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(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2018)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the "**Board**") of directors (the "**Director(s)**") of AAC Technologies Holdings Inc. ("**AAC Technologies**" or the "**Company**") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025 together with the comparative figures for the corresponding period in 2024.

These consolidated financial statements have been audited by the Company's auditor, Deloitte Touche Tohmatsu and have also been reviewed by the Company's audit and risk committee (the "**Audit and Risk Committee**") and approved by the Board on 19 March 2026.

2025 FINAL RESULTS HIGHLIGHTS:

(RMB Million)	2025	2024	YoY%	2H 2025	2H 2024	YoY%
Revenue	31,817	27,328	+16.4%	18,499	16,081	+15.0%
Gross Profit	7,016	6,042	+16.1%	4,262	3,624	+17.6%
<i>Gross Profit Margin</i>	22.1%	22.1%	-	23.0%	22.5%	+0.5ppts
Net Profit*	2,512	1,797	+39.8%	1,636	1,260	+29.8%
<i>Net Profit Margin</i>	7.9%	6.6%	+1.3ppts	8.8%	7.8%	+1.0ppts
Basic EPS (RMB)	2.18	1.53	+42.5%	1.42	1.08	+31.5%
Proposed Final Dividend (HKD)	0.35	0.24	+45.8%	N/A	N/A	N/A
Share Numbers (Weighted average, million)	1,154	1,173		1,150	1,172	

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

CEO STATEMENT

In 2025, artificial intelligence ("AI") advanced by leaps and bounds, reshaping industries across the board. Seizing this momentum, the Group has taken the lead in innovation, leveraging core technology platforms in acoustics, optics, electromagnetics, and precision mechanics to actively expand into emerging fields. With revenue reaching new heights, we have formally embarked on a new chapter in our transformation from a hardware supplier to a global leader in AI-driven sensing and interactions. The Group continues to advance lean operations, with operating cash flow reaching a record high and inventory turnover days maintained at their best historical level. Robust operating cash inflows will underpin the Group's long-term, sustainable growth and innovation.

Looking back on the past year, the Group's core businesses have continued to thrive amid surging innovation in the consumer electronics industry. Our leading position in acoustics and electromagnetic drives remains solid, while our general-purpose micro-drive technology platform has further widened the gap with competitors. In thermal management, we not only achieved rapid, large-scale volume growth, but also broke through industry limits in manufacturing efficiency and yield through our first fully automated ultra-thin vapor chamber ("VC") production line. This has consolidated our leadership in consumer electronics thermal solutions and given us a head start in expanding our footprint with key customers.

Our optics business continues to gain market share, with an increasing number of customers choosing our products for their flagship models' main cameras. This underscores our competitiveness in high-end lenses, positioning us firmly among the industry leaders. Periscope modules and optical image stabilization ("OIS") modules have entered mass production, allowing us to capture the high-end module market by leveraging our integration capabilities. Shipments of hybrid lenses and micro-prism products have exceeded the ten-million-unit milestone, setting the course for the future of optics. The automotive acoustics business has grown steadily. Through a dual strategy of external expansion and internal development, we have built a vertically integrated solution encompassing hardware (speakers, amplifiers, microphones), algorithms, tuning, and brand collaboration, placing us among the world's leading suppliers of automotive audio systems. As a core gateway for voice interaction in the AI era, the sensors and semiconductor ("SSE") business is entering a new upgrade cycle, from which the Group, one of the earliest companies to develop high signal-to-noise ratio ("SNR") microphones, stands to benefit significantly.

As emerging markets flourish, the Group continues to enhance R&D efficiency, capitalizing on new opportunities through our deep expertise in micro-drive systems and precision manufacturing. Our customers are increasingly diversifying into AI edge hardware beyond smartphones, injecting fresh vitality into the intelligent device market. The Group's high-precision motors and premium acoustic products will deliver exceptional interactive experiences for these devices. In the extended reality ("XR") market, the pace of new product launches is accelerating. By focusing on optical waveguides and light engines, and through the acquisition of leading waveguide designer Dispelix Oy ("**Dispelix**"), the Group has established a leadership position in augmented reality ("AR") optics and accelerated collaboration with top global brands. Humanoid robotics represents a vast and profound market. We are applying decades of accumulated micro-motor engineering expertise to the R&D and manufacturing of robotic joints, empowering robots with superior precision, enhanced agility, and lifelike motion. Mass shipments in the second half of 2025 ("**2H 2025**") are only the beginning. Going forward, we will build a comprehensive core product portfolio for robotics, integrating motors, transmission, and control.

The innovation cycle of the AI era has begun, with new hardware forms blossoming. Hearing, vision, and touch are becoming the key bridges connecting people with AI. The heat dissipation business safeguards AI devices as it continues its rapid growth. The Group consistently pursues comprehensive technological leadership in materials and structures, assisting leading customers in unlocking innovative value. Building on the precision manufacturing moat the Group has established over decades, we are transforming from a component supplier to a builder of AI perception. We extend our sincere gratitude to every customer, partner, and employee who has grown alongside us. We will maintain strategic focus, remain steadfast in our pursuit of innovation, accelerate expansion into new markets, ignite new growth engines, and continue to create long-term, cycle-transcending value for our customers and shareholders.

BUSINESS AND MARKET REVIEW

In 2025, the AI industry gained significant momentum, with hardware segments such as smartphones, automotive, smart glasses, and humanoid robots entering a new, long-term innovation cycle. For the twelve months ended 31 December 2025, the Group's revenue reached a new record high of RMB31.82 billion, representing a year-on-year ("YoY") increase of 16.4%. The acoustics, electromagnetic drives, and optics businesses remained strong, while emerging sectors, most notably heat dissipation, delivered rapid growth.

The Group's gross margin stood at 22.1%, remaining flat YoY. Net profit increased by 39.8% YoY to RMB2.51 billion, mainly driven by continued improvements in the profitability of the optics business and the expanding contribution from higher-margin segments.

During the reporting period, the Group's operating cash inflow amounted to RMB7.18 billion, up by 38.1% YoY, with capital expenditure ("CAPEX") totaling RMB2.83 billion. As at 31 December 2025, the Group's net gearing ratio stood at 2.1%, reducing by 1.7 percentage points ("ppts") YoY, with cash on book increasing by 14.2% YoY to RMB8.61 billion. The Group will continue to enhance operational efficiency, implement a disciplined capital expenditure policy, and utilize the strong operating cash flow generated to underpin its long-term sustainable growth and innovation initiatives.

In line with the dividend payout ratio of 15%, the Board of Directors proposed to declare a final dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share), implying a total annual dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share). The Group will remain prudent in financial management and strong in cash flow for business development, to create long-term value for shareholders.

PERFORMANCE AND DEVELOPMENT OF BUSINESS SEGMENTS

Acoustics Business

In 2H 2025, the Group's acoustics business generated revenue of RMB4.83 billion, representing a YoY increase of 1.6% and a half-year-on-half-year ("HoH") growth of 37.0%. Gross margin reached 27.9%, up by 0.7 ppts HoH. For the full year 2025, revenue from the acoustics business amounted to RMB8.35 billion, up by 1.7% YoY, primarily driven by a steady increase in the Group's market share among key customers. Full-year gross margin was 27.6%, down by 2.6 ppts YoY.

The AI era is redefining hardware interaction paradigms, and acoustics, one of the primary output modalities of intelligent devices, is entering a new phase of opportunity. As a leading player in the mid- to high-end acoustics segment, the Group has continued to drive industry upgrades on the back of more than three decades of deep expertise. High-end products, such as the master-level super linear speakers ("SLS") and coaxial speakers, renowned for their slim design and superior sound quality, continued to achieve double-digit YoY shipment growth. Notably, our industry-first Coaxial Speaker 2.0 delivers unparalleled texture and fidelity. In addition, the Group has developed smarter and more natural dual-speaker systems for AI-enabled smartphones, creating more immersive and superior interactive experiences.

Automotive Acoustics Business

In 2025, the Group continued to advance the application of integrated, high-end automotive acoustic system solutions across the automotive sector. Revenue from the automotive acoustics business reached RMB4.12 billion (of this total, Hebei First Light and PSG Group, which were acquired by the Group during the reporting period, contributed approximately RMB356 million), representing a YoY increase of 16.1%. The Group further expanded its market share and has now entered the ranks of the world's top ten automotive audio suppliers. Gross margin stood at 23.8%, down by 1.0 ppts YoY, primarily due to changes in product mix.

During the year, the Group showcased a broad portfolio of automotive acoustic products at the IAA Mobility, including woofer, midrange, and tweeter solutions spanning compact, ultra-thin, and highly integrated designs. Functional products developed for applications such as AVAS, engine sound simulation, and headrest audio were also presented, alongside the Group's proprietary acoustic algorithms, including exterior sound and near-field surround algorithms, NLC PRO, content track separation, and independent audio zones.

The Group is actively promoting system-level acoustic solutions. We engineered a cutting-edge 9.2.4.8 multi-dimensional acoustic architecture for the top flagship SUV, Zeekr 9X, integrating 32 speakers and 8 seat exciters to deliver an immersive 4D auditory experience. By continuously integrating a rich hardware ecosystem, advanced software algorithms, and system-level tuning capabilities, the Group is leading the evolution of automotive acoustics toward a full-stack solution encompassing "hardware and software, brand collaboration, and system tuning."

Optics Business

In 2H 2025, revenue from the optics business was RMB3.08 billion, representing a YoY increase of 10.4% and a HoH growth of 16.3%. This performance was mainly driven by the continued upgrade of smartphone optics, as well as solid progress in the premiumization of plastic lenses and camera modules. Gross margin improved to 12.6%, up by 4.7 ppts YoY and 2.4 ppts HoH. For the full year 2025, the optics business generated revenue of RMB5.73 billion, up by 14.5% YoY, with gross margin rising by 5.0 ppts to 11.5%.

In 2025, leveraging industry-leading component precision, assembly efficiency, and proprietary coating technologies, the Group continued to expand its share in customers' mid- to high-end lens portfolios while further optimizing its product mix, securing multiple high-end 7P projects. Plastic lenses of 6P and above accounted for more than 18% of total shipments for the whole year, and shipments of seven-element lenses (including 7P plastic lenses and 1G6P hybrid lenses) reached around 15 million units, reinforcing the Group's position in the premium optics segment. In camera modules, shipments of modules with resolutions of 32MP and above accounted for over 40% of total volume, an increase of 8 ppts YoY, with OIS module shipments nearly doubling and periscope modules entering large-scale shipments. The Group will continue to leverage its vertically integrated capabilities spanning lenses, micro-prisms, actuation, and algorithms, building a strategic reserve to further expand its market share in high-end modules.

The year 2025 marked a milestone in the Group's expansion of wafer-level glass ("WLG") applications, with relevant products achieving a historic breakthrough in shipment volumes. Several customers' mainstream flagship series adopted the Group's 1G6P lenses and micro-prisms. In addition to offering higher light intake, thinner form factors, and higher resolution, the 1G6P lenses benefit from the Group's proprietary optical coating technologies that significantly enhance final image quality. Meanwhile, micro-prisms manufactured through WLG uni-body molding further reduce module size while increasing light intake. As the industry's first three-in-one micro-prism integrating a convex surface, prism, and concave surface, this solution has received strong customer recognition. As market demand for glass lenses and micro-prisms continues to rise, the Group believes that WLG technology, with its exceptional production efficiency and distinctive optical advantages, will become the mainstream choice for an increasing number of customers.

Electromagnetic Drives and Precision Mechanics, and Other Related Business

In 2H 2025, the revenue of this consolidated segment increased by 17.6% YoY to RMB7.14 billion, representing a HoH growth of 54.1%. Gross margin reached 25.5%, up by 2.1 ppts YoY. For the full year 2025, revenue of this consolidated segment amounted to RMB11.77 billion, up by 21.3% YoY, mainly driven by gains in market share for x-axis linear motors, as well as the large-scale adoption of innovative side buttons and VC in the latest models of key customers. Gross margin improved to 24.5%, up by 1.2 ppts YoY, primarily due to a higher revenue contribution from high-margin products.

During the reporting period, the Group actively expanded its market share in haptics and intensified R&D efforts in intelligent motor products, continuously exploring opportunities across diverse end-use applications. As AI capabilities become increasingly embedded in smart devices and OEMs continue to demand slimmer form factors, motors are evolving toward larger actuation areas, thinner designs, and multi-motor configurations. Leveraging three decades of accumulated expertise in electromagnetic drive technologies and large-scale delivery, the Group is successfully co-developing core motor components with customers for their first AI hardware devices. In addition, the Group has launched a proprietary robotic dexterous hand solution integrating three core systems, which are motors, transmission, and control, demonstrating industrial-grade reliability, flexibility, and precision. The finger actuators, co-developed with our customers, have commenced mass production and shipments as scheduled, with revenue already exceeding RMB100 million during the year. As edge hardware form factors continue to diversify, the Group's high-precision motor business is poised to access a significantly broader market.

In 2025, the precision mechanics business achieved leapfrog growth, with gross margin improving year on year as a result of an enhanced product mix and sustained lean operations. Revenue from the heat dissipation business reached RMB1.67 billion, surging by 410.9% YoY, mainly benefiting from close collaboration with key customers on thermal innovation and rapid volume ramp-up. The Group's capabilities in thermal simulation and fully automated precision manufacturing have been highly recognized by customers, and it is actively exploring additional thermal management opportunities across a wider range of end devices. Beyond consumer electronics, the Group is advancing its presence in data center liquid cooling systems and robotic thermal management applications. The smartphone casing business generated revenue of RMB3.82 billion, up by 4.2% YoY, with the Group maintaining its leading share in customers' flagship and foldable phones.

Sensor and Semiconductor Business

In 2H 2025, revenue from the SSE business was RMB963 million, representing a YoY increase of 150.6%, with gross margin standing at 14.9%, broadly stable YoY. For the full year 2025, the segment recorded revenue of RMB1.57 billion, surging by 103.1% YoY, primarily driven by an increased share of high-SNR microphones in key customers' models. Gross margin was 13.8%, down by 1.8 ppts YoY due to changes in product mix.

During the reporting period, the Group developed the industry's highest-specification microphone array solution for customers' AI smart glasses, redefining the interaction experience with a smaller form factor, lower power consumption, and an SNR of up to 77 dB. In addition, the Group has advanced the development of new sensor products, including MEMS speakers and inertial sensors, laying the groundwork for future deployment across a broader range of intelligent devices.

As voice interaction increasingly becomes one of the core interaction paradigms for intelligent devices in the AI era, high-SNR microphones have emerged as a critical enabling component. Leveraging its early strategic positioning in high-SNR microphones and an outstanding track record in mass production and delivery, the Group has established a strong technological moat in this field. Against the backdrop of AI-driven upgrades in intelligent interaction, the Group is well-positioned to capture this rapidly expanding growth opportunity through its comprehensive product portfolio.

STRATEGY DEVELOPMENT AND OUTLOOK

The AI wave is profoundly reshaping the global industrial landscape, driving a generational leap in human-machine interaction paradigms. Against this backdrop, the Group is accelerating its strategic transformation from a component supplier to a builder of "AI perception infrastructure."

Looking ahead, innovation will remain our core engine. By combining our deep technological foundations in miniaturized components with sharp insights into user scenarios, we will continue to focus on high-growth sectors such as intelligent cockpits, data center thermal management, XR, and robotics. Through deeper global collaboration and a multi-dimensional business portfolio, we are committed to building a resilient operating ecosystem, maintaining leadership through continuous technological iteration, and delivering outstanding performance to our shareholders and customers, while enabling end users to enjoy an elevated and truly intelligent experience.

FINANCIAL REVIEW

Revenue

In 2025, the Group's revenue increased YoY by 16.4%, to RMB31.82 billion. Owing to factors discussed under "BUSINESS AND MARKET REVIEW" above, revenue from the electromagnetic drives and precision mechanics, sensor and semiconductor, optics, and automotive & consumer acoustics products increased by RMB2,064 million, RMB797 million, RMB725 million and RMB570 million respectively.

Gross Profit and Gross Profit Margin

In 2025, gross profit was RMB7.02 billion, representing an increase by 16.1% from the gross profit of RMB6.04 billion in 2024. The rise in gross profit was mainly driven by improvements in the gross profit of the electromagnetic drives and precision mechanics segment and the optics business.

Gross profit margin for 2025 remained stable at 22.1% as compared to 2024.

Other Income and Expenses, Gains and Losses

The net other income and expenses, gains and losses increased by RMB365 million. This was mainly due to changes in the fair value of contingent consideration payables relating to Premium Sound Solutions ("PSS") (please refer to note 6 to the Consolidated Financial Statements).

Administrative Expenses

Administrative expenses in 2025 were RMB1,361 million, representing an increase of 7.2% compared with RMB1,270 million in 2024. The increase was mainly due to additional investment in staff resources for new business development.

Distribution and Selling Expenses

Distribution and selling expenses amounted to RMB754 million in 2025, representing an increase of 12.6%, compared with RMB670 million in 2024. The distribution and selling expenses to revenue ratio decreased from 2.5% to 2.4% in 2025.

Research and Development Expenses

R&D expenses in 2025 were RMB2,311 million, 14.3% higher than RMB2,022 million in 2024. The increase was primarily driven by additional investment in new R&D projects for product upgrades and new products.

Finance Costs

Finance costs in 2025 were RMB395 million, 5.3% lower than RMB417 million in 2024. The decrease was mainly due to a reduction in interest expenses on unsecured notes.

Taxation

Taxation expenses of the Group were calculated based on the assessable profits of the subsidiaries at the rates prevailing in the relevant jurisdictions. Taxation expenses in 2025 amounted to RMB347 million, representing an increase of 53.1% from RMB227 million in 2024. The effective tax rate increased from 11.4% to 12.0% in 2025.

Profit attributable to the Owners of the Company

Reported profit attributable to the owners of the Company for 2025 was RMB2,512 million, which increased by 39.8% from RMB1,797 million in 2024. The increase was mainly due to improvements in the gross profit and one-off fair value gain on contingent consideration payables relating to PSS, offset by additional expenses on new business.

Earnings before Interest, Taxes, Depreciation and Amortization

As compared with the same period of last year, the EBITDA for the twelve months period ended 31 December 2025 increased by 13.9% to RMB6,324 million.

Final Dividend

In line with the dividend payout ratio of 15%, the Board of Directors proposed to declare a final dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share), implying a total annual dividend amounted to HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share). The Group will remain prudent in financial management and strong in cash flow for business development, to create long-term value for shareholders.

Subject to Shareholders' approval at the forthcoming annual general meeting to be held on 21 May 2026, the said final dividend will be payable to Shareholders of the Company, whose names appear on the register of members of the Company on 1 June 2026. Payment will be made on or about 18 June 2026.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has always emphasized financial discipline and continues to maintain a strong liquidity position. Cash flows from (used in) our operating, investing and financing activities, are as below:

	For the year ended 31 December	
	2025	2024
	RMB million	RMB million
Net cash from operating activities	7,183	5,203
Net cash (used in) investing activities	(3,952)	(3,485)
Net cash (used in) financing activities	(2,107)	(1,025)

Operating Activities

Cash inflow from operating activities was mainly generated from cash receipts from the Group's sales. Cash outflows were related to raw materials purchases, payroll, distribution and selling expenses, expenses incurred in R&D, administrative items and taxation charges. Net cash generated from operating activities was RMB7,183 million for 2025 (2024: RMB5,203 million).

i. Trade Receivables and Payables

As at 31 December 2025, turnover days of trade receivables decreased by 3 days to 84 days as compared with 31 December 2024. Trade receivables decreased by RMB0.92 billion to RMB6.82 billion. Aging of trade receivables (net of allowance for doubtful debts) based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB6,674 million (31 December 2024: RMB7,571 million), RMB139 million (31 December 2024: RMB153 million) and RMB7 million (31 December 2024: RMB15 million) respectively. The Company has received subsequent settlement totaling RMB4,156 million up to 28 February 2026, representing 60.9% of the total amount outstanding, net of allowances, as at the end of the reporting period.

The Group's trade payables turnover days increased by 20 days to 115 days as compared to 31 December 2024. Trade payables increased by RMB1.75 billion to RMB8.71 billion. Aging of trade payables based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB6,700 million (31 December 2024: RMB5,831 million), RMB1,950 million (31 December 2024: RMB1,056 million) and RMB61 million (31 December 2024: RMB77 million) respectively.

ii. Inventory Turnover

As at 31 December 2025, the inventories have increased by RMB0.59 billion compared to 31 December 2024. The inventory turnover days increased to 62 days as at 31 December 2025 from approximately 60 days for 31 December 2024.

Investing Activities

Net cash used in investing activities in 2025 amounted to RMB3,952 million (2024: RMB3,485 million). It mainly represents the cash used in CAPEX of RMB2,581 million (2024: RMB2,071 million), net cash outflow on acquisition of subsidiaries of RMB1,356 million (2024: RMB1,473 million), acquisition of financial assets at FVTPL of RMB215 million (2024: RMB51 million), and additions to intangible assets of RMB101 million (2024: RMB139 million), offset by cash inflows from interests received of RMB177 million (2024: RMB187 million).

CAPEX included acquisition of land use rights, additional production plant and property, and latest automation machinery and equipment for modifications and upgrades as well as capacity expansion. For 2025 and 2024, total CAPEX incurred were RMB2,834 million and RMB2,332 million respectively. Investing activities are focused on sustained CAPEX programs in building technology platform per the Group's business progress to capture new market opportunities and support its long-term business strategies. CAPEX is funded by internal resources and bank loans, and subject to annual CAPEX budgeting and approval by the Board.

Financing Activities

The Group recorded net cash outflow from financing activities of approximately RMB2,107 million for 2025. Major outflows were due to repayment of bank loans and unsecured notes of RMB4,710 million (2024: RMB5,575 million), share repurchases of RMB955 million (2024: RMB203 million), return of capital contributions from non-controlling interests of a subsidiary of RMB516 million (2024: RMB236 million), interests paid of RMB382 million (2024: RMB371 million), dividend paid of RMB264 million (2024: RMB104 million), repayment of lease liabilities of RMB217 million (2024: RMB114 million), and major inflows from bank loans raised of RMB4,985 million (2024: RMB5,551 million).

Cash and Cash Equivalents and Short-Term Fixed Deposits

As at 31 December 2025, the unencumbered cash and cash equivalents of the Group amounted to RMB8,612 million (31 December 2024: RMB7,538 million), of which 85.6% (31 December 2024: 48.7%) was denominated in US dollar, 10.3% (31 December 2024: 44.6%) in RMB, 1.5% (31 December 2024: 2.6%) in Euros, 1.0% (31 December 2024: 1.1%) in Singapore dollar, 0.3% (31 December 2024: 1.6%) in Vietnamese Dong, 0.3% (31 December 2024: 0.5%) in Hong Kong dollar, and 1.0% (31 December 2024: 0.9%) in other currencies.

Gearing Ratio and Indebtedness

As at 31 December 2025, the Group's gearing ratio, defined as total loans and unsecured notes divided by total assets, was 19.6% (31 December 2024: 20.0%). Netting off cash and cash equivalents and short-term fixed deposits, net gearing ratio was 2.1% (31 December 2024: 3.8%).

As at 31 December 2025, the unsecured notes of the Group were RMB3,642 million (31 December 2024: RMB3,721 million), the short-term bank loans and long-term bank loans of the Group amounted to RMB383 million (31 December 2024: RMB1,728 million) and RMB5,592 million (31 December 2024: RMB3,883 million) respectively.

Charges on Group Assets

Apart from pledged bank deposits amounting to RMB13 million as at 31 December 2025 (31 December 2024: RMB1 million) and restricted bank deposits of nil as at 31 December 2025 (31 December 2024: RMB5 million), no other group assets were charged to any financial institutions.

OFF-BALANCE SHEET TRANSACTIONS

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

EVENTS AFTER THE REPORTING PERIOD

For details of the events after the reporting period, please refer to note 30 to the Consolidated Financial Statements.

KEY RISK FACTORS

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

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

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

Risks Pertaining to the Smartphones Market

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

Reliance on a Number of Key Customers

The Group's five largest customers, which accounted for 72.5% of the Group's total revenue for 2025, are all related to the consumer smart devices industry, characterized by innovation-driven and user experience-oriented business growth. Loss of or changes in market position of any of these customers may materially and adversely affect the Group's business, financial condition and results of operations. Nevertheless, the Group has focused on technology innovation to continuously enhance user experience meeting customers' specification upgrade needs. We have also implemented standardized procedures for handling all forms of customer information to ensure it is not improperly or inadvertently disclosed to third parties. The Group has established strong relationships with these major customers; all of them have been our long-standing customers with good credit records.

Production Disruption due to Unforeseeable Events and Supply Chain Adversities

Geopolitical events among different nations may impose unpredictable impacts on the global markets and the Company, such as disruption to the global supply of commodities including base metals and driving up the commodities' prices. Any continuous increase in the prices of raw materials might lead to margin compression. Furthermore, geopolitical uncertainties may directly or indirectly impact the Group's customers, which in turn may disrupt supply chain and impact end-consumer demand. Supply chain challenges to meet environmental, health and safety standards may also adversely affect production schedules which may potentially result in customer dissatisfaction, reputational damage and financial losses. These are the transition risks in relation to policy and legal risk and market risk.

To address these risks, the Group established the Quality and Operations Committee. The committee actively monitors the regulatory environment and allocates resources to plan and comply with regulatory requirements and customer demands. A robust quality management system has been implemented to ensure that all production facilities are certified under the International Organization for Standardization (ISO) standards for quality management and the International Electrotechnical Commission Quality Assessment System for Electronic Components (IECQ) standards for electronic component quality. The Company conducts internal and external audits every year to ensure the efficacy of its product quality and procurement channels. Additionally, the Group has established a robust supplier management process and adopted long-standing Supplier Code of Conduct, requiring suppliers to maintain compliance with various standards, including labor and human rights protections, health and safety regulations, and environmental safeguards. Ultimately, this will lead to the development of low-carbon supply chain. This proactive approach not only mitigates risks but also enhances the overall resilience of the supply chain.

Operational, Technology Obsolescence and ESG Considerations

The Group's operations include design and delivery of innovative technology solutions. Our business remains dedicated to advancing miniature components while developing cutting-edge products and technologies platforms. However, changes in technological design and performance specifications or related external factors linked with environmental, social, and governance (ESG) considerations may have various levels of negative impact on our operational outcome. In meeting future design specifications and production quality requirements, the Group has implemented robust processes to ensure standards are met.

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

The Group's annual budget includes significant investment in R&D in order to build sustainable technology roadmaps, explore more sustainable revenue stream products and intellectual property portfolios. As data security is a critical concern, the Group treats information security as a strategic priority. The Group has implemented comprehensive measures to protect data assets from breaches, leaks, and hacks, which are also essential for maintaining customer trust and avoiding reputational damage. Moreover, adhering to social standards and regulations, such as the Ethical Trading Initiative and Social Accountability 8000 International Standard, the Group constantly considers social impact of its technologies, ensuring social equalities and that positive contributions are made to society.

Climate Resilience and Adaption

Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on ESG considerations relating to businesses, such as climate change, suppliers' compliance with ESG criteria and human resources management. In addition, the Company makes statements about its goals and initiatives through its various non-financial reports, information provided on its website, press statements and other communications. Responding to these ESG considerations and implementing these initiatives involve risks and opportunities.

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

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

Liquidity and Interest Rate Risk

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

The Group is exposed to interest rate risks on its bank loans for working capital and CAPEX that are associated with the expansion of the Group. The Group focuses on mitigating the liquidity and interest rate risks, with an appropriate mix of RMB/USD borrowings that are constantly reviewed and adjusted. The Group's USD deposits served as a natural hedge against the risk of interest rate volatilities to some extent. The Group also maintains an appropriate mix of fixed/floating rate debts, an even debt repayment profile and a diversified source of funding, including the issuance of long-term five-year and ten-year unsecured notes. As at 31 December 2025, over 61% of debts were fixed rate debts.

The Group's financial assets include cash and cash equivalents, short-term fixed deposits, pledged bank deposits, restricted bank deposits, trade and other receivables, amounts due from related companies, derivative financial instruments, financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, which represent the Group's maximum exposure to credit risk in relation to financial assets. The credit risk on liquidity is limited because the counterparties are established banks with good credit-ratings.

Foreign Exchange Risks

Given our international operations and presence, the Group faces foreign exchange exposures including transaction and translation exposures, and is exposed to exchange rate risks that could impact financial reporting results. The Group's current reporting currency is RMB and our sales outside China are predominantly denominated in USD.

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

On-going Global Trade Frictions and Geopolitical Risks

Prolonged trade frictions coupled with geopolitical instability in key regions, might lead to a slowdown in the global consumer electronics and automotive markets and a decline in orders by the key customers of the Group, which could have a material adverse effect on the Group's business, results of operations and financial conditions. Furthermore, other related regulations and government measures including tariffs, export controls, economic sanctions and similar regulations may include additional costs, restrictions and prohibitions on the sale or supply of certain products and on the transfer of parts, components, and related technical information and know-how to certain countries, regions, governments, persons and entities.

The Group is committed to complying with applicable laws and regulations related to export controls and economic sanctions. As at the date of this announcement, the Group's results of operations have not been materially affected by the expansion of relevant laws and regulations such as export controls and economic sanctions, or the new rules or measures adopted to counteract them. Nevertheless, depending on future developments in the global trade tensions, there is no assurance that such regulations, rules, or measures will not have an adverse impact on the Group's business and operations.

The Group has implemented a trade control compliance management system and has set up a trade compliance committee for overall management of the Group's trade compliance initiatives. The Trade Compliance Department is to coordinate with and support other departments on trade compliance matters. The Group's dedication to R&D to develop proprietary innovative technologies, and the Group's strategy in integrating R&D all over the world with our diversified manufacturing bases should help to continue to provide the best solutions to customers and mitigate some of the adverse business impact of the trade frictions and geopolitical risks.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and results of operation of the Group as set out in this announcement are historical in nature and past performance is not a guarantee of future performance. This announcement may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

Besides, this announcement does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

FINANCIAL INFORMATION

The financial information relating to the years ended 31 December 2025 and 2024 in this announcement does not constitute the Company's statutory consolidated financial statements for those years, but represents an extract from those consolidated financial statements. The final results of the Group for the year ended 31 December 2025 have been reviewed by the Audit and Risk Committee of the Company.

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") and will deliver the consolidated financial statements for the year ended 31 December 2025 in due course. The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under Sections 406(2), 407(2) or (3) of the Companies Ordinance.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 19 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	3	31,816,988	27,328,304
Cost of goods sold		<u>(24,801,248)</u>	<u>(21,286,405)</u>
Gross profit		7,015,740	6,041,899
Other income and other expenses	5	442,012	410,979
Other gains and losses	6	250,770	(82,817)
Share of results of an associate		419	(59)
Distribution and selling expenses		(754,467)	(670,248)
Administrative expenses		(1,361,106)	(1,270,097)
Research and development costs		(2,311,454)	(2,022,001)
Finance costs	4	<u>(395,156)</u>	<u>(417,160)</u>
Profit before taxation	7	2,886,758	1,990,496
Taxation	8	<u>(347,459)</u>	<u>(226,935)</u>
Profit for the year		<u>2,539,299</u>	<u>1,763,561</u>
Profit (loss) for the year attributable to non-controlling interests		<u>27,321</u>	<u>(33,669)</u>
Profit for the year attributable to owners of the Company		<u>2,511,978</u>	<u>1,797,230</u>
Earnings per share			
- Basic	10	<u>RMB2.18</u>	<u>RMB1.53</u>
- Diluted	10	<u>RMB2.18</u>	<u>RMB1.53</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	RMB'000	RMB'000
Profit for the year	2,539,299	1,763,561
Other comprehensive income:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")	11,263	152,171
Remeasurement to defined benefit obligations	(418)	(1,952)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on derivative financial instruments	1,695	(78,724)
Net loss (gain) reclassified to profit or loss on hedged items	71,379	(2,273)
Exchange differences arising on translation of foreign operations	(10,587)	40,591
Total comprehensive income for the year	<u>2,612,631</u>	<u>1,873,374</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	2,579,257	1,908,522
Non-controlling interests	33,374	(35,148)
	<u>2,612,631</u>	<u>1,873,374</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	18,329,097	17,884,356
Right-of-use assets	<i>12</i>	2,203,363	2,044,533
Goodwill		2,282,612	2,093,389
Deposits made for acquisition of property, plant and equipment		252,560	267,592
Investment properties	<i>13</i>	281,601	267,474
Interest in an associate		3,389	2,973
Equity instruments at FVTOCI	<i>14</i>	645,587	598,414
Financial assets at fair value through profit and loss ("FVTPL")	<i>15</i>	650,327	449,662
Intangible assets		1,639,064	1,705,925
Deferred tax assets	<i>24</i>	431,839	414,107
Contract costs		55,953	68,343
Derivative financial instruments	<i>16</i>	770	1,494
		<u>26,776,162</u>	<u>25,798,262</u>
Current assets			
Inventories		4,531,796	3,937,805
Trade and other receivables	<i>17</i>	8,982,099	9,370,703
Amounts due from related companies		2,660	2,725
Taxation recoverable		54,925	44,046
Derivative financial instruments	<i>16</i>	5,554	2,661
Pledged bank deposits		13,000	524
Restricted bank deposits		-	5,000
Cash and cash equivalents		8,612,298	7,538,204
		<u>22,202,332</u>	<u>20,901,668</u>
Current liabilities			
Trade and other payables	<i>18</i>	11,682,169	9,557,816
Contract liabilities	<i>18</i>	105,257	62,674
Amounts due to related companies		61,845	52,746
Taxation payable		173,200	251,640
Bank loans	<i>20</i>	382,922	1,727,966
Unsecured notes	<i>21</i>	1,617,075	-
Government grants	<i>23</i>	46,566	71,527
Lease liabilities	<i>19</i>	514,098	488,572
Derivative financial instruments	<i>16</i>	2,200	95,015
Gross obligation liabilities	<i>25</i>	-	574,920
Contingent consideration payables	<i>26</i>	-	1,260,837
Contingent settlement provision	<i>22</i>	268,250	259,370
		<u>14,853,582</u>	<u>14,403,083</u>
Net current assets		<u>7,348,750</u>	<u>6,498,585</u>
Total assets less current liabilities		<u>34,124,912</u>	<u>32,296,847</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>NOTES</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank loans	20	5,592,169	3,883,107
Unsecured notes	21	2,024,672	3,720,540
Government grants	23	465,194	480,590
Lease liabilities	19	699,375	634,446
Deferred tax liabilities	24	391,288	370,383
Derivative financial instruments	16	1,303	28,070
Defined benefit obligations		7,544	10,183
Other payables	18	-	52,649
		9,181,545	9,179,968
Net assets		24,943,367	23,116,879
Capital and reserves			
Share capital	25	97,321	97,321
Reserves		24,259,511	22,657,151
Equity attributable to owners of the Company		24,356,832	22,754,472
Non-controlling interests		586,535	362,407
Total equity		24,943,367	23,116,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL

AAC Technologies Holdings Inc. (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company acts as an investment holding company.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

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

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

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

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS - continued

IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18")

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Operating and reportable segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's key operating decision makers in order to allocate resources to the segment and to assess its performance.

Information reported to the key operating decision makers for the purposes of resource allocation and assessment of performances focuses specifically on the type of products sold. This is also the basis upon which the Group is organised and managed.

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

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

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

3. REVENUE AND SEGMENT INFORMATION – continued

Information regarding these segments is presented below.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i> (restated)
<u>Operating and reportable segments</u>		
Segment revenue - recognised at a point in time		
Acoustics products	8,352,153	8,213,816
Electromagnetic drives and precision mechanics	11,773,748	9,709,775
Optics products	5,725,278	4,999,937
Automotive & consumer acoustics products*	4,116,896	3,547,099
Sensor and semiconductor products	1,570,833	773,377
Other products*	278,080	84,300
	<u>31,816,988</u>	<u>27,328,304</u>
Revenue		
Segment results		
Acoustics products	2,308,325	2,479,431
Electromagnetic drives and precision mechanics	2,881,993	2,258,615
Optics products	657,798	322,535
Automotive & consumer acoustics products*	978,863	878,796
Sensor and semiconductor products	216,789	121,030
Other products*	(28,028)	(18,508)
	<u>7,015,740</u>	6,041,899
Total profit for operating and reportable segments		
Unallocated amounts:		
Other income and other expenses	442,012	410,979
Other gains and losses	250,770	(82,817)
Share of results of an associate	419	(59)
Distribution and selling expenses	(754,467)	(670,248)
Administrative expenses	(1,361,106)	(1,270,097)
Research and development costs	(2,311,454)	(2,022,001)
Finance costs	(395,156)	(417,160)
	<u>2,886,758</u>	<u>1,990,496</u>
Profit before taxation		

* The amounts included revenue and result of the Group's automotive & consumer acoustics products business commenced in prior years and the amounts in the prior year included in the other products are represented to align with the current year presentation.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit (loss) earned by each segment without allocation of other income, other expenses, other gains and losses, share of results of an associate, distribution and selling expenses, administrative expenses, research and development costs and finance costs. This is the measure reported to the key operating decision makers for the purpose of resource allocation and performance assessment.

3. REVENUE AND SEGMENT INFORMATION - continued

The key operating decision makers make decisions according to operating results of each segment. The Group analysed its assets and liabilities and other financial information at group level. Therefore, only segments revenue and segments results are presented. Amortisation and depreciation charges related to assets employed by different segments are presented to the key operating decision makers for review.

Amortisation and depreciation included in measure of segment results are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Acoustics products	1,033,311	1,108,702
Electromagnetic drives and precision mechanics	705,883	663,565
Optics products	518,832	554,121
Automotive & consumer acoustics products	166,956	80,241
Sensor and semiconductor products	36,091	57,729
Other products	<u>3,632</u>	<u>8,993</u>
Amounts included in cost of inventories	2,464,705	2,473,351
Unallocated portion	<u>577,524</u>	<u>672,373</u>
	<u>3,042,229</u>	<u>3,145,724</u>

Geographical information

Information about the Group's revenue from external customers is presented based on the location of end customers.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Greater China*	16,315,733	14,507,142
Other foreign countries:		
America**	12,615,186	10,017,645
Other Asian countries	1,789,408	1,618,398
Europe	1,081,153	1,175,275
Others	<u>15,508</u>	<u>9,844</u>
	<u>31,816,988</u>	<u>27,328,304</u>

Information about the Group's non-current assets[#] is presented based on the geographical location of the assets.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Greater China*	19,066,869	18,214,443
Europe	3,951,620	4,001,872
Other foreign countries [^]	<u>2,029,150</u>	<u>2,118,270</u>
	<u>25,047,639</u>	<u>24,334,585</u>

3. REVENUE AND SEGMENT INFORMATION - continued

Geographical information - continued

- * Greater China comprises the Mainland China, Hong Kong Special Administrative Region and Taiwan. Majority of the revenue from Greater China were derived from the Mainland China.
- ** America sales mainly include the sales to end customers based in United States. Sales related to the United States customers are primarily shipped directly to the designated delivery place of the relevant customers or their outsourcing factories located in China, Vietnam, Thailand and India, instead of direct export to the United States.
- ^ The amounts of non-current assets in America and other Asian countries does not exceed 10% of the Group's total non-currents assets and amounts are included in "Other foreign countries".
- # Non-current assets excluded financial instruments and deferred tax assets.

The geographical information of the Group's revenue from external end customer by individual countries in America, Europe and other Asian countries are not disclosed. Management considers the disclosure of revenue by individual countries to be commercially sensitive.

During the year, the aggregate amount of revenue derived from the Group's top customers which individually has contributed to over 10% of the Group's revenue and included in all of the Group's segments, 3 customers contributed revenue amounted to RMB18,822,329,000 (2024: 3 customers contributed revenue amounted to RMB15,173,018,000).

4. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans	224,880	176,525
Interest on unsecured notes	124,834	197,916
Interest on lease liabilities	36,562	33,839
Interest on contingent settlement provision	<u>8,880</u>	<u>8,880</u>
	<u>395,156</u>	<u>417,160</u>

5. OTHER INCOME AND OTHER EXPENSES

Other income mainly comprises of:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants (Note)	217,517	206,216
Interest income	193,065	198,258
Rental income	<u>6,718</u>	<u>10,930</u>

Note: Included in the amount is RMB122,472,000 (2024: RMB143,833,000) representing the amortisation of government grants as detailed in note 23. The remaining amount mainly represents the incentives granted by the PRC local authorities to the Group for engaging in high technology business, employment of expatriates and technologically advanced staff. All the grants were approved during the year of recognition with no unfulfilled conditions/ contingencies.

6. OTHER GAINS AND LOSSES

Other gains and losses mainly comprise of:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Gain (loss) on disposal/write-off of property, plant and equipment	8,635	(35,471)
Loss on changes in fair value of financial assets at FVTPL	(761)	(21,075)
Gain (loss) from changes in fair value of derivative financial instruments, net	3,361	(25,847)
Changes in fair value of contingent consideration payables	319,517	(23,846)
Gain on termination of leases	1,983	1,027
Exchange (loss) gain	<u>(68,046)</u>	<u>22,395</u>

7. PROFIT BEFORE TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	10,549	10,492
Other staff's retirement benefits scheme contributions	870,289	739,968
Other staff costs	<u>6,103,811</u>	<u>5,399,918</u>
Total staff costs (Note a)	<u>6,984,649</u>	<u>6,150,378</u>
Depreciation of property, plant and equipment	2,504,820	2,608,695
Depreciation of right-of-use assets	<u>214,518</u>	<u>251,066</u>
Total depreciation (Note b)	2,719,338	2,859,761
Depreciation of right-of-use assets capitalised in qualifying assets	<u>(25,127)</u>	<u>(25,127)</u>
	<u>2,694,211</u>	<u>2,834,634</u>
Allowance for inventories net, included in cost of goods sold	102,859	158,680
Allowance for impairment loss on trade receivables	233	196
Amortisation of intangible assets (Note c)	327,769	301,216
Auditor's remuneration	4,465	4,070
Cost of inventories recognised as expense	24,698,389	21,127,725
Cost of raw materials included in research and development costs	126,301	118,445
Depreciation of investment property	20,249	9,874
Short-term and low value asset leases expense	<u>122,713</u>	<u>88,475</u>

Notes:

- (a) Staff costs of RMB1,526,675,000 (2024: RMB1,410,066,000) had been included in research and development costs.
- (b) Depreciation of RMB300,446,000 (2024: RMB292,916,000) had been included in research and development costs.
- (c) Included in the amortisation of intangible assets, RMB165,948,000 (2024: RMB181,539,000) had been capitalised in inventories while the remaining balances had been included in research and development costs, distribution and selling expenses, and administrative expenses, respectively.

8. TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The current tax charge comprises:		
PRC Enterprise Income Tax	201,852	220,722
Singapore	98,587	90,478
Vietnam	21,274	33,469
Europe	10,031	22,654
Other jurisdictions	16,239	13,608
Income tax under Pillar Two Rules	11,443	14,500
PRC and overseas withholding tax	5,641	22,728
Under provision in respect of prior years	<u>13,416</u>	<u>3,937</u>
	378,483	422,096
Deferred tax (see note 24)	<u>(31,024)</u>	<u>(195,161)</u>
	<u>347,459</u>	<u>226,935</u>

Under the law of PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%, for both years, unless the group entities entitle to other preferential tax treatment granted by the relevant PRC tax authority.

In addition, certain PRC subsidiaries were officially endorsed as High and New Technology Enterprises ("**HNTE**") till the date ranging from 2025 to 2027 (2024: 2024 to 2026). Pursuant to the EIT Law, those PRC subsidiaries endorsed as HNTE shall be entitled to a preferential tax rate of 15% till the expiry of the HNTE status for the respective PRC subsidiaries.

Pursuant to relevant laws and regulations in Singapore, one of the Group's subsidiaries is entitled to a concessionary tax rate under Development and Expansion Incentive program which is granted based on the fulfilment of carrying out qualifying business activities. This incentive program is effective from 1 January 2019 for 10-year period.

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

Pursuant to the relevant laws and regulation in Vietnam, one of the Group's subsidiaries is entitled to concessionary tax rate which is granted based on the fulfilment of carrying qualifying business activities. This tax holiday for the Vietnamese subsidiary will expire in 2027.

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

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

8. TAXATION - continued

OECD pillar two model rules

The Group is subject to the global minimum top-up tax Pillar Two Rules. The top-up tax relates to the Group's operation in Vietnam, where the annual effective income tax rate is estimated to be below 15%. Therefore, a top-up tax is accrued in the current period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognised a current tax expense of RMB11,443,000 related to the top-up tax for the year ended 31 December 2025 which is expected to be levied on Vietnam subsidiaries.

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

The charge for the year can be reconciled to the profit before taxation as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before taxation	<u>2,886,758</u>	<u>1,990,496</u>
Tax at the applicable income tax rate (Note a)	721,690	497,624
Tax effect of income not taxable for tax purpose	(131,197)	(73,906)
Tax effect of expenses not deductible for tax purpose	47,545	55,862
Tax effect of tax holiday and concession	(114,048)	(123,399)
Tax effect of tax losses not recognised	228,457	350,514
Tax effect of deductible temporary differences not recognised	10,199	35,311
Utilisation of tax losses previously not recognised	(130,285)	(300,250)
Effect of super deduction for research and development cost (Note b)	(230,689)	(196,359)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(77,965)	(75,985)
Under provision in respect of prior years	13,416	3,937
PRC and overseas withholding tax	5,641	22,728
Top-up tax under Pillar Two Rules	11,443	14,500
Others	<u>(6,748)</u>	<u>16,358</u>
Tax charge for the year	<u>347,459</u>	<u>226,935</u>

Notes:

- (a) The PRC EIT rate of 25% (2024: 25%) is the domestic tax rate in the jurisdiction where the operations of the Group are substantially based.
- (b) In March 2021, the Ministry of Finance and the State Administration of Taxation released No. 13 announcement of 2021 named "Announcement on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses", according to which certain PRC subsidiaries engaged in manufacturing industry are entitled to an additional 100% tax deduction on eligible research and development expenses incurred by them for both years ended 31 December 2024 and 2025.

9. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2024 final dividend of HK\$0.24 (2023: HK\$0.10) per ordinary share	<u>258,410</u>	<u>108,932</u>

Subsequent to the end of the reporting period, a final dividend of HK\$0.35 (2024: HK\$0.24) per share has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting.

10. EARNINGS PER SHARE

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share	<u>2,511,978</u>	<u>1,797,230</u>
	2025 <i>'000</i>	2024 <i>'000</i>
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share (Note)	1,154,306	1,172,677
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share awards granted by the Company	<u>602</u>	<u>3,216</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,154,908</u>	<u>1,175,893</u>

Note: The weighted average number of ordinary shares has been calculated taking into account the shares repurchased by the Group or held by the 2016 Trustee and 2023 Trustee (as defined in note 27) under share award scheme.

The computation of diluted earnings per shares for both years ended 31 December 2025 and 2024 did not assume the effect of contingent settlement provision as the Directors consider the effect is anti-dilutive.

In addition, the computation of diluted earnings per share for the year ended 31 December 2024 did not assume the effect arising from the unvested restricted shares granted by a subsidiary as set out in note 27 as the exercise would result in an increase in earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of RMB2,874,270,000 (2024: RMB2,192,386,000). Part of the consideration of RMB267,592,000 (2024: RMB162,589,000) was paid up in advance in prior year.

During the year, the Group disposed/write-off of certain property, plant and equipment with an aggregate carrying amount of RMB45,055,000 (2024: RMB46,994,000) for proceeds of RMB53,690,000 (2024: RMB11,523,000) and resulting in a gain on disposal of RMB8,635,000 (2024: loss on disposal of RMB35,471,000).

Also, during the year, property, plant and equipment with an aggregate carrying amount of RMB34,376,000 is transferred to investment properties (2024: RMB138,432,000).

Impairment assessment

During the year ended 31 December 2025 and 2024, the management of the Group concluded there was no indication for impairment.

12. RIGHT-OF-USE ASSETS

	Leasehold land <i>RMB'000</i>	Buildings <i>RMB'000</i>	Cars and machineries <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2025				
Carrying amount	<u>1,315,474</u>	<u>855,042</u>	<u>32,847</u>	<u>2,203,363</u>
As at 31 December 2024				
Carrying amount	<u>1,295,400</u>	<u>719,164</u>	<u>29,969</u>	<u>2,044,533</u>
For the year ended 31 December 2025				
Depreciation charge	42,418	160,150	11,950	214,518
Capitalised in construction in progress	<u>(25,127)</u>	<u>-</u>	<u>-</u>	<u>(25,127)</u>
	<u>17,291</u>	<u>160,150</u>	<u>11,950</u>	<u>189,391</u>
For the year ended 31 December 2024				
Depreciation charge	41,506	199,686	9,874	251,066
Capitalised in construction in progress	<u>(25,127)</u>	<u>-</u>	<u>-</u>	<u>(25,127)</u>
	<u>16,379</u>	<u>199,686</u>	<u>9,874</u>	<u>225,939</u>

12. RIGHT-OF-USE ASSETS - continued

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Expense relating to short-term leases	121,768	87,570
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	945	905
Total cash outflow for leases	376,474	289,624
Additions to right-of-use assets	323,505	206,112
Acquisition of subsidiaries (note 26)	<u>110,225</u>	<u>316,112</u>

For both years, the Group leases various leasehold land, buildings and cars and machineries for its operations. Lease contracts are entered into for fixed term of 1 year to 44 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

As at 31 December 2025 and 2024, the Group has obtained the land use right certificates for all leasehold lands.

The Group regularly entered into short-term leases for certain building premises and machineries, etc. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

During the year, the Group entered into new lease agreements for the use of leasehold land, buildings and machineries from 1 year to 16 years (2024: 2 years to 44 years). On the lease commencement, the Group recognised right-of-use asset of RMB323,505,000 and lease liabilities of RMB322,233,000 (2024: right-of-use asset of RMB146,856,000 and lease liabilities of RMB146,157,000). Except for the payment made on the acquisition of leasehold land of RMB59,256,000 during the year ended 31 December 2024, the recognition of the remaining newly added right-of-use assets constitutes non-cash transactions.

During the year ended 31 December 2025, the Group sold the leasehold land with the carrying amount of RMB20,301,000 at a consideration of RMB21,509,000, and a gain on derecognition of right-of-use assets of RMB1,208,000 is recognised in profit or loss (2024: Nil). During the year ended 31 December 2024, leasehold land of RMB11,340,000 was transferred to investment properties upon the end of owner-occupation.

During the year ended 31 December 2025, the Group early terminated certain leases which constitutes lease modification. As a result, the Group has derecognised right-of-use assets of RMB55,096,000 (2024: RMB8,888,000) and lease liabilities of RMB55,871,000 (2024: RMB9,915,000), and a gain of lease termination of RMB775,000 (2024: RMB1,027,000) was recognised in profit or loss.

12. RIGHT-OF-USE ASSETS - continued

Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of RMB1,159,749,000 are recognised with related right-of-use assets of RMB887,889,000 (2024: lease liabilities of RMB1,011,437,000 are recognised with related right-of-use assets of RMB749,133,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

13. INVESTMENT PROPERTIES

	<i>RMB'000</i>
CARRYING VALUES	
At 1 January 2024	127,576
Transfer from property, plant and equipment	138,432
Transfer from right-of-use assets	11,340
Depreciation during the year	<u>(9,874)</u>
At 31 December 2024	267,474
Transfer from property, plant and equipment	34,376
Depreciation during the year	<u>(20,249)</u>
At 31 December 2025	<u>281,601</u>

14. EQUITY INSTRUMENTS AT FVTOCI

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted shares	614,785	566,990
Listed shares	<u>30,802</u>	<u>31,424</u>
	<u>645,587</u>	<u>598,414</u>

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

Unlisted shares

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

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

14. EQUITY INSTRUMENTS AT FVTOCI - continued

Unlisted shares - continued

During the year ended 31 December 2025, the Group (i) made addition contribution for certain equity interests in a private entity engaged in research, development, manufacturing and marketing of electronic equipment in the field of high-end audio at a consideration of Euro2,250,000 (equivalent to approximately RMB17,839,000); (ii) invested in a private entity engaged in Superior Audio PA Solution at the aggregate considerations of RMB15,000,000 and (iii) acquired an equity investment in a private entity engaged in 1 October 2025 amounted to RMB7,393,000 through the acquisition of PSG Group (Note 26).

During the year ended 31 December 2024, the Group received return on capital from a private entity engaged in research, development and manufacturing of sensor and semiconductor business amounted to United States dollars ("US\$") 739,000 (equivalent to approximately RMB5,246,000). In addition, the Group entered into the agreement to exit from a private entity engaged in research, development and manufacturing of sensor and semiconductor business at a consideration of US\$642,000 (equivalent to approximately RMB4,618,000) and the amount is included in other receivables.

Listed shares

The amount represents the Group's investment in a company listed in Japan. As at 31 December 2025, the fair value of the investment determined by reference to the quoted market bid prices available was RMB30,802,000 (2024: RMB31,424,000).

15. FINANCIAL ASSETS AT FVTPL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Convertible loans	127,464	51,264
Unlisted shares/funds	<u>522,863</u>	<u>398,398</u>
	<u>650,327</u>	<u>449,662</u>

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

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

15. FINANCIAL ASSETS AT FVTPL - continued

During the year ended 31 December 2025, the Group invested in a private entity engaged in research and development, design, and sales of chips at a consideration of RMB20,000,000 and a private entity engaged in research and development of miniature laser projection display technology for AR applications at a consideration of Euro300,000 (equivalent to approximately RMB2,447,000). In addition, the Group (i) made addition contribution of US\$14,226,000 (equivalent to approximately RMB102,306,000) and GBP634,000 (equivalent to approximately RMB6,050,000) to the private equity funds mentioned above and (ii) further subscribed the convertible loan amounted to Euro10,400,000 (equivalent to approximately RMB84,307,000) issued by a private entity.

During the year ended 31 December 2024, the Group invested in private entities engaged in sensor and semiconductor business at a consideration of Euro4,039,000 (equivalent to approximately RMB31,161,000).

As the convertible loan contains derivative feature for the holder to convert the outstanding amount into equity interest of the issuer, it is accounted for as financial assets at FVTPL.

The above investments are classified as financial assets at FVTPL and presented under non-current assets as they are not held for trading, instead, they are held for long-term strategic purpose. During the year ended 31 December 2025, the loss in fair value of the financial assets at FVTPL of RMB761,000 was recognised in profit or loss (2024: RMB21,075,000).

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Current		Non-current	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Derivatives financial assets				
Foreign currency forward contracts not under hedge accounting	<u>5,554</u>	<u>2,661</u>	<u>770</u>	<u>1,494</u>
	5,554	2,661	770	1,494
Derivatives financial liabilities				
Foreign currency forward contracts	<u>2,200</u>	<u>93,489</u>	<u>1,303</u>	<u>28,070</u>
Interest rate swap contracts	<u>-</u>	<u>1,526</u>	<u>-</u>	<u>-</u>
	2,200	95,015	1,303	28,070

The management considers the following hedging instruments are highly effective hedging instrument and has designated them as cash flow hedging instrument for hedge accounting purposes:

- Foreign currency forward contracts to minimise its exposure to fluctuations in foreign currency denominated forecast sales to the Group.
- Interest rate swap contracts to minimise its exposure to cash flow changes of its floating-rate bank loans.

16. DERIVATIVE FINANCIAL INSTRUMENTS - continued

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The major terms of the outstanding derivative contracts under cash flow hedges are as follows:

At 31 December 2025

Foreign currency forward contracts - cash flow hedges

<u>Notional amount</u>	<u>Range of maturity</u>	<u>Forward contract rate</u>	<u>Exchange frequency</u>
Euro667,000	31 January 2026 to 31 December 2026	Euro1 to HUF415 - HUF430.9	Monthly
US\$1,500,000	31 January 2026 to 31 December 2027	US\$1 to MXN18 - MXN19	Monthly

At 31 December 2024

Foreign currency forward contracts - cash flow hedges

<u>Notional amount</u>	<u>Range of maturity</u>	<u>Forward contract rate</u>	<u>Exchange frequency</u>
US\$286,000,000	31 January 2025 to 31 December 2025	US\$1 to RMB7 - RMB7.05	Monthly

Interest rate swap contracts - cash flow hedges

<u>Notional amount</u>	<u>Range of maturity</u>	<u>Trade date</u>	<u>Interest rate</u>		<u>Maturity frequency</u>
			<u>Pay</u>	<u>Receive</u>	
Euro11,064,000	9 November 2025	14 December 2022	2.8125%	EURIBOR	Semi-annually
Euro14,752,000	9 November 2025	14 December 2022	2.8125%	EURIBOR	Semi-annually
Euro11,064,000	10 November 2025	14 December 2022	2.8125%	EURIBOR	Semi-annually

Gains and losses recognised in the hedging reserve in equity on the foreign currency forward contracts and the interest rate swap contracts will be continuously released to the profit or loss until completing the relevant transactions or the repayment of the relevant borrowings.

The above derivatives are measured at fair value. The classification of the fair value measurement of the above derivatives at 31 December 2025 and 2024 are Level 2 under the fair value hierarchy (details set out in note 29).

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The Group has entered into foreign currency forward contracts and interest rate swap contracts that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right to set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. No further disclosure is provided as the amounts involved in master netting arrangements are not significant.

17. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	6,558,749	7,656,089
Bank acceptance and commercial bills	<u>260,782</u>	<u>82,776</u>
	6,819,531	7,738,865
Prepayments	543,956	333,575
Value-added tax recoverable	984,340	780,607
Other receivables	630,269	513,303
Loan and interest receivables*	<u>4,003</u>	<u>4,353</u>
	<u>8,982,099</u>	<u>9,370,703</u>

* Loans of RMB4,000,000 (2024: RMB4,347,000) made to certain suppliers of the Group, which are unsecured, and carry interest rates at 1% (2024: 1%) per annum. The amounts are repayable in 1 year.

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB5,362,051,000.

The following is an analysis of trade receivables and bank acceptance and commercial bills net of allowance for credit losses presented based on the invoice dates or notes issued dates at the end of the reporting period, which approximate the respective revenue recognition dates.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Age		
0 - 90 days	6,673,566	7,571,489
91 - 180 days	139,075	152,849
Over 180 days	<u>6,890</u>	<u>14,527</u>
	<u>6,819,531</u>	<u>7,738,865</u>

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 days to 120 days of issuance. The Group accepts bank acceptance and commercial bills with maturities ranging from 30 to 180 days at the end of the credit terms in lieu of immediate cash payment.

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB108,820,000 (2024: RMB138,132,000) which are past due as at the reporting date. Included in the past due balances, RMB7,137,000 (2024: RMB4,152,000) has been past due 90 days or more.

17. TRADE AND OTHER RECEIVABLES - continued

The Group's trade receivables and bank acceptance and commercial bills which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
US\$	543,842	332,302
Euro	<u>16,066</u>	<u>-</u>

18. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Trade and other payables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	5,897,449	5,089,711
Notes payables - guaranteed	<u>2,813,681</u>	<u>1,873,930</u>
	8,711,130	6,963,641
Payroll and welfare payables	712,497	682,839
Payables for acquisition of property, plant and equipment and intangible assets	1,212,258	968,765
Other payables and accruals	988,455	936,852
Payables related to Restricted Shares (as defined in note 27) granted to employees	<u>57,829</u>	<u>58,368</u>
	11,682,169	9,610,465
Less: Other payables due for settlement after 12 months shown under non-current liabilities	<u>-</u>	<u>(52,649)</u>
Amounts shown under current liabilities	<u>11,682,169</u>	<u>9,557,816</u>

Other payables are unsecured, interest-free and have no fixed repayment terms.

An aged analysis of trade and notes payables, presented based on the invoice date or the note issued date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Age		
0 - 90 days	6,700,689	5,831,250
91 - 180 days	1,949,746	1,055,865
Over 180 days	<u>60,695</u>	<u>76,526</u>
	<u>8,711,130</u>	<u>6,963,641</u>

18. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES - continued

Trade and other payables - continued

The Group's trade and notes payables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
US\$	1,304,423	1,201,277
Japanese Yen	13,120	12,385
Euro	<u>46,724</u>	<u>35,287</u>

Contract liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities on sales of miniaturised components and tooling	<u>105,257</u>	<u>62,674</u>

As at 1 January 2024, contract liabilities amounted to RMB15,868,000. The contract liabilities at the beginning of the year are recognised as revenue during the year.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. For a small number of the Group's customers, the Group receives a deposit ranging from 30% to 100% on acceptance of manufacturing orders.

19. LEASE LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease liabilities payable:		
Within one year	514,098	488,572
Within a period of more than one year but not more than two years	199,152	160,832
Within a period of more than two years but not more than five years	325,406	291,693
Within a period of more than five years	<u>174,817</u>	<u>181,921</u>
	1,213,473	1,123,018
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(514,098)</u>	<u>(488,572)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>699,375</u>	<u>634,446</u>

The lease agreements did not contain any contingent rent for lessee.

19. LEASE LIABILITIES - continued

No extension options are included in all lease agreements entered by the Group. The weighted average incremental borrowing rates applied to lease liabilities is 4.08% (2024: 4.27%). These lease liabilities were measured at the present value of the lease payments that are not yet paid.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Euro	89,136	87,249
US\$	<u>3,798</u>	<u>1,122</u>

20. BANK LOANS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans	5,975,091	5,611,073
Less: Amount due within one year included in current liabilities	<u>(382,922)</u>	<u>(1,727,966)</u>
Amount due after one year	<u>5,592,169</u>	<u>3,883,107</u>
The carrying amounts of the above bank loans are repayable*:		
Within one year	382,922	1,727,966
Within a period of more than one year but not exceeding two years	1,825,165	1,736,684
Within a period of more than two years but not exceeding five years	<u>3,767,004</u>	<u>2,146,423</u>
	<u>5,975,091</u>	<u>5,611,073</u>

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

The Group's bank loans denominated in currencies other than the functional currencies of the respective entities are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	<u>1,697,613</u>	<u>3,084,463</u>

20. BANK LOANS - continued

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fixed-rate bank loans	2,248,513	4,558,313
Variable-rate bank loans	<u>3,726,578</u>	<u>1,052,760</u>
	<u>5,975,091</u>	<u>5,611,073</u>

The fixed-rate bank loans carry interest rate ranging from 2.34% to 4.23% per annum (2024: 2.40% to 4.23% per annum) and variable rate bank loans carry interest rate ranging from 2.30% to 3.87% per annum (2024: 2.50% to 5.05% per annum). The Company issued guarantees of RMB1,698,000,000 to respective banks to secure certain borrowings.

In respect of bank loans with carrying amount of RMB321,208,000 as at 31 December 2025 (2024: RMB416,760,000), the Group is required to comply with the financial covenants which are tested on a quarterly basis. The PSS Group is subject to regular reporting to the bank and has a covenant to adhere to which is based on the leverage of the PSS Group.

The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as current and non-current according to the scheduled repayment dates set out in the loan agreements.

21. UNSECURED NOTES

Unsecured notes issued in 2021

In 2021, the Group issued unsecured notes of US\$300,000,000 due on 2 June 2026 at a fixed coupon rate of 2.625% per annum ("**2026 Notes**") and US\$350,000,000 due on 2 June 2031 at fixed coupon rate of 3.750% per annum ("**2031 Notes**"). The unsecured notes are listed on the Hong Kong Stock Exchange. The effective interest rates of the 2026 Notes and 2031 Notes are 2.7023% and 3.8656% respectively.

As at 31 December 2025, the principal amounts of the outstanding unsecured notes include 2026 Notes of US\$230,154,000 (2024: US\$230,154,000) with the carrying amount of RMB1,617,075,000 under current liabilities (2024: RMB1,652,309,000 under non-current liabilities) and 2031 Notes of US\$290,123,000 (2024: US\$290,123,000) with the carrying amount of RMB2,024,672,000 under non-current liabilities (2024: RMB2,068,231,000 under non-current liabilities).

During the year ended 31 December 2025 and 2024, there was no repurchase of unsecured notes.

22. CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY AND CONTINGENT SETTLEMENT PROVISION

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

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

In 2025, AAC Investment and AAC Optics entered into separate share transfer agreements with certain non-controlling interests ("**2025 Selling Investors**") in which the 2025 Selling Investors has agreed to sell a portion of its equity interest in AAC Optics to AAC Investment. The 2025 Selling Investors has in aggregate sell approximately 2.6940% of the equity interest in AAC Optics at the aggregate consideration of RMB515,974,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB388,206,000 is credited directly in equity and attributed to owners of the Company.

After the completion of the share transfer agreements in 2025 and as at 31 December 2025, AAC Optics is held (i) as to approximately 92.3636% (2024: 89.6696%) indirectly by the Company; (ii) 2% by the share incentive platforms of AAC Optics, of which 0.1374% (2024: 0.1374%) of the shares are vested but still held under the platforms; and (iii) approximately 5.6364% (2024: 8.3304%) by the 3 remaining strategic investors in aggregate.

23. GOVERNMENT GRANTS

During the year, the Group received government grants of RMB82,119,000 (2024: RMB89,538,000) in aggregate from various PRC government authorities as an incentive for leasing factories, constructing electronic plants and acquiring machineries. As the grants related to assets, the amount received is to be amortised and released to profit or loss on a systematic basis over the useful lives of the related assets.

During the year, RMB122,472,000 (2024: RMB143,833,000) of the grants have been released to profit or loss.

24. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025	2024
	RMB'000	RMB'000
Deferred tax assets	431,839	414,107
Deferred tax liabilities	(391,288)	(370,383)
	40,551	43,724

The followings are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior years:

Deferred tax assets/liabilities

	Tax losses RMB'000	Inventories RMB'000 (Note a)	Government grants RMB'000	Right- of-use assets RMB'000	Lease liabilities RMB'000	Depreciation/ amortisation RMB'000 (Note b)	Others RMB'000	Total RMB'000
At 1 January 2024	134,708	23,816	45,230	(76,923)	77,108	(47,108)	303	157,134
Acquisition of subsidiaries	5,003	-	-	(66,460)	68,810	(327,409)	7,745	(312,311)
Credit (charge) to profit or loss	145,683	23,396	5,893	5,754	(4,759)	19,618	(424)	195,161
Credit to other comprehensive income	-	-	-	-	-	-	1,131	1,131
Currency realignment	(122)	(4)	-	1,294	(1,449)	1,327	1,563	2,609
At 31 December 2024	285,272	47,208	51,123	(136,335)	139,710	(353,572)	10,318	43,724
Acquisition of subsidiaries	3,221	5,423	-	-	2,899	(47,697)	4,801	(31,353)
Credit (charge) to profit or loss	6,766	(993)	(566)	(44,674)	47,908	32,206	(9,623)	31,024
Credit to other comprehensive income	-	-	-	-	-	-	(858)	(858)
Currency realignment	709	(172)	-	(3,896)	959	(1,258)	1,672	(1,986)
At 31 December 2025	295,968	51,466	50,557	(184,905)	191,476	(370,321)	6,310	40,551

Notes:

- (a) The deductible temporary difference arising from inventories would be reversed upon sales of inventories.
- (b) The deferred tax arose from temporary difference between the carrying amounts of intangible assets, property, plant and equipment and their tax base.

At the end of the reporting period, the Group has unused tax losses of approximately RMB8,266,556,000 (2024: RMB8,937,169,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB1,395,729,000 (2024: RMB1,258,932,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB6,870,827,000 (2024: RMB7,678,237,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward for up to 5 or 10 years to various years up to 2035 (2024: year 2034) from the year when the losses are incurred.

24. DEFERRED TAX ASSETS/LIABILITIES - continued

At 31 December 2025 and 2024, the Group has unrecognised deferred tax liability in relation to PRC withholding tax on undistributed earnings in certain of its PRC subsidiaries, as it is the intention of the management to retain the earnings within these subsidiaries.

25. SHARE CAPITAL

	Number of shares	Amount <i>US\$'000</i>
Shares of US\$0.01 each		
Authorised:		
Ordinary shares at 1 January 2024, 31 December 2024 and 31 December 2025	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary shares at 1 January 2024	1,203,250,000	12,033
Shares repurchased and cancelled	<u>(4,750,000)</u>	<u>(48)</u>
Ordinary shares at 31 December 2024 and 31 December 2025	<u>1,198,500,000</u>	<u>11,985</u>
		<i>RMB'000</i>
At 1 January 2024, 31 December 2024 and 31 December 2025		<u>97,321</u>

During the year ended 31 December 2025, the Company repurchased its own ordinary shares through independent brokers and the Hong Kong Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of US\$0.01 each	Price per share		Aggregate consideration <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
January	4,033,500	40.05	34.55	148,066
February	2,776,000	50.05	39.65	128,612
March	3,862,000	54.35	43.65	186,437
April	10,024,000	48.00	28.50	365,506
May	786,500	39.90	35.80	29,706
October	600,000	39.98	38.48	23,561
November	3,736,500	40.20	36.50	142,730
December	<u>2,300,500</u>	39.78	37.22	<u>88,277</u>
Total	<u>28,119,000</u>			<u>1,112,895</u>

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2025 and 2024.

25. SHARE CAPITAL - continued

Gross obligation liabilities for share buy-back program

On 16 December 2024, the Company entered into an agreement with an independent broker (the "**Broker**") under which the Broker is appointed to operate the automatic share buy-back program, in which the Company has agreed parameters for the Broker to buy back up to HK\$778,000,000 of the Company's shares on the Hong Kong Stock Exchange from the commencement date of the share buy-back program up to 16 May 2025. Since the Broker is considered as the principal of the share buy-back program and the Company has the obligation to pay the Broker for the share buy-back with a maximum amount up to HK\$778,000,000 (equivalent to approximately RMB718,405,000), the amount is initially recognised as gross obligation liabilities and the corresponding debit to other reserve. During the year ended 31 December 2025, the Company has paid HK\$623,954,000 (equivalent to approximately RMB575,530,000) to the Broker as the remaining payment to execute the share buy-back program, and 17,545,500 issued ordinary shares of the Company were repurchased under the program. The automatic share buy-back program was completed during the year ended 31 December 2025, further details of the completion of the share buy-back program were set out in the Company's announcement dated 9 April 2025. In addition, aggregate consideration of HK\$391,145,000 (equivalent to RMB358,093,000) has paid to another independent broker to repurchase 10,573,500 shares outside the share buy-back program.

During the year ended 31 December 2025, the aggregate consideration of repurchase 28,119,000 shares amounted to HK\$1,112,895,000 (equivalent to RMB1,024,538,000), out of which HK\$75,799,000 (equivalent to RMB69,992,000) was prepaid in prior year to the Broker under the automatic share buy-back program. During the year ended 31 December 2024, the Company had paid HK\$155,388,000 (equivalent to approximately RMB143,485,000) to the Broker as the prepayment to execute the share buy-back program, out of which consideration of HK\$79,589,000 (equivalent to approximately RMB73,493,000) is paid for the repurchase of 2,130,500 issued ordinary shares of the Company.

As at 31 December 2025, the Company had treasury shares of 30,249,500 shares (2024: 2,130,500 shares), other than those held by the trustees for the share award schemes of the Company as disclosed in Note 27.

26. ACQUISITION OF SUBSIDIARIES

Acquisition of Hebei First Light

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

Consideration transferred of the acquisition date

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

Note: The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised in profit or loss.

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of Hebei First Light - continued

Assets acquired and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
Property, plant and equipment	29,918
Right-of-use assets	18,685
Intangible assets (note a)	140,445
Deferred tax assets	2,899
Pledged bank deposits	4,000
Cash and cash equivalents	44,844
Trade and other receivables	91,380
Inventories	86,923
Trade and other payables	(76,980)
Lease liabilities	(19,326)
Taxation payable	(1,404)
Deferred tax liabilities (note b)	(23,152)
Bank loans	(42,680)
	<hr/>
Net assets	<u>255,552</u>

Notes:

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

Non-controlling interests

The non-controlling interests of 46.26% in Hebei First Light recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net identifiable assets of Hebei First Light and amounted to RMB118,220,000.

Goodwill arising on acquisition

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

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

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of Hebei First Light - continued

Net cash outflows arising on acquisition of Hebei First Light

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

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is RMB14,623,000 attributable to the additional business generated by Hebei First Light. Revenue for the year ended 31 December 2025 includes RMB213,703,000 generated from Hebei First Light.

Had the acquisition of Hebei First Light been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been RMB31,914,225,000, and the profit for the year ended 31 December 2025 of the Group would have been RMB2,518,438,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Hebei First Light Group been acquired at the beginning of the year ended 31 December 2025, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

Acquisition of PSG Group

In 2025, the Group acquired 51% interest in PSG, which principally engaged in developing automotive & consumer acoustics products. The acquisition was completed and acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred of the acquisition date

	<i>RMB'000</i>
Cash transferred	140,250
Other payables recognised for consideration payable	140,250
	<hr/>
Total consideration	280,500
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Note: The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised in profit or loss.

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSG Group - continued

Assets acquired and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
Property, plant and equipment	95,246
Right-of-use assets	91,540
Intangible assets (note c)	28,900
Deferred tax assets	13,651
Equity instruments at FVTOCI	7,393
Cash and cash equivalents	105,504
Trade and other receivables	141,884
Inventories	136,573
Trade and other payables	(119,769)
Taxation payable	(630)
Deferred tax liabilities (note d)	(24,751)
	<hr/>
Net assets	475,541

Notes:

- (c) The amounts mainly represent the fair value of customer relationship of RMB28,900,000 acquired in the acquisition of the PSG Group. The useful life of the intangible assets is determined by reference to the comparable market information.
- (d) The deferred tax liabilities mainly relating to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB23,248,000, which is calculated at the income tax rate of 15% since PSG Group was officially endorsed as HNTE.

Non-controlling interests

The non-controlling interests in PSG Group recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net identifiable assets of PSG Group, amounted to RMB233,225,000.

Goodwill arising on acquisition

	<i>RMB'000</i>
Consideration transferred	280,500
Plus: non-controlling interests	233,225
Less: recognised amounts of net assets acquired	(475,541)
	<hr/>
Goodwill arising on acquisition	38,184

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

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSG Group - continued

Net cash outflows arising on acquisition of PSG Group

	<i>RMB'000</i>
Total consideration	280,500
Less: Cash and cash equivalents acquired	<u>(105,504)</u>
	<u>174,996</u>

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is RMB9,617,000 attributable to the additional business generated by PSG Group. Revenue for the year ended 31 December 2025 includes RMB142,593,000 generated from PSG Group.

Had the acquisition of PSG Group been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been RMB32,163,704,000, and the profit for the year ended 31 December 2025 of the Group would have been RMB2,543,312,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had PSG Group been acquired at the beginning of the year ended 31 December 2025, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

Acquisition of PSS Group

In 2023, the Group entered into the sale and purchase agreement pursuant to which the Group agreed to purchase all of the issued shares of the PSS Group. Pursuant to such agreement, the Group purchased the sale shares from the sellers in two tranches, with the first tranche transaction involved the purchase of 80% of the PSS Group's issued shares (the "**First Tranche Transaction**") and the second tranche transaction cover remaining 20% (the "**Second Tranche Transaction**"). The purchase price of each tranche is detailed below.

The first tranche consideration comprised of:

- (i) the First Tranche Transaction purchase price of US\$320,000,000 (equivalent to RMB2,273,252,000), representing an equity value of US\$400,000,000 for 100% of the sale shares;
- (ii) plus the interest thereon from 1 April 2023 to 9 February 2024 calculated on a daily basis at the rate of 6.75% per annum, amounting to US\$18,641,000 (equivalent to approximately RMB132,424,000);
- (iii) less the price leakage adjustment of US\$27,773,000 (equivalent to approximately RMB197,297,000).

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS Group - continued

The First Tranche Transaction was completed on 9 February 2024. After considering the terms under the sale and purchase agreement and shareholders' agreement dated 10 August 2023, the Directors of the Company considered that the Group consolidated 100% interest in the PSS Group upon the completion of the First Tranche Transaction. The Second Tranche Consideration was considered as deferred consideration and this transaction was completed on 31 July 2025.

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

At 9 February 2024, the Directors of the Company estimated the Second Tranche Purchase Price to be US\$174,128,500 (equivalent to approximately RMB1,236,991,000), determined based on the fair value of the identified assets and liabilities with reference to the valuation carried out by an independent qualified professional valuer to purchase remaining 20% of the issued shares of the PSS Group and accounted for as contingent consideration payables. As at 31 December 2024, the fair value of the contingent consideration payables was remeasured as US\$175,399,000 (equivalent to approximately RMB1,260,837,000). On 31 July 2025, the contingent consideration payables was settled in full at a total amount of US\$131,471,000 (equivalent to RMB941,320,000).

The consideration and PSS Group's financial information represented below were as at acquisition date of 9 February 2024.

Acquisition Consideration as at 9 February 2024

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

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

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS Group - continued

Assets acquired and liabilities recognised at the date of acquisition

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

Notes:

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

Goodwill arising on acquisition

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

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

26. ACQUISITION OF SUBSIDIARIES - continued

Acquisition of PSS Group - continued

Net cash outflows arising on the date of acquisition of PSS Group

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

Impact of acquisition on the results of the Group for the year ended 31 December 2024

Included in the profit for the year ended 31 December 2024 was RMB239,439,000 attributable to the additional business generated by the PSS Group. Revenue for the year ended 31 December 2024 included RMB3,359,569,000 generated from the PSS Group.

Had the acquisition of PSS Group been completed on 1 January 2024, revenue for the year ended 31 December 2024 of the Group (including PSS Group) would have been RMB27,615,934,000, and the profit for the year ended 31 December 2024 of the Group (including PSS Group) would have been RMB1,817,517,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had PSS Group been acquired at the beginning of the year ended 31 December 2024, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

27. SHARE AWARD SCHEME

Share award scheme of the Company

2016 share award scheme of the Company

The Company on 23 March 2016 had adopted the AAC Share Award Scheme (the "**2016 Scheme**") constituted by a Trust Deed between the Company and Bank of Communications Trustee Limited (the "**2016 Trustee**"), in which employees may be selected by the Board of Directors to participate. Pursuant to the 2016 Scheme, shares of the Company will be purchased on the Hong Kong Stock Exchange, by the 2016 Trustee of the trusts declared in the Trust Deed.

On the grant of the share awards, the relevant number of shares may be legally issued or transferred to the 2016 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares.

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

27. SHARE AWARD SCHEME - continued

Share award scheme of the Company - continued

2016 share award scheme of the Company - continued

On 24 March 2022, the Company granted a total of 10,230,593 shares ("**Awarded Shares**") to 340 selected employees pursuant to the 2016 Scheme at nil consideration. The fair value of the shares granted pursuant to the 2016 Scheme were determined with reference to market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting periods of the shares. The shares granted would be vested over a requisite service period of up to three years from the date of grant and performance targets which must be attained. Performance targets comprise a mixture of key financial performance indicators and individual targets linked to a comprehensive appraisal of each individual grantee's performance and contribution to the Group.

On 28 April 2025, for better administration of the 2016 Scheme, the Board resolved to enter into a deed of amendment to the trust deed of the 2016 Scheme (the "**2016 Scheme Trust Deed**") with the 2016 Trustee to amend the 2016 Scheme Trust Deed and the scheme rules under the 2016 Scheme to, amongst others, (i) remove relevant clauses for issuing or allotting new Shares to the 2016 Trustee; and (ii) allow the shares held by the 2016 Trustee, except for the outstanding Awarded Shares being held by the 2016 Trustee for the benefit of the employees under the 2016 Scheme, to be transferred to other trustee(s) of any other trust(s) constituted or to be constituted for the purpose of implementing share award scheme(s) that has been adopted and/or may be adopted by the Company at any time during or after the trust period upon written instructions by the Board to the 2016 Trustee. Save for the aforementioned amendments and certain housekeeping changes, all other terms under the 2016 Scheme remain unchanged.

On 23 May 2025, the Company granted a total of 3,559,294 shares ("**Awarded Shares**") to 536 selected employees pursuant to the 2016 Scheme at nil consideration. The fair value of the shares granted pursuant to the 2016 Scheme were determined with reference to market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting periods of the shares. The shares granted would be vested over a requisite service period of up to three years from the date of grant subject to the relevant key performance targets. Performance targets comprise organisation level and individual level including revenue, profit and target amount of the relevant business units, as well as projects undertaken by the functional departments and the employees' contribution to the Group's objectives.

The maximum number of shares that may be awarded under the 2016 Scheme during its term is limited to 1.65% of the issued share capital of the Company from time to time.

As at 31 December 2025, an aggregate of 12,378,531 shares (2024: 14,752,257 shares) of the Company had been purchased and held by the 2016 Trustee, in which 483,711 Awarded Shares are vested (2024: 327,574 Awarded Shares) and were still held under the 2016 Trustee. Since the date of adoption of the 2016 Scheme up to 31 December 2025, no new shares had been issued to the 2016 Trustee.

27. SHARE AWARD SCHEME - continued

Share award scheme of the Company - continued

2016 share award scheme of the Company - continued

Movement of the shares vested and granted to selected employee(s) under the 2016 Scheme during the years ended 31 December 2025 and 2024 are as follows:

For the year ended 31 December 2025

Date of grant	Vesting period	Number of shares			At 31 December 2025
		At 1 January 2025	Vested on 24 March 2025	Shares entitlement forfeited	
24 March 2022	24 March 2022 to 24 March 2025	2,613,238	(2,529,863)	(83,375)	-

Date of grant	Vesting period	Number of shares			At 31 December 2025
		At 1 January 2025	Granted on 23 May 2025	Shares entitlement forfeited	
23 May 2025	23 May 2025 to 23 May 2026	-	1,779,760	(40,562)	1,739,198
23 May 2025	23 May 2025 to 23 May 2027	-	889,840	(20,280)	869,560
23 May 2025	23 May 2025 to 23 May 2028	-	889,694	(20,276)	869,418
		-	3,559,294	(81,118)	3,478,176

For the year ended 31 December 2024

Date of grant	Vesting period	Number of shares			At 31 December 2024
		At 1 January 2024	Vested on 24 March 2024	Shares entitlement forfeited	
24 March 2022	24 March 2022 to 24 March 2024	2,790,916	(2,627,518)	(163,398)	-
24 March 2022	24 March 2022 to 24 March 2025	2,799,296	-	(186,058)	2,613,238
		5,590,212	(2,627,518)	(349,456)	2,613,238

27. SHARE AWARD SCHEME - continued

Share award scheme of the Company - continued

2016 share award scheme of the Company - continued

For the year ended 31 December 2024 - continued

The terms and conditions of the grants are as follows:

	Number of shares	Vest condition	Date of grant	Vesting period	Market value per share HK\$	Fair value of shares HK\$
Shares awarded to selected employees in 2022	3,406,787	1 year from the date of grant	24 March 2022	24 March 2022 to 24 March 2023	17.64	60,095,731
	3,406,787	2 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2024	17.64	60,095,731
	3,417,019	3 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2025	17.64	60,276,199
	<u>10,230,593</u>					<u>180,467,661</u>
	Number of shares	Vest condition	Date of grant	Vesting period	Market value per share HK\$	Fair value of shares HK\$
Shares awarded to selected employees in 2025	1,779,760	1 year from the date of grant	23 May 2025	23 May 2025 to 23 May 2026	38.0	67,630,880
	889,840	2 years from the date of grant	23 May 2025	23 May 2025 to 23 May 2027	38.0	33,813,920
	889,694	3 years from the date of grant	23 May 2025	23 May 2025 to 23 May 2028	38.0	33,808,372
	<u>3,559,294</u>					<u>135,253,172</u>

Movements of Awarded Share purchased are as follows:

	Number of shares purchased	Cost of purchase RMB'000
At 1 January 2024	17,210,645	354,369
Awarded Shares vested	(2,627,518)	(75,664)
Awarded Shares vested and held by the 2016 Trustee	<u>169,130</u>	<u>4,870</u>
At 31 December 2024	14,752,257	283,575
Awarded Shares vested	(2,529,863)	(73,224)
Awarded Shares vested and held by the 2016 Trustee	<u>156,137</u>	<u>4,519</u>
At 31 December 2025	<u>12,378,531</u>	<u>214,870</u>

At 31 December 2025, the number of shares in respect of which awards had been granted and remained outstanding under the 2016 Scheme was 3,478,176 (2024: 2,613,238), representing 0.29% (2024: 0.22%) of the shares of the Company in issue at that date.

27. SHARE AWARD SCHEME - continued

Share award scheme of the Company - continued

2016 share award scheme of the Company - continued

During the year ended 31 December 2025, the Group recognised total expenses of RMB49,345,000 (2024: RMB17,391,000) in relation to the 2016 Scheme for shares granted by the Company.

2023 share award scheme of the Company

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

On the grant of the share awards, the relevant number of shares may be transferred to the 2023 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares. The maximum number of shares which may be awarded under the 2023 Scheme shall not exceed 45,000,000 Shares, representing approximately 3.75% of the issued shares as at its adoption date on 17 April 2023.

On 22 May 2025, for better administration of the 2023 Scheme, the Board resolved to amend the 2023 Scheme to, amongst others, (i) allow grants of the share awards to be satisfied by the issuance and allotment of new shares and/or the transfer of treasury shares; and (ii) correspondingly, bring it in line with the applicable requirements under Chapter 17 of the Listing Rules. Save for the aforementioned amendments and certain housekeeping changes, all other terms under the 2023 Scheme remain unchanged.

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

During the year ended 31 December 2025, the 2023 Trustee has not purchased shares on the Hong Kong Stock Exchange.

During the year ended 31 December 2024, the 2023 Trustee purchased an aggregate of 2,700,000 shares at price ranging from HK\$23.45 to HK\$25.00 per share at a total consideration of HK\$65,646,000 (equivalent to RMB59,666,000) on the Hong Kong Stock Exchange for the purpose of the 2023 Scheme.

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

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

27. SHARE AWARD SCHEME - continued

Subsidiary Scheme

AAC Optics, a subsidiary of the Company, entered into a capital increase agreement with three limited partnerships ("**Platforms**"), with the purpose to create share incentive platforms. The Subsidiary Scheme entitles selected employees of AAC Optics ("**Eligible Scheme Participants**") to subscribe the shares of AAC Optics, accounted for approximately 2.0% of the enlarged share capital or 135,377,918 shares of AAC Optics, corresponding to a consideration of RMB135,377,918 or at the subscription price of RMB1 per share of AAC Optics at the time of grant, which is payable at the same time. Under the Subsidiary Scheme, the Eligible Scheme Participants would settle the subscription price of shares by cash or by combination of cash and related approved loans from the Group or Platforms at market interest rate. During the year ended 31 December 2025, the net cash payment to the Eligible Scheme Participants under the Subsidiary Scheme is RMB729,000 (2024: RMB997,000).

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

During the year ended 31 December 2025, the Group repurchased of 23,920,595 (2024: 22,131,333) Restricted Shares at the subscription price of RMB1 per share of AAC Optics from the Eligible Scheme Participants and no shares were granted in 2024 and 2025.

As at 31 December 2025, the consideration of repurchased share amounting to RMB57,829,000 (2024: RMB34,447,000) has not yet been repaid and is recorded as other payables, with the net cash proceed of unvested portion of Restricted Shares being nil (2024: RMB23,921,000), recorded as other payables as the shares are contingently returnable.

A summary of activities of the Restricted Shares with vesting condition of the Subsidiary Scheme is presented as follows:

	Number of restricted shares	Fair value of share incentive at grant date RMB'000
Unvested as at 1 January 2024	46,051,928	77,532
Repurchased during the year	<u>(22,131,333)</u>	<u>(37,260)</u>
Unvested as at 31 December 2024	23,920,595	40,272
Repurchased during the year	<u>(23,920,595)</u>	<u>(40,272)</u>
Unvested as at 31 December 2025	<u>-</u>	<u>-</u>

As of 31 December 2025, there are 124,214,061 Unvested Restricted Shares (2024: 100,293,466 Unvested Restricted Shares) arising from the repurchased, including 1,866,630 Restricted Shares vested in prior years that repurchased during the year ended 31 December 2024 and there is no such repurchase during the year ended 31 December 2025, and held under the Platforms which are available to be granted to the eligible employees under the Subsidiary Scheme.

27. SHARE AWARD SCHEME - continued

Subsidiary Scheme - continued

During the year ended 31 December 2025, the subsidiary reversed share-based payment expense of RMB32,923,000 (2024: reversed share-based payment expense of RMB22,452,000) in relation to the shares granted by the subsidiary under Subsidiary Scheme and the amount is debited (2024: debited) to the non-controlling interests in the Group.

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

28. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

The properties held for rental purposes have committed leases for the next 16 years (2024: 17 years).

Undiscounted lease payments receivable on leases are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	32,037	25,582
In the second year	34,804	32,037
In the third year	37,485	34,804
In the fourth year	35,650	37,485
In the fifth year	30,414	35,650
After five years	295,628	326,042
	466,018	491,600

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Directors of the Company have set up an investment committee, which is headed up by the Chief Innovation Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The investment committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Innovation Officer reports the investment committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

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

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000				
Equity instruments at FVTOCI - Listed shares	30,802	31,424	Level 1	Quoted bid prices in an active market.	N/A	N/A
Equity instruments at FVTOCI - Unlisted equity investments	86,608	92,601	Level 3	Income approach. The discounted cash flow method was used to capture future economic benefits to be derived from the ownership of these investments.	Discount rate, taking into account of weighted average cost of capital determined using a Capital Asset Pricing Model. Forecasted future cash flows	The higher the discount rate, the lower the fair value, and vice versa. The higher the forecast future cash flow, the higher the fair value, and vice versa.
Equity instruments at FVTOCI - Unlisted equity investments	490,226	464,698	Level 3	Market approach. The market approach was used to determine the valuation using trailing- twelve-month ("TTM") Price-to-Sales ("P/S") multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount. TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the TTM P/S multiples, the higher the fair value.
Equity instruments at FVTOCI - Unlisted equity investments	37,951	9,691	Level 3	Recent transaction prices of underlying investments.	N/A	N/A
Total equity instruments at FVTOCI	645,587	598,414				

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

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

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input (s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000				
Financial assets at FVTPL	22,426	31,499	Level 3	Recent transaction prices of underlying investments	N/A	N/A
Financial assets at FVTPL	502,863	366,899	Level 3	Market approach. The market approach was used to determine the valuation based on the recent transaction prices of underlying investments or using TTM P/S multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount. TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the TTM P/S multiples, the higher the fair value.
Financial assets at FVTPL	125,038	51,264	Level 3	Binomial Option Pricing Model	Volatility	The higher the volatility, the higher the fair value, and vice versa
Total financial assets at FVTPL	650,327	449,662				
Foreign currency forward contracts	Assets - 6,324 (not under hedge accounting) Liabilities - - (under hedge accounting) Liabilities - 3,503 (not under hedge accounting)	Assets - 4,155 (not under hedge accounting) Liabilities - 71,593 (under hedge accounting) Liabilities - 49,966 (not under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and contracted exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Interest rate swap contracts	-	Liabilities - 1,526 (under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counter parties and of the Group as appropriate.	N/A	N/A
Contingent consideration payables	-	1,260,837	Level 3	The discounted cash flow method was used to estimate future economic outflow to the sellers.	Discount rate, taking into account incremental borrowing rate. Forecasted future cash flows.	The higher the discount rate, the lower the fair value, and vice versa. The higher the forecast future cash flow, the higher the fair value, and vice versa.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(ii) Reconciliation of level 3 fair value measurements

	Contingent consideration payables RMB'000	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
At 1 January 2024	-	427,528	413,301
Capital return	-	(9,864)	-
Purchase made	-	-	50,965
Acquisition of subsidiaries	(1,236,991)	-	-
Total gain (losses):			
- in other comprehensive income	-	147,458	-
- in profit and loss	(23,846)	-	(21,075)
Currency realignment	-	1,868	6,471
	<u>-</u>	<u>1,868</u>	<u>6,471</u>
At 31 December 2024	(1,260,837)	566,990	449,662
Purchase made	-	32,839	215,110
Payment	939,942	-	-
Acquisition of subsidiaries	-	7,393	-
Total gain (losses):			
- in other comprehensive income	-	10,824	-
- in profit and loss	319,517	-	(761)
Currency realignment	1,378	(3,261)	(13,684)
	<u>1,378</u>	<u>(3,261)</u>	<u>(13,684)</u>
At 31 December 2025	<u>-</u>	<u>614,785</u>	<u>650,327</u>

Of the total gains or losses for the period included in profit or loss, RMB761,000 loss (2024: RMB21,075,000 loss) relates to financial assets at FVTPL at the end of the current reporting period. Fair value loss on financial assets at FVTPL are included in "other gains and losses".

Included in other comprehensive income is an amount of RMB10,824,000 gain (2024: RMB145,374,000 gain) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of FVTOCI.

(iii) Fair value of the Group's financial instruments that are not measured at fair value on recurring basis

Except for listed unsecured notes in which there is fair value based on the quoted bid price in an active market, amounting to RMB3,540,196,000 (2024: RMB3,441,301,000), the management considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

30. EVENT AFTER THE REPORTING PERIOD

On 3 September 2025, the Group entered into a sale and purchase agreement pursuant to which the Group would acquire the issued shares in Dispelix Oy (the "**Dispelix**") from its existing equity holders that result in obtaining the effective control over the Dispelix upon completion of acquisition, at a consideration of Euro66,000,000 (equivalent to approximately RMB543,543,000), subject to certain adjustments to be determined, as set out in the sale and purchase agreement. Management anticipates the acquisition will be completed in the first half of 2026.

The acquisition strengthens the long-established strategic partnership between Dispelix and the Group, with the aim of boosting global commercialisation and innovation in AR technology. By integrating the Group's strong manufacturing capabilities with Dispelix's expertise in waveguide design, both parties will continue to make breakthroughs in AR innovation and create unique value for customers. Management believe the acquisition will enhance the Group's competitive position and contribute to long-term growth. The financial impact of the acquisition would depend on the future performance and actual financial position of Dispelix as of the date of completion. Hence, the estimate of the financial impact could not be made as of the date of approval of these consolidated financial statements.

CORPORATE GOVERNANCE

The Board and the Company consider effective corporate governance not only a safeguard of the interests and confidence of our stakeholders, but also a key component in the Group's sustainable long-term development and value creation. Our Board, which is at the centre of our corporate governance structure, has regularly reviewed and refined principles, policies and practices on the conduct with an aim to support the growth of the Group's operations. Our sound corporate governance structure includes a quality Board, high standards of corporate responsibility and sustainability awareness, a high degree of transparency, accountability and independence, and an effective design, implementation and enforcement of risk management as well as internal control systems. Based on regular reviews of the Company's actual performance against the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**"), the Board is satisfied that throughout the financial year ended 31 December 2025, the Company has complied with all the code provision(s).

In addition, the Board in 2025 reviewed the Company's policies and practices on corporate governance, the terms of reference of the Board and committees of the Board, and published its Sustainability Report for the year ended 31 December 2024 in April 2025. We believe that the Sustainability Report, together with the Corporate Governance Report, will help to better explain our environmental, social and governance ("**ESG**") strategies, policies and practices.

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management and internal control systems are fundamental to the achievement of our strategic objectives. The Company has in place an Enterprise Risk Management ("**ERM**") framework to effectively identify, assess, mitigate and monitor key strategic, market, financial, operational and compliance risks. The framework enables us to adopt a proactive and structured approach to identifying and managing risks across the organization with on-going monitoring and review. Our Board, acting through the Audit and Risk Committee in the first instance, is responsible for overseeing and evaluating management in the design, implementation and maintaining a sound and effective risk management and internal control systems on an ongoing basis.

The Audit and Risk Committee reviewed accounting principles, practices and important issues of judgment and estimation adopted by the Group in preparing the financial statements for the year ended 31 December 2025. The Audit and Risk Committee met twice during the year in advance of Board meetings that considered the interim and final results and the related announcements. To reinforce the Company's ERM focus, high-risk areas (if any) identified in the external auditor's planning memorandum were discussed and special internal audit procedures were agreed where deemed appropriate. Two meetings with the external auditors were held during 2025. Audit and Risk Committee meetings are by design held a few working days ahead of full Board meetings to ensure that management will have enough time to answer any important queries raised for further discussion and reporting at ensuing Board meetings. Audit and Risk Committee Chairman reports significant issues covered at Audit and Risk Committee meetings to the full Board. Based on the work of the Audit and Risk Committee and further deliberations at Board meetings, the Board acknowledged and discharged their responsibilities for the preparation of the Group's financial statements for the year ended 31 December 2025.

Executive management owns the risk management and internal control processes and practices and has confirmed to the Board that these were operating adequately and effectively throughout the 2025 financial year. The internal audit department carries out independent analyses and appraisals of the adequacy and effectiveness of prescribed risk management and internal controls. The Audit and Risk Committee receives regular updates on risk management and internal audit reports from management and internal audit, in addition to key updates on business operations, financial results and strategic matters that are provided to the Board on a timely basis.

The Board and management recognize that ERM will need ongoing refinement and reinforcement in terms of risk-culture, risk appetite and risk management practices before it becomes effectively embedded in business decisions, whether strategic or operational.

A more comprehensive Corporate Governance Report covering the following key components of the Company's governance framework will be incorporated in the annual report for dispatch to the shareholders of the Company (the "**Shareholders**") and will also be made available on the Company's website at www.aactechnologies.com:

- I. Board, Executive Management and Corporate Culture
- II. Governance Structure and Board Committees
- III. Corporate Governance Code
- IV. Legal and Regulatory Compliance
- V. Joint Company Secretaries
- VI. Internal Audit, Risk Management and Internal Control
- VII. External Statutory Audit
- VIII. Sustainability Governance
- IX. Shareholders Engagement and Value
- X. Shareholders' Rights

SUSTAINABILITY

Sustainability efforts continue to progress amid a year of challenges and opportunities. Strengthening business resilience and agility is the Group's sustained growth priority.

In 2025, the Group made an investment of over RMB 117 million in sustainability initiatives to support key projects. These projects included ESG consulting and energy-use audits, environmental and social programs, as well as the installation of renewable energy systems. The Group advanced its sustainability journey by translating its commitments into a well-defined and practical roadmap. This roadmap is crafted to guarantee long-term, robust growth and to monitor progress that goes beyond mere financial performance. Moreover, the Group enhanced the strategic significance of ESG and climate change, accelerating their incorporation into all aspects of business operations. This strategic approach empowered the Group to utilize its core capabilities to effectively tackle urgent environmental and social challenges, transforming these challenges into opportunities for value creation.

To drive decarbonization and alleviate climate risks, the Group has expanded the utilization of solar photovoltaic (PV) systems at manufacturing sites and increased the adoption of renewable energy. This effort led to a rise in the renewable energy ratio from 3% to 6% in 2025, effectively reducing and offsetting Scope 2 emissions. The Group also initiated a pilot project to quantify the financial exposure at its Vietnam factory and extended the scope of physical risk screening. Moreover, the Group has extended its sustainability standards to the supply chain. It incorporated ESG metrics into supplier assessments and engaged in capacity-building initiatives.

The full 2025 Sustainability Report covering operational, talent management, environmental impacts, community care and other sustainability governance topics will be made available along with the publication of the annual report in April 2026 on the Company's website at www.aactechnologies.com.

The sustainability development of the Group's business is driven by a two-level governance structure. In July 2024, the Sustainability Committee ("**the SC Committee**") of the Company was established to oversee ESG matters and assist the Board in managing sustainability initiatives, climate risks, and related opportunities. The SC Committee will actively evaluate the performance and function of each Sustainability Working Group member.

The Sustainability Working Group ("**SWG**"), headed by a member of the senior management or executives, convenes regularly to oversee the review of the Group's sustainability strategies and key concerns, handles associated risks and opportunities and elevates the efficiency of ongoing initiatives. The SWG proactively reviews and updates identified material ESG topics and their materiality, performance and targets to ensure they align with the Group's long-term business targets and global ESG laws, regulations and recommendations.

As in previous years, the Group's sustainability-related performance and disclosures have been recognized by various global ESG professional awards organizations. The Group is committed to enhance communications and disclosures on improving such ratings.

SHARE AWARD SCHEMES

2016 Share Award Scheme

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

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

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

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

The maximum number of Shares that may be awarded under the 2016 Share Award Scheme during its term is limited to 1.65% (i.e. 19,775,250 Shares as at 19 March 2026) of the issued share capital of the Company from time to time. The maximum number of awarded Shares that may be granted to any one Selected Employee under the 2016 Share Award Scheme during its term shall not exceed 0.5% (i.e. 5,992,500 Shares as at 19 March 2026) of the issued share capital of the Company from time to time. Pursuant to the 2016 Share Award Scheme, Shares will be purchased on the Hong Kong Stock Exchange, by the 2016 Scheme Trustee at the cost of the Company and will be held by the 2016 Scheme Trustee on trust for the Selected Employee(s) under the 2016 Share Award Scheme before vesting.

Since the date of adoption of the 2016 Share Award Scheme and up to 31 December 2025, no new Shares have been issued to the 2016 Scheme Trustee pursuant to the 2016 Scheme Rules and trust deed of the 2016 Share Award Scheme. During the year ended 31 December 2025, no Shares were purchased by the 2016 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2016 Share Award Scheme. The total number of Shares available for purchase by the 2016 Scheme Trustee under the 2016 Share Award Scheme are 250 Shares, representing approximately 0.00002% of the issued share capital of the Company as at 19 March 2026.

Since the date of adoption of the 2016 Share Award Scheme and up to 31 December 2025, (i) a total of 10,230,593 awarded Shares were granted to 340 employees on 24 March 2022 at nil consideration, in which 2,722,799, 2,627,518 and 2,529,863 awarded Shares had been vested to employees on 24 March 2023, 24 March 2024 and 24 March 2025, respectively; and (ii) a total of 3,559,294 awarded Shares were granted to 536 employees on 23 May 2025 at nil consideration. The awarded Shares shall be vested in the grantees at nil consideration subject to the terms of the 2016 Share Award Scheme and the vesting conditions as set out in the respective grant notice to each grantee (including a period of continued service within the Group after the grant of the Award and performance targets which must be attained).

Given that no Shares were issued in respect of the awarded Shares granted during the year ended 31 December 2025, the number of Shares that could be issued in respect of the awarded Shares granted under the 2016 Share Award Scheme during the year ended 31 December 2025 divided by the weighted average number of Shares in issue for the year ended 31 December 2025 was nil.

As at 31 December 2025, the 2016 Scheme Trustee held a total of 12,378,531 unvested Shares under the 2016 Share Award Scheme, and the remaining Shares which could be further awarded under the 2016 Share Award Scheme were 8,335,776 Shares.

2023 Share Award Scheme

As announced by the Company on 17 April 2023, the Board resolved to adopt a share award scheme (the "**2023 Share Award Scheme**") in which the Employees (other than the Excluded Employees) may be selected by the Board to participate. The 2023 Share Award Scheme was amended with effect from 22 May 2025 to, amongst others, (i) allow grants of the Awards to be satisfied by the issuance and allotment of new Shares and/or the transfer of treasury Shares; and (ii) correspondingly, bring it in line with the applicable requirements under Chapter 17 of the Hong Kong Listing Rules.

The purposes of the 2023 Share Award Scheme are: (i) to achieve the long-term business objectives of the Group; (ii) to implement the Group's long-term business strategy; (iii) to enhance the value of the Group; (iv) to advance the growth and achieve sustainable development of the Group; and (v) to enable the Employees to share the success in the growth of the Group. Subject to any early termination as may be determined by the Board pursuant to the scheme rules of the 2023 Share Award Scheme (the "**2023 Scheme Rules**"), the 2023 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on 17 April 2023.

In this section, Employee(s) refers to any employee (including without limitation any executive Director but excluding any non-executive Director or independent non-executive Director) of any member of the Group; Excluded Employee(s) refers to any Employee who is resident in a place where the award of the awarded Shares and/or the vesting and transfer of the awarded Shares pursuant to the terms of the 2023 Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or BOCI Trustee (Hong Kong) Limited, an independent trustee appointed by the Company for managing the 2023 Share Award Scheme (the "**2023 Scheme Trustee**") (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee; Selected Employee(s) refers to Employee(s) selected by the Board pursuant to the 2023 Scheme Rules for participation in the 2023 Share Award Scheme.

Subject to the provisions of the 2023 Scheme Rules, the Board may, from time to time, exercise its absolute discretion in selecting any Employee (other than any Excluded Employee) for participation in the 2023 Share Award Scheme as a Selected Employee, and grant such number of awarded Shares to any Selected Employee. No consideration shall be payable by a Selected Employee for acceptance of the award granted under the 2023 Share Award Scheme.

The maximum number of Shares that may be awarded under the 2023 Share Award Scheme during its term is limited to 45,000,000 Shares, representing approximately 3.86% of the Shares in issue (excluding any treasury Shares) as at 19 March 2026. The maximum number of awarded Shares that may be granted to any one Selected Employee under the 2023 Share Award Scheme during its term shall not exceed 0.5% (i.e. 5,834,852 Shares as at 19 March 2026) of the issued share capital of the Company (excluding any treasury Shares) from time to time. Pursuant to the 2023 Share Award Scheme, Shares will be purchased on the Hong Kong Stock Exchange, by the 2023 Scheme Trustee at the cost of the Company and will be held by the 2023 Scheme Trustee on trust for Selected Employee(s) under the 2023 Share Award Scheme before vesting.

Since the date of adoption of the 2023 Share Award Scheme and up to 31 December 2025, no new Shares have been issued to the 2023 Scheme Trustee pursuant to the 2023 Scheme Rules and trust deed of the 2023 Share Award Scheme. During the year ended 31 December 2025, no Shares were purchased by the 2023 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2023 Share Award Scheme. As at 31 December 2025, the 2023 Scheme Trustee held a total of 11,819,000 Shares under the 2023 Share Award Scheme.

Since the date of adoption of the 2023 Share Award Scheme and up to 31 December 2025, no Shares had been granted to Selected Employee(s) under the 2023 Share Award Scheme.

Subsidiary Share Incentive Scheme

In addition to the above Share Award Schemes, AAC Optics (Changzhou) Co., Ltd. ("**AAC Optics**"), a subsidiary of the Company, operates a subsidiary share incentive scheme (the "**Subsidiary Share Incentive Scheme**"). The purpose of the Subsidiary Share Incentive Scheme is to provide the selected employees of AAC Optics and relevant personnel with a market-oriented incentive scheme and attract top talents. AAC Optics intends to incentivise and reward them for their commitment and dedication to its business expansion.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

During the year ended 31 December 2025, the Company repurchased a total of 28,119,000 Shares on the Hong Kong Stock Exchange, representing approximately 2.35% of the total issued Shares (i.e. 1,198,500,000 Shares) as at 31 December 2025, with the aggregate consideration paid (before expenses) amounting to approximately HK\$1,088.74 million which was paid out from the Company's retained profits. All Shares repurchased during the year ended 31 December 2025 were held as treasury Shares which are intended to be used for satisfying any future grants of awarded Shares of the Share Award Schemes as at the date of this announcement. During the year ended 31 December 2025, no treasury Shares have been resold and accordingly, there were 30,249,500 Shares held by the Company in treasury as at 31 December 2025.

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

Details of the Shares repurchased during the year ended 31 December 2025 are as follows:

Month	Total number of the Shares repurchased	Purchase price paid per Share		Aggregate Consideration ⁽¹⁾ (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
January 2025	4,033,500	40.05	34.55	148,066
February 2025	2,776,000	50.05	39.65	128,612
March 2025	3,862,000	54.35	43.65	186,437
April 2025	10,024,000	48.00	28.50	365,506
May 2025	786,500	39.90	35.80	29,706
October 2025	600,000	39.98	38.48	23,561
November 2025	3,736,500	40.20	36.50	142,730
December 2025	2,300,500	39.78	37.22	88,277

Notes:

- (1) Including brokerage, transaction levy, stamp duty and transaction cost of HK\$24,152,000.
- (2) Subsequently after the year ended 31 December 2025 and up to the date of this announcement, the Company further repurchased an addition of 1,280,000 Shares pursuant to the Repurchase Mandate. All such repurchased Shares have been held as treasury Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the year ended 31 December 2025.

HUMAN RESOURCES

As at 31 December 2025, the Group employed 41,674 permanent employees, a 12% increase from 37,273 employees as at 31 December 2024. In 2025, the Group welcomed the expanded factory operations in China, Malaysia, Vietnam and Czech Republic due to the increased market demand and production throughput, which outpaced the Group's human capital efficiency improvement achieved by advanced production methodologies and automation. The Group's R&D and sales team was also expanded for its ever-diversifying product range and increased sales volume. Heavy and continuous investment in R&D activities provided a solid foundation in pioneering leading edge technologies in the industry.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms not less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as mentioned in Appendix C3 to the Hong Kong Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the year ended 31 December 2025.

CLOSURES OF REGISTER OF MEMBERS

For the purposes of determining Shareholders' eligibility to attend and vote at the annual general meeting of Company to be held on 21 May 2026 (the "**2026 AGM**"), and entitlement to the proposed final dividend, the Company's register of members will be closed as set out below:

1. For determining eligibility to attend and vote at the 2026 AGM

- Latest time to lodge transfer documents for registration At 4:30 p.m. on Friday, 15 May 2026
- Closure of the Company's register of members Monday, 18 May 2026 to Thursday, 21 May 2026 (both days inclusive)
- Record date Thursday, 21 May 2026

2. For determining entitlement of proposed final dividend

- Ex-dividend date Tuesday, 26 May 2026
- Latest time to lodge transfer documents for registration At 4:30 p.m. on Wednesday, 27 May 2026
- Closure of the Company's register of members Thursday, 28 May 2026 to Monday, 1 June 2026 (both days inclusive)
- Record date Monday, 1 June 2026

During the above closure periods, no transfer of Shares will be registered. To be eligible to attend and vote at the 2026 AGM, and to qualify for the proposed final interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than the afore-mentioned latest time.

DESPATCH OF ANNUAL REPORT

The annual report of the Company containing the Directors' report and consolidated financial statements for the year ended 31 December 2025, will be published on the Company's website at www.aactechnologies.com and the website of the Hong Kong Stock Exchange in April 2026.

The annual report and the notice of annual general meeting will also be dispatched to Shareholders in April 2026.

IMPORTANT NOTE

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

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

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

Hong Kong, 19 March 2026

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