

# Annual Report 2025



SUN.KING TECHNOLOGY GROUP LIMITED  
**賽晶科技集團有限公司**

(incorporated in the Cayman Islands with limited liability)

**Stock Code: 580**

# CONTENTS

2	Corporate Information
3	Chairman’s Statement
5	Management Discussion and Analysis
13	Biographies of Directors and Senior Management
17	Corporate Governance Report
26	Report of the Directors
40	Independent Auditor’s Report
44	Consolidated Statement of Profit or Loss and Other Comprehensive Income
45	Consolidated Statement of Financial Position
47	Consolidated Statement of Changes in Equity
48	Consolidated Statement of Cash Flows
50	Notes to Financial Statements
118	Five Year Financial Summary

# CORPORATE INFORMATION

## Executive Directors

Mr. Xiang Jie (*chairman of the board (the “Board”) of directors (the “Directors”, each a “Director”)*)  
Mr. Gong Renyuan (*chief executive officer*)  
Mr. Yue Zhoumin

## Independent Non-executive Directors

Mr. Chen Shimin  
Mr. Zhang Xuejun  
Mr. Leung Ming Shu  
Ms. White Caige

## Authorised Representatives

Mr. Yue Zhoumin  
Ms. He Lina

## Audit Committee

Mr. Chen Shimin (*chairman of the audit committee*)  
Mr. Zhang Xuejun  
Mr. Leung Ming Shu

## Remuneration Committee

Mr. Leung Ming Shu  
(*chairman of the remuneration committee*)  
Mr. Chen Shimin  
Mr. Zhang Xuejun

## Nomination Committee

Mr. Zhang Xuejun  
(*chairman of the nomination committee*)  
Mr. Chen Shimin  
Mr. Gong Renyuan (resigned on 6 June 2025)  
Ms. White Caige (appointed on 6 June 2025)

## Strategy and Sustainability Committee

Mr. Xiang Jie  
(*chairman of the strategy and sustainability committee*)  
Mr. Chen Shimin  
Mr. Zhang Xuejun  
Mr. Leung Ming Shu

## Company Secretary

Ms. He Lina

## Legal Advisers

Loeb & Loeb LLP

## External Auditor

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## Registered Office

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Headquarters

9-A, KongGangRongHuiYuan  
Yuhua Road  
Zone B, Airport Industrial Zone  
Shunyi District  
Beijing  
People’s Republic of China (the “PRC”)

## Principal Place of Business in Hong Kong

31st Floor, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman KY1-1100  
Cayman Islands

## Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
17th Floor, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## Principal Banks

Bank of China Limited (Zhejiang Yangtze River Delta Integration Demonstration Zone branch)  
China Construction Bank Corporation (Wuxi Changan branch)  
Bank of Communications Co., Ltd. (Zhejiang Yangtze River Delta Integration Demonstration Zone branch)  
Bank of Ningbo Co., Ltd. (Jiaxing branch)

## Listing Information

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)  
Stock code: 580

## Website

www.sunking-tech.com

Dear shareholders, partners and all employees,

The wave of green development under the guidance of the “dual carbon” strategy is sweeping across all industries, and the energy industry is undergoing a profound structural transformation. In 2025, the global energy transition entered a phase of deepening transformation. From the perspective of power generation, the installed scale of new energy such as wind power and photovoltaic power generation continued to expand. As at the end of 2025, the nationwide cumulative installed capacity of wind power and photovoltaic power generation reached approximately 1.84 billion kilowatts in aggregate, representing approximately 47% of the installed power generation capacity. Clean energy has become a core increment of electricity supply. The China Electricity Council expects that the installed capacity of solar power generation in 2026 will exceed the installed capacity of coal power for the first time. From the perspective of electricity consumption, the continuous deepening of industrial electrification, transportation electrification and building intelligence, as well as the surge in demand for electricity by data centres spawned by artificial intelligence and digital economy, have caused “green power + energy storage” and “computing-power and energy-power synergy” to become the mainstream directions of industrial development. From the perspective of power grid, in order to build a new power system with source, network, loading and storage synergy, ultra-high-voltage (“UHV”) transmission, as the core carrier of cross-regional optimal allocation of energy, has entered a phase of in-depth development of flexibility and intelligence. The State Grid’s fixed asset investment plan of RMB4 trillion during the “15th Five-Year Plan” period has injected long-term development momentum into the industry.

In the face of the historic opportunities in the development of the industry, Sun.King Technology Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) have adhered to the mission of “promoting green energy development through technological innovation”, and have achieved steady growth in results and market breakthroughs in business. In 2025, the Group’s revenue amounted to a record high of approximately RMB2,254.9 million, representing an increase of approximately 40% as compared to 2024. Among these, the business in the regular direct current (“**DC**”) transmission and the flexible transmission sub-sectors were the core pillars with a total revenue of approximately RMB872.4 million, representing an increase of approximately 35% as compared to 2024. The performance of the business in the new energy power generation and energy storage sub-sector was outstanding with revenue of approximately RMB576.9 million, representing a surge of approximately 111% as compared to 2024. The cumulative number of contracted customers for self-developed power semiconductors exceeded 158, including several leading companies in the fields of photovoltaics, energy storage and industrial control. The revenue of self-developed power semiconductors increased by approximately 104% as compared to 2024. The business of the cutting-edge industry segment rose rapidly with revenue from solid-state DC circuit breakers and other products increasing by approximately 72% as compared to 2024.

The continuous growth of results is not only because the Group seized the development opportunities of the industry, but also because of the Group’s technological innovation. The Group always puts research and development (“**R&D**”) at the top of our strategy. In 2025, the Group’s R&D costs amounted to approximately RMB152.1 million, representing approximately 7% of the revenue of the Group. In the past three years, the Group’s total R&D costs exceeded RMB400 million. With continuous R&D investment and technological innovation, the Group continues to make breakthroughs in relevant fields. In 2025, the Group obtained a 75% share of the domestic consumption of DC support capacitors for flexible DC transmission in the Gansu-Zhejiang ± 800KV UHVDC transmission project (the “**Gansu Power to Zhejiang Project**”), the Group’s proprietary online monitoring technology for DC support capacitor created a precedent in the industry and was delivered to the customers in batches, the Group’s insulated gate bipolar transistors (“**IGBTs**”, each an “**IGBT**”) chips with the 7th generation of microtrench technology reached the leading level in the industry and the number of IGBT module models on sale increased from 12 to 37, the Group’s 1200V and 1400V silicon carbide (“**SiC**”) chip parameters reached the international advanced level, and the Group also secured an order for pulse power switches from an enterprise in the United States which is engaged in controlled nuclear fusion. At present, the Group has cumulatively applied for hundreds of patents and six subsidiaries of which have been selected for the list of specialised, refined, featured and original enterprises (including four at the national level and two at the provincial level). These achievements are not only a testimony to our technical strength, but also a solid foundation for future development. In 2026, the Group will continue to increase investment in R&D, with a focus on cutting-edge technologies such as online monitoring systems for core components of flexible transmission, 2300V IGBTs for wind power, solid-state DC circuit breakers and 2300V SiC MOSFETs for data centres, and pulse power switches for nuclear fusion, to keep strengthening our technological leadership.

Looking forward to the “15th Five-Year Plan”, the power industry will embrace a broader room for development. The continuous expansion of capacity of UHV backbone power grids, the large-scale development of new energy power generation and energy storage, the increasingly urgent demand for “computing-power and energy-power synergy” in data centres, and the acceleration of future industries such as controlled nuclear fusion have all brought unprecedented development opportunities to the power electronics industry. Guided by the national strategy, oriented towards industry development trends, and with technology R&D as the core, the Group has deeply cultivated the three core tracks of regular DC transmission and flexible transmission, new energy power generation and energy storage, and cutting-edge industries, and continues to iteratively adapt to the product system of demand for “green power + energy storage + computing power”, deepen the layout of domestic and foreign markets, and empower the upgrading of the global power industry.

# CHAIRMAN'S STATEMENT

With a strong wind behind us on our long journey, we set off once again to bear great responsibilities. On behalf of the Board, I would like to take this opportunity to thank the shareholders of the Company (the “**Shareholders**”, each a “**Shareholder**”) and the stakeholders of the Company for their trust and support, the members of the Board and all our employees for their support and contributions. Together with the management team, I will continue to strive for the overall increase in business performance and social value of the Group, and work with you to achieve a bright future of green energy.

**Xiang Jie**  
*Chairman*

Hong Kong, 19 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Analysis of the performance

#### 1. Domestic and overseas market performance

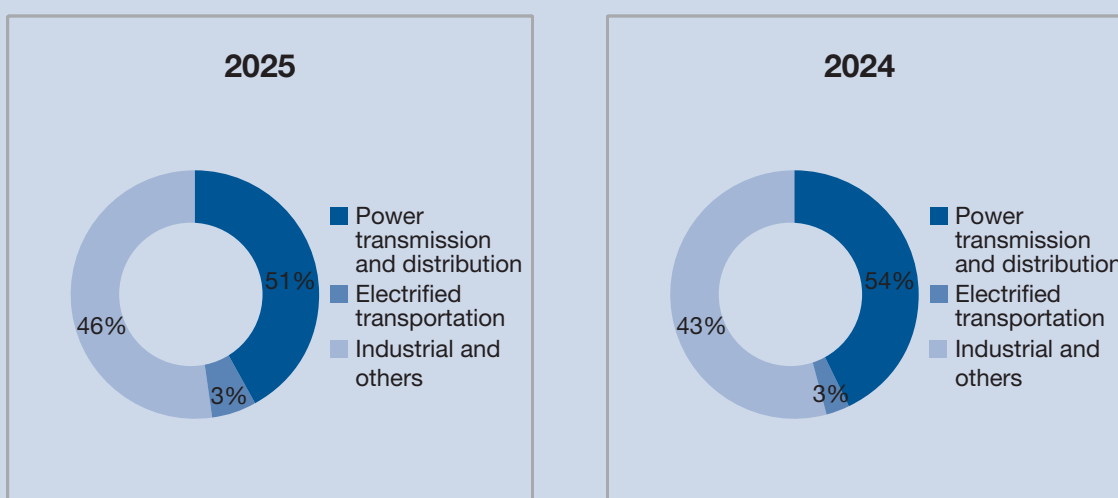
	For the year ended 31 December			
	2025		2024	
	Revenue (RMB'000)	Gross profit margin	Revenue (RMB'000)	Gross profit margin
Domestic market	2,142,149	23.8%	1,520,030	31.5%
Overseas market	112,754	52.3%	90,179	46.9%
<b>Total</b>	<b>2,254,903</b>	<b>Average 25.2%</b>	<b>1,610,209</b>	<b>Average 32.3%</b>

#### 2. Domestic market performance

The products supplied by the Group are categorised into applied sectors, namely, power transmission and distribution, electrified transportation, and industrial and others. The Group's performance in the domestic market is as follows:

Applied sectors	For the year ended 31 December			
	2025		2024	
	Revenue (RMB'000)	Gross profit margin	Revenue (RMB'000)	Gross profit margin
Power transmission and distribution	1,090,481	34.0%	812,017	44.3%
Electrified transportation	60,470	15.1%	49,446	20.8%
Industrial and others	991,198	13.0%	658,567	16.5%
<b>Total</b>	<b>2,142,149</b>	<b>Average 23.8%</b>	<b>1,520,030</b>	<b>Average 31.5%</b>

The proportion of revenue of the Group from each of the applied sectors in the domestic market is as follows:



# MANAGEMENT DISCUSSION AND ANALYSIS

## (a) Power transmission and distribution sector

The performance of the Group in the power transmission and distribution sector is as follows:

	For the year ended 31 December		Change
	2025	2024	
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Power transmission and distribution sector</b>	<b>1,090,481</b>	812,017	34%
Regular DC transmission <i>(Note 1)</i>	<b>183,074</b>	366,981	-50%
Flexible transmission <i>(Note 2)</i>	<b>689,358</b>	280,886	145%
Other power transmission and distribution	<b>218,049</b>	164,150	33%

Notes:

1. Regular DC transmission refers to DC transmission technology with semi-controlled power electronic components such as thyristors as core devices of current-switching valves.
2. Flexible transmission includes flexible DC transmission, flexible low-frequency alternating current (“AC”) transmission and grid-based static var generator, etc.

### (i) Regular DC transmission and flexible transmission

The Group provides products such as anode saturation reactors, power capacitors, DC support capacitors for flexible DC transmission, intelligent power grid online monitoring systems and power semiconductor devices distributed by the Group to the sub-sectors of regular DC transmission and the flexible transmission.

In 2023, the construction of UHVDC transmission projects accelerated significantly. In 2024 and 2025, flexible DC transmission projects became the core of construction. Among the six domestic and overseas DC transmission projects that successively commenced during the period, four projects adopted flexible or hybrid DC transmission technologies. Furthermore, to align with the development of new energy power and cope with the needs of building novel power systems, the number of diverse flexible transmission projects, including offshore wind power grid connection, flexible low-frequency transmission, regional grid interconnection and grid-forming projects, increased significantly. In 2025, the Group primarily delivered ordered products for regular high-voltage DC transmission projects, including the Hami–Chongqing  $\pm 800$ kV UHVDC transmission project, the Shaanxi–Anhui  $\pm 800$ kV UHVDC transmission project, and the  $\pm 600$ kV DC transmission and transformation project of Itaipu Binacional of Brazil. In the flexible transmission sub-sector, the Group primarily delivered ordered products for projects such as the middle–southern Saudi Arabia  $\pm 500$ kV flexible DC transmission conversion station project and the Gansu Power to Zhejiang Project.

In 2025, revenue of the Group from the regular DC transmission sub-sector and the flexible transmission sub-sector was approximately RMB872.4 million in aggregate, representing an increase of approximately 35% as compared to 2024. Also, this marked significant growth achieved for three consecutive years, with a compound growth rate of approximately 86%. Separately, due to the development trend featuring “flexibilisation” in the UHVDC transmission, in 2025, revenue of the Group from the regular DC transmission sub-sector was approximately RMB183.1 million, representing a decrease of approximately 50% as compared to 2024, while revenue of the Group from the flexible transmission sub-sector was approximately RMB689.4 million, representing an increase of approximately 145% as compared to 2024.

### (ii) Other power transmission and distribution

The Group provides products such as intelligent power grid online monitoring systems and power capacitors to the other power transmission and distribution sub-sector. In 2025, revenue of the Group from the other power transmission and distribution sub-sector was approximately RMB218.0 million, representing an increase of approximately 33% as compared to 2024, which was primarily due to the significant increase in bid-winning amount of the power capacitor products of the Group in tenders on power transmission and transformation equipment conducted by State Grid.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (b) Electrified transportation sector

The performance of the Group in the electrified transportation sector is as follows:

	For the year ended 31 December		Change
	2025	2024	
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Electrified transportation sector</b>	<b>60,470</b>	49,446	22%
Rail transportation	<b>50,665</b>	44,661	13%
Electric vehicles	<b>1,360</b>	1,626	-16%
Other transportation	<b>8,445</b>	3,159	167%

### (i) Rail transportation

The Group provides a wide range of power electronic components for traction converter systems to the manufacturers of rail transit vehicle equipment, and products such as power quality control devices to the manufacturers of rail transportation power supply system. In 2025, the Group saw an increase in orders from the manufacturers of CRH5 electric multiple units (EMU), power-centralised motor units and “new eight-axle” electric locomotive. Revenue of the Group from the rail transportation sub-sector was approximately RMB50.7 million, representing an increase of approximately 13% as compared to 2024.

### (ii) Electric vehicles

The Group provides products such as laminated busbars, cell contacting systems and self-developed power semiconductor (including IGBTs and SiC) to the electric vehicles sub-sector. In 2025, revenue of the Group from the electric vehicle sub-sector was approximately RMB1.4 million, representing a decrease of approximately 16% as compared to 2024. The Group’s passenger car-specific IGBT module products of the Group passed the testing and validation conducted by an industry-leading company but bulk supply has not commenced yet.

### (iii) Other transportation

The Group provides power electronic components and devices to other transportation sub-sectors such as marine and aerospace in the PRC. In 2025, due to the increase in orders from the electrified shipping sector, revenue of the Group from the other transportation sub-sector was approximately RMB8.4 million, representing an increase of approximately 167% as compared to 2024.

## (c) Industrial and others sector

The performance of the Group in the industrial and others sector is as follows:

	For the year ended 31 December		Change
	2025	2024	
	Revenue (RMB'000)	Revenue (RMB'000)	
<b>Industrial and others sector</b>	<b>991,198</b>	658,567	51%
Industrial control	<b>408,037</b>	379,818	7%
New energy power generation and energy storage	<b>576,940</b>	273,558	111%
Scientific research institutes and others	<b>6,221</b>	5,191	20%

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group provides products such as self-developed power semiconductors, laminated busbars, cell contacting systems, power quality control devices, power capacitors, DC support capacitors and power semiconductor devices distributed by the Group to the manufacturers of industrial control equipment, energy storage equipment and new energy power generation equipment, as well as to scientific research institutes and to customers in other sub-sectors. In 2025, revenue of the Group from the industrial control sub-sector was approximately RMB408.0 million, representing an increase of approximately 7% as compared to 2024, which was primarily due to the increase in sale of self-developed power semiconductors and DC support capacitors in this sub-sector. In addition, the Group officially commenced business related to the construction of new energy power stations in 2023, and achieved scale development in 2024. In 2025, revenue of the Group from the new energy power generation and energy storage sub-sector was approximately RMB576.9 million, representing an increase of approximately 111% as compared to 2024.

## 3. Overseas market performance

Products sold in overseas markets by domestic and overseas subsidiaries of the Group include laminated busbars, solid-state AC/DC/pulse power switches and impedance measurement devices.

	For the year ended 31 December		Change
	2025	2024	
	Revenue	Revenue	
	(RMB'000)	(RMB'000)	
<b>Overseas market</b>	<b>112,754</b>	90,179	25%
Products of domestic subsidiaries	<b>8,598</b>	15,598	-45%
Products of overseas subsidiaries	<b>104,156</b>	74,581	40%

In 2025, due to the rapid growth in sale of products of overseas subsidiaries in the marine sector, revenue of the Group from overseas markets achieved approximately RMB112.8 million, representing an increase of approximately 25% as compared to 2024.

## Development in R&D and business

The Group has all along committed to the business philosophy of “technological innovation as the primary driving force of corporate development”, under which the Group continuously strengthens the construction of its R&D system and optimises its resources allocation, in order to enhance its capabilities of independent innovation and core technological competitiveness, thereby laying a solid foundation for the long-term corporate growth.

The Group continues to increase its investment in R&D. In 2025, the R&D investment of the Group was approximately RMB152.1 million, representing approximately 7% of the revenue of the Group. The R&D projects undertaken cover multiple strategic emerging fields and future industries, including UHV transmission, intelligent power grid, wind and photovoltaic power storage integration, and controlled nuclear fusion. As at the end of 2025, the Group possessed 289 valid patents, including 72 invention patents. In addition, there were 79 patent applications under review, including 64 invention patent applications. As at the end of 2025, four subsidiaries of the Group were selected for the list of specialised, refined, featured and original little giant enterprises of the PRC, and two subsidiaries were selected for the provincial list of specialised, refined, featured and original small and medium sized enterprises.

### 1. Power transmission and distribution sector

Driven by the sustained growth in new energy-based power transmission demand, a new series of large-scale construction of UHVDC transmission projects has commenced since 2023, with significant growth achieved in both number of projects and investment scale. Concurrently, to address the new challenges brought to flexibility and stability of grid by the increased share of new energy power, technologies such as flexible DC transmission and grid-forming technologies were under accelerated application in the construction of novel power systems. The remarkable results of the Group in this sector were attributable to a favorable environment of industry development and benefited from continuous technological R&D and innovation of the Group in this sector. The Group has consistently kept abreast of national policies and guidance as well as industry development trends to research and develop innovative products including anode saturation reactors, power capacitors, DC support capacitors and online monitoring systems. In 2025, the Group's self-developed DC support capacitors for flexible DC transmission achieved a breakthrough in domestic production, thereby securing a 75% domestic product usage in the Gansu Power to Zhejiang Project. In addition, the online monitoring system and DC support capacitors developed by the Group has been delivered in batches.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the implementation of the “15th Five-Year Plan”, State Grid and Southern Grid are expected to significantly scale up their investment in the sectors of UHVDC and flexible transmissions, thereby providing strong support for the development of the relevant businesses of the Group.

## 2. Self-developed power semiconductors

In 2025, the Group launched IGBT and FRD chips utilising the seventh-generation micro-trench technology to increase the current of 1,200V and 1,700V chip products to an industry-leading 300A. For the IGBT module, the Group launched 4 product series, namely EP type, FP type, TF type and BEVD type, and added product models of ED type and ST type to this lineup. As a result, the number of models of IGBT modules for sale increased to 37 (2024: 12).

The continuous rollout of new products was the key reason for the rapid growth in revenue achieved by the self-developed power semiconductors of the Group in 2025. In 2025, revenue of the Group from self-developed power semiconductors was approximately RMB120.9 million (of which revenue from new IGBT module products accounted for approximately 43%), representing an increase of approximately 104% as compared to 2024. The Group secured 55 new contracted customers, including various leading enterprises in sectors such as photovoltaic power, energy storage, industrial control and commercial electric drives. In particular, significant breakthroughs were achieved in power supply and commercial electric drive sectors.

With the deepening of industrial electrification, electrified transportation and intelligent construction and the surge in demands for electricity consumption from artificial intelligence and data centres, “green power + energy storage” and “synergy between computing and electricity” have become the development direction of the new energy industry.

The Group’s efforts in the R&D and production of power semiconductor chips and module products, including IGBT, FRD and SiC, have served the needs of the “green power + energy storage + computing power” sectors with corresponding power semiconductor products. In 2026, the Group will focus on commencing the R&D of new SiC MOSFET products for photovoltaic power, wind power, electric drive, data centre power supply and other sectors as well as new IGBT products, thereby deeply serving the needs of the industrial development.

## 3. Cutting-edge industries

Currently, the new wave of global technological revolution and industrial transformation have undergone accelerated development. Against the backdrop of booming industries such as artificial intelligence and big data, and with the wave of electrification sweeping across the world, industries including nuclear fusion are poised to embrace significant development opportunities in the future. As the core support of the aforesaid sectors, solid-state switching technology face escalating market demands and technical requirements. Leveraging its expert team with extensive industry experience, the Group has made in-depth positioning in the field of medium-voltage solid-state switches, thereby forming a core competitive advantage.

### (a) Solid-state DC circuit breakers

Featuring high reliability and adaptability, the Group’s solid-state DC circuit breaker products have been applied in various projects in medium-voltage DC distribution and DC microgrids and other sectors, particularly within the scenario of medium-voltage distribution for electrified shipping, thus making the Group a key supplier within relevant sectors.

The data centre industry has broad development prospects. Leveraging its technological expertise and industry-leading advantages in solid-state DC circuit breakers, the Group will increase the R&D investment to advance the R&D of solid-state DC circuit breaker products serving solid-state transformers in data centres.

### (b) Pulse power switches

The Group’s pulse power switches have been used in over 80 domestic and overseas projects cumulatively, with application scenarios covering various high-end sectors including scientific research on high-energy physics and nuclear fusion. Notably, within the pivotal future energy sector of controlled nuclear fusion, the Group’s pulse power switches have been successfully applied in two controlled nuclear fusion projects in the United States. Leveraging the indicators of product technologies tailored to the scenario of nuclear fusion, product reliability, and capabilities to provide customised solutions, the Group has established itself as a key partner in the field of scientific research on nuclear fusion across the world. In 2025, the Group secured an order for pulse power switches from an enterprise in the United States which is engaged in controlled nuclear fusion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The revenue increased by approximately 40.0% from approximately RMB1,610.2 million for the year ended 31 December 2024 to approximately RMB2,254.9 million for the year ended 31 December 2025, primarily due to the increase in both revenue from the flexible transmission sector and self-manufactured IGBTs.

### Cost of sales

The cost of sales increased by approximately 54.8% from approximately RMB1,089.5 million for the year ended 31 December 2024 to approximately RMB1,687.0 million for the year ended 31 December 2025, primarily due to the increase in revenue.

### Gross profit and gross profit margin

The gross profit increased by approximately 9.1% from approximately RMB520.7 million for the year ended 31 December 2024 to approximately RMB567.9 million for the year ended 31 December 2025, primarily due to the increase in revenue.

The gross profit margin decreased from approximately 32.3% for the year ended 31 December 2024 to approximately 25.2% for the year ended 31 December 2025, primarily due to the relatively low gross profit of products of the new energy business.

### Other income and gains

The other income and gains increased by approximately 126.2% from approximately RMB59.2 million for the year ended 31 December 2024 to approximately RMB133.9 million for the year ended 31 December 2025, primarily due to the exchange gains and the increase in gains on foreign exchange forward contracts entered into to mitigate foreign exchange risks of purchases in foreign currencies.

### Selling and distribution expenses

The selling and distribution expenses increased by approximately 34.8% from approximately RMB106.0 million for the year ended 31 December 2024 to approximately RMB142.9 million for the year ended 31 December 2025, primarily due to the increase in market development expenses and number of sales personnel.

### Administrative expenses

The administrative expenses increased by approximately 27.6% from approximately RMB160.0 million for the year ended 31 December 2024 to approximately RMB204.1 million for the year ended 31 December 2025, primarily due to the increase in business volume and the increase in number of management personnel.

### R&D costs

The R&D costs increased by approximately 10.6% from approximately RMB137.5 million for the year ended 31 December 2024 to approximately RMB152.1 million for the year ended 31 December 2025, primarily due to the increase in R&D investment.

### Other expenses and losses

The other expenses and losses decreased by approximately 77.8% from approximately RMB36.0 million for the year ended 31 December 2024 to approximately RMB8.0 million for the year ended 31 December 2025, primarily due to exchange rate fluctuations.

### Finance costs

The finance costs decreased by approximately 13.9% from approximately RMB18.0 million for the year ended 31 December 2024 to approximately RMB15.5 million for the year ended 31 December 2025, primarily due to the decrease in average balance of bank loans and bank interest rates.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit before tax

The profit before tax increased by approximately 46.6% from approximately RMB122.2 million for the year ended 31 December 2024 to approximately RMB179.2 million for the year ended 31 December 2025, primarily due to the increase in revenue.

## Income tax expense

The income tax expenses increased by approximately 22.9% from approximately RMB36.7 million for the year ended 31 December 2024 to approximately RMB45.1 million for the year ended 31 December 2025, primarily due to the increase in profit before tax.

## Total comprehensive income for the year

The net profit margin, which is calculated as profit attributable to owners of the parent for the year divided by revenue, decreased from approximately 6.4% for the year ended 31 December 2024 to approximately 6.1% for the year ended 31 December 2025.

The profit attributable to owners of the parent increased by approximately 34.5% from approximately RMB102.5 million for the year ended 31 December 2024 to approximately RMB137.9 million for the year ended 31 December 2025, primarily due to (a) the increase in gross profit resulting from the increase in revenue; and (b) the increase in other income and gains, mainly including exchange gains and gains on foreign exchange forward contracts entered into to mitigate foreign exchange risks of purchases in foreign currencies.

The total comprehensive income attributable to owners of the parent increased by approximately 25.0% from approximately RMB100.6 million for the year ended 31 December 2024 to approximately RMB125.7 million for the year ended 31 December 2025, primarily due to the increase in profit attributable to the parent.

## Inventories

The inventories decreased by approximately 1.2% from approximately RMB289.9 million as at 31 December 2024 to approximately RMB286.5 million as at 31 December 2025.

The average inventory turnover days decreased from approximately 94 days for the year ended 31 December 2024 to approximately 82 days for the year ended 31 December 2025.

## Trade and bills receivables

The trade and bills receivables increased by approximately 6.9% from approximately RMB1,161.2 million as at 31 December 2024 to approximately RMB1,241.4 million as at 31 December 2025, primarily due to the increase in revenue.

The average trade and bills receivables turnover days decreased from approximately 233 days for the year ended 31 December 2024 to approximately 192 days for the year ended 31 December 2025.

## Trade and bills payables

The trade and bills payables increased by approximately 28.6% from approximately RMB416.7 million as at 31 December 2024 to approximately RMB535.9 million as at 31 December 2025, primarily due to the increase in procurement volume during the year.

The average trade and bills payables turnover days decreased from approximately 120 days for the year ended 31 December 2024 to approximately 103 days for the year ended 31 December 2025, primarily due to the account period management.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity and financial resources

The Group's principal sources of working capital include cash flow generated from the sale of its products and bank borrowings.

The current ratio (current assets divided by current liabilities) decreased from approximately 2.2 as at 31 December 2024 to approximately 2.0 as at 31 December 2025, primarily due to the increase in accounts payable.

As at 31 December 2025, the cash and bank balances denominated in Renminbi amounted to approximately RMB207.9 million (2024: approximately RMB258.7 million). The cash and cash equivalents decreased by approximately 21.2% from approximately RMB415.5 million as at 31 December 2024 to approximately RMB327.4 million as at 31 December 2025, primarily due to the expenditure on purchase and construction of fixed assets.

As at 31 December 2025, the interest-bearing bank and other borrowings were denominated in Renminbi. The interest-bearing bank and other borrowings increased by approximately 12.7% from approximately RMB299.3 million as at 31 December 2024 to RMB337.4 million as at 31 December 2025, primarily due to the adjustments to capital structure.

The gearing ratio, measured on the basis of total interest-bearing bank and other borrowings divided by total equity, slightly decreased from approximately 15.0% as at 31 December 2024 to approximately 14.9% as at 31 December 2025.

The Group continues to implement prudent financial management policy and monitor its capital structure based on the ratio of total liabilities to total assets.

## Foreign currency exposure

As most of the principal subsidiaries of the Company operate in the PRC, their functional currency is Renminbi. The Group has transactional currency exposures. These exposures arise from purchases by operating units in currencies other than the units' functional currencies. In order to minimise the impact of foreign exchange exposure, the Group has entered into forward currency contracts with creditworthy banks to manage its exchange rate exposures.

## Contingent liabilities

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

## Pledge of Group's assets

As at 31 December 2025, certain of the Group's land use rights with net carrying amounts of approximately RMB15.6 million (2024: approximately RMB16.0 million) were pledged to secure general banking facilities granted to the Group.

As at 31 December 2025, certain of the Group's buildings, plant and machinery with net carrying amounts of approximately RMB330.8 million (2024: approximately RMB217.4 million) were pledged to secure general banking facilities granted to the Group.

At 31 December 2025, certain bills receivable of the Group with an aggregate carrying amount of approximately RMB44.6 million (2024: approximately RMB74.1 million) were pledged to secure certain of the Group's bills payable.

## Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

Save as disclosed in this annual report and the consolidated financial statements, there were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2025. Save as disclosed in this annual report and the consolidated financial statements, there was no plan authorised by the Board for material investments or capital assets as at the date of the consolidated financial statements.

## Events after reporting year

Please refer to note 40 to the consolidated financial statements.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Xiang Jie**, aged 52, is the founder of the Group and was appointed as a Director in March 2010 and redesignated as an executive Director in May 2010. Mr. Xiang is the chairman of the Board and the chairman of the strategy and sustainability committee. Mr. Xiang is also the director of New Excel Holdings Limited, the director of Sunking Pacific Limited, the director of Sun King Pacific Semiconductor Technology (Hong Kong) Co., Limited, the director of Jiashan Sunking Power Equipment Technology Co., Ltd. (嘉善華瑞賽晶電氣設備科技有限公司), the chairman of the board of director of Sunking Pacific Semiconductor Technology (Zhejiang) Co., Ltd. (賽晶亞太半導體科技(浙江)有限公司), the president of the board of directors of Astrol Electronic AG and the president of the board of directors of SwissSEM Technologies AG, all of which are subsidiaries of the Company. Mr. Xiang is primarily responsible for overall corporate strategy, planning and business development of the Group.

Mr. Xiang obtained a bachelor's degree in international shipping management from the Shanghai Maritime University in the PRC in 1995 and a master's degree in business administration from the Maastricht School of Management in the Netherlands in 1999. Mr. Xiang has extensive experience in trading and power electronics sectors.

**Mr. Gong Renyuan**, aged 55, joined the Group in 2002 and was appointed as a Director in March 2010 and redesignated as an executive Director in May 2010. Mr. Gong is the chief executive officer of the Company and the president of the Group. Mr. Gong is primarily responsible for overseeing overall business of the Group, including devising and implementing business and development strategies and targets.

Before joining the Group, Mr. Gong accumulated over eight years of experience in business operations. Mr. Gong completed a programme in business English at the Beijing University of Technology in the PRC in 1993.

Mr. Gong is the spouse of Ms. Ren Jie, who is a member of the senior management of the Company.

**Mr. Yue Zhoumin**, aged 56, joined the Group in 2009 and was appointed as an executive Director in May 2010. Mr. Yue is a vice president of the Group. Mr. Yue is also the executive director and the manager of Beijing Sunking Power Electronics Technology Co., Ltd. (北京賽晶電力電子科技有限公司), the director and the manager of Beijing Sunking Electronic Technology Co., Ltd. (北京華瑞賽晶電子科技有限公司), the director of Wuxi Zhuofeng Information Technology Co., Ltd. (無錫卓峰信息科技有限公司) and the director of Jiashan Sunking Capacitor Co., Ltd. (嘉善賽晶電容器有限公司), all of which are subsidiaries of the Company. Mr. Yue is primarily responsible for strategic planning and development of the Group, overall procurement process of the Group and daily operations of the procurement department.

Mr. Yue has extensive experience in corporate project management and fund raising in the capital market. Mr. Yue is highly experienced in strategic management and before joining the Group, he worked in the strategy division of COSCO SHIPPING Holdings Co., Ltd. (formerly known as China COSCO Holdings Company Limited), which is a company listed on the Stock Exchange (stock code: 1919), from 2005 to 2009.

Mr. Yue obtained a bachelor's degree in economics from the Shanghai Maritime University in the PRC in 1994.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chen Shimin**, aged 67, was appointed as an independent non-executive Director in August 2010. Mr. Chen is the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the strategy and sustainability committee.

Mr. Chen is a professor of accounting, the Zhuxiaoming Chair Professor of Accounting and the Director of Case Development Centre at the China Europe International Business School. Mr. Chen has extensive accounting teaching and research experience in the PRC and overseas.

Since January 2021, Mr. Chen has been serving as an independent director of China Guangfa Bank Co., Ltd. (廣發銀行股份有限公司).

From February 2019 to December 2025, Mr. Chen served as an external supervisor of Postal Savings Bank of China Co., Ltd. (中國郵政儲蓄銀行股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 601658).

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen served as a director of the following listed companies during the three years immediately preceding the date of this annual report:

Period of service	Name of company	Place of listing and stock code	Position
December 2018 to December 2024	Advanced Micro-Fabrication Equipment Inc. China (中微半導體設備(上海)股份有限公司)	Shanghai Stock Exchange (stock code: 688012)	Independent director
February 2019 to March 2025	Yincheng International Holdings Co., Ltd.	Stock Exchange (stock code: 1902) (listing cancelled in March 2025)	Independent non-executive director
May 2020 to March 2023	China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司)	Shanghai Stock Exchange (stock code: 600340)	Independent director

Mr. Chen is a management accountant registered in the United States, and a member of the Institute of Management Accountants of the United States. Mr. Chen obtained a bachelor's degree and a master's degree in economics from the Shanghai University of Finance and Economics in the PRC in 1982 and 1985, respectively, and obtained a doctoral degree in philosophy from the University of Georgia in the United States in 1992.

**Mr. Zhang Xuejun**, aged 60, was appointed as an independent non-executive Director in December 2016. Mr. Zhang is the chairman of the nomination committee and a member of the audit committee, the remuneration committee and the strategy and sustainability committee.

From 1986 to 1992, Mr. Zhang worked at the School of English and the School of Political Science and Law in the Capital Normal University (formerly known as the Beijing Normal College). From 1992 to 2000, Mr. Zhang served in the Beijing Municipal Committee of the Communist Youth League of China (the "CYL") and the Hepingjie Subdistrict Office of Chaoyang District in Beijing and successively assumed the positions of deputy office head and secretary to the Party Working Committee. From 2000 to 2008, Mr. Zhang served in the Central Committee of the CYL (the "CCCYL") and successively assumed the positions such as deputy director of the Young Pioneers of China Career Development Centre of the CCCYL, deputy director of the Juvenile Department and the Propaganda Department of the CCCYL, director of the Juvenile Department of the CCCYL, deputy director of the National Working Committee of the Young Pioneers of China and member of the 16th Central Standing Committee of the CCCYL. From 2008 to 2011, Mr. Zhang served as a deputy secretary (bureau-director level) to the Jiujiang Municipal Committee in Jiangxi Province. From 2011 to 2014, Mr. Zhang served as a party secretary to and a director of the Foreign and Overseas Chinese Affairs Office of Jiangxi Province. From 2014 to 2016, Mr. Zhang was a party member of and served as the secretary general to the Western Returned Scholars Association. From 2016 to 2017, Mr. Zhang served as a co-chief executive officer of Hsin Chong Group Holdings Limited, which is a company formerly listed on the Stock Exchange, and was primarily responsible for managing the business in the Mainland China. From 2017 to 2019, Mr. Zhang served as the vice general manager of China Communication Group (神州通信集團). From 2019 to 2021, Mr. Zhang served as the secretary to the Party Committee of Shunliban Information Service Co., Ltd. (順利辦信息服務股份有限公司), which is a company formerly listed on the Shenzhen Stock Exchange. From 2021 to 2024, Mr. Zhang served as a supervisor of Beijing Runan Construction Engineering Co., Ltd. (北京潤安建設工程有限公司).

Mr. Zhang obtained a bachelor's degree in philosophy from the Capital Normal University (formerly known as the Beijing Normal College) in the PRC in 1986. Mr. Zhang graduated from the on-job postgraduate course at the Chinese Academy of Social Sciences in 1998. Mr. Zhang obtained an EMBA degree from the Cheung Kong Graduate School of Business in the PRC in 2006. Mr. Zhang studied in the doctoral programme in global finance at the PBC School of Finance of Tsinghua University in the PRC in 2017. Mr. Zhang obtained a doctoral degree in applied finance from the University of Geneva in Switzerland in 2019.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Leung Ming Shu**, aged 50, was appointed as an independent non-executive Director in March 2017. Mr. Leung is the chairman of the remuneration committee and a member of the audit committee and the strategy and sustainability committee.

Since January 2017, Mr. Leung has been serving as the founding and managing partner in Harmony Capital, which is a family office private equity fund with a focus on internet and consumer sectors in the PRC. Since April 2021, Mr. Leung has been serving as the group chief financial officer and a member of the strategy committee of 58.com Inc. and as the managing partner in the 58 Industry Fund, where he is mainly responsible for overseeing the overall financial and legal functions and strategic investment of 58.com Inc.

From September 1998 to August 1999, Mr. Leung served as an auditor of PricewaterhouseCoopers. From October 1999 to December 2000, Mr. Leung served as a senior consultant of Arthur Andersen & Co.. From February 2003 to March 2006, Mr. Leung served as a senior manager in the mergers and acquisitions department and subsequently as the chief financial officer of CDC Corporation, which is a company formerly listed on the NASDAQ. From January 2008 to December 2012, Mr. Leung served as the chief financial officer of China ITS (Holdings) Co., Ltd., which is a company listed on the Stock Exchange (stock code: 1900). From January 2013 to January 2017, Mr. Leung served as the chief financial officer of Visual China Group Co., Ltd., which is a company listed on the Shenzhen Stock Exchange (stock code: 000681).

Mr. Leung served or has been serving as a director of the following listed companies during the three years immediately preceding the date of this annual report:

Period of service	Name of company	Place of listing and stock code	Position
December 2022 to June 2025	Gala Technology Holding Limited	Stock Exchange (stock code: 2458)	Independent non-executive director
February 2013 to present	Cabbeen Fashion Limited	Stock Exchange (stock code: 2030)	Independent non-executive director
November 2019 to present	Renrui Human Resources Technology Holdings Limited	Stock Exchange (stock code: 6919)	Independent non-executive director
July 2021 to present	GOGOX HOLDINGS LIMITED	Stock Exchange (stock code: 2246)	Non-executive director
May 2022 to present	Infinites Technology International (Cayman) Holding Limited	Stock Exchange (stock code: 1961)	Independent non-executive director
February 2026 to present	Grace Wine Holdings Limited	Stock Exchange (stock code: 8146)	Independent non-executive director

Mr. Leung has been a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants since February 2007 and June 2010, respectively. Mr. Leung obtained a first class honour bachelor's degree in accounting from the City University of Hong Kong in 1998 and a master's degree in accounting from the Chinese University of Hong Kong in 2001.

**Ms. White Caige**, aged 72, was appointed as an independent non-executive Director with effect in April 2024. Ms. White is a member of the nomination committee.

Ms. White has been working for ABB (China) Ltd. since 1995 for various positions and currently holds the position of senior consultant. From 1988 to 1991, Ms. White served as the chief representative in the office of the Hawker Siddeley Group in Beijing. From 1992 to 1994, Ms. White served as the Asia Pacific marketing and sales manager of Westinghouse Systems Limited in the United Kingdom. From 1994 to 1995, Ms. White served as the business development manager of the power generation department of ABB Switzerland.

Ms. White obtained a bachelor's degree in English from the Beijing Normal University in the PRC in 1978 and an EMBA degree from the China Europe International Business School in 1998.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## COMPANY SECRETARY

**Ms. He Lina**, aged 47, joined the Group in 2008 and is the company secretary to the Company. Ms. He was appointed as a joint company secretary to the Company in April 2016 and was further appointed as the company secretary to the Company in April 2019. Ms. He is also the supervisor of Beijing Sunking Electronic Technology Co., Ltd. (北京華瑞賽晶電子科技有限公司) and the supervisor of Jiaxing Sunking Engineering Management Service Co., Ltd. (北京賽晶工程管理服務有限公司), all of which are subsidiaries of the Company.

Ms. He is an associate member of the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. He has over 15 years of experience in overseeing regulatory compliance issues of a listed company.

Ms. He obtained a bachelor's degree in economic law from the China University of Political Science and Law in 2001 and a master's degree in corporate governance from the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong) in 2018.

## SENIOR MANAGEMENT

**Mr. Li Jinyan**, aged 47, joined the Group in 2004 and is a vice president of the Group. Mr. Li is primarily responsible for sales and marketing of the Group's products. Mr. Li is also the chairman of the board of Wuhan Langde Electric Co., Ltd. (武漢朗德電氣有限公司) ("Wuhan Langde"), the executive director of Wuxi Sichuang Power Electronics Technology Co., Ltd. (無錫思創電力電子科技有限公司), all of which are subsidiaries of the Company.

Mr. Li obtained a bachelor's degree in automation from the University of Science and Technology Beijing in the PRC in 2004.

**Ms. Ren Jie**, aged 48, joined the Group in 2002 and is a vice president of the Group. Ms. Ren is primarily responsible for overall management of the human resources and administration department of the Group. Ms. Ren is also the supervisor of Beijing Sunking Power Electronics Technology Co., Ltd. (北京賽晶電力電子科技有限公司) and the supervisor of Wuxi Sunking Power Capacitor Co., Ltd. (無錫賽晶電力電容器有限公司), all of which are subsidiaries of the Company.

Ms. Ren completed a programme in English language at the Xi'an International Studies University (formerly known as the Xi'an Foreign Languages Institute) in the PRC in 1998. Ms. Ren obtained a master's degree in business administration from the Beijing Jiaotong University in the PRC in 2014.

Ms. Ren is the spouse of Mr. Gong Renyuan, who is the chief executive officer of the Company, the president of the Group and an executive Director.

**Mr. Bo Xiangpeng**, aged 41, joined the Group in 2010 and is the chief financial officer of Group. Mr. Bo was promoted to the financial controller of the Group in 2013 and was appointed as the chief financial officer of the Group in April 2016. Mr. Bo is also the executive director and the manager of Sunking Energy Technology (Jiaxing) Co., Ltd. (賽晶新能源科技(嘉興)有限公司), the director of Jiaxing Sunking Engineering Management Service Co., Ltd. (嘉興賽晶工程管理服務有限公司) and a director of Wuhan Langde, all of which are subsidiaries of the Company.

Mr. Bo is a non-practising member of the Chinese Institute of Certified Public Accountants. Mr. Bo has over 10 years of experience working in accounting and financing fields.

Mr. Bo obtained a bachelor's degree in business management from the Shandong University of Finance and Economics in the PRC in 2006 and a master's degree in business administration from the Nankai University in the PRC in 2008.

**Mr. Michael Simon Geissmann**, aged 48, joined the Group in 2008 and is a vice president of the Group. Mr. Geissmann is primarily responsible for the European business expansion of the Group. Mr. Geissmann is also the chief executive officer and a director of Astrol Electronic AG and a director of SwissSEM Technologies AG, all of which are subsidiaries of the Company.

Before joining the Group, Mr. Geissmann worked for ABB Schweiz AG, Semiconductors from 2004 to 2008 as a supply chain manager. Mr. Geissmann has extensive international business experience in power electronics.

Mr. Geissmann obtained a master's degree in information technology and electronic engineering from the Swiss Federal Institute of Technology in Zurich in Switzerland in 2003.

## CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of the Shareholders. The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with the aim of maintaining and improving the standard of corporate governance practices. The Company has met the applicable code provisions set out in Part 2 of the Corporate Governance Code during the year ended 31 December 2025.

## CORPORATE CULTURE

The Company attaches great importance to the construction and transmission of corporate culture, upholding the corporate mission of “promoting the development of green energy with technological innovation”, and taking “respect, innovation and transcendence” as the Company’s core values, pursuing excellence for a win-win future, in order to realise the Company’s vision of “becoming an international leading supplier of power semiconductor devices and system solutions”.

The Company focuses on two major business areas, namely power semiconductor and supporting device technologies, and cutting-edge power electronic technologies. Through the recruitment of talents and technological innovation, the Company provides leading technology and products and promotes constant optimisation of energy technologies with an aim to construct a new energy based innovative power system, thereby promoting the development of green energy.

The Company respects the opinions and differences of customers, suppliers, partners, shareholders, investors, employees and other parties, and draws on innovative ideas to go beyond. At the same time, the Company balances the relationship of various aspects such as the environment and society, safeguards the quality strictly, provides excellent products and achieves a win-win situation with all parties through rational allocation and efficient utilisation of resources.

The Company believes that a good corporate culture can create a favourable corporate environment, build up awareness of compliance, improve the moral quality and responsibility consciousness of employees, form corporate cohesion and enhance corporate competitiveness. All Directors must act with integrity, lead by example, and promote the desired culture. The directors are also required to instill the corporate culture in all employees from the top down, and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

The Company adheres to a people-oriented approach and participates in the gradual improvement of its corporate culture system. The Company establishes and improves practical, open, fair and equitable rules and regulations to manage and regulate the behaviour of the employees and strengthen the leadership to set an example; improve the training courses on corporate culture and enrich the carriers of corporate culture, so that all employees can recognise and practice the corporate culture. The Company will also evaluate and adjust its corporate culture in a timely manner and integrate more content to keep pace with the times.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for fulfilling corporate governance duties and responsibilities including:

- (a) developing and reviewing the Company’s policies and practices on corporate governance;
- (b) reviewing and monitoring the Company’s training and continuous professional development of the Directors and senior management of the Company;
- (c) reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements; and
- (d) reviewing the Company’s compliance with the Corporate Governance Code and disclosures in this corporate governance report.

# CORPORATE GOVERNANCE REPORT

## BOARD

### (a) Composition

The composition of the Board reflects the necessary balance of skills and experience required for effective leadership and independence in the decision making of the Company. The Board ensures that the Directors devote sufficient time and make contributions to the Company that are commensurate with their role and Board responsibilities. The Board currently comprises three executive Directors, namely Mr. Xiang Jie (who is also the chairman of the Board), Mr. Gong Renyuan (who is also the chief executive officer of the Company) and Mr. Yue Zhoumin; and four independent non-executive Directors, namely Mr. Chen Shimin, Mr. Zhang Xuejun, Mr. Leung Ming Shu and Ms. White Caige. The biographies of the Directors are set out under the section headed “Biographies of Directors and Senior Management” of this annual report.

During the year ended 31 December 2025, the Board at all times complied with the requirements relating to the respective retirement and re-election of one-third of the members of the board of listed companies. There were four independent non-executive Directors in the Board consisting of seven members, representing approximately 57.1% of the members of the Board, among which two independent non-executive Directors possessed appropriate professional qualifications, or accounting or related financial management expertise. Therefore, the requirements under the Listing Rules in relation to board composition were fully complied with.

The Directors are required to declare their underlying interests regularly and assess other Directors’ personal interests in the Company to ensure that the members of the Board have no financial, business, family or other material/relevant relationship with each other, and to ensure that the independent non-executive Directors have fully complied with the requirements regarding the independence of an independent non-executive director as set out in Rule 3.13 of the Listing Rules.

Save as disclosed under the section headed “Biographies of Directors and Senior Management” of this annual report, there are no financial, business, family or other material/relevant relationships between members of the Board and between the chairman of the Board and the chief executive officer of the Company.

### (b) Number of meetings and attendance

The Board holds meetings regularly to discuss the overall strategies, and operational and financial performance of the Group. The Directors can attend meetings in person or via electronic means. During the year ended 31 December 2025, a total of five meetings of Directors were held to review and approve the financial and operational results of the Group.

The attendance record of the Directors at Board meeting(s) and Shareholders’ meeting(s) during the year ended 31 December 2025 is set out below:

	Attended/Eligible to attend	
	Board meeting	Shareholders’ meeting
<b>Executive Directors</b>		
Mr. Xiang Jie	5/5	2/2
Mr. Gong Renyuan	5/5	2/2
Mr. Yue Zhoumin	5/5	2/2
<b>Independent non-executive Directors</b>		
Mr. Chen Shimin	5/5	2/2
Mr. Zhang Xuejun	5/5	2/2
Mr. Leung Ming Shu	5/5	2/2
Ms. White Caige	5/5	2/2

At least 14 days’ notice of convening the regular Board meeting is given to all Directors to invite them to participate in the discussion. All Directors are provided with relevant information on the matters to be discussed at the meeting no less than three days before the meeting to ensure that there is sufficient time for the Directors to review the information. Material matters or matters which may lead to conflict of interests will be dealt with during Board meetings instead of via circulation of written resolutions or by the committees of the Board.

## (c) Responsibilities of the Board and management

The Board is responsible for leading and controlling the Company and collectively overseeing the Group's businesses, strategic decisions and financial performances. The Board has established the Company's purpose, values and strategy, and is satisfied that these and the Company's culture are aligned. The chairman of the Board is responsible for the overall corporate strategy, planning and business performance of the Group, and for the implementation of each resolution put forward at general meetings and Board meetings, while the chief executive officer is responsible for overseeing the overall business of the Group, including devising and implementing business and development strategies and targets. Major corporate matters which are specifically delegated by the Board to the senior management of the Company include preparation of interim and annual reports and announcements, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures and compliance with relevant laws, rules and regulations.

To ensure that the Board has access to independent advice and information, the Company has put in place mechanisms including the Directors having independent access to meet the senior management of and the company secretary to the Company at any time, the right to seek independent professional advice at the Company's expenses, as well as invitations to all independent non-executive Directors to attend all Board meetings and relevant committee meetings. The Board reviews the implementation and effectiveness of these mechanisms on an annual basis.

## (d) Continuous professional development

The Board's office regularly provides briefings to the Directors containing the latest laws and regulations on the Company's finance, business development and directors' responsibilities. Besides, all the Directors have received continuous professional development trainings in relation to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") and the Listing Rules to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant.

The attendance record of the continuous professional development trainings during the year ended 31 December 2025 is set out below:

	Companies Ordinance	Training areas	
		Listing Rules	Anti-corruption
<b>Executive Directors</b>			
Mr. Xiang Jie	✓	✓	✓
Mr. Gong Renyuan	✓	✓	✓
Mr. Yue Zhoumin	✓	✓	✓
<b>Independent non-executive Directors</b>			
Mr. Chen Shimin	✓	✓	✓
Mr. Zhang Xuejun	✓	✓	✓
Mr. Leung Ming Shu	✓	✓	✓
Ms. White Caige	✓	✓	✓

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the Directors, including the independent non-executive Directors, are appointed for a term of three years and subject to retirement by rotation and eligible for re-election in accordance with the articles of association of the Company (the "**Articles of Association**") and the Listing Rules. At each annual general meeting, not less than one-third of the Directors then in office shall retire and every Director is subject to retirement by rotation at least once every three years.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman of the Board is mainly responsible for the overall corporate strategy, planning and business performance of the Group, and for the implementation of each resolution put forward at general meetings and Board meetings, while the chief executive officer of the Company is mainly responsible for overseeing the overall business of the Group, including devising and implementing business development strategies and targets. Currently, Mr. Xiang Jie is the chairman of the Board and Mr. Gong Renyuan is the chief executive officer of the Company. During the year ended 31 December 2025, one meeting without the presence of executive Directors was held between the chairman of the Board and the independent non-executive Directors.

## NON-EXECUTIVE DIRECTORS

The non-executive Directors (including the independent non-executive Directors) bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in Board meetings, taking lead in management issues involving potential conflict of interests and serving the committees of the Board as committee members, all non-executive Directors (including the independent non-executive Directors) make various contributions to the effective development of the Company. The term of appointment of the non-executive Directors is set out under the section headed "Directors' Service Contracts" of this annual report.

## BOARD COMMITTEES

The Board has established four committees, namely the audit committee, the remuneration committee, the nomination committee and the strategy and sustainability committee, to supervise various matters of the Group. To establish effective communication channels between each of the committees and the management of the Group, the Company has established an internal coordination and support team to facilitate Directors' access to more independent and objective information.

### (a) Audit committee

The audit committee is responsible for, among other things, making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors, and any questions of its resignation or dismissal; monitoring integrity of the Company's financial statements and annual report and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them; and reviewing the Company's financial controls, and risk management and internal control systems. The written terms of reference of the committee are in line with the Corporate Governance Code and are published on the website of the Company at [www.sunking-tech.com](http://www.sunking-tech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The audit committee comprises three independent non-executive Directors, namely Mr. Chen Shimin, Mr. Zhang Xuejun and Mr. Leung Ming Shu. The audit committee is chaired by Mr. Chen Shimin, who possesses the appropriate professional qualifications and extensive experience in and knowledge of finance and accounting as required under Rule 3.10 of the Listing Rules. All members of the audit committee hold the relevant industry and financial experience necessary to advise the Board on strategies and other related matters. None of the members of the audit committee is a former partner in or connected with the existing external auditor of the Company.

The audit committee held three meetings during the year ended 31 December 2025. During the meetings, the audit committee confirmed the appointment of Ernst & Young as the external auditor of the Company and fixed its remuneration, reviewed the risk management and internal control systems of the Group including the report from the internal control department, and reviewed the resources, the standing within the Group and the effectiveness (focusing on independence, competence and responsibilities) of the internal audit function of the Group. The audit committee also reviewed the interim and annual results of the Group for the year ended 31 December 2025 and the auditor's report prepared by the external auditor in relation to accounting matters and any material findings during the audit. The audit committee was of the opinion that such financial statements and report complied with the applicable accounting standards and requirements and that adequate disclosures were made therein.

The attendance record of the audit committee meeting(s) during the year ended 31 December 2025 is set out below:

Directors	Attended/Eligible to attend
Mr. Chen Shimin ( <i>chairman of the audit committee</i> )	3/3
Mr. Zhang Xuejun	3/3
Mr. Leung Ming Shu	3/3

## (b) Remuneration committee

The remuneration committee is responsible for, among other things, making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and making recommendations to the Board on the remuneration of non-executive Directors. The remuneration committee makes recommendations to the Board on the remuneration packages (which include benefits in kind, pension rights and compensation payments) of individual executive Directors and senior management of the Company. The written terms of reference of the remuneration committee are in line with the Corporate Governance Code and are published on the website of the Company at [www.sunking-tech.com](http://www.sunking-tech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The remuneration committee comprises three independent non-executive Directors, namely Mr. Leung Ming Shu, Mr. Chen Shimin and Mr. Zhang Xuejun. The remuneration committee is chaired by Mr. Leung Ming Shu.

The remuneration committee held three meetings during the year ended 31 December 2025. During the meetings, the remuneration committee made recommendation on the Directors' fees and the remuneration of the senior management of the Company, and approved the proposed grant of share options to an executive Director.

In the meeting held on 18 July 2025, the remuneration committee resolved (a) that Mr. Xiang Jie, as an executive Director, was valuable to the Group and should be rewarded for his contribution to the Group; and (b) to approve the proposed grant of share options to Mr. Xiang Jie to subscribe for up to 20,000,000 Shares pursuant to the share option scheme of the Company conditionally adopted on 21 May 2020 and which became effective on 3 June 2020 (the "2020 Share Option Scheme"). The remuneration committee was of the view that performance targets were not necessary in respect of the aforesaid proposed grant of share options for the following reasons: (a) the value of the share options was subject to the future price of the Shares, which in turn depended on the performance of the Group; and (b) the vesting period of the share options would ensure that the interests of Mr. Xiang Jie and those of the Company were aligned, thus motivating Mr. Xiang Jie to contribute to the development of the Group, which was in line with the purpose of the 2020 Share Option Scheme to enable the Company to grant share options to the grantees as incentives or rewards for their contribution to the Group.

The attendance record of the remuneration committee meeting(s) during the year ended 31 December 2025 is set out below:

Directors	Attended/Eligible to attend
Mr. Leung Ming Shu ( <i>chairman of the remuneration committee</i> )	3/3
Mr. Chen Shimin	3/3
Mr. Zhang Xuejun	3/3

## (c) Nomination committee

The nomination committee is responsible for, among other things, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; and assessing the independence of the independent non-executive Directors. The written terms of reference of the nomination committee are in line with the Corporate Governance Code and are published on the website of the Company at [www.sunking-tech.com](http://www.sunking-tech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The nomination committee comprises three independent non-executive Directors, namely Mr. Zhang Xuejun, Mr. Chen Shimin and Ms. White Caige. The nomination committee is chaired by Mr. Zhang Xuejun.

The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Group. To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidates by the nomination committee.

# CORPORATE GOVERNANCE REPORT

The criteria to be applied in considering whether a candidate is qualified shall be whether he or she can contribute to the diversity of the Board and whether he or she can devote sufficient time and attention to carry out the following responsibilities:

- (i) participating in Board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- (ii) taking the lead where potential conflict of interests arises;
- (iii) serving on the audit committee, the remuneration committee and the nomination committee (in the case of candidate for non-executive Director) and other relevant committees of the Board, if invited;
- (iv) bringing a range of business and financial experience to the Board, giving the Board and any committee of the Board on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications through attendance and participation in Board or committee meetings;
- (v) scrutinising the performance of the Group in achieving the predetermined corporate goals and objectives, and monitoring the reporting of performance;
- (vi) ensuring the committees of the Board on which he or she serves to perform their powers and functions conferred on them by the Board; and
- (vii) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

If a candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director.

The nomination committee held one meeting during the year ended 31 December 2025. During the meeting, the nomination committee reviewed the independence of the independent non-executive Directors, the composition of the Board and the Board Diversity Policy, and recommended the re-election of the retiring Directors in accordance with the nomination policy.

The attendance record of the nomination committee meeting(s) during the year ended 31 December 2025 is set out below:

<b>Directors</b>	<b>Attended/Eligible to attend</b>
Mr. Zhang Xuejun ( <i>chairman of the nomination committee</i> )	1/1
Mr. Gong Renyuan ( <i>resigned on 6 June 2025</i> )	1/1
Mr. Chen Shimin	1/1
Ms. White Caige ( <i>appointed on 6 June 2025</i> )	0/0

## (d) Strategy and sustainability committee

The strategy and sustainability committee (formerly known as the investment committee) is responsible for, among other things, researching and reviewing development strategies, material investment decision and sustainable development of the Company and making recommendation to the Board.

The strategy and sustainability committee comprises one executive Director, namely Mr. Xiang Jie, and three independent non-executive Directors, namely Mr. Chen Shimin, Mr. Zhang Xuejun and Mr. Leung Ming Shu. The strategy and sustainability committee is chaired by Mr. Xiang Jie.

The strategy and sustainability committee held three meetings during the year ended 31 December 2025.

# CORPORATE GOVERNANCE REPORT

The attendance record of the strategy and sustainability committee meeting(s) during the year ended 31 December 2025 is set out below:

Directors	Attended/Eligible to attend
Mr. Xiang Jie ( <i>chairman of the strategy and sustainability committee</i> )	3/3
Mr. Chen Shimin	3/3
Mr. Zhang Xuejun	3/3
Mr. Leung Ming Shu	3/3

## COMPANY SECRETARY

Ms. He Lina was appointed as the company secretary to the Company in April 2016. Ms. He reports to the chairman of the Board and is responsible for advising the Board on corporate governance matters. Ms. He has confirmed that she took not less than 15 hours of relevant professional training during the year ended 31 December 2025.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors complied with the required standards as set out in the Model Code during the year ended 31 December 2025.

## CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the date of the last interim report of the Company are set out below:

- (a) Mr. Chen Shimin, who is an independent non-executive Director, ceased to be an external supervisor of Postal Savings Bank of China Co., Ltd. (中國郵政儲蓄銀行股份有限公司), which is a company listed on the Shanghai Stock Exchange (stock code: 601658), since December 2025; and
- (b) Mr. Leung Ming Shu, who is an independent non-executive Director, has been serving as an independent non-executive director of Grace Wine Holdings Limited, which is a company listed on the Stock Exchange (stock code: 8146), since February 2026.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness and adequacy. The review covers all material controls, including financial, operational and compliance controls and risk management functions, for the purpose of preventing unauthorised use or sale of assets, ensuring the proper filing of accounting records and provision of reliable financial information for internal use or release, and ensuring that the applicable laws, rules and regulations are complied with. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board oversees the risk management and internal control systems of the Group through the audit committee on an ongoing basis. A review of the effectiveness and adequacy of the risk management and internal control systems of the Group has been conducted annually and the review covering the year ended 31 December 2025 was completed. The Board considered that the risk management and internal control systems of the Group during the year under review were effective and adequate. The Board confirms that the Group has processes in place to identify, assess and manage the significant risks to the achievement of its strategic objectives.

The Company carries out the internal audit function through the audit department, which provides an analysis and independent appraisal of the effectiveness and adequacy of the risk management and internal control systems of the Group. The audit department of the Company conducted comprehensive annual audit on the internal control systems of the Group covering the year ended 31 December 2025 and submitted the "2025 Annual Report on Internal Control" for review by the Board.

During the year ended 31 December 2025, in addition to adhering to the existing stringent internal control measures, including the control on the separation of roles among incompatible positions, authorisation and approval control, accounting system control, property protection control, operational analysis control, raw material procurement control, budget control and quality control, the Company revised the Business Trip Management System, further optimised the airfare discount standards, official vehicle usage, and overseas business trip accommodation standards, which effectively enhanced the Company's refined management of business trip and its cost control efficiency.

# CORPORATE GOVERNANCE REPORT

The Company is aware of its disclosure obligations under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (the “**Inside Information Provisions**”) and the Listing Rules. In respect of the procedures for handling and disseminating inside information, the Group has implemented certain procedures, including informing Directors and employees of blackout periods and restrictions on dealing in securities, and timely disclosure of information on material events or projects which is required to be disclosed under Rule 13.09 of the Listing Rules or inside information which is required to be disclosed under the Inside Information Provisions, to guard against possible inside information handling errors within the Group.

The Company has established whistleblowing policy for employees and those who deal with the Group to raise concerns about possible improprieties in any matter related to the Group. The Company has also established policy that promotes and supports anti-corruption laws and regulations. During the year ended 31 December 2025, all the Directors and employees of the Group received training in relation to anti-corruption.

## DIRECTORS’ RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements which give a true and fair view of the state of affairs of the Company as at 31 December 2025 and of the Company’s profit and cash flows for the year ended 31 December 2025, and have ensured that such statements are prepared in accordance with the statutory requirements and applicable accounting standards.

## AUDITOR’S REMUNERATION AND AUDITOR-RELATED MATTERS

Ernst & Young has been appointed as the external auditor of the Company since 2012. In 2025, the Company accepted the annual audit fee of RMB1.8 million proposed by Ernst & Young. The relevant selection, appointment and resignation procedures for accounting firms have been reviewed and approved by the audit committee and the Board.

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out under the section headed “Independent Auditor’s Report” on pages 40 to 43 of this annual report. During the year ended 31 December 2025, other than the audit fee, RMB0.80 million was paid to Ernst & Young for its performance of interim review.

## DIVERSITY

### (a) Board diversity

The Board has formulated the Board Diversity Policy to improve the standard of management through achieving diversity of the Board in terms of management skills, experience and perspectives, and thereby enhancing the quality of the management and the performance of the Group. The Board Diversity Policy requires that the appointment of members of the Board should be based on talents of the candidates. Factors including diversity in age, gender, education and cultural background, professional expertise, industry experience and independence should also be considered and assessed during the selection process to ensure diversity. The Board reviews the implementation and effectiveness of the Board Diversity Policy through the nomination committee and reports in the corporate governance report of the Company on an annual basis. The nomination committee will also review the Board Diversity Policy and make revision recommendations to the Board when necessary. The Board considers that it has made progress on achieving diversity of the Board by including members of different genders, education background and professional qualifications.

The Board reviewed the implementation and effectiveness of the Board Diversity Policy during the year ended 31 December 2025 and considered that such policy was effective in upholding the diversity of the Board. The proportion of female in the Board has now reached 14.3%, which has achieved the measurable target of gender diversity of the Board. To enhance the level of diversity of the Board, the Board will continue to seize the opportunity to increase the proportion of female members of the Board when selecting and recommending suitable candidates as members of the Board in accordance with the Board Diversity Policy.

### (b) Employee diversity

As at 31 December 2025, the Group employed 1,166 employees (including three executive Directors, four senior management of the Company and one company secretary to the Company), among which 785 were male and 381 were female. The Company recruits on the basis of merit and non-discrimination. Given the ratio of male employees to female employees of approximately 67%: 33%, the Board considered that gender diversity of workforce had been achieved and was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management of the Company) more challenging or less relevant.

## SHAREHOLDERS' RIGHTS

### (a) Convening Shareholders' meetings and proposing procedures

Any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary to the Company at 9-A, KongGangRongHuiYuan, Yuhua Road, Zone B, Airport Industrial Zone, Shunyi District, Beijing, PRC, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/itself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### (b) Making enquiries to the Board

The Shareholders who would like to make enquiries regarding the Company may send such enquiries to the Board by email to [ir@sunking-tech.com](mailto:ir@sunking-tech.com).

## INVESTOR RELATIONS

### (a) Constitutional documents

In order to bring the articles of association of the Company in line with the amendments made to the applicable laws of the Cayman Islands and the Listing Rules and to incorporate certain housekeeping amendments, the Company adopted a new set of articles of association on 26 September 2025.

### (b) Shareholders' communication

The Company and the Board recognise the importance of ensuring timely, transparent and accurate communications between the Company, the Shareholders and other stakeholders of the Company, including the potential investors. The Company has adopted the Shareholders' Communication Policy, the implementation and effectiveness of which is reviewed by the Board on an annual basis, to communicate information to the Shareholders and other stakeholders of the Company mainly through the Company's annual report, interim report, quarterly reports (if prepared for publication), general meetings, corporate newsletters and publications published on the website of the Company at [www.sunking-tech.com](http://www.sunking-tech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Company encourages two-way communications with its institutional and private investors. Extensive information about the Group's business is provided in the annual report and the interim report sent to the Shareholders. The Company will meet with investors after the announcement of financial results to explain the business, performance and future plans of the Company in order to strengthen the public's understanding of the Company. The annual general meetings provide a platform for direct communication between the Board and the Shareholders. The Company communicates with the media regularly, discloses financial and other information on the Group and its businesses to the public to promote effective communication.

The Board is satisfied with the implementation and effectiveness of the Shareholders' Communication Policy given the above means of communication adopted by the Company during the year ended 31 December 2025.

# REPORT OF THE DIRECTORS

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

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are manufacture and trading of power electronic components.

Details of the principal activities of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

## FAIR REVIEW OF BUSINESS

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the year ended 31 December 2025 and the material factors underlying its financial performance are set out in the chairman's statement on page 3 of this annual report and under the section headed "Management Discussion and Analysis" on pages 5 to 12 of this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The effective interest rates and terms of repayment of the interest-bearing bank borrowings of the Group are disclosed in note 27 to the consolidated financial statements.

### Foreign currency risk

The Group has transactional currency exposures. These exposures arise from purchases by operating units in currencies other than the units' functional currencies. In order to minimise the impact of foreign exchange exposure, the Group has entered into foreign currency forward contracts with creditworthy banks to manage its exchange rate exposure.

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentration of credit risk is managed by customer/counterparty, by geographical region and by industry sector.

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

For further details of the principal risks and uncertainties, please refer to note 39 to the consolidated financial statements.

## RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2025 and its financial position as at that date are set out in the consolidated financial statements on pages 44 to 46 of this annual report.

The Board has recommended the payment of a final dividend of HK\$0.01 per Share for the year ended 31 December 2025 (2024: HK\$0.01) out of the share premium account of the Company. The proposed final dividend is subject to the approval by the Shareholders in the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") and will be paid on or around Monday, 29 June 2026 to the Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 11 June 2026.

### Dividend policy

#### (a) Purpose

The dividend policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profit as dividends to the Shareholders.

#### (b) Principles and guidelines

- (i) The Board adopts the policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as the Shareholder value.
- (ii) The Company does not have any pre-determined payout ratio.
- (iii) The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the provisions of the Articles of Association and all applicable laws and regulations and the factors set out below.
- (iv) The Board shall also take into account the following factors of the Company and its subsidiaries when considering the declaration and payment of dividends:
  - (A) financial results;
  - (B) cash flow position;
  - (C) business conditions and strategies;
  - (D) future operations and income;
  - (E) capital requirements and budgets;
  - (F) interests of the Shareholders;
  - (G) any restrictions on payment of dividends; and
  - (H) any other factor that the Board deems relevant.
- (v) Depending on the financial conditions of the Company and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period;
  - (A) interim dividend;
  - (B) final dividend;
  - (C) special dividend; and
  - (D) any distribution of profits that the Board may deem appropriate.
- (vi) Any final dividend for a financial year will be subject to Shareholders' approval.
- (vii) The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.
- (viii) Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association.

# REPORT OF THE DIRECTORS

## (c) Review of the policy

The Board will review the dividend policy as appropriate from time to time.

## FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 118 of this annual report. This summary does not form part of the audited consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

## EVENTS AFTER REPORTING YEAR

Please refer to the section headed “Management Discussion and Analysis” of this annual report.

## SHARE OPTION SCHEMES

Prior to the listing of the Shares on the Stock Exchange (the “**Listing**”), the Company conditionally adopted a share option scheme (the “**2010 Share Option Scheme**”) on 23 September 2010 which became effective and unconditional upon the Listing. The purpose of the 2010 Share Option Scheme is to enable the Group to grant share options to the Eligible Participant(s) (as defined under the section headed “Share Option Scheme” of the prospectus of the Company dated 30 September 2010) as incentives or rewards for their contribution to the Group.

The 2010 Share Option Scheme was terminated on 3 June 2020. Prior to the termination, the Board might, at its absolute discretion, offer to grant share options to the Eligible Participants to subscribe for the Shares at an exercise price and subject to the terms of the 2010 Share Option Scheme. The number of Shares which may be issued upon the exercise of all share options to be granted under the 2010 Share Option Scheme shall not exceed 136,604,000, representing 10% of the total number of Shares in issue upon the Listing.

Where any further grant of share options to an Eligible Participant under the 2010 Share Option Scheme would result in the Shares issued and to be issued upon the exercise of all share options granted and be granted to such Eligible Participant (including exercised, cancelled and outstanding share options) under the 2010 Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting. Under the 2010 Share Option Scheme, each share option has a 10-year exercise period unless otherwise determined by the Board. There is no minimum period for which a share option must be held before it can be exercised unless otherwise determined by the Board and specified in the offer. HK\$1 shall be payable on acceptance of the share options within such time as may be specified in the offer, which shall not be later than 21 days from the date on which the share options are offered to be granted.

The exercise price shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date on which the share options are offered to be granted;
- (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date on which the share options are offered to be granted; and
- (c) the nominal value of a Share.

# REPORT OF THE DIRECTORS

Details of (a) movements in the share options granted under the 2010 Share Option Scheme during the year ended 31 December 2025; and (b) outstanding share options as at the beginning and the end of the year are set out below:

Grantees	Date of offer	Number of share options					outstanding as at 31 December 2025	Vesting period	Exercise period	Exercise price per Share (/HK\$)	Weighted average closing price per Share immediately before the date of exercise (/HK\$)
		outstanding as at 1 January 2025	granted during the year	exercised during the year	cancelled during the year	lapsed during the year					
Employees (other than the Director(s) and the chief executive of the Company)	1 April 2020	5,120,000	-	(2,314,000)	-	(20,000)	2,786,000	25% – One year from the date of offer 25% – Two years from the date of offer 25% – Three years from the date of offer 25% – Four years from the date of offer	From the respective vesting dates to 31 March 2026	1.10	1.78
<b>Total</b>		<b>5,120,000</b>	<b>-</b>	<b>(2,314,000)</b>	<b>-</b>	<b>(20,000)</b>	<b>2,786,000</b>				

Following the termination of the 2010 Share Option Scheme on 3 June 2020, no further share options could be offered to be granted but in all other respects, the provisions of the 2010 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the termination. Given that 2,000,000 outstanding share options were exercised since 31 December 2025 and up to the date of this annual report, the total number of Shares available for issue upon the exercise of the outstanding share options granted under the 2010 Share Option Scheme prior to the end of the exercise period on 31 March 2026 was 786,000, representing approximately 0.05% of the total number of issued Shares (excluding any treasury Share) as at the date of this annual report.

The Company conditionally adopted the 2020 Share Option Scheme and conditionally terminated the 2010 Share Option Scheme pursuant to the Shareholders' approval obtained in the general meeting of the Company held on 21 May 2020. The 2020 Share Option Scheme and the termination of the 2010 Share Option Scheme became effective on 3 June 2020. The purpose of the 2020 Share Option Scheme is to enable the Company to grant share options to the following participants (the "Eligible Participants", each an "Eligible Participant") as incentives or rewards for their contribution to the Group:

- any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest (the "Invested Entity");
- any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- any supplier of goods to any member of the Group or any Invested Entity;
- any customer of any member of the Group or any Invested Entity;
- any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity,

and, for the purposes of the 2020 Share Option Scheme, the offer may be made to any company wholly-owned by one or more Eligible Participants.

Despite the above definition of Eligible Participants, the Company does not intend to grant share option to any Eligible Participant that does not come under the definition of "eligible participant" in Chapter 17 of the Listing Rules.

The Board may, at its absolute discretion, offer to grant share options to the Eligible Participants to subscribe for the Shares at an exercise price and subject to the terms of the 2020 Share Option Scheme. The total number of Shares which may be issued upon the exercise of all share options to be granted under the 2020 Share Option Scheme shall not exceed 163,083,100, representing 10% of the total number of Shares in issue as at the date of approval of the 2020 Share Option Scheme.

# REPORT OF THE DIRECTORS

Where any further grant of share options to an Eligible Participant under the 2020 Share Option Scheme would result in the Shares issued and to be issued upon the exercise of all share options granted and be granted to such Eligible Participant (including exercised, cancelled and outstanding share options) under the 2020 Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue (excluding any treasury Share), such further grant must be separately approved by the Shareholders in general meeting. The 2020 Share Option Scheme will remain in force for a period of 10 years from 3 June 2020. Under the 2020 Share Option Scheme, each share option has a 10-year exercise period unless otherwise determined by the Board. The minimum period for which a share option must be held before it can be exercised shall not be less than 12 months. HK\$1 shall be payable on acceptance of the share options within such time as may be specified in the offer, which shall not be later than 21 days from the date on which the share options are offered to be granted.

The exercise price shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the share options are offered to be granted;
- the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the share options are offered to be granted; and
- the nominal value of a Share.

Details of (a) movements in the share options granted under the 2020 Share Option Scheme during the year ended 31 December 2025; and (b) outstanding share options as at the beginning and the end of the year are set out below:

Grantees	Date of offer	outstanding as at 1 January 2025	offered but not granted during the year	Number of share options				outstanding as at 31 December 2025	Vesting period	Exercise period	Exercise price per Share (HK\$)	Closing price per Share immediately before the date of offer (HK\$)	Fair value per share option as at the date of grant <sup>(Note 4)</sup> (Approximately) (HK\$)
				granted during the year <sup>(Note 3)</sup>	exercised during the year	cancelled during the year	lapsed during the year						
<b>Director(s), chief executive(s) and substantial Shareholder(s) (as defined in the Listing Rules) of the Company, and their respective associate(s) (as defined in the Listing Rules) (the "Category A Grantees")</b>													
Mr. Xiang Jie (chairman of the Board, executive Director and substantial Shareholder (as defined in the Listing Rules))	23 December 2024	20,000,000 (Note 3)	(20,000,000) (Note 3)	-	-	-	-	-	25% - One year from the date of offer 25% - Two years from the date of offer 25% - Three years from the date of offer 25% - Four years from the date of offer	From the respective vesting dates to 22 December 2030	1.30	N/A	N/A
	18 July 2025	-	-	20,000,000 (Note 3)	-	-	-	20,000,000	25% - One year from the date of offer 25% - Two years from the date of offer 25% - Three years from the date of offer 25% - Four years from the date of offer	From the respective vesting dates to 17 July 2031	1.40	1.37	0.88
Mr. Gong Renyuan (chief executive officer and executive Director)	23 December 2024	10,000,000	-	-	-	-	-	10,000,000	25% - One year from the date of offer 25% - Two years from the date of offer 25% - Three years from the date of offer 25% - Four years from the date of offer	From the respective vesting dates to 22 December 2030	1.30	N/A	N/A
Mr. Yue Zhoumin (executive Director)	23 December 2024	5,000,000	-	-	-	-	-	5,000,000	25% - One year from the date of offer 25% - Two years from the date of offer 25% - Three years from the date of offer 25% - Four years from the date of offer	From the respective vesting dates to 22 December 2030	1.30	N/A	N/A
Ms. Ren Jie (the spouse of Mr. Gong Renyuan)	23 December 2024	4,000,000	-	-	-	-	-	4,000,000	25% - One year from the date of offer 25% - Two years from the date of offer 25% - Three years from the date of offer 25% - Four years from the date of offer	From the respective vesting dates to 22 December 2030	1.30	N/A	N/A
		39,000,000	(20,000,000)	20,000,000	-	-	-	39,000,000					
<b>Other employees (the "Category B Grantees")</b>	23 December 2024	30,700,000	-	-	-	-	-	30,700,000	25% - One year from the date of offer 25% - Two years from the date of offer 25% - Three years from the date of offer 25% - Four years from the date of offer	From the respective vesting dates to 22 December 2030	1.30	N/A	N/A
<b>Total</b>		<b>69,700,000</b>	<b>(20,000,000)</b>	<b>20,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,700,000</b>					

## Notes:

- There are no performance targets attached to the share options.

2. Pursuant to Rule 17.03D(1) of the Listing Rules and the terms of the 2020 Share Option Scheme, as the proposed grant of share options to Mr. Xiang Jie on 23 December 2024 would result in Mr. Xiang Jie exceeding the 1% individual limit (as defined in the Listing Rules), such proposed grant of share options to Mr. Xiang Jie shall be separately approved by the Shareholders in a general meeting, which was the annual general meeting of the Company held on 6 June 2025 (the “**2025 Annual General Meeting**”). In addition, pursuant to Rule 17.04(3) of the Listing Rules and the terms of the 2020 Share Option Scheme, as the proposed grant of share options to Mr. Xiang Jie on 23 December 2024, who is also a substantial Shareholder (as defined in the Listing Rules), would result in the Shares issued and to be issued in respect of all the share options granted (excluding any share option lapsed in accordance with the terms of the 2020 Share Option Scheme) to Mr. Xiang Jie in the 12-month period up to the date of offer representing in aggregate over 0.1% of the Shares of the Company then in issue (excluding any treasury Share), such proposed grant of share options to Mr. Xiang Jie shall also be separately approved by the Shareholders in a general meeting, which was the 2025 Annual General Meeting. The resolution approving the grant of share options to Mr. Xiang Jie was not passed at the 2025 Annual General Meeting. Therefore, the Company has not granted to Mr. Xiang any of the share options which were offered to be granted to him on 23 December 2024.
3. On 18 July 2025, these share options were offered to be granted to Mr. Xiang Jie to subscribe for up to 20,000,000 Shares pursuant to the 2020 Share Option Scheme. These share options were granted to Mr. Xiang Jie after the Shareholders’ approval required under Rule 17.03D(1) and Rule 17.04(3) of the Listing Rules was obtained in the extraordinary general meeting of the Company held on 26 September 2025 (the “**Extraordinary General Meeting**”).
4. The measurement of the fair value of share options was conducted using the accounting policy in respect of share-based payments, with further details and the assumptions set out in note 2.4 to the consolidated financial statements.

For the share options granted to Mr. Xiang Jie during the year ended 31 December 2025, the fair value per share option as at the date of grant was HK\$0.88.

The fair value of the equity-settled share options was estimated at the date of grant using a binomial model, taking into account the terms and conditions under which the share options were granted. The following table sets out the data used in the input model:

	2025
Dividend yield (%)	2.8%-3.9%
Expected volatility (%)	57.0%-58.0%
Historical volatility (%)	57.0%-58.0%
Risk-free interest rate (%)	2.6%-3.4%

For both of the Category A Grantees and the Category B Grantees, as at 1 January 2025, given that 69,700,000 share options had been granted and assuming that the proposed grant of share options to Mr. Xiang Jie on 23 December 2024 had been approved by the Shareholders at the 2025 Annual General Meeting, the number of share options available for grant under the 2020 Share Option Scheme was 93,383,100. As at 31 December 2025, although the resolution approving the grant of share options to Mr. Xiang Jie was not passed at the 2025 Annual General Meeting, given that the resolution approving the grant of share options to Mr. Xiang Jie was passed at the Extraordinary General Meeting, the number of share options available for grant under the 2020 Share Option Scheme was 93,383,100.

As far as the Category A Grantees are concerned, the ratio of the number of Shares that may be issued in respect of the share options granted under the 2020 Share Option Scheme during the year ended 31 December 2025 to the weighted average number of the Shares in issue (excluding any treasury Shares) for the year ended 31 December 2025 is approximately 1.25.

Given that 1,190,000 outstanding share options were exercised since 31 December 2025 and up to the date of this annual report, the total number of Shares available for issue upon the exercise of the outstanding share options granted under the 2020 Share Option Scheme was 68,510,000, representing approximately 4.3% of the total number of issued Shares (excluding any treasury Share) as at the date of this annual report.

Further details of the 2020 Share Option Scheme are set out in note 30 to the consolidated financial statements.

## RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 47 of this annual report.

# REPORT OF THE DIRECTORS

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act of the Cayman Islands (the "**Companies Act**"), amounted to approximately RMB345.4 million (31 December 2024: approximately RMB372.0 million). In addition, under the Companies Act, the amount of approximately RMB345.4 million in the share premium account of the Company as at 31 December 2025 (31 December 2024: approximately RMB372.0 million) was distributable to the Shareholders (subject to the provisions of the Articles of Association), provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which the dividend, if any, is proposed to be paid. The Company's share premium account may be distributed in the form of fully paid bonus Shares.

## DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were as follows:

### **Executive Directors**

Mr. Xiang Jie  
Mr. Gong Renyuan  
Mr. Yue Zhoumin

### **Independent Non-executive Directors**

Mr. Chen Shimin  
Mr. Zhang Xuejun  
Mr. Leung Ming Shu  
Ms. White Caige

In accordance with Articles 83(3) and/or 84(1) of the Articles of Association, Mr. Gong Renyuan, Mr. Yue Zhoumin and Ms. White Caige will retire by rotation and be eligible to offer themselves for re-election as the Directors at the Annual General Meeting.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers them to be independent under the Listing Rules as they have met all the independence guidelines set out in Rule 3.13 of the Listing Rules.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company are set out under the section headed "Biographies of Directors and Senior Management" of this annual report.

## DIRECTORS' SERVICE CONTRACTS

The executive Directors, namely Mr. Xiang Jie, Mr. Gong Renyuan and Mr. Yue Zhoumin, were first appointed for a term of three years commencing on the date of the Listing. Mr. Xiang Jie subsequently entered into supplemental service agreements dated 1 June 2012, 1 June 2015, 1 June 2018, 1 June 2021 and 1 June 2024 under which his term of office was extended for three years from the date of the respective supplemental service agreements. Mr. Gong Renyuan subsequently entered into supplemental service agreements dated 1 June 2013, 1 June 2016, 1 June 2019, 1 June 2022 and 1 June 2025 under which his term of office was extended for three years from the date of the respective supplemental service agreements. Mr. Yue Zhoumin subsequently entered into supplemental service agreements dated 28 May 2014, 28 May 2017, 28 May 2020 and 28 May 2023 under which his term of office was extended for three years from the date of the respective supplemental service agreements.

The independent non-executive Directors, namely Mr. Chen Shimin, Mr. Zhang Xuejun, Mr. Leung Ming Shu and Ms. White Caige, were first appointed for a term of three years commencing on 19 August 2010, 19 December 2016, 24 March 2017 and 1 April 2024, respectively. Mr. Chen Shimin subsequently executed supplemental appointment letters dated 28 May 2014, 28 May 2017, 28 May 2020 and 28 May 2023 under which his term of office was extended for three years from the date of the respective supplemental appointment letters. Mr. Zhang Xuejun subsequently executed supplemental appointment letters dated 19 December 2019, 19 December 2022 and 19 December 2025 under which his term of office was extended for three years from the date of the respective supplemental appointment letters. Mr. Leung Ming Shu subsequently executed supplemental appointment letters dated 24 March 2020 and 24 March 2023 under which his term of office was extended for three years from the date of the respective supplemental appointment letters.

# REPORT OF THE DIRECTORS

No Director for re-election at the Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board has the general power of determining the Directors' remuneration, subject to the approval of the Shareholders in the annual general meeting each year. The Directors are also entitled to participate in the 2020 Share Option Scheme. The remuneration of the executive Directors is determined by the Board with reference to their qualifications, experience, duties, responsibilities, and performance and results of the Group, and subject to review by the remuneration committee. As for the non-executive Director and the independent non-executive Directors, their remuneration is determined by the Board upon recommendation by the remuneration committee. Details of the remuneration of the Directors are set out in note 8 and the five highest paid individuals are set out in note 9 to the consolidated financial statements.

The remuneration paid to senior management of the Company (excluding Directors) for the year ended 31 December 2025 is within the following bands:

Annual remuneration	Number of individuals	
	2025	2024
RMB300,001 – RMB400,000	0	0
RMB400,001 – RMB500,000	0	0
Above RMB500,000	5	5

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

During the year ended 31 December 2025 and as at 31 December 2025, no Director nor entity connected with any Directors was materially interested, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group to which any member of the Group was a party.

## PERMITTED INDEMNITY

Under the Articles of Association, the Directors are indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expense whatsoever, which they or any of them incur as a result of any act or failure to act in carrying out their functions other than such liability (if any), that they may incur by reason of their own fraud or dishonesty. Such permitted indemnity provision has been in force for the year ended 31 December 2025. The Company has arranged appropriate liability insurance coverage for the Directors.

## MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2025.

# REPORT OF THE DIRECTORS

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (a) Long positions in the Shares, underlying Shares and debentures of the Company

Name of Director	Capacity	Number of ordinary Shares held	Number of ordinary Shares issuable under equity derivatives <sup>(Note 4)</sup>	Total	Approximate percentage of interests in the Company <sup>(Note 6)</sup>
Mr. Xiang Jie	Beneficial owner	51,666,000	20,000,000	71,666,000	25.53%
	Founder of a discretionary trust	338,328,347 <sup>(Note 1)</sup>	–	338,328,347	
				409,994,347	
Mr. Gong Renyuan	Beneficial owner	15,060,000	10,000,000	25,060,000	2.08%
	Interest of spouse	4,300,000 <sup>(Note 2)</sup>	4,000,000 <sup>(Note 5)</sup>	8,300,000	
				33,360,000	
Mr. Yue Zhoumin	Beneficial owner	2,000,000	5,000,000	7,000,000	0.48%
	Interest of spouse	700,000 <sup>(Note 3)</sup>		700,000	
				7,700,000	

#### Notes:

- As at 31 December 2025, (a) these 338,328,347 Shares were held by Max Vision Holdings Limited; (b) Max Vision Holdings Limited was wholly owned by Jiekun Limited; (c) Jiekun Limited was wholly owned by Sapphire Skye Holdings Limited; (d) Sapphire Skye Holdings Limited was wholly owned by Zedra Trust Company (Singapore) Limited; and (e) Zedra Trust Company (Singapore) Limited was the trustee of a private trust of which Mr. Xiang Jie was the founder and his family members were the beneficiaries. Accordingly, Jiekun Limited, Sapphire Skye Holdings Limited, Zedra Trust Company (Singapore) Limited, Mr. Xiang Jie and Ms. Meng Fankun were deemed under the SFO to be interested in the 338,328,347 Shares held by Max Vision Holdings Limited.
- As at 31 December 2025, these 4,300,000 Shares were held by Ms. Ren Jie, who is the spouse of Mr. Gong Renyuan. Accordingly, Mr. Gong Renyuan was deemed under the SFO to be interested in the 4,300,000 Shares held by Ms. Ren Jie.
- As at 31 December 2025, these 700,000 Shares were held by Ms. Pan Yu, who is the spouse of Mr. Yue Zhoumin. Accordingly, Mr. Yue Zhoumin was deemed under the SFO to be interested in the 700,000 Shares held by Ms. Pan Yu.
- These Shares represented the Shares which may be issued upon the exercise of the share options granted/to be granted to the relevant Directors and their respective associates (as defined in the Listing Rules) under the 2020 Share Option Scheme, details of which are set out under the section headed "Share Option Schemes" of this annual report.
- As at 31 December 2025, these 4,000,000 Shares represented the Shares which may be issued upon the exercise of the share options granted to Ms. Ren Jie, who is the spouse of Mr. Gong Renyuan. Accordingly, Mr. Gong Renyuan was deemed under the SFO to be interested in the 4,000,000 Shares which may be issued upon the exercise of the share options granted to Ms. Ren Jie.
- As at 31 December 2025, there were 1,606,148,000 Shares in issue.

### (b) Short positions in the Shares, underlying Shares and debentures of the Company

None of the Directors or the chief executives of the Company had any short position in the Shares, underlying Shares and debentures of the Company or any associated corporation as at 31 December 2025.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 December 2025 and up to the date of this annual report were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor child, or were any such rights exercised by them, or was any member of the Group a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 December 2025, to the best knowledge of the Directors, the interests or short positions of the persons, other than a Director or a chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO, were as follows:

### (a) Long positions in the Shares and underlying Shares

Name of substantial Shareholder	Capacity	Number of ordinary Shares held	Number of ordinary Shares issuable under equity derivatives <i>(Note 3)</i>	Total	Approximate percentage of interests in the Company <i>(Note 5)</i>
Max Vision Holdings Limited	Beneficial owner	338,328,347 <i>(Note 1)</i>	–	338,328,347	20.06%
Jiekun Limited	Interest in controlled corporation	338,328,347 <i>(Note 1)</i>	–	338,328,347	20.06%
Sapphire Skye Holdings Limited	Interest in controlled corporation	338,328,347 <i>(Note 1)</i>	–	338,328,347	20.06%
Zedra Trust Company (Singapore) Limited	Interest in controlled corporation	338,328,347 <i>(Note 1)</i>	–	338,328,347	20.06%
Ms. Meng Fankun	Interest of spouse Beneficiary of a trust	51,666,000 <i>(Note 2)</i> 338,328,347 <i>(Note 1)</i>	20,000,000 <i>(Note 4)</i> –	71,666,000 338,328,347	
				409,994,347	25.53%

#### Notes:

- As at 31 December 2025, (a) these 338,328,347 Shares were held by Max Vision Holdings Limited; (b) Max Vision Holdings Limited was wholly owned by Jiekun Limited; (c) Jiekun Limited was wholly owned by Sapphire Skye Holdings Limited; (d) Sapphire Skye Holdings Limited was wholly owned by Zedra Trust Company (Singapore) Limited; and (e) Zedra Trust Company (Singapore) Limited was the trustee of a private trust of which Mr. Xiang Jie was the founder and his family members were the beneficiaries. Accordingly, Jiekun Limited, Sapphire Skye Holdings Limited, Zedra Trust Company (Singapore) Limited, Mr. Xiang Jie and Ms. Meng Fankun were deemed under the SFO to be interested in the 338,328,347 Shares held by Max Vision Holdings Limited.
- As at 31 December 2025, these 51,666,000 Shares were held by Mr. Xiang Jie, who is the spouse of Ms. Meng Fankun. Accordingly, Ms. Meng Fankun was deemed under the SFO to be interested in the 51,666,000 Shares held by Mr. Xiang Jie.
- These Shares represented the Shares which may be issued upon the exercise of the share options granted/to be granted to the relevant Directors and their respective associates (as defined in the Listing Rules) under the 2020 Share Option Scheme, details of which are set out under the section headed "Share Option Schemes" of this annual report.
- As at 31 December 2025, these 20,000,000 Shares represented the Shares which may be issued upon the exercise of the share options granted to Mr. Xiang Jie, who is the spouse of Ms. Meng Fankun. Accordingly, Ms. Meng Fankun was deemed under the SFO to be interested in the 20,000,000 Shares which may be issued upon the exercise of the share options granted to Mr. Xiang Jie.
- As at 31 December 2025, there were 1,606,148,000 Shares in issue.

# REPORT OF THE DIRECTORS

## (b) Short positions in the Shares and underlying Shares

As at 31 December 2025, the Company was not notified of any short position in the Shares or underlying Shares which were required to be recorded in the register required to be kept under section 336 of the SFO.

## NON-COMPETITION UNDERTAKING BY MAX VISION HOLDINGS LIMITED AND MR. XIANG JIE

The Company has received from each of Max Vision Holdings Limited, which is the single largest Shareholder, and Mr. Xiang Jie an annual confirmation in respect of their compliance with the non-competition undertaking. The independent non-executive Directors have reviewed the aforesaid undertaking and are of the view that Max Vision Holdings Limited and Mr. Xiang Jie complied with the non-competition undertaking during the year ended 31 December 2025.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As at 31 December 2025, the number of shares in issue of the Company (the “Shares”, each a “Share”) was 1,606,148,000 with nominal value of HK\$0.1 each, among which 10,636,000 were treasury Shares (as defined in the Listing Rules).

During the year ended 31 December 2025, the Company repurchased 1,296,000 Shares on the Stock Exchange for an aggregate purchase price (including relevant expenses) of approximately HK\$1,524,145. Details of the aforesaid repurchases are as follows:

Month of repurchase in 2025	Number of Shares repurchased	Purchase price per Share		Purchase price (including relevant expenses) paid (Approximately) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	240,000	1.33	1.28	314,862
March	440,000	1.29	1.19	555,096
April	616,000	1.17	1.00	654,187
	<b>1,296,000</b>			<b>1,524,145</b>

The 1,296,000 Shares repurchased during the year ended 31 December 2025 were withdrawn from the Central Clearing and Settlement System, re-registered in the name of the Company and held by the Company as treasury Shares. The Company may sell, transfer or otherwise dispose of the treasury Shares in the light of market conditions and its capital management needs and subject to the compliance with the Listing Rules. During the year ended 31 December 2025, the Company did not sell any treasury Share. The Company will not exercise any Shareholders’ right or receive any entitlement in respect of the aforesaid treasury Shares.

All the above repurchases were made for the benefit of the Company and the Shareholders as a whole, with the aim of increasing the market price per Share and improving investor confidence in the Company.

Save for the aforesaid, the Group did not purchase, sell or redeem any Share during the year ended 31 December 2025.

## PRE-EMPTIVE RIGHTS

Unless otherwise required by the Stock Exchange, there are no provisions under the Articles of Association or the laws of the Cayman Islands, which is the jurisdiction in which the Company is incorporated, which would oblige the Company to offer any pre-emptive right of new Shares on a pro-rata basis to the Shareholders.

## RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, the Group entered into certain transactions with “related parties” as defined in the applicable accounting standards. Details of the related party transactions of the Company are set out in note 36 to the consolidated financial statements. The following related party transaction constituted connected transaction of the Company under the Listing Rules:

<b>Related party transaction which constitutes connected transaction</b>	<b>Compliance with the Listing Rules</b>
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Compensation paid to key management personnel of the Group as set out in note 36 to the consolidated financial statements	These were fully exempt continuing connected transactions under Rule 14A.95 of the Listing Rules
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## CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group did not enter into any connected transaction that is subject to the annual reporting requirement under Chapter 14A of the Listing Rules.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed 1,166 employees. Key components of the Group’s remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The employees are also entitled to participate in the 2020 Share Option Scheme. The Group conducts periodic reviews on the performance of its employees, and their salaries and bonuses are performance-based. The Group focuses on the establishment of an in-house management training and development system to meet the different needs of employees at all levels and enhance their skills through diversified training modes. The Group did not experience any significant problems with its employees or disruptions to its operations due to labour disputes, nor did it experience any difficulty in the recruitment and retention of experienced employees. The Group maintains a good relationship with its employees.

## FOREIGN CURRENCY EXPOSURE

Details of the foreign currency exposure for the year ended 31 December 2025 are set out in note 39 to the consolidated financial statements.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, at least 25% of the total number of Shares were held by the public.

## SHARE CAPITAL

Details of the movements in the issued share capital of the Company for the year ended 31 December 2025 are set out in note 29 to the consolidated financial statements.

## DONATIONS

For the year ended 31 December 2025, the Group made charitable donations (including in-kind donations) in the amount of approximately RMB581,800 (2024: RMB60,000).

# REPORT OF THE DIRECTORS

## MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, the Group's purchases from the largest supplier accounted for approximately 26.9% (2024: approximately 38.4%) of the Group's total purchases, while the Group's purchases from the five largest suppliers in aggregate accounted for approximately 43.8% (2024: approximately 60.7%) of the Group's total purchases.

For the year ended 31 December 2025, the Group's revenue from sales to the largest customer accounted for approximately 18.0% (2024: approximately 12.5%) of the Group's total revenue from sales, while the Group's revenue from sales to the five largest customers in aggregate accounted for approximately 48.0% (2024: approximately 39.0%) of the Group's total revenue from sales.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the number of Shares (excluding any treasury Share (as defined in the Listing Rules))) has any interests in the Group's five largest suppliers or five largest customers for the year ended 31 December 2025.

## EQUITY-LINKED AGREEMENTS

Save for the 2010 Share Option Scheme and the 2020 Share Option Scheme as disclosed under the section headed "Share Option Schemes" of this annual report, the Company did not enter into any equity-linked agreement during the year ended 31 December 2025.

## REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The audit committee has reviewed with the management accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## CORPORATE GOVERNANCE

The Company has published its corporate governance report, which is set out on pages 17 to 25 of this annual report.

## ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is committed to enhancing environmental protection to minimise the impact of its activities on the environment. It is policy of the Group to promote clean operation and strive to making the most efficient use of resources in its operations, and minimising wastes and emission. The Group achieves this through actively re-designing its production activities and operations that encourage and promote recycling of resources, using environmental friendly raw materials and reviewing production operations constantly to ensure that the production processes are effective and efficient.

Further details of the environmental policy and performance of the Group are included in the environmental, social and governance report of the Company published separately on the website of the Company at [www.sunking-tech.com](http://www.sunking-tech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group adheres to people-oriented principle and offer reasonable treatment to employees. Meanwhile, it retains talents and constantly improves policies including remuneration and benefits, trainings and occupational health and safety with regular reviews and updates. The Group maintains sound relationship with its customers. In order to improve service quality, the Group has established a complaint management mechanism including complaints collection and analysis, and improvement recommendation. The Group maintains sound relationship with its suppliers, on which it conducts fair and strict inspection regularly.

## COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Established in the Cayman Islands, the Company operates its principle business in the PRC, whereas the Shares are listed on the Stock Exchange. Accordingly, the establishment and operations of the Company shall be subject to the relevant laws, rules and regulations of the Cayman Islands, the PRC and Hong Kong. During the year ended 31 December 2025 and as at the date of this annual report, the Group was in compliance with the relevant laws, rules and regulations of the Cayman Islands, the PRC and Hong Kong.

## CLOSURE OF REGISTER

In order to establish the identity of the Shareholders who are entitled to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 27 May 2026. The register of members of the Company will be closed from Thursday, 28 May 2026 to Tuesday, 2 June 2026, both days inclusive, during which period no transfer of Shares will be registered. The Shareholders whose names appear on the register of members of the Company on 2 June 2026 are entitled to attend and vote at the Annual General Meeting.

In order to establish the identity of the Shareholders who are entitled to the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 8 June 2026. The register of members of the Company will be closed from Tuesday, 9 June 2026 to Thursday, 11 June 2026, both days inclusive, during which period no transfer of Shares will be registered.

## AUDITOR

Ernst & Young retires and a resolution for its re-appointment as the auditor of the Company will be proposed at the Annual General Meeting. There was no change in the auditor of the Company in the preceding three years.

## PROSPECTS

Looking ahead, the global energy transition is entering a deepened phase where the construction of novel power systems under the guidance of the “dual carbon” strategy is accelerated. UHV transmission, new energy power generation and energy storage, data centre power supply and controllable nuclear fusion are capitalising on opportunities for their historic development. As the technology on power electronics serves as the core support for upgrading the energy industry, market demands and the room for technological innovation remain scalable.

The UHV transmission sector is set to undergo deep development in terms of flexibilisation and intelligence. During the implementation of the “15th Five-Year Plan”, State Grid is expected to invest up to RMB4 trillion in fixed assets and Southern Grid continues to increase in investments, thereby driving expansion and upgrading of UHVDC transmission channels and cross-region and cross-province transmission networks. Flexible transmission and grid-forming technologies will become key components for the construction of novel power system, thus bringing long-term incremental demands for the related businesses of the Group.

The new energy power generation and energy storage industries will enter a phase of large-scale and high-quality development. The share of photovoltaic and wind power installations will continue to rise, and the diversified application of energy storage technologies and system integration capabilities will be increasingly required. “Green power + energy storage” is becoming the mainstream model of energy supply. Meanwhile, the development of artificial intelligence and digital economy is driving the surge in demands for electricity consumption from data centres. Under the trend featuring “integration of computing and electricity”, the demand for efficient, energy-saving and highly reliable power semiconductors from the power supply of data centres is rapidly increasing. The application scenarios of high-end components such as SiC and next-generation IGBTs will continue to expand. In addition, controlled nuclear fusion, as an important direction for the future energy of humanity, is steadily progressing in scientific researches and industrialisation and has become the key cutting-edge application area for power control and switching technologies. Given the increasing demands for high-voltage, high-current and high-reliability pulse power components and customised solutions, a new development arena is opened up for the industry.

Based on the trend of industry development, the Group will continue to take technological innovation as its core driving force, while seizing the opportunities presented by the “15th Five-Year Plan” for the energy industry, and deepening its presence in the UHV transmission sector. It will continuously iterate core components and system technologies for flexible transmission, and support the construction of the backbone network of novel power systems. Also, the Group will focus on key scenarios such as new energy-based power generation, energy storage, and power supply for data centres, increase its efforts in the R&D, as well as industrialisation of high-end power semiconductors such as IGBTs and SiC, while developing a core product system adapted to “green power + energy storage + computing power”. It will also prospectively lay out future industries such as controlled nuclear fusion, leverage its technological expertise and project experience in sectors such as pulse power switching, deepen its cooperation with global partners, and continuously break through the core technological challenges.

The Company will always uphold its mission of “promoting the development of green energy with technological innovation”, empower the upgrading of the energy industry with core technologies, and achieve synergistic development between the enterprise and the industry while serving the national energy strategy, thereby contributing to the global energy-based transformation and sustainability.

# INDEPENDENT AUDITOR'S REPORT



To the shareholders of Sun.King Technology Group Limited  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Sun.King Technology Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 44 to 117, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sun.King Technology Group Limited  
(Incorporated in the Cayman Islands with limited liability)

## KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of goodwill</i>	
<p>As at 31 December 2025, the carrying amount of the Group's goodwill was approximately RMB183 million.</p> <p>In accordance with International Accounting Standards 36 <i>Impairment of Assets</i>, the Group is required to test the amount of goodwill for impairment annually. The impairment test involved significant management's judgement and estimates, such as expected revenue growth rates, budgeted gross margins, discount rates and perpetual growth rates.</p> <p>Relevant disclosures are included in note 2.4, note 3 and note 16 to the financial statements.</p>	<p>Our audit procedures included the evaluating the capabilities and objectivity of the independent valuer;</p> <p>We assessed reasonableness of forecasted cash flows by making enquiries with management;</p> <p>We examined the valuation methodologies and evaluated the assumptions and estimates used, including the discount rates and the perpetual growth rates, with the assistance of our internal valuation specialists;</p> <p>We checked the mathematical accuracy of management's valuation schedules; and</p> <p>We evaluated the adequacy of the relevant disclosures in the financial statements.</p>
<i>Recoverability of trade receivables</i>	
<p>Trade receivables constituted a significant portion of total assets as at 31 December 2025 and the Group was exposed to credit risks thereof. The Group recognises an allowance based on the expected credit loss ("ECL") under IFRS 9 <i>Financial Instruments</i>. The measurement of ECL requires the application of significant judgement and estimate, such as the expected future cash flows and forward-looking factors specific to the debtors and the economic environment.</p> <p>Relevant disclosures are included in note 2.4, note 3, note 21 and note 39 to the financial statements.</p>	<p>Our audit procedures included the understanding of the Group's accounting policy of loss allowance for impairment of trade receivables.</p> <p>We assessed, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket. We assessed the management's ECL allowance by examining the information used by management to form such judgement and estimate, including checking the accuracy of the ageing movement information, evaluating whether the loss rates are appropriately adjusted based on current economic conditions and forward-looking information.</p> <p>We evaluated the Group's provision for trade receivables by reference to the Group's subsequent collection of the trade receivables.</p> <p>We also assessed the adequacy of the disclosure in relation to the Group's recoverability of trade receivables.</p>
<i>Provision for inventories</i>	
<p>Inventories contributed a significant portion of total assets as at 31 December 2025 and the Group was exposed to inventory obsolete and excess risks as a result of the technology innovation. The determination of provision is accordingly complex because it depends on the net realisable value.</p> <p>Relevant disclosures are included in note 2.4, note 3 and note 20 to the financial statements.</p>	<p>Our audit procedures included the understanding of the Group's accounting policy of provision for inventories.</p> <p>We performed stock count and observed the physical conditions of inventories.</p> <p>We performed the ageing analysis at the year end.</p> <p>We also evaluate the management's methodology for inventory and re-calculated the impairment amounts of the inventories based on management's methodology at year end.</p>

# INDEPENDENT AUDITOR'S REPORT

**To the shareholders of Sun.King Technology Group Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sun.King Technology Group Limited  
(Incorporated in the Cayman Islands with limited liability)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky (practising number: P05575).

**Ernst & Young**  
*Certified Public Accountants*  
27/F., One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong  
19 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>REVENUE</b>	5	<b>2,254,903</b>	1,610,209
Cost of sales		<b>(1,687,007)</b>	(1,089,538)
Gross profit		<b>567,896</b>	520,671
Other income and gains, net	5	<b>133,893</b>	59,218
Selling and distribution expenses		<b>(142,877)</b>	(106,003)
Administrative expenses		<b>(204,054)</b>	(160,012)
Research and development costs		<b>(152,134)</b>	(137,528)
Other expenses and losses, net		<b>(7,956)</b>	(36,002)
Finance costs	7	<b>(15,520)</b>	(17,973)
Share of profits and losses of: Associates		<b>(13)</b>	(186)
<b>PROFIT BEFORE TAX</b>	6	<b>179,235</b>	122,185
Income tax expense	10	<b>(45,083)</b>	(36,741)
<b>PROFIT FOR THE YEAR</b>		<b>134,152</b>	85,444
<b>OTHER COMPREHENSIVE LOSS</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Fair value losses on financial investments at fair value through other comprehensive income		<b>(3,210)</b>	(4,667)
Exchange differences on translation of foreign operations		<b>(13,112)</b>	3,424
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>		<b>(16,322)</b>	(1,243)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>117,830</b>	84,201
Profit/(loss) attributable to:			
Owners of the parent		<b>137,895</b>	102,522
Non-controlling interests		<b>(3,743)</b>	(17,078)
		<b>134,152</b>	85,444
Total comprehensive income/(loss) attributable to:			
Owners of the parent		<b>125,718</b>	100,556
Non-controlling interests		<b>(7,888)</b>	(16,355)
		<b>117,830</b>	84,201
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	12		
Basic		<b>RMB8.60 cents</b>	RMB6.39 cents
Diluted		<b>RMB8.55 cents</b>	RMB6.39 cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>13</i>	<b>759,911</b>	734,941
Investments properties	<i>14</i>	<b>15,558</b>	15,720
Right-of-use assets	<i>15(a)</i>	<b>49,801</b>	52,761
Deposits for purchase of property, plant and equipment		<b>11,818</b>	5,988
Goodwill	<i>16</i>	<b>182,734</b>	5,689
Other intangible assets	<i>17</i>	<b>66,286</b>	69,776
Investments in associates	<i>18</i>	<b>2,400</b>	2,413
Equity investment designated at fair value through other comprehensive income	<i>19</i>	<b>6,790</b>	10,000
Contract assets	<i>21</i>	<b>64,610</b>	26,938
Time deposits	<i>23</i>	<b>84,046</b>	80,000
Deferred tax assets	<i>28</i>	<b>5,428</b>	8,434
<b>Total non-current assets</b>		<b>1,249,382</b>	1,012,660
<b>CURRENT ASSETS</b>			
Inventories	<i>20</i>	<b>286,546</b>	289,941
Trade and bills receivables	<i>21</i>	<b>1,241,446</b>	1,161,169
Contract assets	<i>21</i>	<b>11,957</b>	11,752
Prepayments, other receivables and other assets	<i>22</i>	<b>189,425</b>	116,680
Derivative financial instruments	<i>26</i>	<b>18,329</b>	–
Pledged deposits	<i>23</i>	<b>69,417</b>	27,158
Cash and cash equivalents	<i>23</i>	<b>327,424</b>	415,487
<b>Total current assets</b>		<b>2,144,544</b>	2,022,187
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>24</i>	<b>535,874</b>	416,724
Other payables and accruals	<i>25</i>	<b>135,841</b>	140,190
Contract liabilities	<i>25</i>	<b>35,617</b>	77,400
Lease liabilities	<i>15(b)</i>	<b>2,989</b>	2,521
Derivative financial instruments	<i>26</i>	<b>–</b>	6,415
Interest-bearing bank and other borrowings	<i>27</i>	<b>315,155</b>	254,850
Tax payable		<b>24,438</b>	36,950
<b>Total current liabilities</b>		<b>1,049,914</b>	935,050
<b>NET CURRENT ASSETS</b>		<b>1,094,630</b>	1,087,137
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,344,012</b>	2,099,797

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<i>27</i>	<b>22,220</b>	44,440
Lease liabilities	<i>15(b)</i>	<b>2,111</b>	4,282
Deferred income		<b>49,372</b>	53,649
Deferred tax liabilities	<i>28</i>	<b>1,090</b>	1,470
Total non-current liabilities		<b>74,793</b>	103,841
Net assets		<b>2,269,219</b>	1,995,956
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	<i>29</i>	<b>137,562</b>	137,351
Treasury shares	<i>29</i>	<b>(10,050)</b>	(8,641)
Reserves	<i>31</i>	<b>2,012,372</b>	1,795,666
Non-controlling interests		<b>2,139,884</b>	1,924,376
		<b>129,335</b>	71,580
Total equity		<b>2,269,219</b>	1,995,956

**Xiang Jie**  
*Director*

**Yue Zhoumin**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Notes	Attributable to owners of the parent											Total equity RMB'000
	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Share-based payment reserve RMB'000 (note a)	Capital redemption reserve RMB'000	Deemed contribution reserve RMB'000 (note b)	Other reserves RMB'000 (note c)	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2025	137,351	(8,641)	371,993	2,596	6,985	14,765	429,454	971,486	(1,613)	1,924,376	71,580	1,995,956
Profit/(loss) for the year	-	-	-	-	-	-	-	137,895	-	137,895	(3,743)	134,152
Other comprehensive loss for the year:	-	-	-	-	-	-	-	-	-	-	-	-
Fair value losses on financial investments at fair value through other comprehensive income	-	-	-	-	-	-	(2,177)	-	-	(2,177)	(1,033)	(3,210)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(10,000)	(10,000)	(3,112)	(13,112)
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	(2,177)	137,895	(10,000)	125,718	(7,888)	117,830
Capital injection from non-controlling shareholders	-	-	-	-	-	-	(8,227)	-	-	(8,227)	20,627	12,400
Exercise of share options	29	211	-	2,577	(464)	-	-	-	-	2,324	-	2,324
Shares repurchased	29	-	(1,409)	-	-	-	-	-	-	(1,409)	-	(1,409)
Share-based payments	30	-	-	15,851	-	-	-	-	-	15,851	-	15,851
Final 2024 dividends	-	-	(14,530)	-	-	-	-	-	-	(14,530)	-	(14,530)
Interim 2025 dividends	11	-	(14,615)	-	-	-	-	-	-	(14,615)	-	(14,615)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)
Acquisition of non-controlling interests	32	-	-	-	-	-	-	(13,682)	-	(13,682)	4,094	(9,588)
Acquisition of a subsidiary	32	-	-	-	-	-	124,078	-	-	124,078	55,922	180,000
Transfer from retained profits	31	-	-	-	-	-	25,726	(25,726)	-	-	-	-
At 31 December 2025	137,562	(10,050)	345,425*	17,983*	6,985*	14,765*	568,854*	1,069,973*	(11,613)*	2,139,884	129,335	2,269,219
At 1 January 2024	139,081	(378)	390,030	2,695	5,205	14,765	419,701	880,864	(4,314)	1,847,649	74,012	1,921,661
Profit/(loss) for the year	-	-	-	-	-	-	-	102,522	-	102,522	(17,078)	85,444
Other comprehensive loss for the year:	-	-	-	-	-	-	-	-	-	-	-	-
Fair value losses on financial investments at fair value through other comprehensive income	-	-	-	-	-	-	(4,667)	-	-	(4,667)	-	(4,667)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	2,701	2,701	723	3,424
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	(4,667)	102,522	2,701	100,556	(16,355)	84,201
Capital injection from non-controlling shareholders	-	-	-	-	-	-	4,300	-	-	4,300	2,450	6,750
Exercise of share options	29	50	-	677	(175)	-	-	-	-	552	-	552
Shares repurchased and cancelled	29	(1,780)	(8,263)	(18,714)	-	1,780	-	(1,780)	-	(28,757)	-	(28,757)
Share-based payments	30	-	-	76	-	-	-	-	-	76	-	76
Acquisition of a subsidiary	32	-	-	-	-	-	-	-	-	-	11,473	11,473
Transfer from retained profits	31	-	-	-	-	-	10,120	(10,120)	-	-	-	-
At 31 December 2024	137,351	(8,641)	371,993*	2,596*	6,985*	14,765*	429,454*	971,486*	(1,613)*	1,924,376	71,580	1,995,956

## Notes:

- (a) The share-based payment reserve represents the fair value of share options granted which are yet to be exercised and equity incentive arrangement, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements. The amount will be transferred to the share premium account when the related options are exercised.
- (b) The deemed contribution reserve represents share-based payment expense incurred and recognised by the Group as settled by issue of shares of Sun.King Group Limited (賽晶集團有限公司) ("Sunking BVI"), a former shareholder of the Company.
- (c) The other reserve mainly arose from certain waivers of loans and/or advances by Sunking BVI to the Group in prior years, acquisitions of/contributions from non-controlling interests, fair value changes on financial investments at fair value through other comprehensive income and the appropriation of statutory reserves.

\* These reserve accounts comprise the consolidated reserves of RMB2,012,372,000 (2024: RMB1,795,666,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>179,235</b>	122,185
Adjustments for:			
Finance costs	7	<b>15,520</b>	17,973
Share of losses of a joint venture and associates		<b>13</b>	186
Interest income		<b>(6,829)</b>	(10,335)
Fair value gains on financial investments at fair value through profit or loss	5	<b>(341)</b>	(2,350)
Fair value gains on financial investments at fair value through other comprehensive income upon derecognition	5	<b>–</b>	(5,250)
Loss on disposal of property, plant and equipment, net	6	<b>271</b>	2,411
Fair value losses/(gains) on foreign currency forward contracts, net	5, 6	<b>(51,010)</b>	18,155
Depreciation of property, plant and equipment	6	<b>50,819</b>	45,342
Depreciation of right-of-use assets	6	<b>4,637</b>	5,177
Amortisation of other intangible assets	6	<b>15,268</b>	12,802
Impairment of trade receivables and contract assets, net	6	<b>7,131</b>	1,052
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net	6	<b>(181)</b>	(10)
Amortisation of deferred income		<b>(5,460)</b>	(3,312)
Write-down/(reversal of write-down) of inventories to net realisable value, net	6	<b>(2,584)</b>	11,750
Share-based payment expense	6	<b>15,851</b>	76
Gain on bargain purchase	5	<b>–</b>	(1,459)
		<b>222,340</b>	214,393
Decrease/(increase) in inventories		<b>7,373</b>	(54,173)
Increase in trade and bills receivables and contract assets		<b>(113,460)</b>	(328,060)
Increase in prepayments, other receivables and other assets		<b>(73,368)</b>	(72,941)
Decrease/(increase) in pledged deposits		<b>(42,259)</b>	12,107
Increase in trade and bills payables		<b>110,110</b>	108,395
Decrease/(increase) in other payables and accruals and contract liabilities		<b>(70,095)</b>	64,114
Change in derivative financial instruments		<b>26,266</b>	(5,747)
Effect of foreign exchange rate changes, net		<b>(20,332)</b>	7,388
Cash generated from/(used in) operations		<b>46,575</b>	(54,524)
Interest paid		<b>(6,968)</b>	(9,397)
Income taxes paid		<b>(55,089)</b>	(22,700)
Net cash flows used in operating activities		<b>(15,482)</b>	(86,621)

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		2,539	6,797
Purchases of property, plant and equipment		(67,232)	(143,705)
Proceeds from disposal of property, plant and equipment		4,766	1,289
Decrease/(increase) in deposits for purchase of property, plant and equipment		(5,830)	7,436
Additions to other intangible assets		(9,479)	(9,309)
Purchases of other intangible assets		(472)	(585)
Purchases of financial investments at fair value through profit or loss		(127,300)	(1,117,771)
Proceeds from disposal/maturity of financial investments at fair value through profit or loss		127,641	1,120,121
Proceeds from maturity of financial investments at fair value through other comprehensive income		-	55,250
Capital contribution to an associate		-	(1,000)
Acquisition of subsidiaries	32	3,776	(14,636)
Investment in an equity investment designated at fair value through other comprehensive income	19	-	(10,000)
Placement of a time deposit with original maturity of over three months when acquired		-	(80,000)
Net cash flows used in investing activities		<b>(71,591)</b>	<b>(186,113)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options	29	2,324	552
Repurchase of shares	29	(1,409)	(28,757)
New bank loans		188,140	107,190
Repayment of bank loans		(150,055)	(190,600)
Dividends paid to shareholders	11	(29,145)	-
Dividends paid to non-controlling shareholders		(15,000)	-
Principal portion of lease payments		(3,380)	(4,025)
Capital injection from non-controlling shareholders		12,400	6,750
Acquisition of non-controlling interests		(9,588)	-
Net cash flows used in financing activities		<b>(5,713)</b>	<b>(108,890)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(92,786)</b>	<b>(381,624)</b>
Cash and cash equivalents at beginning of year		415,487	799,300
Effect of foreign exchange rate changes, net		4,723	(2,189)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>327,424</b>	<b>415,487</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	327,424	415,487

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Sun.King Technology Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 19 March 2010. The ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 13 October 2010. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the trading and manufacture of power electronic components.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued and paid-up capital	Percentage of equity attributable to the Company	Principal activities
Sunking Pacific Limited 賽晶亞太有限公司	Hong Kong	HK\$1	100%	Investment holding
Jiashan Sunking Power Equipment Technology Co., Ltd.* 嘉善華瑞賽晶電氣設備科技有限公司	People’s Republic of China (“ <b>PRC</b> ”)/ Chinese mainland	US\$125,000,000	100%	Research and development, design, sales service and production of electrical/ electronic components and installation, including integrated gate bipolar transistors
Wuxi Sunking Power Capacitor Co., Ltd.* 無錫賽晶電力電容器有限公司	PRC/Chinese mainland	US\$42,132,222	100%	Production of electrical capacitors and complete devices, amorphous alloy transformers, DC current anode saturable dry-type reactors, and FM voltage AC traction; devices; trading agent of various products and technologies
Zhejiang Sine Power Technology Co., Ltd.* 浙江賽英電力科技有限公司	PRC/Chinese mainland	RMB35,000,000	100%	Sale, research and development, and production of laminated busbars
Sunking Pacific Semiconductor Technology (Zhejiang) Co., Ltd.** (“ <b>Sunking Semiconductor</b> ”) 賽晶亞太半導體科技(浙江)有限公司	PRC/Chinese mainland	US\$44,233,154	67.82%	Research and development, production and sales of IGBT, semiconductor components and other components
Beijing Sunking Power Electronics Technology Co., Ltd.* 北京賽晶電力電子科技有限公司	PRC/Chinese mainland	RMB5,000,000	100%	Technology research for electronic power device railway equipment, sale and distribution of power electronic components, import and export of goods and technologies

\* Registered as a wholly-foreign-owned enterprise under PRC law.

\*\* Registered as a limited liability company under PRC law.

All the above investments in subsidiaries are indirectly held by the Company.

Except for Sunking Pacific Limited, the English names of all the above companies registered in the PRC are direct translations of their registered Chinese names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as issued by the International Accounting Standards Board (the “IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investment at fair value through other comprehensive income, certain bills receivable and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

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

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

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

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 2.4 MATERIAL ACCOUNTING POLICIES

#### Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Business combinations and goodwill

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

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

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Fair value measurement

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Impairment of non-financial assets *(continued)*

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

#### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the parent of the Group.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Property, plant and equipment and depreciation

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

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

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

Buildings	2.0% to 5.0%
Leasehold improvements	Over the shorter of the lease terms and 20.0%
Plant and machinery	9.0% to 31.7%
Furniture and fixtures	9.0% to 64.7%
Motor vehicles	19.4% to 24.3%

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

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

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

#### Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Intangible assets (other than goodwill)

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

#### *Patents, technology know-how, customer relationship and computer software*

Patents, technology know-how, customer relationship and computer software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of not exceeding ten years.

#### *Research and development costs*

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

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

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

#### Leases

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

#### *Group as a lessee*

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

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

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

Leasehold land	43 to 50 years
Buildings	2 to 10 years

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Leases *(continued)*

##### *Group as a lessee (continued)*

##### **(b) Lease liabilities**

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

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

##### **(c) Short-term leases**

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

## Investments and other financial assets

### *Initial recognition and measurement*

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

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

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

## 2. ACCOUNTING POLICIES (continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Investments and other financial assets (continued)

##### *Initial recognition and measurement (continued)*

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

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

##### *Subsequent measurement*

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Derecognition of financial assets

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

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

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

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

#### Impairment of financial assets

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

##### **General approach**

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

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

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

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Impairment of financial assets *(continued)*

##### *General approach (continued)*

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### *Simplified approach*

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

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings or payables.

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

##### *Subsequent measurement*

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### **Financial liabilities *(continued)***

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

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

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

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

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

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

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

#### **Derecognition of financial liabilities**

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

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

#### **Offsetting of financial instruments**

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

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Derivative financial instruments

##### *Initial recognition and subsequent measurement*

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

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

#### Treasury shares

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

#### Inventories

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

#### Cash and cash equivalents

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

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

#### Provisions

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

#### Revenue recognition

##### *Revenue from contracts with customers*

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of power electronic components is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. For certain customers, the Group allows a percentage, ranging from 5% to 10%, of the contracted amount (the retention money) to be settled within six months to sixty months, as agreed between the Group and the respective customers on a case by case basis. For those contracts with customer which have payment terms of retention money, the Group concluded that they contain a significant financing component because of the length of time between when the customer pays for the goods and when the Group transfers goods to the customer, as well as the prevailing interest rates in the market. The transaction price for such contracts was determined by discounting the amount of promised consideration using the appropriate discount rate.

##### *Other income*

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

#### Contract assets

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Contract liabilities

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

#### Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

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

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

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

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

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

#### Pension schemes

The employees of the Group’s subsidiaries which operate in Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

#### Borrowing costs

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

#### Events after the reporting period

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

#### Dividends

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

#### Foreign currencies

These financial statements are presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Foreign currencies (continued)

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

### Judgement

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

#### ***Retention money receivable from customers***

The Group agrees with certain customers that a portion, ranging from 5% to 10%, of the contracted amount (the retention money) is to be settled within six months to sixty months, subsequent to the fulfilment of certain conditions including delivery of goods or completion of installation as stipulated in the respective sales contracts. For those contracts with customers which have payment terms of retention money, the Group concluded that they contain a significant financing component because of the length of time between when the customer pays for the goods and when the Group transfers goods to the customer, as well as the prevailing interest rates in the market. The transaction price for such contracts was determined by discounting the amount of promised consideration using the appropriate discount rate.

#### ***Deferred tax assets***

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB559,532,000 (2024: BMB415,318,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB102,685,000. Further details on deferred taxes are disclosed in note 28 to the financial statements.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

#### Estimation uncertainty

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

##### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB182,734,000 (2024: RMB5,689,000). Further details are given in note 16.

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

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates after taking into consideration of forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated with any changes in the forward-looking estimates.

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

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

Write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. The assessment of the write-down amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, the differences will impact the carrying value of the inventories and the write-down charge/reversal in the period in which the estimate has been changed. At 31 December 2025, the carrying amount of inventories was RMB286,546,000 (2024: RMB289,941,000).

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment which is principally engaged in the manufacturing and trading of power electronic components. All of Group's operating results from the operations are generated from this single segment. Management monitors the results of Group's operation as a whole for the purpose of making decisions about resources allocation and performance assessment.

#### Geographical information

As the Group's major operations are in Chinese mainland, and over 95% (2024: over 94%) of the Group's revenue are attributable to customers located in Chinese mainland and non-current assets are located in Chinese mainland, no further geographical segment information is provided.

#### Information about major customers

Revenue from single customers that individually accounted for 10% or more of the Group's revenue is as follows:

In 2025, revenue of approximately RMB406,308,000 and RMB268,670,000 were derived from sales to customers A and B, respectively.

In 2024, revenue of approximately RMB201,215,000 was derived from sales to customers C.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue from contracts with customers is as follows:

	2025 RMB'000	2024 RMB'000
Sale of power electronic components	<b>2,254,903</b>	1,610,209

The performance obligation of the sale of power electronic component is satisfied upon delivery of the products.

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of power electronic components	<b>73,216</b>	26,950

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Government grants*	<b>59,325</b>	37,567
Bank interest income	<b>4,619</b>	8,763
Interest income arising from revenue contracts	<b>2,210</b>	1,572
Foreign exchange differences, net	<b>13,872</b>	–
Fair value gains on foreign currency forward contracts, net	<b>51,010</b>	–
Fair value gains on financial investments at fair value through profit or loss	<b>341</b>	2,350
Fair value gains on financial investments at fair value through other comprehensive income upon derecognition	–	5,250
Gain on disposal of idle/scrap materials	<b>2,041</b>	1,430
Gain on bargain purchase	–	1,459
Gain on commodity futures contracts	–	124
Others	<b>475</b>	703
<b>Total other income and gains</b>	<b>133,893</b>	59,218

\* Various government grants have been received for investments in certain regions in Chinese mainland in which the Company's subsidiaries operate as well as for the Group's technology advancements. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these government grants.

## 6. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2025</b> RMB'000	2024 RMB'000
Cost of inventories sold		<b>1,689,591</b>	1,077,788
Write-down/(reversal of write-down) of inventories to net realisable value, net		<b>(2,584)</b>	11,750
<b>Cost of sales</b>		<b>1,687,007</b>	1,089,538
Auditor's remuneration		<b>1,800</b>	1,700
Depreciation of property, plant and equipment	13	<b>50,819</b>	45,342
Depreciation of right-of-use assets	15(a)	<b>4,637</b>	5,177
Amortisation of deferred development costs**	17	<b>10,658</b>	8,381
Amortisation of other intangible assets** (excluding deferred development costs)	17	<b>4,610</b>	4,421
Lease payments not included in the measurement of lease liabilities	15(c)	<b>869</b>	687
Impairment of trade receivables and contract assets, net*	21	<b>7,131</b>	1,052
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net*	22	<b>(181)</b>	(10)
Foreign exchange differences, net*		–	14,137
Fair value losses on foreign currency forward contracts, net*	26	–	18,155
Loss on disposal of property, plant and equipment *		<b>271</b>	2,411
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		<b>156,249</b>	129,269
Share-based payment expense	30	<b>15,851</b>	76
Pension scheme contributions***		<b>25,816</b>	20,154
<b>Total</b>		<b>197,916</b>	149,499

\* These impairment and loss items are included in "Other expenses and losses, net" in profit or loss.

\*\* These amortisation items are included in "administrative expenses" in profit or loss.

\*\*\* At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Nil).

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<i>Note</i>	<b>2025</b> RMB'000	2024 RMB'000
Interest on bank loans		<b>6,770</b>	9,146
Interest on other loans		<b>8,552</b>	8,576
Interest on lease liabilities	15(b)	<b>198</b>	251
<b>Total</b>		<b>15,520</b>	17,973

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	922	895
Other emoluments:		
Salaries, allowances and benefits in kind	4,224	3,960
Performance related bonuses	6,411	4,372
Share-based payment expense	6,506	–
Pension scheme contributions	354	261
Subtotal	17,495	8,593
Total	18,417	9,488

### (a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Mr. Chen Shimin	163	165
Mr. Zhang Xuejun	163	165
Mr. Leung Ming Shu	163	165
Ms. White Caige*	163	124
Total	652	619

\* Ms. White Caige was appointed as an independent non-executive director on 1 April 2024.

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

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

### (b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share-based payment expense RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
<b>2025</b>						
Executive directors:						
Mr. Xiang Jie	90	1,650	3,075	2,172	18	7,005
Mr. Gong Renyuan*	90	1,544	2,562	2,891	183	7,270
Mr. Yue Zhoumin	90	1,030	774	1,443	153	3,490
<b>Total</b>	<b>270</b>	<b>4,224</b>	<b>6,411</b>	<b>6,506</b>	<b>354</b>	<b>17,765</b>

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share-based payment expense RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>						
Executive directors:						
Mr. Xiang Jie	92	1,650	2,218	–	16	3,976
Mr. Gong Renyuan*	92	1,400	1,676	–	140	3,308
Mr. Yue Zhoumin	92	910	478	–	105	1,585
<b>Subtotal</b>	<b>276</b>	<b>3,960</b>	<b>4,372</b>	<b>–</b>	<b>261</b>	<b>8,869</b>
Non-executive director:						
Ms. Zhang Ling**	–	–	–	–	–	–
<b>Total</b>	<b>276</b>	<b>3,960</b>	<b>4,372</b>	<b>–</b>	<b>261</b>	<b>8,869</b>

\* Mr. Gong Renyuan is also the chief executive of the Company.

\*\* Ms. Zhang Ling resigned as a non-executive director of the company on 16 October 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

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

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	8,660	6,793
Share-based payment expense	3,024	10
Pension scheme contributions	1,037	1,312
Total	12,721	8,115

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

	Number of employees	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	–	–
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	2	–
HK\$4,500,001 to HK\$5,000,000	–	–
HK\$5,000,001 to HK\$5,500,000	1	–
Total	3	3

During the year and in prior years, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

## 10. INCOME TAX

Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25% (2024: 25%). Certain subsidiaries of the Group are qualified as high technology enterprises and hence are granted a preferential CIT rate of 15% (2024: 15%).

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

## 10. INCOME TAX (continued)

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The Group's subsidiaries established in Switzerland, Germany and Netherlands are subject to local corporate taxes of approximately 18% (2024: approximately 18%), 32% (2024: approximately 32%) and 25.8% (2024: 25.8%), respectively.

	2025 RMB'000	2024 RMB'000
Current:		
Chinese mainland – charge for the year	39,322	40,045
over-/ (under) provision in prior years	172	(383)
Europe – charge for the year	3,083	659
Subtotal	42,577	40,321
Deferred (note 28)	2,506	(3,580)
<b>Total tax charge for the year</b>	<b>45,083</b>	<b>36,741</b>

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

### 2025

	Chinese mainland RMB'000	Hong Kong RMB'000	Europe RMB'000	Total RMB'000
Profit/(loss) before tax	217,503	(18,864)	(19,404)	179,235
Tax at the statutory tax rate	54,376	(3,112)	(3,818)	47,446
Lower tax rates for specific provinces or enacted by local authority	(27,581)	–	–	(27,581)
Loss attributable to associates	2	–	–	2
Expenses not deductible for tax	10,985	6,419	1,055	18,459
Additional deductible allowance for research and development expenses	(18,882)	–	–	(18,882)
Tax losses utilised from previous periods	(2,008)	(3,307)	–	(5,315)
Tax losses not recognised	21,903	–	6,379	28,282
Adjustments in respect of current tax of previous periods	172	–	–	172
Withholding tax on intra-group dividend	2,500	–	–	2,500
<b>Tax charge at the Group's effective rate</b>	<b>41,467</b>	<b>–</b>	<b>3,616</b>	<b>45,083</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 10. INCOME TAX (continued)

2024

	Chinese mainland RMB'000	Hong Kong RMB'000	Europe RMB'000	Total RMB'000
Profit/(loss) before tax	170,564	(15,101)	(33,278)	122,185
Tax at the statutory tax rate	42,641	(2,492)	(6,114)	34,035
Lower tax rates for specific provinces or enacted by local authority	(27,945)	–	–	(27,945)
Loss attributable to associates	28	–	–	28
Income not subject to tax	–	(1,939)	–	(1,939)
Expenses not deductible for tax	11,712	1,210	902	13,824
Additional deductible allowance for research and development expenses	(15,288)	–	–	(15,288)
Tax losses utilised from previous periods	(4,171)	–	(1,246)	(5,417)
Tax losses not recognised	27,452	3,221	6,653	37,326
Adjustments in respect of current tax of previous periods	(383)	–	–	(383)
Withholding tax on intra-group dividend	2,500	–	–	2,500
Tax charge at the Group's effective rate	36,546	–	195	36,741

There was no share of tax attributable to associates for the year ended 31 December 2025 (2024: Nil).

## 11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Interim – HK1 cent (2024: Nil) per ordinary share	14,615	–
Proposed final – HK1 cent per ordinary share	14,411	14,766
	<b>29,026</b>	14,766

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB137,895,000 (2024: RMB102,522,000), and the weighted average number of ordinary shares of 1,603,394,456 (2024: 1,603,771,021) outstanding during the year.

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

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	137,895	102,522
<b>Number of shares</b>		
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,603,394,456*	1,603,771,021*
Effect of dilution – weighted average number of ordinary shares: Share options	9,873,732	278,060
<b>Total</b>	<b>1,613,268,188</b>	<b>1,604,049,081</b>

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improve- ments RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2025</b>							
At 1 January 2025							
Cost	420,680	5,716	391,391	72,814	14,107	128,238	1,032,946
Accumulated depreciation and impairment	(85,665)	(3,429)	(149,980)	(49,835)	(9,096)	-	(298,005)
Net carrying amount	335,015	2,287	241,411	22,979	5,011	128,238	734,941
At 1 January 2025, net of accumulated depreciation and impairment	335,015	2,287	241,411	22,979	5,011	128,238	734,941
Additions	452	60	8,488	7,574	1,772	59,953	78,299
Acquisition of a subsidiary (note 32)	-	215	924	346	171	-	1,656
Disposals	(3)	-	(2,375)	(1,481)	(1,178)	-	(5,037)
Depreciation provided during the year	(11,820)	(210)	(29,325)	(8,561)	(903)	-	(50,819)
Transfers	43,799	-	52,368	388	-	(96,555)	-
Exchange realignment	-	243	-	617	3	8	871
At 31 December 2025, net of accumulated depreciation and impairment	367,443	2,595	271,491	21,862	4,876	91,644	759,911
At 31 December 2025							
Cost	464,931	6,703	450,969	82,088	15,085	91,644	1,111,420
Accumulated depreciation and impairment	(97,488)	(4,108)	(179,478)	(60,226)	(10,209)	-	(351,509)
Net carrying amount	367,443	2,595	271,491	21,862	4,876	91,644	759,911

## 13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings RMB'000	Leasehold improve- ments RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024							
Cost	398,084	5,583	285,373	65,935	13,504	116,110	884,589
Accumulated depreciation and impairment	(76,717)	(3,182)	(117,465)	(42,532)	(8,827)	-	(248,723)
Net carrying amount	321,367	2,401	167,908	23,403	4,677	116,110	635,866
At 1 January 2024, net of accumulated depreciation and impairment							
	321,367	2,401	167,908	23,403	4,677	116,110	635,866
Additions	897	266	5,448	5,327	1,542	126,815	140,295
Acquisition of a subsidiary (note 32)	-	202	7,101	547	624	-	8,474
Disposals	(2,746)	(1)	(79)	(493)	(110)	(271)	(3,700)
Depreciation provided during the year	(12,154)	(461)	(23,179)	(7,830)	(1,718)	-	(45,342)
Transfers	27,651	-	84,212	2,553	-	(114,416)	-
Exchange realignment	-	(120)	-	(528)	(4)	-	(652)
At 31 December 2024, net of accumulated depreciation and impairment	335,015	2,287	241,411	22,979	5,011	128,238	734,941
At 31 December 2024							
Cost	420,680	5,716	391,391	72,814	14,107	128,238	1,032,946
Accumulated depreciation and impairment	(85,665)	(3,429)	(149,980)	(49,835)	(9,096)	-	(298,005)
Net carrying amount	335,015	2,287	241,411	22,979	5,011	128,238	734,941

At 31 December 2025, two of the Group's buildings with an aggregate carrying amount of RMB6,288,000 (2024: RMB6,675,000) did not have building ownership certificates registered under the name of a subsidiary of the Group. The directors of the Company are of the view that the Group is entitled lawfully and validly to occupy and/or use the buildings for its daily operations, notwithstanding the fact that the related building ownership certificates have not yet been obtained.

At 31 December 2025, certain of the Group's buildings, plant and machinery with net carrying amounts of RMB330,799,000 (2024: RMB217,420,000) were pledged to secure general banking facilities granted to the Group (note 27).

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	15,720	16,956
Disposal	(162)	(1,236)
Carrying amount at 31 December	15,558	15,720

The Group's investment properties consist of 2 (2024: 2) commercial properties and 34 (2024: 35) residential properties in Chinese mainland, all of which did not have building ownership certificates registered under the name of a subsidiary of the Group. The directors of the Company are of the view that the Group is entitled lawfully and validly to own these properties, notwithstanding the fact that the related building ownership certificates have not yet been obtained.

The Group's management has determined that the investment properties consist of two classes of asset, i.e., commercial and residential, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Asia-Pacific Consulting and Appraisal Limited, independent professionally qualified valuers, at RMB15,558,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

### Fair value hierarchy

All of the Group's investment properties are categorised within Level 3 of the fair value measurement hierarchy. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000	Residential properties RMB'000
Carrying amount at 1 January 2024	2,146	14,810
Disposal	(563)	(673)
Carrying amount at 1 January 2025	1,583	14,137
Disposal	-	(162)
Carrying amount at 31 December 2025	1,583	13,975

## 14. INVESTMENT PROPERTIES *(continued)*

### Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range	
			2025	2024
Commercial properties	Market approach	Adjustment on market unit price (per sq.m.)	-5.7% to -2.0%	-2.9%
Residential properties	Market approach	Adjustment on market unit price (per sq.m.)	-15.7% to -3.8%	-15.4% to -3.8%

Under the market approach, fair value is estimated based on the unit prices of comparable properties with certain adjustments made to reflect the differences in location, neighbourhood, environment, facilities, etc. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. Physical, location and economical characteristics are important criteria to be analysed when comparing such comparable properties against the subject property.

The adjustment on market unit prices is determined by referring to the differences of the subject property against the comparable properties in terms of age, decoration and the listing nature of the comparable properties.

## 15. LEASES

The Group has lease contracts for various items of buildings and land use rights used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 43 to 50 years. Leases of property generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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

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

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024	47,572	8,896	56,468
Additions	–	1,470	1,470
Depreciation charge	(1,285)	(3,892)	(5,177)
As at 31 December 2024 and 1 January 2025	46,287	6,474	52,761
Additions	–	1,677	1,677
Depreciation charge	(1,267)	(3,370)	(4,637)
As at 31 December 2025	45,020	4,781	49,801

At 31 December 2025, certain of the Group's land use rights with net carrying amounts of RMB15,631,000 (2024: RMB15,987,000) were pledged to secure general banking facilities granted to the Group (note 27).

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 15. LEASES (continued)

### (b) Lease liabilities

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

	Note	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January		6,803	9,358
New leases		1,677	1,470
Accretion of interest recognised during the year	7	198	251
Payments		(3,578)	(4,276)
Carrying amount at 31 December		5,100	6,803
Analysed into:			
Current portion			
– repayable within one year		2,989	2,521
Non-current portion			
– repayable in the second year		1,981	1,425
– repayable in the third to fifth years, inclusive		130	2,857
Subtotal		2,111	4,282
Total		5,100	6,803

The maturity profile of lease liabilities is disclosed in note 39 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	198	251
Depreciation charge of right-of-use assets	4,637	5,177
Expense relating to short-term leases (included in administrative expenses)	869	687
Total amount recognised in profit or loss	5,704	6,115

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

## 16. GOODWILL

	2025 RMB'000	2024 RMB'000
At 1 January:		
Cost	8,392	8,392
Accumulated impairment	(2,703)	(2,703)
Net carrying amount	<b>5,689</b>	5,689
Cost at 1 January, net of accumulated impairment	<b>5,689</b>	5,689
Acquisition of a subsidiary (note 32)	<b>177,045</b>	–
Cost at 31 December, net of accumulated impairment	<b>182,734</b>	5,689
At 31 December:		
Cost	<b>185,437</b>	8,392
Accumulated impairment	<b>(2,703)</b>	(2,703)
Net carrying amount	<b>182,734</b>	5,689

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Astrol		MorEnergy		HNHA		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Gross amount	<b>6,878</b>	6,878	<b>1,514</b>	1,514	<b>177,045</b>	–	<b>185,437</b>	8,392
Accumulated impairment	<b>(1,189)</b>	(1,189)	<b>(1,514)</b>	(1,514)	–	–	<b>(2,703)</b>	(2,703)
Net carrying amount	<b>5,689</b>	5,689	–	–	<b>177,045</b>	–	<b>182,734</b>	5,689

### Impairment testing of goodwill

The recoverable amount of Astrol cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.4% (2024: 17.2%). The growth rate used to extrapolate the cash flows of Astrol cash-generating unit beyond the five-year period is 1.5% (2024: 1.5%), which the same as the long term average growth rate of the industry in which Astrol cash-generating unit operated.

The recoverable amount of Hunan Hong'an Microelectronics Co., Ltd. ("HNHA") cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 13.5%. The growth rate used to extrapolate the cash flows of HNHA cash-generating unit beyond the five-year period is 2%, which the same as the long term average growth rate of the industry in which HNHA cash-generating unit operated.

Assumptions were used in the value in use calculation of Astrol and HNHA cash-generating unit. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Revenue growth rates* – the Growth rates used in the cash flow projections with reference to the management's expectation of future business plans.

*Budgeted gross margins* – The basis used to determine the value assigned to the budgeted gross margins is with reference to the average gross margins achieved in the years immediately before the budget year, adjusted for expected market development.

*Discount rates* – The discount rates used are after tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 17. OTHER INTANGIBLE ASSETS

	Technology know-how RMB'000	Customer relationship RMB'000	Patents RMB'000	Deferred development costs RMB'000	Computer software RMB'000	Total RMB'000
<b>31 December 2025</b>						
At 1 January 2025:						
Cost	9,133	8,644	15,136	76,675	17,344	126,932
Accumulated amortisation and impairment	(7,763)	(7,347)	(9,388)	(24,572)	(8,086)	(57,156)
Net carrying amount	1,370	1,297	5,748	52,103	9,258	69,776
Cost at 1 January 2025, net of accumulated amortisation and impairment						
	1,370	1,297	5,748	52,103	9,258	69,776
Additions – internal development	-	-	-	9,479	-	9,479
Additions – external purchases	-	-	-	-	472	472
Acquisition of subsidiary (note 32)	-	-	-	81	-	81
Amortisation provided during the year	(1,011)	(957)	(863)	(10,658)	(1,779)	(15,268)
Exchange realignment	148	138	404	1,055	1	1,746
Cost at 31 December 2025 net of accumulated amortisation and impairment	507	478	5,289	52,060	7,952	66,286
At 31 December 2025:						
Cost	10,108	9,566	16,471	88,533	17,735	142,413
Accumulated amortisation and impairment	(9,601)	(9,088)	(11,182)	(36,473)	(9,783)	(76,127)
Net carrying amount	507	478	5,289	52,060	7,952	66,286
	Technology know-how RMB'000	Customer relationship RMB'000	Patents RMB'000	Deferred development costs RMB'000	Computer software RMB'000	Total RMB'000
<b>31 December 2024</b>						
At 1 January 2024:						
Cost	9,614	9,099	15,771	68,487	16,595	119,566
Accumulated amortisation and impairment	(7,210)	(6,824)	(8,976)	(16,577)	(6,233)	(45,820)
Net carrying amount	2,404	2,275	6,795	51,910	10,362	73,746
Cost at 1 January 2024, net of accumulated amortisation and impairment						
	2,404	2,275	6,795	51,910	10,362	73,746
Additions – internal development	-	-	-	9,309	-	9,309
Additions – external purchases	-	-	-	-	585	585
Acquisition of subsidiary (note 32)	-	-	-	-	142	142
Amortisation provided during the year	(914)	(864)	(816)	(8,381)	(1,827)	(12,802)
Exchange realignment	(120)	(114)	(231)	(735)	(4)	(1,204)
Cost at 31 December 2024 net of accumulated amortisation and impairment	1,370	1,297	5,748	52,103	9,258	69,776
At 31 December 2024:						
Cost	9,133	8,644	15,136	76,675	17,344	126,932
Accumulated amortisation and impairment	(7,763)	(7,347)	(9,388)	(24,572)	(8,086)	(57,156)
Net carrying amount	1,370	1,297	5,748	52,103	9,258	69,776

## 18. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	2,157	2,170
Goodwill on acquisition	243	243
<b>Subtotal</b>	<b>2,400</b>	<b>2,413</b>

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

	2025 RMB'000	2024 RMB'000
Share of the associates' loss and total comprehensive loss	(13)	(186)
<b>Aggregate carrying amount of the Group's investments in associates</b>	<b>2,400</b>	<b>2,413</b>

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

	2025 RMB'000	2024 RMB'000
Unlisted equity investment, at fair value Yitong Semiconductor (Shenzhen) Co., Ltd.	6,790	10,000

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

## 20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	136,456	170,432
Work in progress	45,531	39,122
Finished goods	104,559	80,387
<b>Total</b>	<b>286,546</b>	<b>289,941</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 21. TRADE AND BILLS RECEIVABLES/CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Trade receivables	1,058,961	922,229
Impairment	(22,392)	(15,585)
Net carrying amount	1,036,569	906,644
Bills receivable	204,877	254,525
<b>Total</b>	<b>1,241,446</b>	<b>1,161,169</b>

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Contract assets	77,041	38,840	45,303
Impairment	(474)	(150)	(175)
Net carrying amount	76,567	38,690	45,128
Analysed into:			
Current portion	11,957	11,752	9,669
Non-current portion	64,610	26,938	35,459
<b>Total</b>	<b>76,567</b>	<b>38,690</b>	<b>45,128</b>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and contract assets and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Concentration of credit risk is managed by customer/counterparty. The Group does not hold any collateral or other credit enhancements over its trade receivable and contract assets balances. Trade receivables and contract assets are non-interest-bearing.

For certain customers, the Group allows a percentage, ranging from 5% to 10%, of the contracted amount (the retention money) to be settled within six months to sixty months, as agreed between the Group and the respective customers on a case by case basis, subsequent to the fulfilment of certain conditions including normal operation of the product within warranty period as stipulated in the respective sales contracts. Contract assets are recognised for revenue earned from the sale of products as the receipt of consideration is conditional on the successful expiry of warranty period. Upon the expiry of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2025 and 2024 are the result of the receipt of sales contract amounts and expiration of quality guarantee deposits.

## 21. TRADE AND BILLS RECEIVABLES/CONTRACT ASSETS *(continued)*

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	11,957	11,752
More than one year	64,610	26,938
<b>Total contract assets</b>	<b>76,567</b>	<b>38,690</b>

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the customers' acknowledge of receipt or invoice date, where applicable, and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 month	656,013	518,522
4 to 6 months	179,582	188,948
7 to 12 months	123,895	117,107
Over 1 year	77,079	82,067
<b>Total</b>	<b>1,036,569</b>	<b>906,644</b>

At 31 December 2025, the Group's bills receivable would mature within six (2024: six) months.

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

	2025 RMB'000	2024 RMB'000
At beginning of year	15,585	14,508
Impairment losses, net (note 6)	6,807	1,077
<b>At end of year</b>	<b>22,392</b>	<b>15,585</b>

The increase in the loss allowance in 2025 and 2024 was mainly due to the increase in sales contract amounts.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 21. TRADE AND BILLS RECEIVABLES/CONTRACT ASSETS (continued)

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	150	175
Impairment losses, net (note 6)	324	(25)
At end of year	474	150

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome and the reasonable and supportable information that is available at the reporting date about past events after taking into consideration of forward-looking information. For trade receivables and contract assets due from some major customers (Tier 1 customers), the Group is of opinion that there will be no expected credit loss on these accounts even though these trade receivables and contract assets are overdue, based on their credit rating and no history of default on these accounts.

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

### 31 December 2025

RMB'000	Within credit period	Past due				Total
		Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount	636,389	438,157	44,953	9,263	7,240	1,136,002
Amount from Tier 1 customers	4,401	-	-	-	-	4,401
Carrying amount without Tier 1 customers	631,988	438,157	44,953	9,263	7,240	1,131,601
Expected credit loss rate (%)	0.55	0.55	12.74	43.70	100	2.02
Expected credit losses	3,459	2,393	5,726	4,048	7,240	22,866

### 31 December 2024

RMB'000	Within credit period	Past due				Total
		Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount	587,452	324,560	37,988	3,762	7,307	961,069
Amount from Tier 1 customers	22,918	-	-	-	-	22,918
Carrying amount without Tier 1 customers	564,534	324,560	37,988	3,762	7,307	938,151
Expected credit loss rate (%)	0.36	0.36	10.09	36.95	100	1.68
Expected credit losses	2,033	1,172	3,833	1,390	7,307	15,735

## 21. TRADE AND BILLS RECEIVABLES/CONTRACT ASSETS *(continued)*

At 31 December 2025, certain bills receivable of the Group with an aggregate carrying amount of RMB44,573,000 (2024: RMB74,084,000) were pledged to secure certain of the Group's bills payable (note 24).

### *Transferred financial assets that are not derecognised in their entirety*

At 31 December 2025, the Group discounted certain bank acceptance notes with aggregate amounts of nil (2024: nil) to certain banks in Chinese mainland. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such discounted notes, and accordingly, it continued to recognise the full carrying amounts of the discounted notes and recognised the associated interest-bearing bank borrowings obtained.

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the “**Endorsed Bills**”) with a carrying amounts of RMB21,444,000 (2024: RMB12,835,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bill, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

### *Transferred financial assets that are derecognised in their entirety*

At 31 December 2025, The Group discounted certain bank acceptance notes with aggregate amounts of RMB20,978,000 (2024: nil), to certain banks in Chinese mainland. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the aforementioned bills may exercise the right of recourse against any, several or all of the persons liable for the aforementioned bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the banks holding those derecognised bills is remote. The Group has transferred substantially all risks and rewards relating to the derecognised notes in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the derecognised notes. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised notes and the undiscounted cash flows to repurchase these derecognised notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognised notes are not significant.

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with aggregate amounts of RMB179,165,000 (2024: RMB142,548,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence. In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	85,636	19,044
Loans to a third party company (note)	65,000	70,000
Deposits and other receivables	41,325	30,353
	<b>191,961</b>	119,397
Impairment	<b>(2,536)</b>	(2,717)
Total	<b>189,425</b>	116,680

*Note: In December 2025, the Group made loans of RMB15,000,000 and RMB50,000,000, respectively, to third party companies which are service providers working together with the Group on large-scaled wind power projects. The loans were made as part of the start-up fund of the projects and are unsecured, interest-free and demanded to be repaid in April and June 2026.*

*In October and November 2024, the Group made loans of RMB20,000,000 and RMB50,000,000, respectively, to a third party company which is one of the service providers working together with the Group on large-scaled wind/solar-related power projects. The loans were made as part of the start-up fund of the projects and are unsecured, interest-free and repayable in six months after the respective loan advance dates. The amounts were fully repaid during the year ended 31 December, 2025.*

## 22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	2,717	2,727
Reversal of impairment losses, net (note 6)	(181)	(10)
At 31 December	<b>2,536</b>	2,717

The decrease in the loss allowance was mainly due to the decrease in overdue amounts of financial assets included in prepayments, other receivables and other assets with an aggregate gross carrying amount of RMB181,000 (2024: RMB10,000) and corresponding loss allowance of RMB181,000 (2024: RMB10,000).

Generally, the Group measures the loss allowance equal to 12-month ECL of financial assets included in prepayments, other receivables and other assets. For those balances expected to have significant increase in credit risk since initial recognition, the Group applies lifetime ECL based on the ageing for classes with different credit risk characteristics and exposures. Except for financial assets included in prepayments, other receivables and other assets amounting to RMB2,536,000 (2024: RMB2,717,000) included in the above balances, the above assets are neither past due nor impaired. Other than the aforementioned impaired financial assets included in prepayments, other receivables and other assets, the financial assets included in the above balances related to prepayments, other receivables and other assets for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

## 23. CASH AND CASH EQUIVALENTS AND TIME DEPOSIT

	2025 RMB'000	2024 RMB'000
Cash and bank balances	396,841	442,645
Less: Bank deposits pledged for:		
Purchase of forward foreign currency contract	(58,348)	(15,995)
Purchases of inventories	(11,069)	(11,163)
Cash and cash equivalents	<b>327,424</b>	415,487
Time deposit	<b>84,046</b>	80,000

At the end of the reporting period, the cash and bank balances and time deposit of the Group denominated in RMB amounted to RMB291,867,000 (2024: RMB258,696,000). The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The time deposit is made for a period of three years and earn interest at fixed time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 24. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the good receipt or invoice date, where applicable, is as follows:

	2025 RMB'000	2024 RMB'000
Within six months	482,620	366,017
Over six months	53,254	50,707
Total	535,874	416,724

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 days to 180 days.

At 31 December 2025, Group's bills payable are secured by the pledge of the Group's bills receivable amounting to RMB44,573,000 (2024: RMB74,084,000) (note 21).

## 25. OTHER PAYABLES AND ACCRUALS/CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Other payables and accruals	130,212	133,377
Deferred income	5,629	6,813
Contract liabilities	135,841	140,190
	35,617	77,400
Total	171,458	217,590

Other payables are non-interest-bearing and have an average term of three months.

Contract liabilities include short-term advances received to deliver power electronic components. The decrease in contract liabilities in 2025 from RMB77,400,000 to RMB35,617,000 was mainly due to the decrease in short-term advances received from customers in relation to sales of power electronic components at the end of the year. The increase in contract liabilities in 2024 from RMB26,965,000 to RMB77,400,000 was mainly due to the increase in short-term advances received from customers in relation to sales of power electronic components at the end of the year.

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into various forward foreign currency contracts to manage its exchange rate exposures. These forward foreign currency contracts are not designated for hedging purposes and are measured at fair value through profit or loss. Net fair value gains on these derivatives amounting to RMB51,010,000 was credited to other income and gains during the year (2024: net fair value losses of RMB18,155,000 charged to other expenses).

## 27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Current		
Current portion of long term bank loans, secured	33,355	59,650
Bank loans, unsecured	126,300	39,700
Other loans, unsecured	155,500	155,500
<b>Total – current</b>	<b>315,155</b>	254,850
Non-current		
Bank loans, secured	22,220	44,440
<b>Total bank and other borrowings</b>	<b>337,375</b>	299,290
Analysed into:		
Bank loans		
– repayable within one year or on demand	159,655	99,350
– repayable in the second year	13,825	33,355
– repayable in the third to fifth years, inclusive	8,395	11,085
<b>Total bank loans</b>	<b>181,875</b>	143,790
Other loans		
– repayable within one year or on demand	155,500	155,500
<b>Total bank and other borrowings</b>	<b>337,375</b>	299,290

At 31 December 2025, the Group's bank loans carry effective interest rates ranging from 2.10% to 3.20% (2024: 3.5% to 3.95%), and will mature during the years from 2026 to 2028 (2024: from 2025 to 2028). The Group's other loans represent redemption liabilities on one of its subsidiaries in which capital contribution from certain non-controlling shareholders of that subsidiary could become redeemable upon the occurrence of certain contingent events not controllable by the Group, and the redemption price is calculated based on an annual rate of 5.5% of the capital contribution amount. All of the Group's bank and other borrowings are denominated in RMB.

At 31 December 2025, the Group's bank and other borrowings of fixed interest rate and variable interest rate amounted to RMB327,475,000 and RMB9,900,000 (2024: RMB244,640,000 and RMB54,650,000), respectively.

The assets pledged to the Group's secured bank loans are summarised below:

	2025 RMB'000	2024 RMB'000
Land use rights	15,631	15,987
Buildings	104,567	101,632
Plant and machinery	226,232	115,788
<b>Total</b>	<b>346,430</b>	233,407

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 28. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Provisions RMB'000	Fair value adjustments of financial investments at fair value through other comprehensive income RMB'000	Fair value adjustments arising from acquisitions of subsidiaries RMB'000	Losses available for offsetting against future taxable profits RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Fair value adjustments of financial investments a fair value through profit or loss RMB'000	Others RMB'000	Total RMB'000
Deferred tax assets/(liabilities) at 1 January 2024	3,980	(525)	(2,038)	1,883	(1,665)	1,744	(899)	298	2,778
Deferred tax credited/(charged) to profit or loss during the year (note 10)	376	-	487	100	452	(480)	1,878	767	3,580
Deferred tax charged to other comprehensive income	-	525	-	-	-	-	-	-	525
Exchange differences	-	-	81	-	-	-	-	-	81
Deferred tax assets/(liabilities) at 31 December 2024 and 1 January 2025	4,356	-	(1,470)	1,983	(1,213)	1,264	979	1,065	6,964
Deferred tax credited/(charged) to profit or loss during the year (note 10)	807	-	500	685	332	(375)	(3,775)	(680)	(2,506)
Deferred tax charged to other comprehensive income	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	(120)	-	-	-	-	-	(120)
Deferred tax assets/(liabilities) at 31 December 2025	5,163	-	(1,090)	2,668	(881)	889	(2,796)	385	4,338

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets	5,428	8,434
Net deferred tax liabilities	(1,090)	(1,470)
Total	4,338	6,964

## 28. DEFERRED TAX *(continued)*

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

	2025 RMB'000	2024 RMB'000
Tax losses will be		
expired within five years	510,898	385,226
available indefinitely	48,634	30,092
Subtotal	559,532	415,318
Deductible temporary differences	16,070	16,967
Total	575,602	432,285

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

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 10%.

As at 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries in Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese mainland for which deferred tax liabilities have not been recognised totalled RMB70,699,000 (2024: RMB83,514,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 29. SHARE CAPITAL

### Shares

	2025 RMB'000		2024 RMB'000	
Authorised:				
200,000,000 (2024:200,000,000) ordinary shares of HK\$0.10 each		200,000		200,000
	2025		2024	
	HK\$'000	RMB'000 equivalent	HK\$'000	RMB'000 equivalent
Issued and fully paid:				
1,595,512,000 (2024: 1,594,494,000) ordinary shares of HK\$0.10 each	159,551	137,562	159,449	137,351

The ordinary shares of the Company do not have a par value.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 29. SHARE CAPITAL (continued)

### Shares (continued)

A summary of movements in the Company's issued share capital and treasury shares is as follows:

	Number of shares in issue	Issued capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2024	1,622,474,000*	139,081	(378)	390,030	528,733
Share options exercised (Note (a))	550,000	50	–	677	727
Shares repurchased and cancelled (Note (b))	(28,530,000)	(1,780)	(8,263)	(18,714)	(28,757)
At 31 December 2024 and 1 January 2025	1,594,494,000*	137,351	(8,641)	371,993	500,703
Share options exercised (Note (a))	2,314,000	211	–	2,577	2,788
Shares repurchased (Note (b))	– (1,296,000)	– –	(1,409) –	– –	(1,409) –
Dividend	–	–	–	(29,145)	(29,145)
At 31 December 2025	1,595,512,000*	137,562	(10,050)	345,425	472,937

\* Excluding 10,636,000 (2024: 9,340,000) shares repurchased but not cancelled as at 31 December 2025.

Notes:

(a) In 2025, the subscription rights attaching to 2,314,000 share options were exercised at the subscription prices of HK\$1.10 per share (note 30), respectively, resulting in the issue of 2,314,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$2,545,000 (equivalent to approximately RMB2,324,000). An amount of RMB464,000 was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

In 2024, the subscription rights attaching to 550,000 share options were exercised at the subscription prices of HK\$1.10 per share (note 31), respectively, resulting in the issue of 550,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$605,000 (equivalent to approximately RMB552,000). An amount of RMB175,000 was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

(b) During the year, the Company repurchased a total of 1,296,000 (2024: 28,530,000) of the Company's shares and no (2024: 19,190,000) share has been cancelled. The total consideration paid to repurchase these shares was RMB1,409,000 (2024: RMB28,757,000), which has been deducted from equity attributable to the owners of the Company.

### Shares options

Details of the Company's share option scheme and the share options issued under the share option scheme are included in note 30 to the financial statements.

## 30. SHARE OPTION SCHEME

The Company operates a share option scheme (the “2020 Share Option Scheme”) for providing incentives and rewards to directors, eligible employees of the Group and suppliers, customers and consultants of the Group, which was approved in the Group’s annual general meeting held on 21 May 2020. Unless otherwise cancelled or amended, the 2020 Share Option Scheme will remain in force for 10 years from 21 May 2020.

Under the 2020 Share Option Scheme, the maximum number of unexercised share options currently permitted to be granted is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date when the schemes were approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2020 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Under the 2020 Share Option Scheme, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, in excess of 0.1% of the Company’s share capital or with a value in excess of HK\$5 million, based on the closing price of the Company’s shares at the date of offer, must be approved in advance by the Company’s shareholders.

Under the 2020 Share Option Scheme, the offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and commences after a vesting period and ends on the date on which the options lapse or the date on which the scheme expires, if earlier. The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company’s shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

The following share options were outstanding under the Share Option Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	1.10	5,120	1.10	5,670
Granted during the year	1.33	69,700	–	–
Exercised during the year	1.10	(2,314)	1.10	(550)
Forfeited during the year	1.10	(20)	1.10	–
At 31 December	1.32	72,486	1.10	5,120

The weighted average share price at the date of exercise for share options exercised during the year was RMB1.78 per share (2024: RMB1.28).

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 30. SHARE OPTION SCHEME (continued)

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

Exercise period (dd-mm-yyyy)	Exercise price per share HK\$	Number of options	
		2025 '000	2024 '000
01-04-2021 to 31-03-2026	1.10*	2,786	5,120
01-01-2026 to 01-01-2031	1.30*	49,700	–
09-26-2026 to 09-26-2031	1.40*	20,000	–

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair values of each of the share options granted during the year ended 31 December 2020 were HK\$0.40 for executives and HK\$0.36 for non-executives, of which the Group recognised a share option expense of nil for the year ended 31 December 2025 (2024: RMB76,000).

The fair values of each of the share options granted during the year ended 31 December 2025 were HK\$0.88 for Mr. Xiang Jie, HK\$0.63 for executives and HK\$0.60 for non-executives, of which the Group recognised a share option expense of RMB15,851,000 for the year ended 31 December 2025 (2024: Nil).

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

	2020	2025
Dividend yield (%)	2.3	2.81-3.85
Expected volatility (%)	52	57-58
Historical volatility (%)	52	57-58
Risk-free interest rate (%)	0.67	2.64-3.41

The expected life of the options is determined with reference to the vesting term and original contractual term of the Share Option Scheme and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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

The 2,314,000 share options exercised during the year resulted in the issue of 2,314,000 ordinary shares of the Company and new share capital of HK\$2,545,000 (equivalent to RMB2,324,000) as further detailed in note 29 to the financial statements.

At the end of the reporting period, the Company had 72,486,000 share options outstanding under the 2020 and 2010 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 72,486,000 additional ordinary shares of the Company and additional share capital of HK\$7,249,000 (equivalent to RMB6,547,000) and share premium of HK\$88,426,000 (equivalent to RMB79,868,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 69,296,000 shares options outstanding under the 2020 and 2010 Share Option Scheme, which represented 4.31% of the Company's shares in issue as at that date.

## 31. RESERVES

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

In accordance with the regulations in the PRC and the respective articles of association, the PRC subsidiaries of the Group are required to make an appropriation of retained profits equal to at least 10% of their respective after-tax profits, calculated in accordance with the PRC accounting standards and regulations. Such appropriations are classified in the consolidated statement of financial position as other reserves. Appropriations to these reserves are not required after these reserves have reached 50% of the registered capital of the respective companies.

## 32. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Business combination for the year ended 31 December 2025:

On 31 August 2025, the Group acquired a 100% equity interest in HNHA for the purpose of enhancing the stability of supply chain of IGBT semiconductor. The purchase consideration for the acquisition was satisfied by issuing new registered capital of Sunking Semiconductor (equivalent to 9% of the enlarged equity interest on Sunking Semiconductor). The fair value of these consideration shares was RMB180,000,000 which was determined based on the valuations performed by Asia-Pacific Consulting and Appraisal Limited.

The fair values of the identifiable assets and liabilities of HNHA as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	1,656
Other intangible assets	81
Cash and cash equivalents	3,776
Trade receivables	9,615
Prepayments and other receivables	1,000
Inventories	1,394
Trade payables	(9,040)
Other payables and accruals	(5,527)
<b>Total identifiable net assets at fair value</b>	<b>2,955</b>
Goodwill on acquisition	177,045
<b>Satisfied by equity interest in Sunking Semiconductor</b>	<b>180,000</b>

The gross contractual amounts and fair value of the trade receivables as at the date of acquisition amounted to RMB9,615,000.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 32. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS *(continued)*

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash and bank balances acquired	3,776
Net inflow of cash and cash equivalents included in cash flows from investing activities	3,776

Since the acquisition, HNHA contributed RMB9,305,000 to the Group's revenue and a loss of RMB4,237,000 to the Group's profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB2,337,467,000 and RMB125,848,000, respectively.

Business combination for the year ended 31 December 2024:

On 30 September 2024, the Group acquired a 60% interest in Ningbo Hairong Electrical Appliance Co., Ltd. ("NBHR"). NBHR is primarily engaged in the manufacturing of electrical machinery and equipment. The acquisition was made as part of the Group's strategy to expand the Group's existing product ranges. The purchase consideration for the acquisition was in the form of cash of RMB15,750,000, all of which were paid in October 2024.

The fair values of the identifiable assets and liabilities of NBHR as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	8,474
Other intangible assets	142
Cash and cash equivalents	1,114
Trade receivables	11,545
Prepayments and other receivables	1,041
Inventories	17,599
Trade payables	(6,800)
Other payables and accruals	(4,433)
Total identifiable net assets at fair value	28,682
Non-controlling interests	(11,473)
Gain on bargain purchase	(1,459)
Satisfied by cash	15,750

## 32. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS *(continued)*

The gross contractual amounts and fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB11,545,000 and RMB1,041,000, respectively.

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration	(15,750)
Cash and bank balances acquired	1,114
Net outflow of cash and cash equivalents included in cash flows from investing activities	(14,636)

Since the acquisition, NBHR contributed RMB12,040,000 to the Group's revenue and a loss of RMB1,756,000 to the Group's profit for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB1,639,429,000 and RMB96,539,000, respectively.

Acquisition of non-controlling interests for the year ended 31 December 2025.

On 1 October 2025, the Group acquired an additional 3% interest of the voting shares of NBHR, increasing its ownership interest to 63%. A cash consideration of RMB6,000,000 was paid to the non-controlling shareholders. The carrying value of the net assets of NBHR at that date was RMB27,347,000. The following is a schedule of the additional interest acquired in NBHR:

	RMB'000
Cash consideration paid to non-controlling shareholders	(6,000)
Carrying value of the additional interest in NBHR	820
Difference recognised in retained profits	(5,180)

On 1 July 2025, the Group acquired an additional 3.75% interest of the voting shares of SwissSEM, increasing its ownership interest to 74.95%. A cash consideration of RMB3,588,000 was paid to the non-controlling shareholders. The carrying value of the net liabilities of SwissSEM at that date was RMB131,094,000. The following is a schedule of the additional interest acquired in SwissSEM:

	RMB'000
Cash consideration paid to non-controlling shareholders	(3,588)
Carrying value of the additional interest in NBHR	(4,914)
Difference recognised in retained profits	(8,502)

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,677,000 (2024: RMB1,470,000) and RMB1,677,000 (2024: RMB1,470,000), respectively, in respect of lease arrangements for buildings.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

### (b) Changes in liabilities arising from financing activities

2025

	Bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2025	299,290	6,803
Changes from financing cash flows	38,085	(3,380)
New leases	–	1,677
Interest expense	–	198
Interest paid classified as operating cash flows	–	(198)
At 31 December 2025	<b>337,375</b>	<b>5,100</b>

2024

	Bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	382,700	9,358
Changes from financing cash flows	(83,410)	(4,025)
New leases	–	1,470
Interest expense	–	251
Interest paid classified as operating cash flows	–	(251)
At 31 December 2024	299,290	6,803

### (c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	1,067	938
Within financing activities	3,380	4,025
Total	<b>4,447</b>	<b>4,963</b>

## 34. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

## 35. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Buildings	36,770	14,565
Plant and machinery	29,732	41,391
<b>Total</b>	<b>66,502</b>	<b>55,956</b>

### Other commitments

Commitments under foreign currency forward contracts:

	2025 RMB'000	2024 RMB'000
Purchase of Swiss franc	627,229	810,333
Purchase of Japanese Yen	7,061	5,534
<b>Total</b>	<b>634,290</b>	<b>815,867</b>

In addition, the Group had the following commitments provided to an associate, which are not included in the above:

	2025 RMB'000	2024 RMB'000
Capital contributions to an associate	1,500	1,500

## 36. RELATED PARTY TRANSACTIONS

Compensation on key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	25,977	21,381
Post-employment benefits	2,484	2,153
Equity-settled share option expense	12,415	30
<b>Total compensation on key management personnel</b>	<b>40,876</b>	<b>23,564</b>

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

### Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss – mandatorily designated as such	Financial assets at amortised cost	Total
	– equity investments	– debt investments	as such	cost	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	–	1,036,569	1,036,569
Bills receivable	–	170,292	–	34,585	204,877
Financial assets included in prepayments, other receivables and other assets	–	–	–	92,579	92,579
Equity investment at fair value through other comprehensive income	6,790	–	–	–	6,790
Derivative financial instruments	–	–	18,329	–	18,329
Time deposit	–	–	–	84,046	84,046
Pledged deposits	–	–	–	69,417	69,417
Cash and cash equivalents	–	–	–	327,424	327,424
<b>Total</b>	<b>6,790</b>	<b>170,292</b>	<b>18,329</b>	<b>1,644,620</b>	<b>1,840,031</b>

### Financial liabilities

	Financial liabilities at amortised cost	Total
	cost	
	RMB'000	RMB'000
Trade and bills payables	535,874	535,874
Financial liabilities included in other payables and accruals	88,605	88,605
Lease liabilities	5,100	5,100
Interest-bearing bank and other borrowings	337,375	337,375
<b>Total</b>	<b>966,954</b>	<b>966,954</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2024

### Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost RMB'000	Total RMB'000
	– equity investments RMB'000	– debt investments RMB'000		
	Trade receivables	–		
Bills receivable	–	254,525	–	254,525
Financial assets included in prepayments, other receivables and other assets	–	–	93,217	93,217
Equity investment at fair value through other comprehensive income	10,000	–	–	10,000
Time deposit	–	–	80,000	80,000
Pledged deposits	–	–	27,158	27,158
Cash and cash equivalents	–	–	415,487	415,487
<b>Total</b>	<b>10,000</b>	<b>254,525</b>	<b>1,522,506</b>	<b>1,787,031</b>

### Financial liabilities

	Financial liabilities at fair value through profit or loss – mandatorily designated as such RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	–	71,985	71,985
Lease liabilities	–	6,803	6,803
Derivative financial instruments	6,415	–	6,415
Interest-bearing bank and other borrowings	–	299,290	299,290
<b>Total</b>	<b>6,415</b>	<b>794,802</b>	<b>801,217</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>				
Bills receivable	170,292	254,525	170,292	254,525
Equity investment designated at fair value through other comprehensive income	6,790	10,000	6,790	10,000
Derivative financial instruments	18,329	–	18,329	–
Time deposit	84,046	80,000	85,012	83,734
<b>Total</b>	<b>279,457</b>	<b>344,525</b>	<b>280,423</b>	<b>348,259</b>
<b>Financial liabilities</b>				
Interest-bearing bank and other borrowings	337,375	299,290	340,306	302,227
Derivative financial instruments	–	6,415	–	6,415
<b>Total</b>	<b>337,375</b>	<b>305,705</b>	<b>340,306</b>	<b>308,642</b>

Management has assessed that the fair values of the Group's financial instruments, except for certain bills receivable, equity investment designated at fair value through other comprehensive income, derivative financial instruments non-current time deposit and non-current portion of interest-bearing bank borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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

The fair values of certain bills receivable and non-current time deposit have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of unlisted equity investments have been estimated using a market approach. The key assumptions applied in the calculation using a market-based valuation technique are the comparable companies, price to sales ("P/S") multiples and discount of lack of marketability ("DLOM"). Comparable companies are actively traded in stock market and the multiples are publicly available. Also, to adjust the fair value difference between a publicly traded company and a private company, an independent valuer engaged by the Group has applied the option price model to estimate the DLOM. The directors of the Company believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss or other comprehensive income, where applicable, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group enters into derivative financial instruments with various counterparties. Derivative financial instruments, comprising foreign currency forward contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including foreign exchange forward rates at the delivery dates.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2025 were assessed to be insignificant.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025:

	Valuation technique	Significant unobservable input	Value	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	1.7 (2024: nil)	10% (2024: nil) increase/decrease in multiple would result in increase/decrease in fair value by RMB656,000
		Discount for lack of marketability	29.3% (2024: nil)	1% (2024: nil) increase/decrease in multiple would result in decrease/increase in fair value by RMB93,000

The fair value of the unlisted equity investment as at 31 December 2024 has been determined based on the recent transaction price at the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>At 31 December 2025</b>				
Bills receivable	–	170,292	–	170,292
Equity investment designated at fair value through other comprehensive income	–	–	6,790	6,790
Derivative financial instruments	–	18,329	–	18,329
<b>Total</b>	<b>–</b>	<b>188,621</b>	<b>6,790</b>	<b>195,411</b>
<b>At 31 December 2024</b>				
Bills receivable	–	254,525	–	254,525
Equity investment designated at fair value through other comprehensive income	–	10,000	–	10,000
<b>Total</b>	<b>–</b>	<b>264,525</b>	<b>–</b>	<b>264,525</b>

Assets for which fair values are disclosed:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>At 31 December 2025</b>				
Time deposit	–	85,012	–	85,012
<b>At 31 December 2024</b>				
Time deposit	–	83,734	–	83,734

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>At 31 December 2025</b>				
Interest-bearing bank and other borrowings	–	340,306	–	340,306
<b>At 31 December 2024</b>				
Interest-bearing bank and other borrowings	–	302,227	–	302,227
Derivative financial instruments	–	6,415	–	6,415
<b>Total</b>	–	308,642	–	308,642

During the year, there was no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities, other than the equity investment designated at fair value through other comprehensive income (2024: Nil).

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, and cash and bank balances, time deposit and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risk arising from the Group's operations and its sources of finance.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising the potential adverse effects of these risks, with material impact, on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The effective interest rates and terms of repayment of the interest-bearing bank borrowings of the Group are disclosed in note 27 to the financial statements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax 2025 RMB'000	2024 RMB'000
RMB	100	(89)	(547)
RMB	(100)	89	547

### Foreign currency risk

The Group has transactional currency exposures. These exposures arise from purchases by operating units in currencies other than the units' functional currencies. In order to minimise the impact of foreign exchange exposure, the Group has entered into foreign currency forward contracts with creditworthy banks to manage its exchange rate exposure.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Swiss Franc ("CHF") exchange rate, with all other variables held constant, of the Group's profit before tax (arising from CHF denominated financial instruments).

	Increase/ (decrease) in foreign exchange rate %	Increase/(decrease) in profit before tax 2025 RMB'000	2024 RMB'000
If RMB weakens against CHF	5	7,148	4,227
If RMB strengthens against CHF	(5)	(7,148)	(4,227)

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

#### *Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

#### At 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Bills receivable	204,877	-	-	-	204,877
Trade receivables*	-	-	-	1,058,961	1,058,961
Contract assets*	-	-	-	77,041	77,041
Financial assets included in prepayments, other receivables and other assets					
– Normal**	94,621	-	-	-	94,621
– Doubtful**	-	-	2,536	-	2,536
Financial investments at fair value through other comprehensive income	-	-	-	-	-
Time deposit	84,046	-	-	-	84,046
Pledged deposits					
– Not yet past due	69,417	-	-	-	69,417
Cash and cash equivalents					
– Not yet past due	327,424	-	-	-	327,424
<b>Total</b>	<b>780,385</b>	<b>-</b>	<b>2,536</b>	<b>1,136,002</b>	<b>1,918,923</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Credit risk *(continued)*

#### Maximum exposure and year-end staging *(continued)*

At 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified	Total
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Bills receivable	254,525	–	–	–	254,525
Trade receivables*	–	–	–	922,229	922,229
Contract assets*	–	–	–	38,840	38,840
Financial assets included in prepayments, other receivables and other assets					
– Normal**	95,934	–	–	–	95,934
– Doubtful**	–	–	2,717	–	2,717
Financial investments at fair value through other comprehensive income	–	–	–	–	–
Time deposit	80,000	–	–	–	80,000
Pledged deposits					
– Not yet past due	27,158	–	–	–	27,158
Cash and cash equivalents					
– Not yet past due	415,487	–	–	–	415,487
<b>Total</b>	<b>873,104</b>	<b>–</b>	<b>2,717</b>	<b>961,069</b>	<b>1,836,890</b>

\* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

#### At 31 December 2025

	On demand or within three months RMB'000	Four to twelve months RMB'000	Over one year RMB'000	Total RMB'000
Trade and bills payables	496,611	39,263	–	535,874
Financial liabilities included in other payables and accruals	88,605	–	–	88,605
Lease liabilities	611	1,834	4,381	6,826
Interest-bearing bank borrowings and other borrowings	155,901	162,428	23,850	342,179
<b>Total contractual undiscounted payments</b>	<b>741,728</b>	<b>203,525</b>	<b>28,231</b>	<b>973,484</b>

#### At 31 December 2024

	On demand or within three months RMB'000	Four to twelve months RMB'000	Over one year RMB'000	Total RMB'000
Trade and bills payables	355,470	61,254	–	416,724
Financial liabilities included in other payables and accruals	71,985	–	–	71,985
Lease liabilities	630	1,891	5,338	7,859
Interest-bearing bank borrowings and other borrowings	155,500	102,388	48,353	306,241
<b>Total contractual undiscounted payments</b>	<b>583,585</b>	<b>165,533</b>	<b>53,691</b>	<b>802,809</b>

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Capital management *(continued)*

The Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by total equity. The Group's policy is to maintain the gearing ratio as low as possible. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings (note 27)	337,375	299,290
Total equity	2,269,219	1,995,956
Gearing ratio	14.9%	15.0%

## 40. EVENTS AFTER THE REPORTING PERIOD

During the period between January 1 and March 19, 2026, there were exercises of 3,190,000 share options, details of which are set out in note 30 to the financial statements.

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	446,834	434,735
Total non-current assets	446,834	434,735
<b>CURRENT ASSETS</b>		
Prepayments, other receivables and other assets	946	2,387
Due from a subsidiary	18,216	71,308
Cash and cash equivalents	14,017	22,626
Total current assets	33,179	96,321
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	335	318
Total current liabilities	335	318
<b>NET CURRENT ASSETS</b>	32,844	96,003
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	479,678	530,738
Net assets	479,678	530,738
<b>EQUITY</b>		
Issued capital	137,562	137,351
Treasury shares	(10,050)	(8,641)
Reserves (note)	352,166	402,028
Total equity	479,678	530,738

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Share-based payment reserve RMB'000	Capital redemption reserve RMB'000	Deemed contribution reserve RMB'000	Other reserve RMB'000	Accumulated Losses RMB'000	Total RMB'000
Balance at 1 January 2024	390,030	2,328	5,205	6,294	42,519	(23,425)	422,951
Loss for the year	-	-	-	-	-	(2,787)	(2,787)
Exercise of share options	677	(175)	-	-	-	-	502
Share-based payments	-	76	-	-	-	-	76
Shares repurchased and cancelled	(18,714)	-	1,780	-	-	(1,780)	(18,714)
At 31 December 2024 and 1 January 2025	<b>371,993</b>	<b>2,229</b>	<b>6,985</b>	<b>6,294</b>	<b>42,519</b>	<b>(27,992)</b>	<b>402,028</b>
Loss for the year	-	-	-	-	-	(38,681)	(38,681)
Exercise of share options	2,577	(464)	-	-	-	-	2,113
Share-based payments	-	15,851	-	-	-	-	15,851
Final 2024 dividends	(14,530)	-	-	-	-	-	(14,530)
Interim 2025 dividends	(14,615)	-	-	-	-	-	(14,615)
At 31 December 2025	<b>345,425</b>	<b>18,702</b>	<b>6,985</b>	<b>6,294</b>	<b>42,519</b>	<b>(67,759)</b>	<b>352,166</b>

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2026.

# FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>REVENUE</b>	<b>2,254,903</b>	1,610,209	1,054,702	917,780	930,992
<b>PROFIT BEFORE TAX</b>	<b>179,235</b>	122,185	46,970	38,886	36,623
Income tax expense	<b>(45,083)</b>	(36,741)	(22,008)	(15,859)	(18,072)
<b>PROFIT FOR THE YEAR</b>	<b>134,152</b>	85,444	24,962	23,027	18,551
Attributable to:					
Owners of the parent	<b>137,895</b>	102,522	31,547	23,986	15,459
Non-controlling interests	<b>(3,743)</b>	(17,078)	(6,585)	(959)	3,092
	<b>134,152</b>	85,444	24,962	23,027	18,551

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
TOTAL ASSETS	<b>3,393,926</b>	3,034,847	2,837,453	2,496,623	2,377,141
TOTAL LIABILITIES	<b>(1,124,707)</b>	(1,038,891)	(915,792)	(582,675)	(577,588)
NON-CONTROLLING INTERESTS	<b>(129,335)</b>	(71,580)	(74,012)	(82,929)	(54,740)
	<b>2,139,884</b>	1,924,376	1,847,649	1,831,019	1,744,813