**
	%	RMB'000
As at 31 December 2025		
If the RMB weakens against the USD	**(10)**	**74,351**
If the RMB strengthens against the USD	**10**	**(74,351)**
If the RMB weakens against the EUR	**(10)**	**159**
If the RMB strengthens against the EUR	**10**	**(159)**
As at 31 December 2024		
If the RMB weakens against the USD	(10)	82,726
If the RMB strengthens against the USD	10	(82,726)
If the RMB weakens against the EUR	(10)	1,135
If the RMB strengthens against the EUR	10	(1,135)

Credit risk

An impairment analysis was performed at end of the year 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the year. 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 and bills receivables	**30,033**	**–**	**–**	**2,020,084**	**2,050,117**
Financial assets included in prepayments, other receivables and other assets	**5,710**	**–**	**–**	**–**	**5,710**
Pledged and restricted deposits	**109,422**	**–**	**–**	**–**	**109,422**
Cash and cash equivalents	**410,368**	**–**	**–**	**–**	**410,368**
Total	**555,533**	**–**	**–**	**2,020,084**	**2,575,617**

As at 31 December 2024

	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 and bills receivables	105,765	–	–	1,187,189	1,292,954
Financial assets included in prepayments, other receivables and other assets	10,840	–	–	–	10,840
Pledged and restricted deposits	86,210	–	–	–	86,210
Cash and cash equivalents	635,071	–	–	–	635,071
Total	837,886	–	–	1,187,189	2,025,075

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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 and bills receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities and lease liabilities as at end of the year, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025

	Less than 1 year RMB'000	**1 to 3 years RMB'000**	**Over 3 years RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**375,521**	**291,178**	**38,459**	**705,158**
Trade and bills payables	**2,379,987**	**–**	**–**	**2,379,987**
Other payables and accruals	**94,018**	**–**	**–**	**94,018**
Lease liabilities	**717**	**1,434**	**1,016**	**3,167**
Total	**2,850,243**	**292,612**	**39,475**	**3,182,330**

As at 31 December 2024

	Less than 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	229,809	108,631	85,982	424,422
Derivative financial instruments	8,088	–	–	8,088
Trade and bills payables	1,646,602	–	–	1,646,602
Other payables and accruals	156,119	–	–	156,119
Lease liabilities	438	–	–	438
Total	2,041,056	108,631	85,982	2,235,669

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile 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. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using the debt to asset ratio, which is total liabilities divided by total assets. The debt to asset ratios as at the end of the years were as follows:

	2025 **RMB'000**	2024 RMB'000
Total liabilities	**3,563,988**	2,611,910
Total assets	**7,542,073**	5,685,756
Debt-to-asset ratio	**47%**	46%

41. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2026, the Company declared its dividend distribution for the financial year ended 31 December 2025, which is based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB6.46 (tax inclusive) for every 10 ordinary shares, with no capitalisation by way of capitalisation of capital reserves and no bonus shares. The total amount of cash dividends to be distributed is approximately RMB305.20 million. The 2025 annual profit distribution plan is subject to approval by the shareholders at the annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

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 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**1,082,589**	788,993
Right-of-use assets	**47,484**	5,713
Intangible assets	**13,808**	11,652
Investments in subsidiaries	**1,079,672**	979,672
Investment in associate	**11,803**	–
Deferred tax assets	**–**	41,979
Other non-current assets	**129,184**	12,448
Total non-current assets	**2,364,540**	1,840,457
CURRENT ASSETS		
Inventories	**540,373**	390,947
Trade and bills receivables	**2,080,432**	1,310,067
Prepayments, deposits and other receivables	**1,002,071**	622,621
Financial assets at fair value through profit or loss	**190,468**	291,070
Financial assets at fair value through other comprehensive income	**11,865**	1,048
Pledged and restricted deposits	**64,345**	62,451
Cash and cash equivalents	**247,332**	364,608
Total current assets	**4,136,886**	3,042,812
CURRENT LIABILITIES		
Trade and bills payables	**1,809,074**	1,027,109
Other payables and accruals	**169,275**	241,771
Derivative financial instruments	**–**	–
Tax payable	**24,499**	30,897
Contract liabilities	**1,847**	1,586
Interest-bearing bank and other borrowings	**240,807**	180,982
Lease liabilities	**–**	433
Total current liabilities	**2,245,502**	1,482,778
NET CURRENT ASSETS	**1,891,384**	1,560,034
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,255,924**	3,400,491
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**71,812**	–
Lease liabilities	**–**	–
Deferred income	**132,270**	107,109
Deferred tax liabilities	**20,409**	68,317
Total non-current liabilities	**224,491**	175,426
Net assets	**4,031,433**	3,225,065
EQUITY		
Share capital	**425,664**	425,265
Treasury shares	**(42,579)**	(52,985)
Reserves	**3,648,348**	2,852,785
Total equity	**4,031,433**	3,225,065

Xiao Hongxing

Director

Zeng Hong

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Special reserve – safety fund RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	553,047	92,815	4,362	93,281	835,158	1,578,663
Profit for the year	–	–	–	–	703,132	703,132
Share-based payments	–	15,386	–	–	–	15,386
Profit appropriations to statutory reserve	–	–	–	70,313	(70,313)	–
Profit appropriations to safety fund	–	–	4,609	–	(4,609)	–
Issue of shares	611,159	–	–	–	–	611,159
Issue of restricted shares	50,020	–	–	–	–	50,020
Dividend declared	–	–	–	–	(105,575)	(105,575)
At 31 December 2024 and 1 January 2025	1,214,226	108,201	8,971	163,594	1,357,793	2,852,785
Profit for the year	**–**	**–**	**–**	**–**	**912,272**	**912,272**
Share-based payments	**–**	**64,206**	**–**	**–**	**–**	**64,206**
Deferred tax on share-based payments	**–**	**16,668**	**–**	**–**	**–**	**16,668**
Profit appropriations to statutory reserve	**–**	**–**	**–**	**49,239**	**(49,239)**	**–**
Profit appropriations to safety fund	**–**	**–**	**3,884**	**–**	**(3,884)**	**–**
Issue of shares	**–**	**–**	**–**	**–**	**–**	**–**
Issue of restricted shares	**10,408**	**–**	**–**	**–**	**–**	**10,408**
Dividend declared	**–**	**–**	**–**	**–**	**(204,014)**	**(204,014)**
Repurchase and cancellation of shares	**(3,977)**	**–**	**–**	**–**	**–**	**(3,977)**
As at 31 December 2025	**1,220,657**	**189,075**	**12,855**	**212,833**	**2,012,928**	**3,648,348**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.