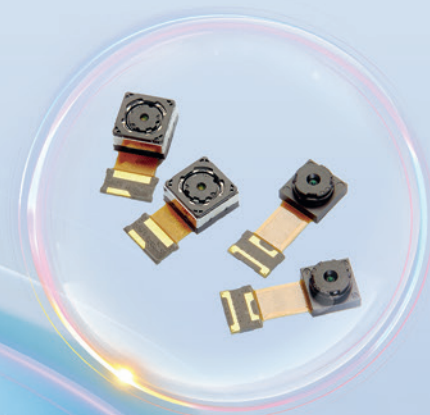


# COWELL

**Cowell e Holdings Inc.**  
**高偉電子控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

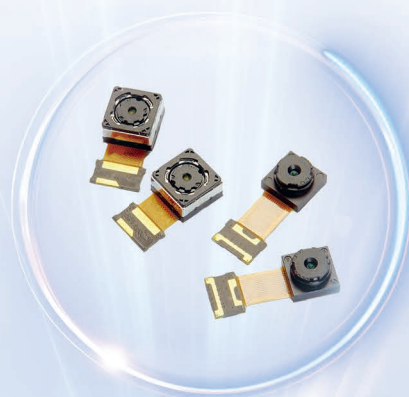
**Stock Code: 1415**



**2025**  
**ANNUAL REPORT**

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# Corporate Information

## COMPANY NAME

Cowell e Holdings Inc.

## PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

## STOCK CODE

1415

## STOCK NAME

Cowell

## BOARD OF DIRECTORS

### Executive Directors

Mr. Meng Yan (*Chairman*)  
Mr. Wu Ying-Cheng

### Non-Executive Directors

Mr. Chen Han-Yang  
Mr. Yang Li

### Independent Non-executive Directors

Ms. Su Yen-Hsueh  
Mr. Tsai Chen-Lung  
Ms. Liu Xia

## COMPANY SECRETARY

Ms. Lam Wing Yan

## AUTHORIZED REPRESENTATIVES

Mr. Chen Han-Yang  
Ms. Lam Wing Yan

## AUDIT COMMITTEE

Ms. Liu Xia (*Chairman*)  
Ms. Su Yen-Hsueh  
Mr. Tsai Chen-Lung

## REMUNERATION COMMITTEE

Ms. Su Yen-Hsueh (*Chairman*)  
Mr. Tsai Chen-Lung  
Ms. Liu Xia

## NOMINATION COMMITTEE

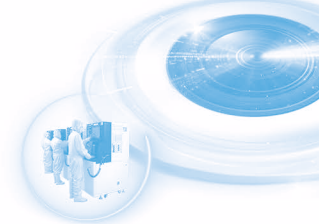
Mr. Tsai Chen-Lung (*Chairman*)  
Ms. Su Yen-Hsueh  
Ms. Liu Xia

## REGISTERED OFFICE

PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE CHINESE MAINLAND

No. 1 Songbai Road  
Huanan Industrial Zone  
Liaobu Town  
Dongguan City  
Guangdong Province  
People's Republic of China



## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Suite 1620  
16/F, Ocean Centre  
5 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

## **AUDITOR**

KPMG  
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

## **LEGAL ADVISOR**

Reed Smith Richards Butler LLP  
17/F, One Island East  
Taikoo Place, 18 Westlands Road  
Quarry Bay, Hong Kong

## **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT**

Maples Fund Services (Cayman) Limited  
PO Box 1093  
Boundary Hall  
Cricket Square  
Grand Cayman  
KY1-1102  
Cayman Islands

## **HONG KONG SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## **PRINCIPAL BANKERS**

Hongkong and Shanghai Banking Corporation Limited  
  
China Merchants Bank Co., Ltd.

## **COMPANY WEBSITE**

[www.cowelleholdings.com](http://www.cowelleholdings.com)



## Chairman's Statement

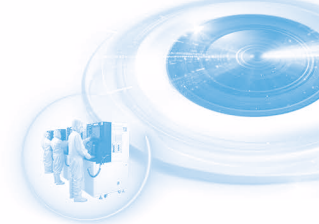
Dear Shareholders,

I am pleased to present our key milestones and achievements for the financial year ended 31 December 2025 on behalf of Cowell e Holdings Inc.

Looking back at 2025, the global economic landscape was still undergoing structural reshaping. After initial monetary tightening, the Federal Reserve Board has initiated a cycle of interest rate cuts. Europe and several developed economies subsequently lowered their rates as well, leading to a marginal improvement in global liquidity. Geopolitical risks remained high, with regional conflicts, energy security, tariff policy escalations and technological sector controls becoming significant variables. Amid the various macro factors, the international capital market saw heightened volatility, propelling the global trade system and supply chain landscape into a phase of profound restructuring. Meanwhile, the AI boom in 2025 made the technology sector a growth driver with higher certainty. In this year, multiple leading global tech enterprises launched new generations of large models and AI chips, accelerating the development of computing infrastructure. AI is transitioning from a competition in model capabilities to a phase focusing on scenario application and commercialization. Amidst coexisting risks and opportunities, the global business environment becomes increasingly complex, placing higher demands on enterprises in strategic planning, technological innovation and lean management.

Under an uncertain external environment, the Group maintained its growth momentum in 2025, achieving simultaneous growth in business scale and profitability. During the reporting period, the Group demonstrated exceptional operational resilience and growth momentum. Driven by both economies of scale and management optimization, the quality of earnings and cash flow performance continued to improve, building increasingly robust operational barriers and financial advantages for the Group. These achievements stem from long-term strategic partnerships with core clients, continuous optimization of product mix, enhanced manufacturing efficiency and the collective efforts of all employees, enabling the Group to maintain steady progress amid complex market environment.

As we enter a new phase of extensive AI integration and hardware innovation, the Group will continue to increase its investment in technological innovation and smart manufacturing. By attracting top talent and patent strategy, we will significantly enhance our system integration capabilities and elevate our technological barriers. We are actively driving the expansion of AI technology from “product empowerment” to “system empowerment”. By incorporating AI genes into the whole process of organizational governance, research and development middle office and smart manufacturing, AI genes begin to permeate every single aspect of the operation of the Group, allowing us to convert the industrial big data we accumulated over time into real-time decision making and productivity. Such extensive integration of “data empowerment, AI collaboration and manufacturing implementation” has not only reshaped the Group’s underlying operational logic, but also significantly enhanced our operational leverage and decision-making efficiency. Leveraging our differentiated strategy and continuously expanding technological barriers, we will flexibly navigate market challenges, deepen core technology accumulation, increase R&D investment and continuously enhance market recognition and customer loyalty, ensuring the Company’s stable, long-term success in the new path of high-quality development.



## Chairman's Statement

We remain highly optimistic in the long-term development prospects of the global precision optics industry. As the intelligent and digital transformation continues to deepen, optical technology is evolving from traditional terminal support capabilities into a core sensory infrastructure across multiple sectors, becoming a vital sensory interface connecting devices to the real world. Meanwhile, terminal forms and application scenarios have been expanding, with the strategic importance of high performance optical modules within the smart ecosystem becoming increasingly prominent. As such, the Company will continue to strategically position itself around its core optical sensory capabilities.

Facing industry fragmentation and cost pressures, we maintained strategic resolve and achieved counter-cyclical growth by leveraging the resilience of our core clients. Against rising memory chip prices driven by surging AI computing power demand, the market widely believes this will impact various consumer electronics manufacturers. However, the leading global brands extensively served by the Group demonstrate stronger resilience against such risks. With such long-term, stable strategic cooperation, the Company can effectively withstand external impact, further optimize its order structure and steadily increase its market shares.

Looking ahead to 2026, while consolidating its foundation of core consumer electronics business, Cowell will focus on expanding its capabilities in sensory technologies. Based on clients' product cycles and the Company's technological maturity, we will steadily launch relevant products in emerging markets, solidifying our long-term competitiveness amid cyclical fluctuations.

Sustainable development is the core driver of the Company's long-term stable operations and an important mission in fulfilling our corporate responsibilities. The Group has consistently integrated ESG governance into its strategic planning and operational processes, actively aligning us with the national "dual carbon" goals. By leveraging systematic carbon management as a key driver, we comprehensively pursue energy conservation, carbon reduction and green manufacturing across scope 1, scope 2 and scope 3 emissions, building an environmentally friendly manufacturing system. The Group was successfully certified as a "National Green Factory" and a "Guangdong Provincial Green Supply Chain" in 2025, demonstrating its commitment to protect the ecosystem and create long-term value through concrete actions.

Talent is the most valuable asset of a company. As a manufacturing enterprise, we consistently prioritize people-oriented values, enhancing our social responsibility and employee care systems. We elevate safeguards across all aspects ranging from work environments and occupational safety to daily necessities like food, clothing, housing, and transportation, striving to create a secure, healthy, warm and inclusive development platform for all employees. This ensures our corporate growth resonates with individual advancement, jointly building a sustainable future.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to all our employees for their professionalism and dedication, to the management team for their commitment and hard work, to our clients and partners for their trust and support, and to our shareholders for their steadfast choice. Both opportunities and challenges coexist on our journey forward. We will continue to walk side by side with you, empowering industries with technology and driving growth with expertise as we write a new chapter of high-quality development together!

**Mr. Meng Yan**

*Chairman*



# Management Discussion and Analysis

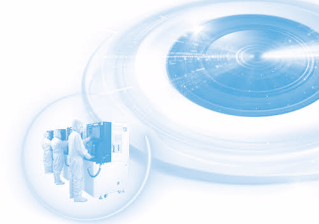
## MARKET REVIEW

In 2025, the global economy still suffered from persisting geopolitical conflicts, high debt levels and declining inflation. Despite major central banks initiating rate-cutting cycles to improve financial conditions, the external shocks stemming from U.S. tariff hikes continue to drive market volatility, resulting in a persistent tug-of-war between “benefits from easing policy” and “pressures from trade barriers”. According to the World Economic Outlook published by the International Monetary Fund (“**IMF**”), the global economy grew by approximately 3.2% in 2025, representing a slight slowdown as compared to the previous year while maintaining relative resilience. Based on the data from the International Data Corporation (“**IDC**”), the global sales volume of smartphones amounted to approximately 1.26 billion units in the same year, representing a year-on-year increase of approximately 1.9%, maintaining a trend of moderate recovery. Counterpoint Research also pointed out that sales of the global high-end smartphone market saw a year-on-year increase of 8% in the first half of 2025, which is an all-time high. AI computing power continued to shift towards terminal devices, driving performance upgrades for central processing units (CPUs) and graphics processing units (GPUs), expansion of storage capacity and the widespread adoption of new interaction methods. AI PCs, AI phones and other types of edge devices have become the new engine for growth in the consumer electronics industry.

For the industries in which the Company operates, in 2025, the overall global camera module market maintained stable growth. Driven by factors such as upgraded smartphone imaging specifications, increased adoption of AI by devices and the widespread use of multi-camera configurations by lower-tiered models, both the global and Chinese markets are experiencing structural growth opportunities. As mainstream brands continue to focus on the extensive integration of computational photography and AI algorithms, the competitive focus in the market has shifted from single hardware supply to comprehensive competition centered on “optical hardware + AI system integration”. Against this backdrop, leading suppliers capable of collaborative development of high-end products and equipped with an exceptional smart manufacturing system will gain a strategic advantage in matching clients’ continuously evolving models and capturing market share.

Apart from traditional consumer electronic terminals, expansion of optical and sensory technologies into robotics, AR/VR headsets, AI smart glasses and other emerging fields has been accelerating. According to the World Robotics Report 2025 published by the International Federation of Robotics (“**IFR**”), there were approximately 542,000 new robot installations in 2024, with the Asian market accounting for over 70%, showing that investment in manufacturing automation remained at a relatively high level. As robots evolve from performing traditional functions to intelligent perception, visual systems are gradually becoming a core capability. MarketsandMarkets estimated that the global machine vision market will reach approximately US\$3.29 billion by 2025, and is projected to reach US\$4.99 billion by 2030, representing a compound growth rate (CAGR) of approximately 8.7%.

For AR/VR headsets and AI smart glasses, global major manufacturers have successively unveiled their smart glasses products featuring AI and augmented reality capabilities at key tech events such as the International Consumer Electronics Show (“**CES**”) and Meta Connect, marking the industry’s transition from proof-of-concept to large-scale application. Based on the data from the International Data Corporation (“**IDC**”), as calculated by combining “AR/VR headsets + display-free smart glasses”, global sales in 2025 is estimated to reach 14.30 million, representing a year-on-year increase of 39.2%, which is primarily driven by display-free smart glasses. Evolution of the new generation of terminals becomes a key support for miniaturized optical design and system integration capabilities. Evolving towards “higher clarity, more compact, longer battery life and large-scale mass production capable” design has become a key consensus across the industry chain.



## Management Discussion and Analysis

Overall, in 2025, the consumer electronics industry was transitioning from being driven by traditional terminal cycles to a development model combining technological upgrades and multi-scenario applications. The Company will continue to monitor developments in optical technologies and shifts in market demand, leveraging its existing technical expertise and manufacturing capabilities to drive ongoing upgrades to its products and solutions. Looking ahead, with the trend toward extensive integration of AI algorithms and optical technology, the Company is confident in its technological expertise, client collaboration and mass production capabilities, and will firmly seize the market opportunities arising from industrial upgrades.

### BUSINESS REVIEW

The Group is a supplier of delicate optical modules for electronic mobile devices, specialising in the design, development, manufacture and sale of optical modules and related components. Its products are widely used in smartphones, multimedia tablets, smart driving and other mobile terminal devices of internationally-renowned brand customers.

In 2025, the Group's precision optics business continued to maintain steady development. Despite the complex and volatile global landscape, with the increasing popularity of dynamic spatial sensory, computational photography and on-device artificial intelligence (AI) functions, the demand for optical functions in mobile terminals has been gradually increasing among consumer groups, resulting in a further increase in the complexity of the imaging system and a continuous rise in the requirements for the specifications, precision, consistency and reliability of the optical components. Leveraging its mature research and development system and process implementation capabilities, the Group has continued to optimise its product structure and cost efficiency, and strengthened the stickiness of and the depth of synergies with its major customers, so as to maintain the leading position and stabilise its competitive edge in the process of structural upgrading of the industry. During the same period, the prices of some core components of the consumer electronics industry chain experienced periodic fluctuations, with the price of storage fluctuating more significantly, raising market concerns about the impact on end-users' demand. Overall, such cost fluctuations had a relatively limited impact on prominent brands with industry leadership and strong risk resilience.

Relying on its leading technology accumulation in the field of high-precision optical modules, the Group has been actively expanding its extended applications in emerging scenarios and deepening in-depth strategic synergies with its partners to transform its research and development outcomes into multi-terminal forms and continue to expand its market share, enhance its cross-cycle risk resilience and explore development opportunities for its long-term growth in the future.

For the year ended 31 December 2025, the Group recorded an increase in revenue from approximately US\$2,494.3 million in 2024 to US\$3,500.1 million in 2025 and recorded an increase in net profit attributable to equity shareholders of Company from approximately US\$119.1 million in 2024 to US\$196.9 million in 2025. The Group had total assets of US\$1,543.7 million and total equity of US\$731.4 million as of 31 December 2025, as compared to total assets of US\$1,442.6 million and total equity of US\$523.7 million as of 31 December 2024. Impairment loss on property, plant and equipment decreased from US\$49.4 million in 2024 to US\$2.9 million in 2025.

In order to facilitate efficient capital management and demonstrate the management's willingness to share the Group's profit with the shareholders, the Board has proposed the payment of a final dividend of HK\$0.35 (2024: Nil) per ordinary share for the year ended 31 December 2025, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting which is expected to be held on Thursday, 28 May 2026.



## Management Discussion and Analysis

### OUTLOOK AND FUTURE STRATEGIES

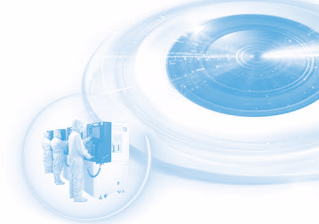
According to the World Economic Outlook Update published by the International Monetary Fund (IMF) in January 2026, the global economy is expected to achieve a growth of approximately 3.3% in 2026, representing an upward revision from the previous forecast and is consistent with the expected growth for 2024–2025. The IMF points out that despite ongoing uncertainties in trade policies and geopolitical risks, the global economy as a whole has maintained a certain degree of resilience, driven by factors such as technological investment, policy support and the adaptability of the business sector. Inflation is on a downward trend in general, which is conducive to improving the actual consumption and investment environment. The wave of technological innovation and digital transformation continues to energize the real economy. In particular, demand in fields such as artificial intelligence (“AI”), semiconductors, smart terminals and automation has been steadily unleashed, providing important support for global industrial growth.

Due to the continuous expansion and extension of the application fields of optical technology such as intelligent terminals, machine vision, micro-display and automotive electronics, customers’ demand for optical technology and precision manufacturing capacity is increasing simultaneously, and enterprises with optical technological know-how and large-scale manufacturing capability are expected to continue to benefit.

Among the businesses that the Group focuses on, optical modules are not only the important functional components of terminal products, but also the key fundamental capability for many smart devices to achieve environmental sensory and information acquisition. The Group also continues to pay attention to the development trend of new smart terminals. Among which, lightweight intelligent devices with environmental sensory and human-machine interaction capabilities are gradually becoming an important direction for the industry to explore.

With the rapid development of AI technology, smart terminals are accelerating their evolution towards multi-modal interaction and real-time visual recognition. In 2025, AI technology continued to penetrate from the cloud to the terminal-side, while the on-device computing capacity continued to improve, gradually driving AI mobile phones, AI PCs, and edge intelligent devices to enter the stage of large-scale application. At major global technology exhibitions such as the Consumer Electronics Show (CES 2026) and the Mobile World Congress (MWC 2026), the accelerated integration of AI technology into the physical world and its actual application has become an industry consensus. The continuous expansion of terminal forms and application scenarios has enabled camera modules to evolve from maintaining traditional image acquisition functions to possessing high-precision, multi-scenario adaptability and the capability to achieve system synergy. New terminals such as smart glasses are expected to gradually form a new visual sensory and interaction portal, which will place higher requirements for miniaturised optical components, low-power consumption design and large-scale manufacturing capabilities.

At the same time, the Group is actively promoting the in-depth extension of AI technology from “product empowerment” to “system empowerment”. We believe that the core value of AI lies not only in defining the interaction pattern of terminal products, but also in structurally reshaping the Group’s underlying operational logic and advanced manufacturing genes.



## Management Discussion and Analysis

At present, the AI gene has permeated every aspect of the Group's operations: at the organisational governance level, we have used AI to achieve full-dimensional coverage from basic operational support to strategic manpower allocation, whether it is the intelligent response of daily services for office campus or the accurate prediction and full-process automation of the large-scale talent supply chain; at the research and development and production middle office, AI is restructuring our development efficiency and delivery rhythm. From automatically generating underlying code to accurately simulating production capacity deployment, or even cluster task scheduling of production, AI is transforming our accumulated industrial big data into real-time decision-making power and productivity. Through this in-depth integration of "data-driven, AI collaboration and manufacturing", the Group is gradually building an insurmountable technological barrier to competition, realising the leap from traditional scale expansion to a high-quality and high operational leverage growth model and ensuring that we can always maintain excellent profit quality and strategic initiative in the competition along the global industrial chain.

In addition, in terms of display and advanced optics, the Group is highly concerned about the industrialisation progress of MicroLEDs and related miniaturised optical technologies. Combined with our own profound optical technology reserves, we have taken a prudent and proactive approach for the construction of related core competencies, aiming to ensure leading technological participation and market access in the evolution of new-generation high-performance displays and multi-dimensional sensory terminal forms through technological breakthroughs and industry synergies.

The Group will continue to strengthen its investment in research and development and deepen the construction of its technology platform to ensure a stable competitive edge in the face of industrial transformation. Adhering to the development strategy of "solidifying the core and extending capabilities", the Group will focus on strengthening the research and development synergy and large-scale delivery capability of high-end optical modules in its core business of consumer electronics. By optimising our product mix and manufacturing efficiency, we will strengthen and enhance our long-term competitive position in the supply chain system of our core customers.

Talent remains as the core resource for the Group's long-term development. In the future, the Group will continue to introduce and nurture high-end professionals in key technological areas, optimise its organisational structure and inter-departmental collaboration mechanism to support the development of multi-scenario and multi-product platforms, so as to better respond to the ever-escalating technological needs of our customers. The Group will continue to deepen the integration of research and development, process and manufacturing, and strengthen the synergistic enhancement between engineering and manufacturing capabilities and innovation capabilities, with a view to providing customers with stable and high-quality products and services.

Standing at a new starting point, the Group will continue to uphold the concept of innovation-led development, explore the potential of existing customers and actively expand into new blue ocean markets. We are committed to constructing higher barriers in the industry and optimising our overall operating efficiency by upgrading our process automation and strengthening our research and development capabilities. In the face of the restructuring of global industrial chain, we will adopt a long-term strategic vision in product layout and continuously enhance our core competitiveness. The Group firmly believes that, by deepening our technological expertise and optimising our services, we will be able to ride the waves of industry development, reward our investors for their trust with outstanding performance growth, and generate long-term comprehensive benefits for our shareholders.



## Management Discussion and Analysis

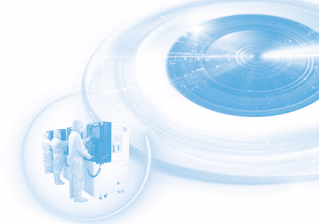
### FINANCIAL REVIEW

The following table sets out the summary of business results for the year ended 31 December 2025:

	For the year ended 31 December		
	Consolidated		Changes %
	2025	2024	
	(US\$ in millions)	(US\$ in millions)	
<b>OPERATING RESULTS</b>			
<b>Revenue</b>	<b>3,500.1</b>	2,494.3	40.3%
<b>Gross profit</b>	<b>358.7</b>	290.9	23.3%
Gross margin	<b>10.2%</b>	11.7%	
<b>Operating profit</b>	<b>239.9</b>	156.4	53.4%
Operating margin	<b>6.9%</b>	6.3%	
<b>Net profit</b>	<b>194.9</b>	120.4	61.9%
Net margin	<b>5.6%</b>	4.8%	
<b>ASSETS &amp; LIABILITIES</b>			
<b>Total assets</b>	<b>1,543.7</b>	1,442.6	7.0%
Current assets	<b>1,139.3</b>	1,035.1	10.1%
Non-current assets	<b>404.4</b>	407.5	-0.8%
<b>Total liabilities</b>	<b>812.2</b>	918.9	-11.6%
Current liabilities	<b>675.4</b>	764.8	-11.7%
Non-current liabilities	<b>136.8</b>	154.1	-11.2%
<b>Total equity</b>	<b>731.4</b>	523.7	39.7%
<b>EARNINGS PER SHARE</b>			
	<b>US\$0.229</b>	US\$0.139	64.7%

#### Revenue

The Group reported a total revenue of approximately US\$3,500.1 million in 2025, representing an approximately 40.3% increase compared with that of 2024, which was mainly due to increased orders included new rear-end camera modules from customers.



## Management Discussion and Analysis

### Profit and Margin

For the year ended 31 December 2025, the Group has recorded gross profit, operating profit and net profit of approximately US\$358.7 million, US\$239.9 million and US\$194.9 million, respectively, as compared with approximately US\$290.9 million, US\$156.4 million and US\$120.4 million, respectively, in the fiscal year of 2024. In terms of margins, the Group's gross margin, operating margin and net margin for the year ended 31 December 2025 were approximately 10.2%, 6.9% and 5.6%, respectively, as compared to approximately 11.7%, 6.3% and 4.8%, respectively, in 2024.

During the year ended 31 December 2025, the Group did not experience any significant change of pricing policy for its products and there was no material change in the unit cost of raw materials.

### Key Financial Ratios

	For the year ended 31 December	
	Consolidated	
	2025	2024
<b>KEY FINANCIAL RATIO (%)</b>		
Return on equity	<b>26.7%</b>	23.0%
Current ratio (times)	<b>1.69</b>	1.35
Quick ratio (times)	<b>1.34</b>	0.94
Gearing ratio	<b>-23.6%</b>	12.8%
Debt to equity ratio	<b>-19.1%</b>	14.6%

#### **Return on Equity**

The calculation of return on equity is based on profit for the period divided by capital and reserves and multiplied by 100%.

The Group's return on equity at the end of the fiscal year of 2025 increased from 23.0% in 2024 to 26.7% in 2025, primarily due to an increase in net profit for the year ended 31 December 2025.

#### **Current Ratio**

The calculation of current ratio is based on current assets divided by current liabilities.

The Group's current ratio increased from 1.35 in 2024 to 1.69 in 2025, which was primarily due to an increase in the Group's trade receivables and decrease in the Group's short-term bank loan.

#### **Quick Ratio**

The calculation of the quick ratio is based on current assets less inventories divided by current liabilities.

The Group's quick ratio increased from 0.94 in 2024 to 1.34 in 2025, which was mainly due to an increase in the Group's trade receivables and decrease in the Group's short-term bank loan.



## Management Discussion and Analysis

### **Gearing Ratio**

The calculation of gearing ratio is based on net debt (defined as bank loans and lease liabilities less cash and cash equivalents, bank deposits and pledged deposits) divided by the sum of net debt and total equity, and multiplied by 100%.

The Group's gearing ratio decreased from 12.8% in 2024 to -23.6% in 2025, which was primarily due to a decrease in the Group bank loan.

### **Debt to Equity Ratio**

The calculation of debt to equity ratio is based on net debt divided by total equity and multiplied by 100%.

Consistent with its gearing ratio, the Group's debt to equity ratio decreased from 14.6% in 2024 to -19.1% in 2025, which was primarily due to a decrease in the Group bank loan.

### **Other Income**

Other income increased by approximately 154.3% from approximately US\$23.0 million of other loss in 2024 to approximately US\$12.5 million of other income in 2025. This increase was mainly attributable to a decrease of US\$46.5 million in impairment loss of property, plant and equipment and offset by a decrease in exchange gain of approximately US\$10.4 million.

### **Selling and Distribution Expenses**

Selling and distribution expenses increased by approximately 6.3% from approximately US\$3.4 million in 2024 to approximately US\$3.6 million in 2025. This increase was mainly attributable to an increase of US\$0.1 million in transportation expenses and an increase of US\$0.1 million in other selling and distribution expenses.

### **Administrative Expenses**

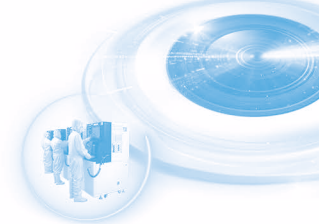
Administrative expenses increased by approximately 18.0% from approximately US\$108.1 million in 2024 to approximately US\$127.6 million in 2025. This increase was mainly attributable to increase in the research and development expense of approximately US\$28.9 million, while partially offset by a decrease of US\$9.4 million in other administrative expenses.

### **Finance Costs**

Finance costs decreased by approximately 15.5% from approximately US\$18.7 million in 2024 to approximately US\$15.8 million in 2025, such decrease was resulted from decrease in interest expenses on bank loans.

### **Income Tax**

The Group's income tax expense increased by approximately 66.5% from approximately US\$17.3 million in 2024 to US\$28.8 million in 2025. The increase was mainly attributable to increase in profit before tax and withholding tax on dividend income outside Hong Kong.



## Management Discussion and Analysis

### Final Dividends

For the year ended 31 December 2025, the final dividends proposed by the Board was HK\$0.35 (equivalent to US\$0.04) per ordinary share, with a payment ratio of 19.7% of the profit attributable to the Shareholders. The final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

### CURRENT ASSETS AND LIABILITIES

As of 31 December 2025, the Group had net current assets of approximately US\$463.9 million, compared with net current assets of approximately US\$270.3 million as of 31 December 2024, representing an increase of approximately US\$193.6 million.

#### Inventories

The Group's inventory balance decreased by approximately 26.6%, or approximately US\$83.9 million, from approximately US\$315.2 million as of 31 December 2024 to approximately US\$231.3 million as of 31 December 2025, mainly due to decrease in the stock of raw materials for the new rear camera modules and finished products.

The following table sets forth the Group's average inventory turnover days for the periods indicated:

	As of 31 December	
	2025	2024
	(US\$ in millions)	
Inventory turnover days <sup>(Note)</sup>	31.8	37.2

Note: Inventory turnover days were calculated based on the average of the opening and closing inventory balances divided by the cost of sales for the relevant period and multiplied by the number of days in the period.

#### Trade and Other Receivables

Trade receivables represent outstanding amounts due from the Group's customers for the purchase of its products. Besides trade receivables, the Group's other receivables and prepayments primarily comprise prepayments on the purchase of components and materials, value-added tax refunds due and guarantee deposits for its leases.

The Group's trade and other receivables increased by approximately 38.1%, or approximately US\$165.9 million, from approximately US\$434.7 million as of 31 December 2024 to approximately US\$600.6 million as of 31 December 2025.



## Management Discussion and Analysis

The table below sets forth an ageing analysis of the Group's trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, as of the dates indicated:

	As of 31 December	
	2025	2024
	(US\$ in millions)	
<b>Trade receivables</b>		
Within 1 month	573.8	404.6
Over 1 to 2 months	3.3	0.2
Over 2 to 3 months	0.2	0.2
Over 3 months	0.8	0.2
<b>Total</b>	<b>578.2</b>	<b>405.2</b>

The following table sets forth the turnover days for the Group's trade receivables for the periods indicated:

	Year ended 31 December	
	2025	2024
Trade receivables turnover days <sup>(Note)</sup>	51.3	40.8

Note: Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by turnover for the relevant period multiplied by the number of days in the period.

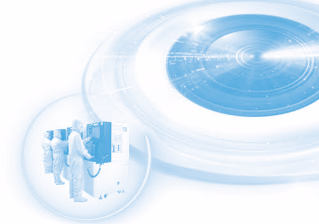
There is no significant change in the Group's average trade receivables turnover days for the year ended 31 December 2025 compared with the year ended 31 December 2024.

Other receivables mainly represented bank interest income receivables and value-add tax receivables.

### Trade and Other Payables

Trade payables represent outstanding amounts due on the Group's purchases of components and materials and equipment from external suppliers. Apart from trade payables, the Group's accrued charges and other payables primarily comprise accrued salaries and other remuneration benefits and interest expenses payable.

The Group's trade and other payables increased by approximately 18.4%, or approximately US\$98.8 million, from approximately US\$536.6 million as of 31 December 2024 to approximately US\$635.4 million as of 31 December 2025, primarily due to an increase in the purchased components and materials.



## Management Discussion and Analysis

The following table sets forth an ageing analysis of the Group's trade payables (which include in trade and other payables) based on the invoice date, is as follows:

	As of 31 December	
	2025	2024
	(US\$ in millions)	
<b>Trade payables</b>		
Within 1 month	422.4	205.4
Over 1 to 3 months	103.8	119.6
Over 3 to 6 months	65.7	152.0
<b>Total</b>	<b>591.9</b>	<b>477.0</b>

The following table sets out the turnover days for the Group's trade payables for the periods indicated:

	Year ended 31 December	
	2025	2024
Trade payables turnover days <sup>(Note)</sup>	62.1	56.8

Note: Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of sales for the relevant period multiplied by the number of days in the period.

Other payable mainly represented accrued charges and machine payable.

The Group's average trade payables turnover days for the year ended 31 December 2025 were higher as compared with the year ended 31 December 2024, which were due to increase in the cost and were partially offset by an increase in the Group's payables.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, the Group had total assets of approximately US\$1,543.7 million (31 December 2024: US\$1,442.6 million); net current assets of approximately US\$463.9 million (31 December 2024: US\$270.3 million) and total equity of approximately US\$731.4 million (31 December 2024: US\$523.7 million).

The Group has a solid financial position and continued to maintain a strong and steady inflow from operating activities. As at 31 December 2025, the Group had approximately US\$149.4 million (31 December 2024: US\$113.3 million) of cash and cash equivalents. The Directors believe that the current cash and cash equivalents and expected cash flow from operations will be sufficient to satisfy the current operational requirements of the Group. As at 31 December 2025, guarantee was provided by the Company and intermediate holding company to secure the banking facilities of US\$398.4 million granted to the Group (31 December 2024: US\$832 million of banking facilities granted to the Group were guaranteed by the Company and ultimate controlling party).



## Management Discussion and Analysis

### **Borrowings**

As of the close of business on 31 December 2025, the Group had aggregate banking facilities of approximately US\$1,284.4 million, of which US\$131.5 million were utilized. Other than this, the Group did not have any other outstanding debt securities, charges, mortgages or other similar indebtedness, hire purchase or guarantee or other material contingent liabilities.

### **Pledge of the Group's Assets**

As at 31 December 2025, the Group did not have any encumbrances, mortgage, loan, charge on our assets (31 December 2024: US\$10.5 million of pledged deposits provided to secure certain bank loans in the Chinese Mainland).

### **Capital Expenditures and Commitments**

The Group's capital expenditures (equivalent to the cash spent for payment for purchases of property, plant and equipment and intangible assets) for the year ended 31 December 2025 amounted to approximately US\$74.1 million (2024: US\$248.0 million) and was funded through cash flow from operation. The Group's capital expenditures in 2025 mainly reflected purchases of additional machinery and equipment to produce more advanced flip-chip camera modules. The Group intends to fund the Group's planned future capital expenditures through a combination of cash flow from operating activities and any potential fund raising opportunities (if needed and when suitable).

### **Contingent Liabilities**

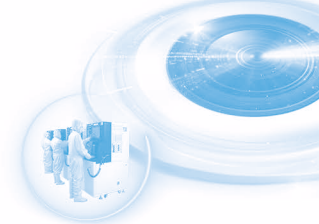
As at 31 December 2025, the Group had no significant contingent liabilities.

### **Interest Coverage Ratio**

The interest coverage ratio increased from 8.4 in 2024 to 15.1 in 2025, which was primarily due to an increase in profit from operations which were partially offset by corresponding decrease in interest expenses.

### **Treasury Policies**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet funding requirements from time to time.



### QUANTITATIVE AND QUALITATIVE DISCLOSURES ON MARKET RISK

The Group's exposure to credit, liquidity, interest rate and currency risks arises in the normal course of its business. The market risks to which the Group is exposed to, as well as its practices to manage such risks, are as follows:

#### Credit Risk

The Group's credit risk is primarily attributable to its trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Group considers to have low credit risk. In respect of trade and other receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer and the economic environment in which the customer operates. Trade and other receivables are generally due within 30 to 90 days from the date of billing. Debtors with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from its customers. In respect of deposits with banks, the Group only places its deposits with the major financial institutions which the management believes such institutions have a high credit rating.

The Group's exposure to credit risk is influenced primarily by the individual characteristics of each customer, and to a lesser extent, by the default risk of the industry and country in which its customers operate. As of 31 December 2025, 96.7% (2024: 92.5%) of the Group's trade receivables were due from its largest customer, and 99.9% (2024: 99.9%) of its trade receivables were due from its five largest customers in aggregate.

#### Liquidity Risk

The Group's policy is to regularly monitor liquidity risk so as to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group's bank loans amount to US\$131.5 million (2024: US\$324.1 million) as at 31 December 2025.

Please refer to note 24(b) to the consolidated financial statements for further information.

#### Interest Rate Risk

The Group's interest rate risk arises primarily from its interest-bearing borrowings subject to variable rates and those subject to fixed rates, which expose the Group to fair value interest rate risks. As of 31 December 2025, the Group's has no variable rate borrowings (2024: US\$Nil).

As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased or increased the Group's profit after taxation and retained profits by approximately is US\$Nil (2024: US\$Nil). Other components of consolidated equity would not be affected in response to a general increase/decrease in interest rates.

Please refer to note 24(d) to the consolidated financial statements for further details.



## Management Discussion and Analysis

### Currency Risk

The Group's exposure to currency risk arises primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars (pegged to the U.S. dollar), Renminbi and Korean Won.

The functional currency of the Company and its subsidiaries operating in Hong Kong, the Chinese Mainland and Korea are U.S. dollars, U.S. dollars, Renminbi and Korean Won, respectively. While both the Group's sales of products and purchases of components, materials and equipment are denominated mainly in U.S. dollars, a portion of its purchases, as well as its labor and other operating costs, are denominated in other currencies, including Renminbi and Korean Won. For the year ended 31 December 2025, the Group did not use any forward exchange contracts or other derivative instruments to hedge against fluctuations in currency exchange rates applicable to us.

Please refer to note 24(c) to the consolidated financial statements for further details.

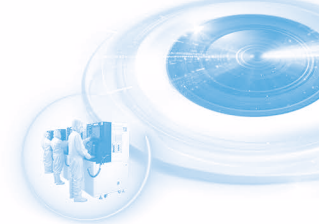
### **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no significant investments held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company performed by the Group for the year ended 31 December 2025.

### **HUMAN RESOURCES**

The Group employed a total of approximately 6,854 full-time employees as of 31 December 2025 (31 December 2024: 6,035). Total staff costs for the year ended 31 December 2025, excluding Directors' remuneration, amounted to approximately US\$130.5 million (2024: US\$124.2 million).

In particular, professional employment agencies located in Dongguan, Chinese Mainland, have been involved for purpose of hiring most of the Group's factory workers. The Group also provides living, entertainment, dining and training facilities for its employees. The scope of the training includes human resources policy, health and safety, management skills and machine and equipment manuals as well as other various topics.



## Management Discussion and Analysis

The Group has an emolument policy with respect to its long-term incentive schemes. The basis of determining emoluments payable to the Directors is made on a discretionary basis with reference to the Company's operating results, individual performance and comparable market statistics. Furthermore, the Board has delegated the remuneration committee to review and make decisions in respect of the remuneration packages and overall benefits for the Directors and senior management of the Company. The emolument policy of the Group is determined by the Board on the basis of the merit, qualifications and competence of the personnel.

Furthermore, to provide incentive or reward to our employees for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group with greater flexibility, the Group had adopted a new share option scheme on 5 May 2021 (the "**Share Option Scheme**"). During the year ended 31 December 2025, 5,878,000 options had been exercised, 330,000 options had been cancelled, and 320,000 options had been lapsed. As at 31 December 2025, based on the number of options granted which had not been exercised, cancelled and/or lapsed, the total number of Shares available for issue under the Share Option Scheme was 40,782,880, representing approximately 4.70% of the issued shares of the Company as at the date of this announcement. For details of the Share Option Scheme, please refer to the circular of the Company dated 20 April 2021 and the annual report of the Company for the year ended 31 December 2025. Furthermore, the Company adopted a share award scheme ("**Share Award Scheme**") on 21 March 2024. During the year ended 31 December 2025, 2,575,400 awards had been vested, 12,600 awards had been cancelled, and 808,000 awards had been lapsed. The Company did not grant any awarded shares to employees during the year ended 31 December 2025. For details of the Share Award Scheme, please refer to the section headed "Share Award Scheme" in this annual report.



## Directors and Senior Management

As of the date of this annual report, the Board consists of seven Directors including two executive Directors, two non-executive Directors and three independent non-executive Directors. The following sets forth the profile of the Directors and senior management:

### Executive Directors

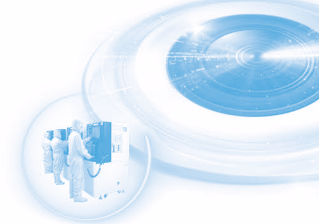
**Mr. Meng Yan (“Mr. Meng”) (孟岩)**, aged 50, is an executive Director and chairman of the Board. Mr. Meng obtained a bachelor’s degree in mechanical and electrical engineering from the University of Electronic Science and Technology of China (電子科技大學) in 1998. Mr. Meng has extensive experience in operation, investment and corporate management. He has previously worked in leading companies in the electronic industries, such as International Business Machines Corporation, Sony Ericsson Mobile Communications (now known as Sony Mobile Communications Corporation) and Knowles Corporation. He joined the Luxshare Precision Industry Co., Limited as a vice president in 2016. Mr. Meng was appointed as an executive Director on 15 January 2021 and renewed his appointment for next three years from 15 January 2024. He was appointed as the chairman of the Board on 1 March 2021.

**Mr. Wu Ying-Cheng (“Mr. Wu”) (吳英政)**, aged 58, is an executive Director, the chief executive officer (“CEO”) and the chief financial officer (“CFO”) of the Company. Mr. Wu obtained a master’s degree in material science from the Department of Mechanical Engineering of the National Chung Hsing University (國立中興大學) in 1993. Mr. Wu has been working in the semiconductor assembly technology and camera module development industries since 1995. He has been a general manager of Lite-On Singapore Pte. Limited for portable image device business unit since 2015 and a general manager of Luxvisions Innovation Limited since 2018. Mr. Wu was appointed as an executive Director on 15 January 2021 and renewed his appointment for next three years from 15 January 2024. He was appointed as a CEO and chief financial officer of the Company on 1 March 2021.

### Non-executive Directors

**Mr. Chen Han-Yang (“Mr. Chen”) (陳漢洋)**, aged 55, is a non-executive Director. Mr. Chen obtained a master’s degree in banking and finance from the Tamkang University (台灣淡江大學) in 1998. Mr. Chen has been working in the investment, mergers and acquisitions and corporate management in Fortune 500 corporations. He has been the head of investment of Luxshare Precision Industry Co., Limited since 2016 and has been primarily responsible for corporation investment. Mr. Chen has extensive experience in the consumer electronics industry. Mr. Chen was appointed as a non-executive Director on 1 March 2021 and renewed his appointment for next three years from 1 March 2024.

**Mr. Yang Li (“Mr. Yang”) (楊立)**, aged 40, is a non-executive Director. Mr. Yang obtained his bachelor’s degree in business administration from the Open University of China (國家開放大學) in the Chinese Mainland in 2020. Mr. Yang joined Luxshare Precision Industry Co., Limited in July 2007. He has over 10 years of experiences in supply chain and operation management in consumer electronics industry. He has been chief operating officer of Shenzhen Luxshare Precision Industry Co., Limited, Bozhou Lanto Electronics Co., Limited and Luxshare Precision Industry (Chuzhou) Co., Limited. He has extensive experience in supply chain management. Mr. Yang was appointed as a non-executive Director on 1 March 2021 and renewed his appointment for next three years from 1 March 2024.



## Directors and Senior Management

### Independent non-executive Directors

**Ms. Su Yen-Hsueh (“Ms. Su”) (蘇艷雪)**, aged 56, is an independent non-executive Director, a chairman of the remuneration committee of the Company (the “**Remuneration Committee**”) and a member of each of the audit committee (the “**Audit Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Company. Ms. Su obtained a bachelor’s degree in international business from the National Taiwan University (國立台灣大學) in 1991 and a master’s degree in industrial administration from the Carnegie Mellon University in 1993. Ms. Su has extensive experience in investments and mergers and acquisitions in the technology sector. She was a top ranked technology analyst for ABN AMRO Bank and UBS before joining AsusTeK Computer Inc. as a chief investment officer in 2004. She spearheaded the AsusTeK Computer Inc. and Pegatron Corporation restructuring in 2009 and retired from her position of senior vice president for investment and business development from Pegatron Corporation in 2013. Ms. Su currently serves on the boards of Eslite Spectrum Corporation and Universal Cement Corporation as an independent director, and on the board of Spotfilms Company Limited as a Corporate director representative. Ms. Su was appointed as an independent non-executive Director on 15 January 2021 and renewed her appointment for next three years from 15 January 2024.

**Mr. Tsai Chen-Lung (“Mr. Tsai”) (蔡鎮隆)**, aged 53, is an independent non-executive Director, a chairman of the Nomination Committee and a member of each of the Remuneration Committee and the Audit Committee. Mr. Tsai obtained a bachelor’s degree majoring in information system from the Western United States International University and a master’s degree majoring in electronic computer engineering from the Arizona State University. Mr. Tsai is currently a director of Space Speed Technology Limited, the chairman of the board of directors of Speedtech (LS-ICT) Company Limited, the director of Leader Precision Industry Corporation Limited, the chairman of Toyoshima Corporation (M) Sdn. Bhd., the director of CalDigit, Inc., the director of Aiotek Pte. Limited and the director of Taihan Precision Technology Company Limited. Mr. Tsai was appointed as an independent non-executive Director on 15 January 2021 and renewed his appointment for next three years from 15 January 2024.

**Ms. Liu Xia (“Ms. Liu”) (劉霞)**, aged 60, is an independent non-executive Director, a chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Ms. Liu graduated with a bachelor’s degree in Industrial and Economics Management from the Dongbei University of Finance and Economics in 1988 and completed an in-service postgraduate course in Finance at the Central University of Finance and Economics in 2004. From July 1988 to February 1993, she was appointed as a staff member and Chief Officer of the Finance Department’s Plant Representative Office of Ansteel Group Corporation Limited by the Finance Bureau of Anshan City, Liaoning Province under the Ministry of Finance of the People’s Republic of China (the “**Chinese Mainland**”), in which role she undertook supervision and review of finance matters and formulation of policies for state-owned enterprises.

From March 1993 to March 1999, she successively worked as Project Manager, Department Manager, Chief Accountant and Deputy General Manager of DeveChina International Appraisals Co., Ltd. During her tenure at DeveChina International Appraisals Co., Ltd., she was engaged in and led major listing-related valuation projects such as the A share listing of Changhong Huayi Compressor Co., Ltd., the A share listing of FAW Car Co., Ltd. and the H share listing of Sinopec Yanshan Petrochemical Company. Since April 1999, she has been working as a Director and Senior Deputy General Manager of China Assets Appraisal Co., Ltd.. During her tenure at China Assets Appraisal Co., Ltd., she was engaged in and led major listing valuation projects, such as the secondary share issuance of Shandong International Power Development Co., Ltd., the A share listing of China Petroleum & Chemical Corporation, the rights issue of GD Power Development Co., Ltd., the debt for equity swap of Panzhihua Steel (Group) Co., Ltd., the rights issue of Harbin Dongan Automotive Power Co., Ltd., the assets reorganization (H shares) of Sinopharm Group Co., Ltd., the secondary share issuance of TianChuang Property Co., Ltd., the reorganisation and overall listing of Bengang Steel Plates Co., Ltd., the disposal of employee shares during the initial public offering of CSR Corporation Limited, the A share listing of



## Directors and Senior Management

China National Chemical Engineering Co., Ltd., the initial offering application at ChiNext of Landocean Energy Services Co., Ltd., the establishment of CECEP Solar Energy Technology Co., Ltd. and the major assets reorganization project of GETC Energy Joint-Stock Co., Ltd. Ms. Liu was appointed as an independent non-executive Director on 26 July 2021 and renewed her appointment for next three years from 24 July 2024.

Save as disclosed above, the Directors (i) have not held any directorships in other listed public companies, whether in Hong Kong or overseas, during the last three years; and (ii) do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company. Regarding the Directors' interests in shares of the Company within the meaning of Part XV of the SFO, please refer to the paragraph headed "Directors' and Chief Executive Officers' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its associates corporations" in the Directors' Report section of this report for more details. Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

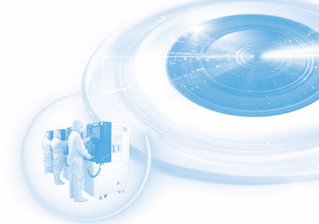
### SENIOR MANAGEMENT

The senior management team of the Group, in addition to the Directors listed above, is as follows:

**Mr. Hwang Young-Hwan ("Mr. Hwang")**, aged 51, is the director of the production department of Cowell China. Mr. Hwang received a bachelor's degree in industrial engineering from Inha University in February 2002. He had worked at LG Electronics Inc. as a quality manager from 2002 to 2008. From 2009 to 2017, Mr. Hwang had worked at LG Innotek Company Limited as a quality senior manager. He joined Cowell China in June 2017. Mr. Hwang had over 20 years of working experience in consumer electronics industry.

### COMPANY SECRETARY

**Ms. Lam Wing Yan ("Ms. Lam")**, aged 49, is the senior finance manager of Cowell Hong Kong and was appointed as the company secretary of the Company on 17 September 2014. Ms. Lam joined the Group in August 2013 and has been primarily responsible for corporate financial management. She has over 20 years of experience in corporate financial management, accounting and the company secretarial area. Prior to joining the Group, Ms. Lam held various positions, including the senior manager of finance and operations at Iriver Hong Kong Limited, a private company based in Hong Kong which provides, among others, broadcasting equipment and semiconductors, and the holding company of which is listed on the Korea Exchange, for approximately 10 years from March 2001 to June 2011. Ms. Lam obtained a master's degree in business administration from the University of South Australia in March 2012. Ms. Lam is a certified public accountant, a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.



# Directors' Report

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025. The business review is disclosed in the section headed "Management Discussion and Analysis", which forms part of this Directors' Report, on page 6 in this annual report.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 12 to the consolidated financial statements. The Group is a major supplier of camera modules for mobile devices. The Group primarily engages in the design, development, manufacture and sale of a variety of camera modules that serve as critical components for smartphones, multimedia tablets and other mobile devices with camera functions. Major customers for the Group's camera modules include some of the leading mobile device manufacturers in the world. The Group also designs, develops, manufactures and sells optical components used in a number of consumer electronics products. Major customers for the Group's optical components include subsidiaries or affiliates of leading global electronics companies.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 82 to 152.

The Board has recommended the payment of a final dividend of HK\$0.35 (equivalent to US\$0.04) per ordinary share for the year ended 31 December 2025 to shareholders whose names appear on the register of members of the Company on Monday, 12 June 2026, subject to the approval of the Shareholders of the Company at the forthcoming annual general meeting.

## CLOSURE OF REGISTER OF MEMBERS

### Record date and closure of register of members for the upcoming annual general meeting of the Company

The annual general meeting of the Company (the "AGM") will be held on Thursday, 28 May 2026. The notice of the AGM will be published and despatched to the Shareholders in due course.

The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM is Thursday, 28 May 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026, both dates inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, Shareholders must complete and lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 May 2026.

### Record date and closure of register of members for the proposed final dividend

The record date for determining the entitlements of the Shareholders to the proposed final dividend is Friday, 12 June 2026. The Company's register of members will be closed from Wednesday, 10 June 2026 to Friday, 12 June 2026 (both days inclusive) in order to determine entitlements to the proposed final dividend. During such period, no transfer of shares



## Directors' Report

will be effected. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 9 June 2026. Subject to the approval of the Shareholders at the AGM, dividend will be paid to the Shareholders on or around Friday, 3 July 2026.

### **FIVE-YEAR FINANCIAL SUMMARY**

A summary of the results, assets and liabilities of the Group for the last five years ended 31 December 2025 are set out on page 153 of this annual report. That summary does not form part of the audited financial statements.

### **SHARE CAPITAL**

Details of the movements in the share capital of the Company are set out in note 23(b) to the consolidated financial statements.

### **DISTRIBUTABLE RESERVES**

#### **Distributability of reserves of the Company**

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in share premium account are distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31 December 2025, the reserves of the Company available for distribution to the Shareholders amounted to approximately US\$65.2 million (2024: US\$71.9 million).

### **DONATIONS**

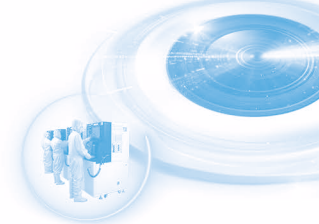
Charitable donations made by the Group during the year ended 31 December 2025 amounted to US\$2,300 (2024: US\$840).

### **TAX RELIEF AND EXEMPTION**

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

### **PRE-EMPTIVE RIGHTS**

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



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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025 (including sale or transfer of treasury shares as defined under Listing Rules). The Company did not have any treasury shares (as defined under the Listing Rules) as at 31 December 2025.

## SHARE OPTION SCHEME

The Company's existing share option scheme (the "**Share Option Scheme**" or the "**Scheme**") was adopted pursuant to the resolution of our Shareholders passed on 5 May 2021 to provide greater flexibility for the Company to grant share options and provide incentives and/or rewards to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.

### Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to selected Eligible Participants (as defined in paragraph "Who may join" below) for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group or any invested entity and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or invested entity.

The Board is of the view that the Share Option Scheme may provide the Eligible Participants with the opportunity of participating in the growth of the Group by acquiring shares in the Company which may in turn assist in the attraction and retention of the Eligible Participants. To ensure the achievement of the purpose of the Share Option Scheme, its rules do not specify any minimum holding period and/or performance targets as a condition for the exercise of an option but subject to the determination of the Board. The Board is given the authority under the Share Option Scheme rules to determine and state in the offer letter of grant any minimum holding period and/or performance targets as conditions for exercise of an option. In addition, the Board has the authority under the Share Option Scheme rules to determine the basis of eligibility of any Eligible Participant and the grant of an option on a case by case basis as the Board in its sole discretion considers appropriate. Hence, the Board believes that the rules of the Share Option Scheme will serve to achieve its purpose as well as protect the value of the Company.

### Who may join

The Board may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to:

- (i) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any invested entity;
- (ii) any Director (including executive, non-executive and independent non-executive directors) of the Company, any subsidiary or any invested entity;
- (iii) any supplier of goods or services to any member of the Group or any invested entity;
- (iv) any customer of the Group or any invested entity; or
- (v) any business or joint venture partners, contractors, agents or representatives, consultants, advisers or service providers that provides research, development, professional service or other technological support to the Group or any invested entity, (together with (i) to (iv) above, collectively, the "**Eligible Participant**").



## Directors' Report

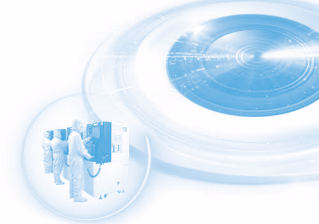
### Maximum number of Shares in respect of which options may be granted

The maximum number of the Shares in respect of which may be allotted and issued upon exercise of all share options, ("**Option**") to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 83,436,880 Shares, representing 10 per cent. (the "**Scheme Mandate Limit**") of the issued share capital of the Company as at the date which the Share Option Scheme is approved by the Shareholders, excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company, provided that:

- (i) the Company may seek approval of the Shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted by the Directors under the Scheme and any other share option schemes of the Company shall not exceed 10 per cent. (the "**Renewal Limit**") of the issued share capital of the Company at the date of approval to renew such limit. Options previously granted under the Scheme (including those outstanding, cancelled, lapsed in accordance with the Scheme or exercised Options) shall not be counted for the purpose of calculating the Renewal Limit. The Company shall send a circular to the Shareholders containing the information required under the Listing Rules and the disclaimer required under the Listing Rules for the purpose of seeking the approval of the Shareholders for the Renewal Limit.
- (ii) the Company may authorise the Directors to grant Options to specified Eligible Participants beyond the Scheme Mandate Limit or the Renewal Limit if the grant of such Options is specifically approved by the Shareholders in general meeting. In such case, the Company must send a circular to the Shareholders in connection with the general meeting at which their approval will be sought containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Option to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, the information and the disclaimer required under the Listing Rules and such further information as may be required by the Stock Exchange from time to time.
- (iii) if the Company or the subsidiary conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of securities that may be issued upon exercise of all options to be granted under all of the share option schemes of the Company or the subsidiary under the 10% Scheme Mandate Limit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, the Scheme and any other share option schemes of the Company shall not exceed 30 per cent. of the total number of Shares in issue from time to time. No Options shall be granted under the Scheme or any other share option scheme of the Company or any of its subsidiaries which will result in the limit being exceeded.

The maximum number of Shares in respect of which options may be granted shall be adjusted in such manner as the auditors of the Company shall certify in writing to the Board to be fair and reasonable in the event of any alteration to the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue, consolidation, reclassification, reconstruction, subdivision or reduction of the share capital of the Company but shall not in any event exceed the limits imposed by the Listing Rules.



### Maximum entitlement of each Eligible Participant

Unless approved by Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any Eligible Participant or grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that Eligible Participant or grantee on exercise of his options (including both exercised and outstanding options) during any 12 month period exceeding 1% of the total Shares then in issue.

### Acceptance of an offer of options

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the adoption date (i.e. 5 May 2021) or the termination of the Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

### Exercise price

The exercise price shall be a price determined by the Board but in any event shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on the date of offer;
- (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and
- (iii) the nominal value of the Shares on the date of offer.



## Directors' Report

### **Restriction on the time of grant of options**

A grant of Options shall not be made after inside information has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In particular, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year, half-year and quarterly period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement. Without prejudice to the foregoing, no option shall be granted during the period specified in the Listing Rules as being a period during which no option may be granted.

### **Rights are personal to the grantee**

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

### **Time of exercise of Option and duration of the Share Option Scheme**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by our Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. 5 May 2021). Accordingly, the Share Option Scheme has a remaining life of approximately 5 years and 1 month as at the date of this report. There is no minimum period for which an option must be held before it can be exercised.

### Movement of the share options

For the year ended 31 December 2025, the Company did not grant any share options (2024: no options were granted) to any eligible persons under the Share Option Scheme. Based on the Scheme Mandate Limit, the total number of Shares for issue under the Scheme is 83,436,880, representing approximately 9.61% of the total number of issued Shares of the Company as at the date of this annual report. Movement of the share options under the Share Option Scheme during the reporting period are listed below:

	Number of Options				As at 31 December 2025	Closing price of the Shares before the date of grant			
	As at 1 January 2025	Exercised during the period	Cancelled during the period	Lapsed during the period		Exercise price (HK\$)	date of grant (HK\$)	Date of grant <sup>(1)</sup>	Vesting period
<b>Directors of the Company</b>									
Meng Yan <sup>(1)</sup>	2,197,000	205,000	—	—	1,992,000	4.144	4.09	25 May 2021 <sup>(1)</sup>	25 May 2021 to 24 May 2026
Wu Ying-Cheng <sup>(1)</sup>	1,763,000	500,000	—	—	1,263,000	4.144	4.09	25 May 2021 <sup>(1)</sup>	25 May 2021 to 24 May 2026
Chen Han-Yang <sup>(1)</sup>	1,480,000	480,000	—	—	1,000,000	4.144	4.09	25 May 2021 <sup>(1)</sup>	25 May 2021 to 24 May 2026
Yang Li <sup>(1)</sup>	1,120,000	560,000	—	—	560,000	4.144	4.09	25 May 2021 <sup>(1)</sup>	25 May 2021 to 24 May 2026
<b>Employee participants</b>									
Continuous contract Employee <sup>(1)(2)</sup>	12,722,000	3,441,000	274,000	320,000	8,687,000	4.144	4.09	25 May 2021 <sup>(1)</sup>	25 May 2021 to 24 May 2026
	7,242,000	692,000	56,000	—	6,494,000	4.84	4.758	15 October 2021 <sup>(2)</sup>	15 October 2021 to 14 October 2026
<b>Total</b>	<b>26,524,000</b>	<b>5,878,000</b>	<b>330,000</b>	<b>320,000</b>	<b>19,996,000</b>				

Notes:

- (1) On 25 May 2021, a total of 45,450,000 Options were granted to certain Directors, chief executive and certain employees of the Group, and the exercise period of the Options are as follows:
- 20% of the Options shall be vested on the date falling the first anniversary of the Date of Grant and exercisable from 25 May 2022 to 24 May 2031, both dates inclusive.
  - 20% of the Options shall be vested on the date falling the second anniversary of the Date of Grant and exercisable from 25 May 2023 to 24 May 2031, both dates inclusive.
  - 20% of the Options shall be vested on the date falling the third anniversary of the Date of Grant and exercisable from 25 May 2024 to 24 May 2031, both dates inclusive.
  - 20% of the Options shall be vested on the date falling the fourth anniversary of the Date of Grant and exercisable from 25 May 2025 to 24 May 2031, both dates inclusive.
  - 20% of the Options shall be vested on the date falling the fifth anniversary of the Date of Grant and exercisable from 25 May 2026 to 24 May 2031, both dates inclusive.

For further details of the grant, please refer to the announcement of the Company dated 25 May 2021.



## Directors' Report

- (2) On 15 October 2021, a total of 17,200,000 Options were granted to certain continuous contract employees of the Group, and the exercise period of the Options are as follows:
- (a) 20% of the Options shall be vested on the date falling the first anniversary of the Date of Grant and exercisable from 15 October 2022 to 14 October 2031, both dates inclusive.
  - (b) 20% of the Options shall be vested on the date falling the second anniversary of the Date of Grant and exercisable from 15 October 2023 to 14 October 2031, both dates inclusive.
  - (c) 20% of the Options shall be vested on the date falling the third anniversary of the Date of Grant and exercisable from 15 October 2024 to 14 October 2031, both dates inclusive.
  - (d) 20% of the Options shall be vested on the date falling the fourth anniversary of the Date of Grant and exercisable from 15 October 2025 to 14 October 2031, both dates inclusive.
  - (e) 20% of the Options shall be vested on the date falling the fifth anniversary of the Date of Grant and exercisable from 15 October 2026 to 14 October 2031, both dates inclusive.

For further details of the grant, please refer to the announcement of the Company dated 15 October 2021.

- (3) Save as disclosed, no options had been granted to other director, chief executive, substantial shareholders of the Company, participants in excess of the individual limit and/or other related entity participants and/or service providers under the Share Option Scheme since its adoption. Other details of options granted by the Company, including but not limited to the fair value of the options at the date of the grant and the accounting standard and policy adopted, are set out in note 21 to the consolidated financial statements.

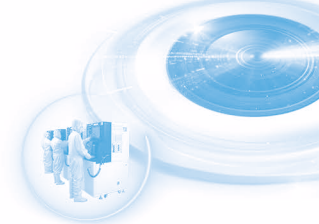
For the vesting conditions, in each of the aforesaid exercise period, if a Grantee's performance appraisal result for the preceding calendar year before an exercise period is level B or C, the Board is entitled to cancel some options exercisable in that exercise period of that Grantee; and if a Grantee's performance appraisal result for the preceding calendar year before an exercise period is level D, the Board is entitled to cancel all options exercisable in that exercise period of that Grantee.

During the reporting period, 5,878,000 options (2024: 9,242,000 options) were exercised under Share Option Scheme. For the options exercised during the reporting period, the weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$33.07 (2024: HK\$23.45).

Considering a total of 62,650,000 options were granted before the year ended 31 December 2022, and no options were granted during the subsequent periods and the reporting period, the number of options available for grant under the Scheme Mandate Limit as at the 1 January 2025 and 31 December 2025 remained as 20,786,880.

Based on the Scheme Mandate Limit and subtracting the number of options exercised, cancelled and/or lapsed, the total number of Shares available for issue under the Share Option Scheme was 40,782,880, representing approximately 4.70% of the issued shares of the Company as at the date of this report.

The number of shares that may be issued in respect of Options granted under the Share Option Scheme of the Company during the year ended 31 December 2025 divided by the weighted average number of Shares in issue for the year is 4.70%.



## SHARE AWARD SCHEME

The Board approved the adoption of a share award scheme for the Company (the **"Share Award Scheme"**) on 21 March 2024 (the **"Adoption Date"**). Pursuant to the Share Award Scheme, existing Shares will be purchased by Computershare Hong Kong Trustees Limited (the **"Trustee"**), a trustee corporation appointed by the Company for the administration of the Scheme, and any additional or replacement trustee (if applicable), from the secondary market out of cash contributed by the Company and be held on trust for the selected employees until such Shares are vested with the selected employees in accordance with the rules of the Share Award Scheme. No share options can be granted under the Share Award Scheme. While the Share Award Scheme constitutes a share scheme under Chapter 17 of the Listing Rules, it does not involve issue of new shares and as such, the adoption of the Share Award Scheme was not subject to Shareholders' approval.

Set out below is a summary of the Share Award Scheme:

### Purposes of the Share Award Scheme and who may join

The purposes of the Share Award Scheme is to motivate any employee (the **"Employee"**) of the Group employed under a contract of employment and shall include any person who has been an employee of the Company and/or our subsidiaries so employed (including without limitation any executive director and non-executive director of any member of the Group), and to optimize their performance and efficiency for the benefit of the Group, and retain talents and attract suitable personnel for further development of the Group.

The Board may, from time to time, at its absolute discretion select any Employee (other than any Employees who is resident in a place where, as determined by the Board or the Trustee (as the case may be), the grant, vesting and/or settlement of the awarded shares and related income pursuant to the terms of the Share Award Scheme at the time of the proposed grant, vesting and/or settlement is not permitted under the laws and regulations of such place, or where in the view of the Board or the Trustee (as the case may be), compliance with the applicable laws and regulations of such place makes it necessary or expedient to exclude such Employees) after taking into account various factors as it deems appropriate for participation in the Scheme as a selected employee (the **"Selected Employee(s)"**).

### Administration of the Share Award Scheme

The Share Award Scheme shall be subject to the administration of the Board in accordance with the rules of the Share Award Scheme. The Board may by resolution delegate any or all of its powers in the administration of the Share Award Scheme to the administrator or any other committee or sub-committee or any person(s) as from time to time authorized by the Board for such purpose. In addition, the remuneration committee of the Company is responsible for the review of relevant matters pertaining to the Share Award Scheme (including but not limited to performance appraisal criteria and procedures) and makes recommendation to the Board from time to time for its consideration and approval on the operations of the Share Award Scheme including the selection of the Employees, the terms of the grant of awards and the other related matters as expressly provided under the Share Award Scheme and the Listing Rules. The decision of the Board with respect to any matter arising under the Share Award Scheme (including the interpretation of any provision) shall be final and binding.



## Directors' Report

### **Scheme Limit — Maximum number of Shares available for award**

Pursuant to the Share Award Scheme, the Board shall not make any further award which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme representing in excess of ten (10)% of the total number of the Shares in issue as at the Adoption Date (the “**Scheme Limit**”) (i.e. 85,312,480 Shares based on the total number of issued Shares of 853,124,800 as at the Adoption Date).

### **Maximum entitlement of each participant under the Share Award Scheme**

The maximum number of awarded shares that may be awarded to any Selected Employee under the Share Award Scheme shall not exceed 1% of the total number of the Shares in issue of the Company as at the Adoption Date (i.e. 8,531,248 Shares based on the total number of issued Shares of 853,124,800 as at the Adoption Date).

### **Granting and Vesting**

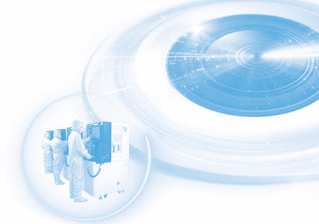
According to the rules of the Share Award Scheme, there is no specific requirement on the length of the vesting period of an awarded share. The Board has its absolute discretion to determine and impose any conditions in relation to the number of scheme shares to be awarded to the Selected Employees, the vesting dates of awarded shares (the “**Vesting Date(s)**”), and the vesting terms and conditions (such as individual performance and common key performance indicators) in respect of awarded shares (if any). Unless otherwise stated in the written notice in relation to the grant of awards, Selected Employees who are granted such awards are not required to pay any monetary consideration upon acceptance of the share awards.

Subject to the terms of the Share Award Scheme and the specific terms on which an award is granted, an award held by the Trustee on behalf of the relevant grantee shall vest on the Vesting Date as determined by the Board in accordance with the Listing Rules and notified to the relevant grantee.

### **Lapse**

Any awarded shares shall, to the extent not yet vested, automatically lapse forthwith in certain events, including but not limited to:

- when the Selected Employee fails to remain as an Employee on the relevant Vesting Date;
- when the Selected Employee fails to fulfil the vesting conditions (if any);
- the death of the Selected Employee before the relevant Vesting Date;
- when the Selected Employee's employment with the Company, or any subsidiary, is terminated before the relevant Vesting Date by reason of: dishonesty or serious misconduct, violation of any of the provisions of the Group's employee behavior codes; or
- such other events that the Board considers relevant or appropriate.



### Duration of the Share Award Scheme

The Share Award Scheme shall continue in full force and effect from the Adoption Date and expiring on the day immediately preceding the tenth (10th) anniversary of the Adoption Date (both days inclusive), unless sooner terminated by a resolution of the Board or otherwise as required under any applicable legal and/or regulatory requirements. Therefore, the remaining life of the Share Award Scheme is approximately 7 years and 11 months as at the date of this annual report.

If the Scheme Limit is reached or the Scheme is terminated, the Trustee shall not purchase any Shares pursuant to the rules of the Share Award Scheme, but such rules shall remain in full force and effect in all other respects for existing shares under the Share Award Scheme.

### Purchase of Shares

The Board may also from time to time pay to the Trustee from the Company's resources a sum of money (the "**Utilised Profit**") as part of the trust fund and instruct the Trustee in writing to purchase Shares on the Hong Kong Stock Exchange at the then prevailing price as instructed and/or approved by the Board. The factors which the Board should take into account when deciding on the Utilised Profit includes the amount of Shares proposed to be purchased, the amount of Scheme Shares which may be granted to the Selected Employees and the related purchase expenses.

Pursuant to the Share Award Scheme, the Board may not instruct the Trustee to acquire Shares in certain circumstances as detailed in the rules of the Share Award Scheme and where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. The Company shall also comply with the Listing Rules in relation to the restrictions on the time of grant of awards.

The Trustee and/or the Board shall not exercise the voting rights in respect of any scheme shares held under the Trust in all circumstances.

In April, November and December 2025, the Trustee purchased 2,000,000, 3,299,000 and 2,040,000 Shares, respectively, on the Hong Kong Stock Exchange for the purpose of the Share Awards Scheme, funded by the Company's internal resources. As at 31 December 2025, the Trustee held a total of 7,487,600 Shares under the Share Award Scheme, representing approximately 0.86% of the total number of issued shares of the Company as at the date of this annual report.



## Directors' Report

### Movement of the Share Awards

For the year ended 31 December 2025, the Company did not grant any awarded shares to employees (2024: 13,620,000) under the Share Award Scheme. The number of awarded shares available for grant under the Share Award Scheme under the scheme mandate limit as at 31 December 2025 remained as 71,692,480. The total number of awarded shares for the Share Award Scheme limit represents 9.83% of the total number of issued shares of the Company as at the date of this annual report. Movement of the awarded shares under the Share Award Scheme during the reporting period are listed below:

	Number of Awards					As at 31 December 2025	Date of grant <sup>(4)</sup>	Closing price of the Shares before the date of grant (HK\$)	Vesting period
	As at 1 January 2025	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period				
<b>Employee participants<sup>(1)</sup></b>									
Five highest paid individual in aggregate	4,180,000 <sup>(1)</sup>	— <sup>(1)</sup>	836,000 <sup>(2)</sup>	— <sup>(3)</sup>	— <sup>(3)</sup>	<b>3,344,000</b>	20 September 2024 <sup>(1)</sup>	20.85	20 September 2025 to 20 September 2029 <sup>(1)</sup>
Continuous contract employee in aggregate <sup>(3)</sup>	9,440,000 <sup>(1)</sup>	— <sup>(1)</sup>	1,739,400 <sup>(2)</sup>	12,600 <sup>(3)</sup>	808,000 <sup>(3)</sup>	<b>6,880,000</b>	20 September 2024 <sup>(1)</sup>	20.85	20 September 2025 to 20 September 2029 <sup>(1)</sup>
<b>Total</b>	<b>13,620,000</b>	<b>—</b>	<b>2,575,400</b>	<b>12,600</b>	<b>808,000</b>	<b>10,224,000</b>			

Notes:

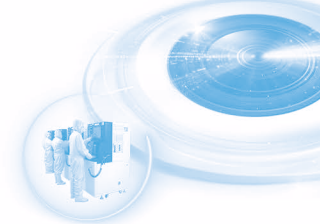
- (1) The Share Award Scheme was adopted on 21 March 2024. On 20 September 2024, a total of 13,620,000 awarded shares were granted to certain continuous employees of the Group, and the vesting period of the awards are as follows:
- 20% of the Awarded Shares shall be vested on the date falling the first anniversary of the date of grant.
  - 20% of the Awarded Shares shall be vested on the date falling the second anniversary of the date of grant.
  - 20% of the Awarded Shares shall be vested on the date falling the third anniversary of the date of grant.
  - 20% of the Awarded Shares shall be vested on the date falling the fourth anniversary of the date of grant.
  - 20% of the Awarded Shares shall be vested on the date falling the fifth anniversary of the date of grant.

There is no purchase/exercise price set for the Awarded Shares. For further details of the grant, please refer to the announcement of the Company dated 20 September 2024.

For the vesting conditions, in each of the aforesaid exercise period, if a Grantee's performance appraisal result for the preceding calendar year before vesting date is level B or C, the Board is entitled to cancel some awarded shares in that vesting date of that Grantee; and if a Grantee's performance appraisal result for the preceding calendar year before vesting date is level D, the Board is entitled to cancel all awarded shares in that vesting date of that Grantee.

The Company did not grant any awarded shares to the participants during the year ended 31 December 2025.

- (2) During the reporting period, an aggregate of 2,575,400 awards had been vested. The weighted average closing price of the Shares immediately before the dates on which the awards were vested was HK\$36.82 per Share.
- (3) During the reporting period, 12,600 awards had been cancelled, and 808,000 awards had been lapsed, respectively.



- (4) Save as disclosed, no awarded shares were granted to any director chief executive, substantial shareholders of the Company or their respective associates, participants in excess of the individual limit and/or other related entity participants and/or service providers under the Share Award Scheme since its adoption. Other details of award shares granted by the Company, including but not limited to the fair value of the award shares at the date of grant and the accounting standard and policy adopted, are set out in note 21 to the consolidated financial statements.

The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the financial year ended 31 December 2025 divided by the weighted average number of Shares in issue for the financial year ended 31 December 2025 was 13.07%.

### **EQUITY-LINKED AGREEMENTS**

Saved for the existing arrangement under the Share Option Scheme and the Share Award Scheme mentioned above, no equity-linked agreements were entered into by the Company during or at the end of the financial year ended 31 December 2025.

### **SUBSIDIARIES**

Details of the Company's principal subsidiaries as at 31 December 2025 are set out in note 12 to the consolidated financial statements.

### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year ended 31 December 2025, the percentage of the Group's revenue attributable to the Group's largest customer and the five largest customers in aggregate were approximately 98.7% and 99.9% respectively (2024: 96.9% and 99.9% respectively).

During the year ended 31 December 2025, the percentage of the Group's purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate were approximately 66.1% and approximately 81.1% (2024: approximately 50.5% and approximately 71.7% respectively) respectively.

During the year ended 31 December 2025, none of the Directors or any of their associates or any shareholders which to the best knowledge of the Directors, who own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers or suppliers.

### **RETIREMENT BENEFIT SCHEMES**

The Group participated in various retirement benefit schemes in accordance with relevant rules and regulations in the Chinese Mainland, Hong Kong and Korea. Particulars of the retirement benefit schemes are set out in note 20 to the consolidated financial statements.

### **REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

The Company has established a formal and transparent procedure for formulating policies on the remuneration of senior management of the Group. Details of the remuneration of each Director for the year ended 31 December 2025 are set out in note 6 to the consolidated financial statements of this annual report.



## Directors' Report

In addition to the remuneration of Directors mentioned above, the remuneration of members of the senior management by band for the year ended 31 December 2025 is set out below:

	2025	2024
<b>Remuneration Bands:</b>	Number of individuals	Number of individuals
HK\$1,000,001 (equivalent to \$128,001) to HK\$1,500,000 (equivalent to \$192,000)	—	2
HK\$3,000,001 (equivalent to \$386,001) to HK\$3,500,000 (equivalent to \$451,000)	—	1
HK\$4,500,001 (equivalent to \$578,001) to HK\$5,000,000 (equivalent to \$642,000)	1	—
HK\$8,500,001 (equivalent to \$1,092,001) to HK\$9,000,000 (equivalent to \$1,156,000)	4	—

## DIRECTORS

The Directors during the financial year ended 31 December 2025 and up to the date of this annual report are:

### Executive Directors

Mr. Meng Yan (*Chairman*)  
Mr. Wu Ying-Cheng

### Non-Executive Directors

Mr. Chen Han-Yang  
Mr. Yang Li

### Independent non-executive Directors

Ms. Su Yen-Hsueh  
Mr. Tsai Chen-Lung  
Ms. Liu Xia

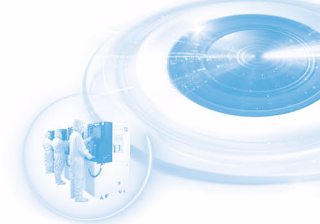
In the forthcoming AGM, Mr. Yang Li, Ms. Su Yen-Hsueh and Ms. Liu Xia will retire as Directors in accordance with Article 16.18 of the Articles of Association. All of them are eligible, and will offer themselves for re-election.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors offering for re-election at the forthcoming 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.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.



## TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director (or any entity connected with a director) had a material interest, whether directly or indirectly, subsisted at the end of 2025 or at any time during 2025.

In addition, save as disclosed in the section headed “Connected Transactions and Continuing Connected Transactions” below, there was no contracts of significance to which the Company or any of its subsidiaries was a party and in which a controlling shareholder (or any of its subsidiaries) was another party, and there was no contract of significance for the provision of services to the Company or any of its subsidiaries by its controlling shareholder (or any of its subsidiaries) subsisted during the year ended 31 December 2025.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, certain related party transactions as set out in note 26 to the consolidated financial statements also constituted connected transactions or continuing connected transactions for the Company under the Listing Rules, and are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. Save as disclosed in this report, none of the related party transactions constitutes a continuing connected transaction or connected transaction as defined under the Listing Rules. The disclosure of the following related party transactions has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The details of the connected transactions and continuing connected transactions are set out below:

### Connected transaction – Purchase of equipment from Luxshare Precision Industry Co., Limited (“Luxshare Precision”)

On 20 March 2025, the Company entered into the 2025 Machinery Purchase Agreement with Luxshare Precision Industry Co., Limited (立訊精密工業股份有限公司) (“Luxshare Precision”), a company incorporated in the Chinese Mainland with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475), pursuant to which the Group shall purchase, and Luxshare Precision and its subsidiaries (the “Luxshare Precision Group”) shall supply, several machinery and equipment manufactured and sold by Luxshare Precision Group to the Group according to the specification as requested by the Group include but not limited to Auto Vision Inspection-Auto Cap Attach (AVI-ACA) automatic lines, sidefill/flex reinforcement inlines, 4-axis dispensing machine automatic lines, module automatic line, blowers and depanelers for the production use of the Group (the “Machinery”) at a consideration of not more than RMB98,000,000 (subject to adjustment). Delivery shall take place within 60 days (or otherwise agreed by the parties in writing) after the execution of the relevant sub-contract(s)/order(s) and the relevant approval (if required) has been obtained from the relevant PRC government authority, including the PRC customs authority (as the case may be). For further details, please refer to the announcement of the Company dated 20 March 2025.

Having considered (i) the pricing of the Machinery manufactured by the Luxshare Precision Group are generally more favourable as compared with that of independent third party vendors; (ii) the exceptional technology capability of the Luxshare Precision Group to develop and manufacture the Machinery with special specification as requested by the Group from time to time to cope with its production needs; and (iii) the negotiation time and cost, as well as the delivery time and costs, can be reduced in view of the existing friendly business cooperation among the parties and the close geographical location of the respective operations of the Luxshare Precision Group and the Group, the Directors consider that the 2025 Machinery Purchase Agreement can allow the Group to raise its production capacity efficiently to meet the production demands in the best interest of the Group and the Shareholders.



## Directors' Report

As at the date of the 2025 Machinery Purchase Agreement, Ms. Wang Laichun and Mr. Wang Laisheng, who are the controlling Shareholders, together were also indirectly interested in approximately 37.71% of the equity interests, and Mr. Wang Laisheng was also directly interested in approximately 0.21% equity interests, of Luxshare Precision. Hence, Luxshare Precision is an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Wang Laichun and Mr. Wang Laisheng and a connected person of the Group. As such, the transaction contemplated under the 2025 Machinery Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or were otherwise related. The Company had entered into the 2024 Machinery Purchase Agreement with Luxshare Precision on 31 May 2024, details of which were set out in the announcement of the Company dated 31 May 2024. As Luxshare Precision is the counterparty to each of the 2024 Machinery Purchase Agreement and the 2025 Machinery Purchase Agreement and the transactions contemplated under the two agreements are of the same nature, the 2024 Machinery Purchase Agreement and the 2025 Machinery Purchase Agreement shall be aggregated as if they were one transaction.

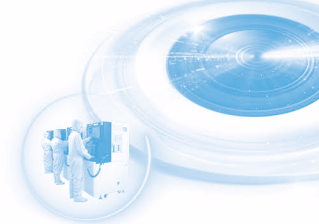
As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the 2025 Machinery Purchase Agreement (after aggregation with the 2024 Machinery Purchase Agreement) are more than 0.1% but less than 5%, the transactions under the 2025 Machinery Purchase Agreement are subject to the reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total actual transaction amount under the 2025 Machinery Purchase Agreement was approximately US\$5,654,000 (equivalent to approximately RMB40,273,000).

### **Connected transaction – Sale of equipment to Luxvisions Innovation Technology Corp. Limited (formerly known as Guangzhou Luxvisions Innovation Technology Limited (廣州立景創新科技有限公司)) (“LITCL”)**

On 29 September 2025, the Company entered into the “2025 Machinery Sale Agreement” to Luxvisions Innovation Technology Corp. Limited (formerly known as Guangzhou Luxvisions Innovation Technology Limited (廣州立景創新科技有限公司)) (“LITCL”), pursuant to which the Group shall sell, and LITCL Group shall purchase, several machinery and equipment and sold to LITCL Group. The machinery, equipment and/or auxiliary tools according to the specification requested by the LITCL Group for the production use of the LITCL Group, including but not limited to vacuum plasma surface treatment equipment, cleaning machines, welding systems, MTF (Modulation Transfer Function) measuring instruments, automatic die bonders at a consideration of not more than RMB30,000,000 (subject to adjustment). Delivery shall take place within 60 days (or otherwise agreed by the parties in writing) after the execution of the relevant sub-contract(s)/order(s) and the relevant approval (if required) has been obtained from the relevant PRC government authority, including the PRC customs authority (as the case may be). For further details, please refer to the announcement of the Company dated 29 September 2025.

The consideration for the sale of the machinery was determined based on arm's length negotiations between the parties and with reference to, among others, the unaudited net book value of the machinery as at 31 August 2025, depreciation of the Machinery to be accrued up to delivery, working conditions of the machinery and current market value of Machinery of similar capability. In line with the Group's commitment to technological advancement, operational efficiency, and the highest quality standards for our products, the sale of the surplus and underutilized machinery allows the Group to optimize resources allocation, reduce unnecessary maintenance costs and reallocate capital towards more advanced equipment. The sale also ensures that valuable resources can continue to be utilized efficiently. Having considered all relevant factors, the Directors consider that the Machinery Sale Agreement and the transaction contemplated thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms thereof (including the consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



LITCL is a company incorporated in the Chinese Mainland and a controlling shareholder of the Company through Luxvisions Innovation Technology Limited (“**LITL**”), its wholly-owned subsidiary. As at the date of the Machinery Sale Agreement, LITCL is owned as to approximately 48.06% by Luxvisions Innovation Limited (“**LIL**”), a company incorporated in Hong Kong with limited liability which is owned as to approximately 56.34% by Mr. Wang Laixi and 43.66% by Luxsan Limited (“**Luxsan**”). Luxsan is a company incorporated in Hong Kong with limited liability and owned as to by Ms. Wang Laichun (an elder sister of Mr. Wang Laixi), Mr. Wang Laisheng (an elder brother of Mr. Wang Laixi) and Ms. Wang Laijiao (an elder sister of Mr. Wang Laixi) as to 34%, 33% and 33% respectively. LITCL is a connected person of the Company and the transaction contemplated under the 2025 Machinery Sale Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the 2025 Machinery Sale Agreement are more than 0.1% but less than 5%, the transaction under the 2025 Machinery Sale Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total actual transaction amount under the 2025 Machinery Sale Agreement was approximately US\$1,955,000 (equivalent to approximately RMB13,905,000).

### **Continuing connected transaction – Supply framework agreement in respect of the supply of customized products and/or materials to LITCL**

On 27 December 2024, the Company and LITCL entered into a Supply Framework Agreement for a term from 1 January 2025 to 31 December 2027 in relation to the supply of customized products and/or materials by the Group to the LITCL according to the specifications as provided by the LITCL Group, including but not limited to optical glass, optical adhesive, optical coating and related materials or parts in relation to the production of the LITCL Group. The parties shall execute separate orders in accordance with the terms of the Supply Framework Agreement setting out, among others, the specifications and quantity of the products required and delivery schedules, and must comply with the terms of the Listing Rules and applicable laws. Pursuant to the Supply Framework Agreement, the Group will determine the selling prices of the relevant products based on arm's length negotiations of the parties with reference to, and generally shall not be lower than, prices charged by the Group to other independent third party customers of the relevant products of same or similar specifications, which represents the then prevailing market prices. The Board believes that supply and sale of the relevant products to the LITCL Group can help create synergy of the parties as it can raise the profile of the relevant products, enhance the products' penetration into new markets, expand the source of revenue and improve the profitability for the Group, as well as to facilitate the production of the LITCL Group and enhance the competitiveness of their products. For further details, please refer to the announcement of the Company dated 27 December 2024.

On 29 September 2025, as a result of the unexpected increase in demand for our relevant products, the Company entered into the Supplemental Supply Framework Agreement with LITCL to revise the 2025 annual cap from RMB36,000,000 to RMB50,000,000, the 2026 annual cap from RMB43,200,000 to RMB305,500,000 and the 2027 annual cap from RMB51,840,000 to RMB444,600,000. For further details, please refer to the announcement of the Company dated 29 September 2025.



## Directors' Report

As at the date of this report, LITCL is owned as to approximately 48.06% by LIL, a company incorporated in Hong Kong with limited liability which is owned as to approximately 56.342% by Mr. Wang Laixi and 43.659% by Luxsan. Luxsan is a company incorporated in Hong Kong with limited liability and owned as to by Ms. Wang Laichun (an elder sister of Mr. Wang Laixi), Mr. Wang Laisheng (an elder brother of Mr. Wang Laixi) and Ms. Wang Laijiao (an elder sister of Mr. Wang Laixi) as to 34%, 33% and 33% respectively. LITCL is a connected person of the Company and the transactions contemplated under the supply framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Supply Framework Agreement are more than 0.1% but less than 5%, the transactions under the Supply Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total actual transaction amount under the supply framework agreement was approximately US\$6,988,000 (equivalent to approximately RMB49,834,000) (2024: US\$2,950,000, equivalent to approximately RMB20,980,000) and the annual cap amount for the year ended 31 December 2025 was RMB50,000,000 (2024: RMB64,000,000).

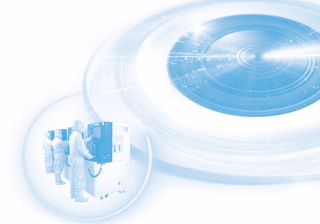
### **Continuing connected transaction – Purchase framework agreement in respect of the purchase of customized products from Luxshare Precision**

On 29 December 2022, the Company entered into the New Purchase Framework Agreement with Luxshare Precision for the supply of the products by the Luxshare Precision Group to the Group according to the specifications as requested by the Group, including but not limited to front and rear facing cameras of smartphones and cameras of tablets in relation to the production of the Group (the “**Products**”) from 1 January 2023 to 31 December 2023. The parties shall execute separate orders in accordance with the terms of the New Purchase Framework Agreement setting out, among others, the specifications and quantity of the Products required and delivery schedules, and must comply with the terms of the Listing Rules and applicable laws. Selling prices of the Products shall be determined with reference to, and generally shall not be lower than, prices charged by the Luxshare Precision Group to other independent third party customers of the Products of same or similar specifications, which represents the then prevailing market prices. For further details, please refer to the announcement of the Company dated 29 December 2022.

On 19 April 2023, the Company entered into the Supplemental Purchase Framework Agreement with Luxshare Precision to, among others, extend the term of the agreement to 31 December 2025, with the 2024 annual cap and the 2025 annual cap being US\$61,776,000 and US\$80,352,000, respectively. For further details, please refer to the announcement of the Company dated 19 April 2023 and the circular of the Company dated 8 June 2023.

On 17 July 2024, the Company entered into the Second Supplemental Purchase Framework Agreement with Luxshare Precision to revise the 2024 annual cap from US\$61,776,000 to US\$260,000,000 and the 2025 annual cap from US\$80,352,000 to US\$360,000,000. For further details, please refer to the announcement of the Company dated 17 July 2024 and the circular of the Company dated 14 August 2024.

The Group has been purchasing the relevant products from Luxshare Precision Group for its production and that the relevant products are of high quality and a friendly business relationship was established among the parties. The Board believes that it is in the benefit of the Group to enter into the New Purchase Framework Agreement (and the subsequent supplemental agreements and renewal agreements) to save time and costs in sourcing and negotiating with multiple suppliers, which will then enhance the operational efficiency of the Group. As Luxshare Precision is an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Wang Laichun and Mr. Wang Laisheng and a connected person of the Group. As such, the



transactions contemplated under the New Purchase Framework Agreement (as amended and supplemented by the Second Supplemental Purchase Framework Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the highest annual cap under the Second Supplemental Purchase Framework Agreement is more than 5%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company and were subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules. The Second Supplemental Purchase Framework Agreement was approved by the independent shareholders of the Company on 29 August 2024.

For the year ended 31 December 2025, the total actual transaction amount under the New Purchase Framework Agreement was approximately US\$280,256,000 (2024: US\$217,442,000) and the annual cap amount for the year ended 31 December 2025 was US\$360,000,000 (2024: US\$260,000,000).

On 29 September 2025, the Company entered into the 2026 Purchase Framework Agreement with Luxshare Precision, pursuant to which the Group shall purchase certain products including but not limited to voice coil motors and automated machines from the Luxshare Precision Group (excluding Time Interconnect Technology Limited (匯聚科技有限公司) ("**Time Interconnect**") (stock code: 1729), a non-wholly owned subsidiary of Luxshare Precision, and its subsidiaries (together collectively as the "**Time Interconnect Group**") according to the specifications as requested by the Group from time to time in relation to its production from 1 January 2026 to 31 December 2028, unless otherwise terminated earlier in accordance with the terms of the 2026 Purchase Framework Agreement. The parties shall execute separate orders in accordance with the terms of the 2026 Purchase Framework Agreement setting out, among others, the specifications and quantity of the products required and delivery schedules, and must comply with the Listing Rules and applicable laws. Selling prices of the products shall be determined after arm's length negotiations between the parties with reference to the price sold by independent third party vendors or the prices charged by the Luxshare Precision Group (excluding the Time Interconnect Group) to other independent third party customers of the products of same or similar specifications, which represents the then prevailing market rates, and taking into account factors such as technical specifications, purchase quantity and additional customization requirements.

Pursuant to the 2026 Purchase Framework Agreement, the annual cap for each of the three years ending 31 December 2028 is expected to be not more than RMB3,027.20 million, RMB3,330.00 million and RMB3,663.00 million (which are equivalent to approximately US\$422.35 million, US\$464.60 million and US\$511.06 million), respectively. For further details, please refer to the announcement of the Company dated 29 September 2025 and the circular of the Company dated 3 November 2025.

### **Continuing connected transaction – Materials procurement framework agreement in respect of the purchase of customized products from LITCL**

On 29 December 2022, the Company entered into the New Materials Procurement Framework Agreement with LITCL for the supply of materials by the LITCL Group to the Group according to the specifications as requested by the Group, including but not limited to circuit board assembly (including LIDAR printed circuit board assembly) and related raw materials, stores, consumables and other materials in relation to the production of the Group from 1 January 2023 to 31 December 2023. For further details, please refer to the announcement of the Company dated 29 December 2022.

On 19 April 2023, the Company entered into the Supplemental Materials Procurement Framework Agreement with LITCL to revise the 2023 annual cap from RMB70,000,000 to RMB73,000,000 and to extend the term of the agreement to 31 December 2025. For further details, please refer to the announcement of the Company dated 19 April 2023 and the circular of the Company dated 8 June 2023.



## Directors' Report

On 10 November 2023, the Company entered into the Second Supplemental Materials Procurement Framework Agreement with LITCL to further revise the 2023 annual cap from RMB73,000,000 to RMB123,000,000. For further details, please refer to the announcement of the Company dated 10 November 2023 and the circular of the Company dated 5 December 2023.

On 17 July 2024, the Company entered into the Third Supplemental Materials Procurement Framework Agreement with LITCL to further revise the 2024 annual cap from RMB133,000,000 to RMB195,000,000. For further details, please refer to the announcement of the Company dated 12 July 2024 and the circular of the Company dated 14 August 2024.

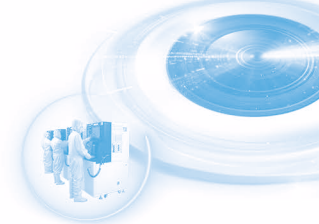
The Group has been purchasing the relevant materials from LITCL Group for its production and that the relevant materials are of high quality and a friendly business relationship was established among the parties. The Board believes that it is in the benefit of the Group to enter into the New Materials Procurement Framework Agreement (and the subsequent supplemental agreements and renewal agreements) to save time and costs in sourcing and negotiating with multiple suppliers, which will then enhance the operational efficiency of the Group.

As LITCL is a controlling shareholder of the Company, it is a connected person of the Company and the transactions contemplated under the New Materials Procurement Framework Agreement (as amended and supplemented by the Third Supplemental Materials Procurement Framework Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the highest annual cap under the Third Supplemental Materials Procurement Framework Agreement is more than 5%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company and were subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement as set out under Chapter 14A of the Listing Rules. The Third Supplemental Materials Procurement Framework Agreement was approved by the independent shareholders of the Company on 29 August 2024.

For the year ended 31 December 2025, the total actual transaction amount under the New Materials Procurement Framework Agreement was approximately US\$11,947,000 (equivalent to approximately RMB85,348,000) (2024: US\$19,678,000 equivalent to approximately RMB139,869,000) and the annual cap amount for the year ended 31 December 2025 was RMB199,000,000 (2024: RMB195,000,000).

On 29 September 2025, the Company entered into the 2026 Materials Procurement Framework Agreement with LITCL, pursuant to which the Group shall purchase certain materials including but not limited to circuit board assembly (including LIDAR printed circuit board assembly) and related raw materials, stores, consumables and other materials in relation to the production of the Group from the LITCL Group according to the specifications as requested by the Group from time to time in relation to its production from 1 January 2026 to 31 December 2028, unless otherwise terminated earlier in accordance with the terms of the 2026 Materials Procurement Framework Agreement. The parties shall execute separate orders in accordance with the terms of the 2026 Materials Procurement Framework Agreement setting out, among others, the specifications and quantity of the materials required and delivery schedules, and must comply with the Listing Rules and applicable laws. Selling prices of the materials shall be determined after arm's length negotiations between the parties with reference to the prices charged by the LITCL Group to other independent third party customers of the materials of same or similar specifications, which represents the then prevailing market rates, and taking into account factors such as technical specifications, purchase quantity and additional customization requirements.

Pursuant to the 2026 Materials Procurement Framework Agreement, the annual cap for each of the three years ending 31 December 2028 is expected to be not more than RMB95 million, RMB100 million and RMB110 million respectively. For further details, please refer to the announcement of the Company dated 29 September 2025 and the circular of the Company dated 3 November 2025.



### **Continuing connected transactions — Labour framework agreements in respect of the provision and receipt of labour services to and from Luxshare Precision and LITCL**

On 27 December 2024, the Company and Luxshare Precision entered into (i) the LP Provision of Labour Services Framework Agreement for the provision of labour services by the Group to the Luxshare Precision Group; and (ii) the LP Receipt of Labour Services Framework Agreement for the receipt of labour services by the Group from the Luxshare Precision Group, in connection with the support of the business operation, research and development and production aspects of the Group and the Luxshare Precision Group. On the same date, the Company and LITCL entered into (i) GZL Provision of Labour Services Framework Agreement for the provision of labour services by the Group to the LITCL Group; and (ii) the GZL Receipt of Labour Services Framework Agreement for the receipt of labour services by the Group from the LITCL Group in connection with the support of the business operation, research and development and production aspects of the Group and the LITCL Group. For further details, please refer to the announcement of the Company dated 27 December 2024.

Each of Luxshare Precision and LITCL is a connected person of the Company and the transactions contemplated under each of the aforementioned Labour Services Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The service fees payable by the Group are determined on the basis of the costs and expenses for providing such labour supporting services according to the techniques and experience required for the relevant work tasks, plus a service markup of 6% of such costs and expenses.

While all of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of each of the LP Receipt of Labour Services Framework Agreements and the GZL Receipt of Labour Services Framework Agreements are less than 0.1% and hence the transactions contemplated thereunder are de minimis transactions of the Company under the Listing Rules, more than one applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of each of the LP Provision of Labour Services Framework Agreements and the GZL Provision of Labour Services Framework Agreements (and after aggregation with other Labour Services Framework Agreements) are more than 0.1% but less than 5%. Accordingly, on an aggregated basis, each of the Labour Services Framework Agreements is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement as set out under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, (i) the total actual transaction amount under the LP Provision of Labour Services Framework Agreement was approximately US\$1,562,000 (equivalent to approximately RMB11,171,000) (2024: US\$1,113,000, equivalent to approximately RMB7,913,000) and the annual cap amount for the year ended 31 December 2025 was RMB18,000,000 (2024: RMB15,000,000) (ii) the total actual transaction amount under the LP Receipt of Labour Services Framework Agreement was approximately US\$1,888,000 (2024: USD548,000) and the annual cap amount for the year ended 31 December 2025 was USD2,280,000 (2024: USD550,000); (iii) the total actual transaction amount under GZL Provision of Labour Services Framework Agreement was approximately US\$2,161,000 (equivalent to approximately RMB15,472,000) (2024: USD1,952,000, equivalent to approximately RMB13,885,000) and the annual cap amount for the year ended 31 December 2025 was RMB29,000,000 (2024: RMB17,000,000); and (iv) the total actual transaction amount under GZL Receipt of Labour Services Framework Agreement was approximately US\$128,000 (equivalent to approximately RMB915,000) (2024: USD130,000, equivalent to approximately RMB925,000) and the annual cap amount for the year ended 31 December 2025 was RMB1,200,000 (2024: RMB1,000,000).

As the term under the LP Receipt of Labour Services Framework Agreement was due to expire on 31 December 2025, on 29 December 2025, the Company entered into the new LP Receipt of Labour Services Framework Agreement with Luxshare Precision, to extend the term under the aforementioned agreement to 31 December 2028 to receive the Group



## Directors' Report

from the Luxshare Precision Group (excluding the Time Interconnect Group) labour supporting services, including but not limited to labour of certain non-key positions in connection with the equipment and system maintenance and technical consulting services, as required by the Group from time to time. The service fees payable by the Group are determined on the basis of the costs and expenses for providing such labour supporting services according to the techniques and experience required for the relevant work tasks, plus a service markup of 6% of such costs and expenses.

The LP Provision of Labour Services Framework Agreement and the GZL Provision of Labour Services Framework Agreement serve as the framework to save the negotiation time and cost for the supply of labour services by the Group to the Luxshare Precision Group and the LITCL Group, utilize the Group's part of surplus labour/production capacity to optimize our labour utilisation and production capacity and broaden the revenue base of the Group. On the other hand, having considered that (i) the exceptional technological capabilities of the Luxshare Precision Group and labour with relevant technical and operational skills in the maintenance of automated equipment and system which would be required during the automation process of the Group; and (ii) the LP Receipt of Labour Services Framework Agreement can allow the Group to operate efficiently with additional labour services from skilled and experienced labour with relevant technical and operational skills as and when needed while saving the costs and time to search for, hire and handle the direct employment of the relevant talents in the long run when the actual demand of such labour services is yet to ascertain and/or no suitable candidates are readily available, the entering of the aforementioned agreements can allow the Group to continue the cooperation based on the principal terms and pricing policies thereto subject to the proposed annual caps without incurring substantial negotiation time and costs among the parties to effect the aforementioned transactions.

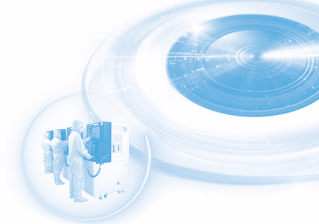
Pursuant to the new LP Receipt of Labour Services Framework Agreement, the annual cap for each of the three financial years ending 31 December 2028 is expected to be denominated in RMB (instead of US\$), and RMB18.1 million, RMB19.9 million and RMB21.9 million (which are, for reference, equivalent to approximately US\$2.56 million, US\$2.82 million and US\$3.10 million), respectively. For further details, please refer to the announcement of the Company dated 29 December 2025.

### **Continuing connected transaction – Supply framework agreement in respect of the supply of customized products to Suteng**

On 19 April 2023, Dongguan Luxsense Innovation Electronics Limited ("**Luxsense**"), a subsidiary owned as to 51% by the Company, entered into the ST Supply Framework Agreement with Suteng Innovation Technology Company Limited ("**Suteng**") for a term from 20 April 2023 to 31 December 2025 for supply the LS Products to Suteng. The ST Supply Framework Agreement (and the supplemental agreements detailed below) can provide a framework for the long-term supply of the LS Products to the Suteng Group by the Group on a non-exclusive basis and will help reduce negotiation time and costs among the parties. For further details, please refer to the announcement of the Company dated 19 April 2023 and the circular of the Company dated 8 June 2023.

On 10 November 2023, Luxsense entered into the Supplemental ST Supply Framework Agreement with Suteng to revise the 2023 annual cap from RMB211,000,000 to RMB400,000,000. For further details, please refer to the announcement of the Company dated 10 November 2023 and the circular of the Company dated 5 December 2023.

On 17 July 2024, Luxsense entered into the Second Supplemental ST Supply Framework Agreement with Suteng to revise the 2024 annual cap from RMB414,000,000 to RMB580,000,000. For further details, please refer to the announcement of the Company dated 17 July 2024 and the circular of the Company dated 14 August 2024.



Suteng is interested in 49% of the equity interest of Luxsense since February 2023 and is therefore a connected person at the subsidiary level of the Group. It is wholly-owned by RoboSense HongKong Limited. As such, the transactions contemplated under the Second Supplemental ST Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed 2024 or the highest annual cap under the Second Supplemental ST Supply Framework Agreement is more than 5%, the transactions contemplated thereunder constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent shareholders' approval requirement as set out under Chapter 14A of the Listing Rules. The Second Supplemental ST Supply Framework Agreement was approved by the independent shareholders of the Company on 29 August 2024.

For the year ended 31 December 2025, the total actual transaction amount under the ST Supply Framework Agreement was approximately US\$36,531,000 (equivalent to approximately RMB261,356,000) (2024: US\$71,329,000, equivalent to approximately RMB506,796,000) and the annual cap amount for the year ended 31 December 2025 was RMB634,000,000 (2024: RMB580,000,000).

### **Annual review of the continuing connected transactions**

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- a. In the ordinary and usual course of business of the Group;
- b. According to normal commercial terms or terms better to the Group than terms available to or from, as appropriate, independent third parties;
- c. According to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole; and
- d. The total annual transaction amount for the year ended 31 December 2025 has not exceeded the respective annual cap.

The Directors confirmed that the auditors of the Company have confirmed the matters set out in Listing Rule 14A.56.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagement Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Listing Rule 14A.56.

### **RELATED PARTY TRANSACTIONS**

Details of the material related party transactions undertaken by the Group in its normal course of business are set out in note 26 to the consolidated financial statements.



## Directors' Report

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

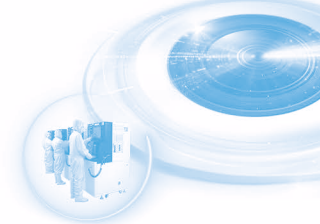
### DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

#### (a) Long position in the shares and underlying shares of the Company

Name of Director	Title	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest
Meng Yan	Executive Director, Chairman	Beneficial interest (Note)	1,992,000	0.23
Wu Ying-Cheng	Executive Director, Chief executive officer and Chief financial officer	Beneficial interest (Note)	1,263,000	0.15
Chen Han-Yang	Non-executive Director	Beneficial interest (Note)	1,000,000	0.12
Yang Li	Non-executive Director	Beneficial interest (Note)	560,000	0.06

Note: These interests represented the interests in underlying shares in respect of the share options granted by the Company to the Directors under the Share Option Scheme.

**(b) Long position in the shares and underlying shares of associated corporation(s)**

<b>Name</b>	<b>Title</b>	<b>Nature of interest</b>	<b>Number of shares or underlying shares</b>	<b>Approximate percentage of aggregate interests to the total number of share in issue</b>
Mr. Meng Yan	Executive Director, Chairman	Beneficial interest (Note)	14,773,575	1.07%
Mr. Wu Ying-Cheng	Executive Director, Chief executive officer and Chief financial officer	Beneficial interest (Note)	3,161,875	0.23%
Mr. Chen Han-Yang	Non-executive Director	Beneficial interest (Note)	6,632,732	0.48%
Mr. Yang Li	Non-executive Director	Beneficial interest (Note)	7,121,694	0.52%

Note: These interests represented the interests in underlying shares of the share awards granted by Luxvisions Innovation Technology Corp. Limited ("LITCL") (formerly known as Guangzhou Luxvisions Innovation Technology Limited), an intermediate holding company of the Company.

Save as disclosed above, as of 31 December 2025, so far as is known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

**INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES, UNDERLYING SHARES OF THE COMPANY**

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



## Directors' Report

### Interest of substantial shareholders

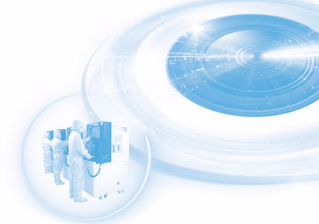
Name of shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest <sup>(2)</sup>
Luxvisions Innovation Technology Limited <sup>(1)</sup>	Beneficial interest	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
Mr. Wang Laichun <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
Mr. Wang Laisheng <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
Ms. Wang Laijiao <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
Mr. Wang Laixi <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
Luxsan <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
LIL <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>
LITCL <sup>(1)</sup>	Interest in a controlled corporation	607,455,760	69.97% (L)
		551,229,760	63.49% (S) <sup>(3)</sup>

(1) Luxvisions Innovation Technology Limited ("LITL") is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Luxvisions Innovation Technology Corp. Limited ("LITCL"), which is a company incorporated in the Chinese Mainland. LITCL is owned as to approximately 48.06% by Luxvisions Innovation Limited ("LIL"), a company incorporated in Hong Kong with limited liability, which in turn is owned as to approximately 56.342% by Mr. Wang Laixi and 43.659% by Luxsan Limited ("Luxsan"). Luxsan is a company incorporated in Hong Kong with limited liability and owned as to by Ms. Wang Laichun (an elder sister of Mr. Wang Laixi), Mr. Wang Laisheng (an elder brother of Mr. Wang Laixi) and Ms. Wang Laijiao (an elder sister of Mr. Wang Laixi) as to 34%, 33% and 33% respectively. Each of Ms. Wang Laichun, Mr. Wang Laisheng, Ms. Wang Laijiao, Mr. Wang Laixi, Luxsan, LIL and LITCL is deemed, or taken to be, interested in the Shares held by LITL for the purposes of the SFO.

(2) As at 31 December 2025, the total number of issued shares of the Company was 868,165,800 ordinary shares. (L) denotes long position, and (S) denotes short position.

(3) LITL has pledged an aggregate of 551,229,760 Shares in favour of a licensed bank in Hong Kong as security for its banking facilities granted by the said bank, representing approximately 63.49% of the total issued share capital of the Company as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any person (other than Directors or chief executive and substantial shareholders of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31 December 2025.



## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the financial year ended 31 December 2025 and up to the date of this report, there has been sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

## **EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Save as disclosed above, there were no significant events affecting the Company nor any of its subsidiaries after the financial year ended 31 December 2025 requiring disclosure in this report.

## **CORPORATE GOVERNANCE**

Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section on pages 52 to 81 of this annual report.

## **AUDIT COMMITTEE**

The Audit Committee had reviewed together with the management and KPMG, the Company's auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2025.

## **AUDITOR**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of KPMG as the Company's auditors is to be proposed at the forthcoming AGM. The Company confirmed that there is no disagreement with the audit committee on such reappointment. The Company did not change its auditor in the preceding three years.

## **ENVIRONMENTAL POLICIES**

The Group is committed to contributing to the sustainability of the environment and is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

For more details of the policies of environmental responsibility and sustainability, please refer to the standalone "2025 Environmental, Social and Governance Report" published by the Company.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

During the year ended 31 December 2025, as far as the Company is aware, there was no material breach of or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the business and operations of the Group.



## Directors' Report

### FINANCIAL KEY PERFORMANCE INDICATORS

For the year ended 31 December 2025, the Group's total revenue increased by approximately 40.3% to US\$3,500.1 million (2024: US\$2,494.3 million). Profit for this year increased by approximately 61.9% to approximately US\$194.9 million (2024: US\$120.4 million). Net profit margin was 5.6% (2024: 4.8%) for the year ended 31 December 2025. Earnings per share were approximately US\$0.23 (2024: US\$0.14).

Overall revenue increase was mainly due to increased orders including orders for new rear-end camera modules from customers.

The Group financial position still remained solid. The Group was able to generate positive operating cashflows for the year ended 31 December 2025 which amounted to US\$316.3 million (2024: US\$64.1 million).

Average inventory turnover days of the Group were 31.8 days for 2025, which is lower than the 37.2 days for 2024. Average turnover days of trade receivables increased to 51.3 days for the year ended 31 December 2025 as compared to 40.8 days for the year ended 31 December 2024. Average trade payable turnover days were 62.1 days for the year ended 31 December 2025 as compared with 56.8 days for the year ended 31 December 2024.

### KEY RELATIONSHIPS

#### (i) Employees

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group wants to continue to be an attractive employer for committed employees.

The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides on-the-job training and development opportunities to our staff members.

In addition, the Group offers competitive remuneration packages to our employees. The Group has also adopted the Share Option Scheme and Share Award Scheme to recognize and reward the contribution of the employees to the growth and development of the Group.

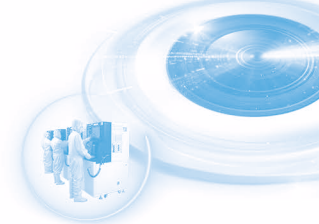
#### (ii) Suppliers

We have developed long-standing relationships with a number of our suppliers and take a great care to ensure that they share our commitment to quality and ethics. We carefully select our suppliers and require them to satisfy certain assessment criteria including experience, reputation and quality control effectiveness.

#### (iii) Customers

We are committed to offer quality services to our customers. We also stay connected with our customers and keep them updated of our latest business developments.

Details of principal risks are set out in corporate governance report and details of future development is set out in management discussion and analysis.



## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

## PERMITTED INDEMNITY PROVISION

The Articles of Associations provide that the Directors or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and senior management members as well as directors of the subsidiaries of the Group.

On behalf of the Board  
**Cowell e Holdings Inc.**

**Meng Yan**  
*Chairman*

Hong Kong, 30 March 2026



# Corporate Governance Report

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices. The CG Code has been applicable to the Company with effect from the Listing Date. Throughout the financial year ended 31 December 2025 and up to the publication date of this annual report, the Company has complied with all applicable code provisions of the CG Code. The latest amendments to the CG Code as set out in Appendix C1 of the Listing Rules came into effect on 1 July 2025 and the new requirements under the CG Code will apply to corporate governance reports and annual reports for financial year commencing on or after 1 July 2025.

## SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding Directors’ dealings in the securities of the Company.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code during the year ended 31 December 2025.

## THE BOARD OF DIRECTORS

### Board Responsibilities

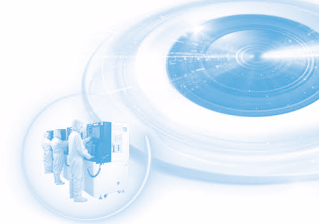
The Board is at the core of the Company’s corporate governance structure, and is responsible for the overall strategic leadership and planning of the Company. All important matters of the Company are reserved for the Board’s decision and the Board retains the authority of deciding such matters, including formulating and monitoring the Company’s long term strategies and policy matters, reviewing financial performance, approving annual budgets, monitoring and reviewing internal control and risk management systems, assuming responsibility for the corporate governance of the Company, and upholding the core values and culture of the Company. For details of our values and strategies, please refer to the section headed “Management Discussion and Analysis” in this annual report.

### Delegation by the Board

The Board relies on management for the day-to-day operation of the Company’s business, and has delegated the authority and responsibility for the daily management, administration and operation of the Group as well as the implementation of the Board’s policies and strategies to the senior management of the Group. The Board and senior management fully appreciate their respective responsibilities, and they complement each other in formulating and maintaining higher standards of corporate governance practices of the Company.

### Board Composition

The Board is structured with a view to ensuring that it is of high caliber and has a balance of skills and experience appropriate for the needs of the Company’s business. The Board comprises seven members, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors as set out below.



**Executive Directors**

Mr. Meng Yan (*Chairman*)  
Mr. Wu Ying-Cheng

**Non-executive Directors**

Mr. Chen Han-Yang  
Mr. Yang Li

**Independent non-executive Directors**

Ms. Su Yen-Hsueh  
Mr. Tsai Chen-Lung  
Ms. Liu Xia

Further description of the biographical details and backgrounds of the Board members are set out under the section headed “Directors and Senior Management” in this annual report. A list of the Directors is available on the designated website of the Hong Kong Stock Exchange and the website of the Company.

There is no financial, business, family or other material or relevant relationships among the Directors.

**Executive Directors**

Each of the executive Directors has entered into a letter of appointment with the Company for an initial term for three years commencing from 15 January 2021 and renewed his appointment for next three years from 15 January 2024.

Under the Articles of Association, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Retiring Directors shall be eligible for re-election at the annual general meeting at which he retires.

**Non-Executive Directors**

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial term for three years commencing from 1 March 2021 and renewed his appointment for next three years from 1 March 2024. Under the Articles of Association, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Retiring Directors shall be eligible for re-election at the annual general meeting at which he retires.

**Independent Non-executive Directors**

Ms. Su Yen-Hsueh and Mr. Tsai Chen-Lung have entered into a letter of appointment with the Company for an initial term of three years commencing from 15 January 2021 and renewed their appointment for next three years from 15 January 2024 and Ms. Liu Xia has entered into a letter of appointment with the Company for an initial term of three years commencing from 26 July 2021 and renewed her appointment for next three years from 24 July 2024. The Company has three Independent non-executive Directors and the Audit Committee comprises of three members (who are all independent non-executive Directors) and therefore the Company is in compliance with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.



## Corporate Governance Report

Independent non-executive Directors play an important role in the Board by bringing independent judgment and advice and through scrutiny of the Company's performance. During the year ended 31 December 2025, save as disclosed above, the Company was in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing the appropriate professional qualifications or accounting or related financial management expertise. The Company had also complied with Rule 3.10A of the Listing Rules which requires that independent non-executive Directors appointed must represent at least one-third of the Board.

As at 31 December 2025, none of the independent non-executive Directors has served the Company for more than nine years, or has held seven or more listed company directorship.

Each of the independent non-executive Directors had confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, and the Company considered each of them to be independent with reference to the criteria set out in Rule 3.13 of the Listing Rules.

The Board will continue to review and consider whether there are any circumstances that are likely to affect the independence of the independent non-executive Directors.

### **CHAIRMAN AND CHIEF EXECUTIVE**

Pursuant to Code Provision C.2.1 of the CG Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. During the year ended 31 December 2025, the Company had a separate chairman and chief executive.

The Directors consider that the Company had fully complied with the applicable code provisions as set out in the Corporate Governance Code as contained in Appendix C1 during the year ended 31 December 2025.

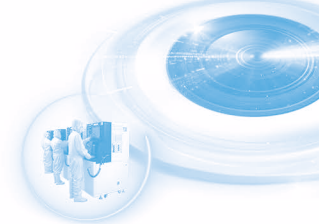
### **APPOINTMENT, RETIREMENT AND RE-ELECTION OF DIRECTORS**

The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting of the Company, one-third of the current Directors should retire from office by rotation, provided that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, it should set out in the circular to the Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting (i) if an independent non-executive Director to be re-elected has served more than nine years, why the Board believes the individual would still be independent and should be re-elected, or (ii) if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board.

The Nomination Committee is responsible for reviewing the Board's structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning of Directors.



## INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been provided with relevant training to ensure that they fully understand their responsibilities, duties and obligations as directors of a listed company.

Pursuant to the Code Provision C.1.4, the Company has received from the below directors, being all Directors during the year ended 31 December 2025, a record of the training they received for the year.

<b>Directors</b>	<b>Reading materials</b>	<b>Attend seminars/ conference/ workshops</b>
<b>Executive Directors</b>		
Meng Yan	√	√
Wu Ying-Cheng	√	√
<b>Non-Executive Directors</b>		
Chen Han-Yang	√	√
Yang Li	√	√
<b>Independent Non-Executive Directors</b>		
Su Yen-Hsueh	√	√
Tsai Chen-Lung	√	√
Liu Xia	√	√

The Directors will continue to be updated by the Company on any changes or developments affecting their obligations as directors of a listed company.

## BOARD MEETINGS

During the year, the Board held a total of six Board meetings. Notice of regular Board meetings is given to each Director at least 14 days before the meeting. The agenda and the relevant board papers were circulated to each Director at least three days before regular Board meetings to enable them to make informed decisions at the meeting.

## ATTENDANCE RECORDS OF BOARD AND GENERAL MEETINGS

Code provision C.5.1 of the CG Code requires that at least four regular Board meetings should be held each year at approximately quarterly intervals, with active participation of a majority of directors, either in person or through other electronic means of communication.

The Board intends to hold Board meetings regularly at least four times a year at approximately quarterly intervals. Other Board meetings will be held if necessary.



## Corporate Governance Report

Details of Directors' attendance records during the financial year ended 31 December 2025 are set out below:

Directors	Board	Meetings Attended/Held			2025 AGM	2025 EGM
		Audit Committee	Remuneration Committee	Nomination Committee		
<b>Executive Directors</b>						
Meng Yan	6/6	N/A	N/A	N/A	1/1	1/1
Wu Ying-Cheng	5/6	N/A	N/A	N/A	1/1	1/1
<b>Non-Executive Directors</b>						
Chen Han-Yang	6/6	N/A	N/A	N/A	1/1	1/1
Yang Li	6/6	N/A	N/A	N/A	1/1	1/1
<b>Independent Non-Executive Directors</b>						
Su Yen-Hsueh	6/6	2/2	1/1	2/2	1/1	1/1
Tsai Chen-Lung	5/6	2/2	1/1	2/2	1/1	1/1
Liu Xia	6/6	2/2	1/1	2/2	1/1	1/1

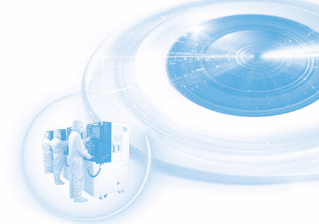
The date of each meeting is decided in advance to enable the Directors to attend the meeting. Draft notice and agenda were sent to all Directors at least 3 days prior to the meeting. Management also supplies the Board and its committees with sufficient information and explanations so as to enable them to make an informed assessment of financial and other information out before the Board and its committee for approval. Management is also invited to join Board Meetings where appropriate.

If a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter. The interested Director shall abstain from voting when appropriate.

The chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other directors pursuant to code provision C.2.7 of the CG Code during the year ended 31 December 2025.

### INDEPENDENT VIEWS

To ensure that independent views and input are available to the Board, the Company has maintained various measures and mechanisms. In compliance with Code provisions C.5.6 and C.5.9 under part 2 of Appendix C1 (formerly Appendix 14) of the Listing Rules, the Board and its committees are provided with adequate and update information and have separate and independent access to the senior management of the Company for purpose of making informed decisions. In particular, all members of the Board are entitled to have timely access to the information of the Group (including but not limited to management accounts, financial information, operational results and statistics, and other relevant industry and market information, statistics and forecasts), as well as assistance of the Company Secretary and professionals such as independent financial advisers and legal counsels if necessary at the expense of the Company. Furthermore, the audit committee of the Company is also entitled to contact, and has discussed with, external auditors of the Company on an annual basis to discharge its duties. Our Board members are also encouraged to seek inputs from other stakeholders such as suppliers, employees and as well as investors (via the investor relations channels) in appropriate circumstances to ensure that different views and expectations are taken into account in the decision-making process to the extent appropriate.



The implementation and effectiveness of the relevant measures and mechanisms are reviewed by the Board on an annual basis. The Board is satisfied that there are effective and sufficient formal or informal channels in place to ensure that independent views and input are reached at the Board level.

### BOARD COMMITTEES

The Board has established three Board committees to oversee particular aspects of the Company's affairs, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors, as members of the various Board committees, bring their range of experiences and expertise and provide objective perspectives to them. The Board has provided the Board committees with sufficient resources to discharge their duties, and the Board committees may seek independent professional advice as and when required at the Company's expense. The Board also assumes the responsibilities for corporate governance duties as set out in Code Provision A.2.1 of the CG Code, including among others, reviewing the Company's policies and practices on corporate governance, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

#### Audit Committee

The Audit Committee comprises three members, all of whom are independent non-executive Directors. It is currently chaired by Ms. Liu Xia, and its other members are Ms. Su Yen-Hsueh and Mr. Tsai Chen-Lung.

The primary functions of the Audit Committee include the following:

- making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of such engagement;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing policy on engaging external auditors to supply non-audit services;
- monitoring the integrity of the Company's financial statements and annual report and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting opinions contained in them;
- reviewing the Company's financial controls, risk management and internal control systems and discussing the internal control system with management to ensure that management has performed its duty to have an effective internal control system;
- reviewing continuing connected transactions, with a recommendation to the Board for approval;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on the Audit Committee's own initiative, as well as management's response to these findings;



## Corporate Governance Report

- establishing a whistleblowing policy and system for employees and those who deal with Company to raise concerns, in confidence and anonymity;
- establishing and reviewing the anti-corruption policy and system of the Group, and ensuring that the anti-corruption policy and system remain adequate of any applicable legislation including in China and Hong Kong; and
- reviewing the Group's financial and accounting policies and practices.

During the year ended 31 December 2025, Audit Committee reviewed the annual report and annual results announcement for the financial year ended 31 December 2024 and the interim report and interim results announcement for the six months ended 30 June 2025 with recommendation to the Board for approval. The Audit Committee reviewed and approved the KPMG's confirmation of independence, its report to the Audit Committee and the management representation letter for the year with a recommendation to the Board for the re-appointment of KPMG at the 2025 annual general meeting of the Company. The Audit Committee reviewed and assessed the effectiveness of the risk management, internal control systems, connected transactions reports and internal audit reports. The Audit Committee also reviewed its terms of reference to ensure the content of which is in compliance with the Listing Rules.

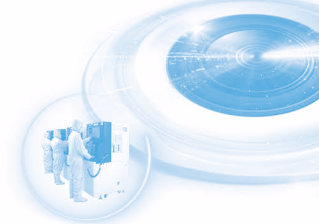
The written terms of reference of the Audit Committee (as adopted by the Board on 4 February 2015 and further revised on 29 December 2022 and 21 August 2025) are available on the website of the Company and the designated website of the Hong Kong Stock Exchange. The Audit Committee holds at least two meetings each year from 2015 onwards. The Audit Committee held two meetings during the financial year ended 31 December 2025.

### Remuneration Committee

The Remuneration Committee comprises three members, all of whom are independent non-executive Directors. It is currently chaired by Ms. Su Yen-Hsueh, and its other members are Mr. Tsai Chen-Lung and Ms. Liu Xia.

The primary functions of the Remuneration Committee include the following:

- reviewing and making decisions in respect of the remuneration packages and overall benefits for the Directors and senior management of the Company based on the Board's delegation given on 15 April 2015;
- making recommendations to the Board on the Company's policy and structure for all directors' and senior management 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;
- making decisions on the remuneration packages of individual executive directors based on the Board's delegation given on 15 April 2015 by adopting the model described under Code Provision E.1.2(c)(i) of the CG Code;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report;
- making recommendations to the Board on the remuneration of non-executive directors;



## Corporate Governance Report

- assessing the performance of executive directors and approving the terms of executive directors' service contracts; and
- ensuring that no Director or any of his associates is involved in deciding his own remuneration.

In particular, when considering the potential grant of share options to the eligible employees of the Group, the Remuneration Committee will take into account, among others, the strategic goals of the Company, if the employees had achieved the targets for the preceding year, the terms of the share option scheme of the Company and other recommendations from senior management of the Company, to ensure that any potential grant is aligned with market practice, and the grantees' interests with those of the Group and the Shareholders. As a result, directors and eligible employees of the Group may be granted a certain number of share options under the share option scheme adopted by the Company from time to time. Such options may be granted upon the recommendation of the Remuneration Committee and approval by the Board in accordance with the terms of the share option scheme of the Company and the Listing Rules.

As a result of the adoption of the Share Award Scheme of the Company on 21 March 2024, going forward, the Remuneration Committee will also take into account the aforementioned factors and the rules of the Share Award Scheme when reviewing relevant matters pertaining to the Share Award Scheme (including but not limited to performance appraisal criteria and procedures) and makes recommendation to the Board from time to time for its consideration and approval on the operations of the Share Award Scheme, including the selection of the Employees, the terms of the grant of awards and the other related matters as expressly provided under the Share Award Scheme and the Listing Rules.

The work performed by the Remuneration Committee (as adopted by the Board on 4 February 2015 and revised on 29 December 2022) during the year ended 31 December 2025 included, among others, the review and approval of the emoluments and performance bonus of the Directors. The Remuneration Committee was of the opinion that the remuneration packages were fair and commensurate with the market. The Remuneration Committee also reviewed its terms of reference to ensure the content of which is in compliance with the Listing Rules. The Company confirms that there is no disagreement between the Board and the remuneration committee on any remuneration or compensation arrangements.

The written terms of reference of the Remuneration Committee are available on the website of the Company and the designated website of the Hong Kong Stock Exchange. The Remuneration Committee holds at least one meeting each year from 2015 onwards. The Remuneration Committee held one meeting during the financial year ended 31 December 2025.

### **Nomination Committee**

The Nomination Committee comprises three members, all of whom are independent non-executive Directors. It is currently chaired by Mr. Tsai Chen-Lung, and its other members are Ms. Su Yen-Hsueh and Ms. Liu Xia.

The primary functions of the Nomination Committee include the following:

- reviewing the structure, size and composition (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board to assist the Board in maintaining a Board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;



## Corporate Governance Report

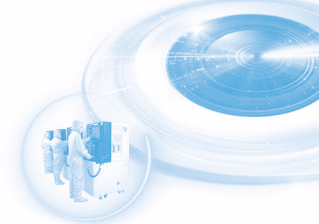
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable individuals, the Nomination Committee shall consider individual on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- assessing the independence of independent non-executive Directors;
- reviewing the board diversity policy, as appropriate, and review the measurable objectives that the Board has set for implementing the board diversity policy, and the progress on achieving the objectives, and reviewing the implementation and effectiveness of the board diversity policy on an annual basis;
- making recommendations to the Board on the appointment or reappointment of Directors and succession plan for Directors;
- developing, reviewing and disclosing the policy for nomination of directors (the “**Nomination Policy**”), as appropriate, in the Company’s corporate governance report annually;
- to assess each Director’s time commitment, contribution to the Board and ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on the Main Board or the GEM of the Hong Kong Stock Exchange and other significant external time commitments and other factors or circumstances relevant to his or her character, integrity, independence and experience;
- to support the Company’s regular evaluation (at least once every two years) of the Board’s performance; and
- establishing and making recommendation to the Board on, where appropriate, mechanism(s) to ensure independent views and input are available to the Board and disclose such mechanism(s) in the corporate governance report of the Company, and review the implementation and effectiveness of such mechanism on an annual basis.

The written terms of reference of the Nomination Committee (as adopted by Board on 4 February 2015 and further revised on 29 December 2022 and 21 August 2025) are available on the website of the Company and the designated website of the Hong Kong Stock Exchange. The Nomination Committee held at least one meeting each year from 2015 onwards. The Nomination Committee held two meetings during the financial year ended 31 December 2025.

During the year ended 31 December 2025, the Nomination Committee reviewed the structure, size and composition of the Board with reference to the skill, knowledge, experience and diversity of the Board. They reviewed and assessed the independence of all independent non-executive Directors and recommended to the Board for approval for the list of retiring directors for re-election at the annual general meeting of the Company. The Nomination Committee also reviewed its terms of reference to ensure the content of which is in compliance with Listing Rules.

### Board Diversity Policy

The Nomination Committee has a board diversity policy under which, with the assistance of the Nomination Committee, the Company will implement its Board members selection process by referring to various factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional expertise, independence, skills, knowledge and length of service. The Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to increase the proportion of female members over time. Decision shall ultimately be made based on the merits of and contribution to be made by the candidate.



## Corporate Governance Report

The Company will use its best endeavors to maintain gender diversity at least at a level of 22% female representation in the Board, subject to any changes to the business model and needs of the Group. The Board currently has two female Directors out of seven Directors. The current gender diversity of the Board, which 28.6% of the Directors being female Directors, stands at a relatively high level among companies of the same industry listed on the Stock Exchange. Gender diversity of the Board was achieved throughout the year ended 31 December 2025 as the Board adhered to our board diversity policy.

During the year, the Board and the Nomination Committee reviewed the implementation and effectiveness of the Board Diversity Policy. Having considered the business needs of the Company and the objectives in our Board Diversity Policy, the Board and the Nomination Committee considers that the current Board is sufficiently balanced and diversified in terms of its skills, experience, knowledge, expertise, culture, independence, age and gender.

### **Nomination Policy**

The Nomination Committee has adopted a Nomination Policy that sets out the nomination procedures, process and criteria to select and recommend candidates for directorship.

#### ***Selection Criteria***

In assessing the suitability of a candidate for directorship, the following criteria (the “**Criteria**”) should be considered:

- (a) character and integrity;
- (b) qualifications including professional qualifications, skills, knowledge, accomplishment and experience that are relevant to the Company’s business and corporate strategy;
- (c) diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (d) commitment in respect of available time and relevant interest; and
- (e) potential contributions that the individual can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

The Nomination Committee will evaluate and recommend candidate(s) for the position of the independent non-executive Directors by taking into account (a) the factors set out in Rules 3.10(2) and 3.13 of the Listing Rules, subject to any amendments as may be made from time to time and/or any other rules imposed by the Stock Exchange from time to time; and (b) the Criteria.

#### ***Nomination Procedures***

The Nomination Committee will recommend to the Board for appointment as additional Director or to fill Board’s casual vacancy in accordance with the following procedures:

- (a) the Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, recommendations from personnel agents or as proposed by shareholders of the Company with due consideration given to the Criteria;



## Corporate Governance Report

- (b) the Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks and third-party reference checks;
- (c) the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (d) the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of a remuneration package of such candidate;
- (e) the Remuneration Committee will make a recommendation to the Board on the proposed remuneration package; and
- (f) all appointment of Directors will be confirmed by the signing of the consent to act as Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment, as the case may be) and filing of the same with the Companies Registry of Hong Kong and any other relevant government authorities.

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment in accordance with the following procedures:

- (a) the Nomination Committee and/or the Board should review the overall contribution and service of the retiring Director(s) to the Company and the level of participation and performance on the Board, including but not limited to the attendance of the meetings of the Board and/or its committees and general meetings;
- (b) the Nomination Committee and/or the Board should also review and determine whether the retiring Director(s) continue(s) to satisfy the Criteria; and
- (c) the Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

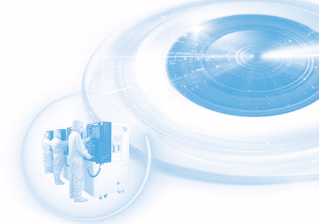
### ***Monitoring and Review of the Nomination Policy***

The Nomination Committee will monitor the implementation of the Nomination Policy and from time to time review the Nomination Policy, as appropriate, to ensure its effectiveness in complementing the Company's corporate strategy and business needs. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

## **CORPORATE GOVERNANCE FUNCTIONS**

The corporate governance functions have been reserved to the Board. The primary governance functions include:

- developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- reviewing and monitoring training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's compliance with the CG Code and other legal and regulatory requirements;



## Corporate Governance Report

- developing, reviewing and monitoring any code of conduct and compliance manual applicable to Directors and employees of the Company; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2025, the Company reviewed and monitored training and continuous professional development of Directors and senior management, compliance with the CG Code and other legal and regulatory requirements and disclosure in the Corporate Governance Report.

The Company also reviewed the Company's policies and code of conduct and compliance manual applicable to Directors and employees.

### **DIVIDEND POLICY**

In accordance with the Dividend Policy, the Company intends to share its profit with Shareholders in the form of semi-annual dividends in an aggregate amount per year of no less than 20% of the Company's annual consolidated net income attributable to its Shareholders, subject to the criteria as set out below. The Dividend Policy allows the Company to declare special dividends from time to time in addition to the semi-annual dividends.

The Company's liability to pay dividends will depend upon, among other things, the Group's current and future operations, liquidity position and capital requirements, as well as dividends received from the Company's subsidiaries and associate companies. The payment of dividend by the Company is also subject to any restrictions under the Cayman Islands laws and the Articles of Association.

### **ACCOUNTABILITY AND AUDIT**

#### **Directors' Responsibilities for Financial Reporting in respect of Financial Statements**

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025, presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects, and for ensuring that the financial report is prepared in accordance with applicable statutory requirements and accounting standards. To the best knowledge, information and belief of the Directors, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The management of the Company has provided the Board with such explanation and information necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

#### **Risk Management and Internal Control System**

The Board acknowledges that it is its responsibility to maintain an adequate risk management and internal control system to safeguard Shareholders' investment and the Company's assets, and to review the effectiveness of such system on an annual basis, including considering the adequacy of resources, staff qualifications and experience, training programs for staff and budget of the Group's accounting and financial reporting function, as well as those relating to the Company's ESG performance and reporting. The Company's risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.



## Corporate Governance Report

The Audit Committee and the Board have conducted a review of the effectiveness of the risk management and internal control system of the Group once for the financial year ended 31 December 2025 covering all material controls, including financial, operational and compliance control, and consider the risk management and internal control systems to be effective and adequate. The Board has received a confirmation from management of the Company on the effectiveness of the Company's risk management and internal control systems.

### Auditor's Remuneration

For the year ended 31 December 2025, details of the fees paid or payable to the Company's external auditor, KPMG, in respect of audit and non-assurance services are set out in the table below:

Type of Services	US\$'000
Audit	259
Interim review	41
Tax compliance and advisory services	11
Assurance service on continuing connected transactions	12
Agreed upon procedures on annual results announcement	1
Total	324

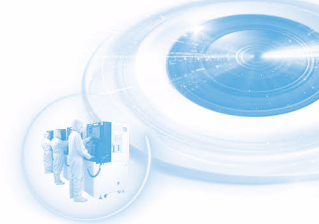
### COMPANY SECRETARY

Ms. Lam Wing Yan is the Company's company secretary, and she is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are complied with.

Ms. Lam Wing Yan confirmed that she undertook not less than 15 hours of appropriate continuous professional training during the financial year ended 31 December 2025, as required under Rule 3.29 of the Listing Rules.

### RISK MANAGEMENT REPORT

The Company is committed to the risk management and internal control, which are deeply embedded into the integral part of its operations. The management of the Company has been focusing on internal policies and strategies to minimize risks while making every endeavor to achieve its missions and objectives. In order to manage and control the identified risks as well as unexpected risks, the Company has designed and developed risk management framework and tools. Applying sound risk management framework and tools, the Company has made proper assessment of the risks and strived to manage the risks within the boundary of the Board's risk appetite.



## 1. PRINCIPAL RISKS

The Board has defined principal risks that the Company has to confront with in order to achieve its strategic objectives.

The principal risks, risk mitigating strategies and key performance indicators (the “KPIs”) that the Board has identified are illustrated below:

1. STRATEGIC RISKS			
Risk Description	Current Situation/Risk Mitigating Strategy	Key Performance Indicators (KPI) & Status	CHANGES IN 2025
<p><b>1.1 Single Customer Concentration Risk:</b> The Company currently sells a substantial portion of its camera modules and optical components to a limited number of customers. The Company's dependence on these customers may cause material fluctuations or declines in revenue.</p>	<p><b>1. Current Situation</b></p> <ul style="list-style-type: none"> <li>Key markets for smartphone including China are being saturated;</li> <li>Low level of technology innovation did not justify the high pricing strategy of the major US customer; and</li> <li>Chinese smartphone makers' enlarging market share led order reduction from US major customer.</li> </ul> <p><b>2. Risk Mitigating Strategy</b></p> <ul style="list-style-type: none"> <li><b>Short Term:</b> Keep focusing on production yield enhancement and cost management to maintain price competitiveness and profitability of the business</li> <li><b>Medium Term:</b> Upgrade skills and technology for high-end products and diversify product offering to the existing customers</li> <li><b>Long Term:</b> Keep exploring new product and business opportunities activating new business development team other than smartphone industry</li> </ul>	<p>1. # of days that the production yield is lower than the management's comfort zone</p> <ul style="list-style-type: none"> <li>No case to trigger an escalation to Group Risk Management Committee (“GRMC”) in 2025</li> </ul> <p>2. Revenue dependency on each customer and share allocation from the customers</p> <ul style="list-style-type: none"> <li>Monitoring purpose</li> </ul>	<ul style="list-style-type: none"> <li>Competition in the supply chain due to increased # of suppliers</li> <li>More than expected orders of new products from major US customer in second half year</li> <li>Chinese smartphone makers' continuously enlarging market share</li> </ul>
<p><b>1.2 Technology Risk:</b> The Company's continued success depends on its ability to respond to technology upgrade demanded by customers. It requires the Company's ability to maintain talented engineers. The Company's failure to further refine its technology and retain talented engineers may weaken its product competitiveness which may result in lower sales and market share.</p>	<p><b>1. Current Situation</b></p> <ul style="list-style-type: none"> <li>Highly talented engineers are scarce resource and maintaining talent pool is challenging due to relatively high turnover ratio</li> <li>Competition in the camera module business has been manageable due to high entry barrier led by advanced technology, significant investment and no assurance of sales volume</li> </ul> <p><b>2. Risk Mitigating Strategy</b></p> <ul style="list-style-type: none"> <li>Keep hiring &amp; retaining talented engineers by offering attractive compensation</li> <li>Enhancing talent pool retention program</li> </ul>	<p>1. Retention ratio of the talent pool</p> <ul style="list-style-type: none"> <li>No case to trigger an escalation to GRMC in 2025</li> </ul> <p>2. Maintained comfortable level of retention ratio in 2025 (96.3%)</p> <p>3. A larger talent pool for 2026 has been established to retain more talented engineers</p>	<ul style="list-style-type: none"> <li>Maintained high retention ratio of 2025 talent pool</li> <li>Strived to hire more local talented engineers</li> <li>Incentivized talented engineers with both monetary and non-monetary compensation</li> <li>Registered patents to secure our processing technology</li> </ul>

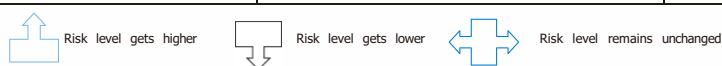
2. LEGAL & REGULATORY RISKS			
Risk Description	Current Situation/Risk Mitigating Strategy	Key Performance Indicators (KPI) & Status	CHANGES IN 2025
<p><b>2.1 Legal &amp; Compliance Risk:</b> Non-compliance with Hong Kong Listing Rules and local regulations where we operate (Cayman, China, Hong Kong and Korea) may result in adverse publicity and potentially significant monetary damages</p>	<p><b>1. Current Situation</b></p> <ul style="list-style-type: none"> <li>No material violation or breach of Hong Kong Listing Rules and/or local regulations and laws where we operate (Cayman/China/Hong Kong and Korea)</li> </ul> <p><b>2. Risk Mitigating Strategy</b></p> <ul style="list-style-type: none"> <li>Maintained external legal advisors for both Hong Kong and China to ensure a full compliance with Hong Kong listing rules and local regulations</li> <li>Conducting internal audit and mobilizing group risk management committee to manage any unexpected situation</li> </ul>	<p>1. # of critical findings during monthly internal audit</p> <p>2. # of enquiries, guidance or warnings from the Authority</p> <ul style="list-style-type: none"> <li>No case to trigger an escalation to GRMC in 2025</li> </ul>	<ul style="list-style-type: none"> <li>Maintained a sound risk management &amp; internal control system</li> <li>Expanded support from external legal &amp; compliance professionals</li> </ul>
<p><b>2.2 Risk from mis-handling customers' confidential information:</b> The Company has signed Non-Disclosure Agreements (“NDA”) with all customers and any breach of the NDAs may cause serious financial damages.</p>	<p><b>1. Current Situation</b></p> <ul style="list-style-type: none"> <li>No breach of NDAs has been escalated</li> <li>No inside information on disclosure case has been reported</li> </ul> <p><b>2. Risk Mitigating Strategy</b></p> <ul style="list-style-type: none"> <li>Reinforcing the inside information handling policy</li> <li>Implementing high level of security system</li> <li>Strengthening internal audit processes</li> <li>Providing training on inside information handling policy to all employees</li> </ul>	<p>1. # of security rule violations and the amount of financial loss caused by the violation</p> <ul style="list-style-type: none"> <li>No case to trigger an escalation to GRMC in 2025</li> </ul>	<ul style="list-style-type: none"> <li>Conducted regular NDA and inside information related training for all employees in 2025</li> </ul>



## Corporate Governance Report

3. OPERATIONAL RISKS			
Risk Description	Current Situation/Risk Mitigating Strategy	Key Performance Indicators (KPI) & Status	CHANGES IN 2025
<b>3.1 Production &amp; Operational Risks:</b> Securing sufficient factory labor in a timely manner is critical for executing production plan. Work stoppages and other labor-related issues may adversely affect our operation.	<b>1. Current Situation</b> - Efficiently managed production in line with production plan by sourcing sufficient labor in a timely manner despite the seasonality and high turnover of China labor market in Dongguan - There was no case in 2025 which triggered an escalation to GRMC  <b>2. Risk Mitigating Strategy</b> - Expanding factory labor recruiting channel - Initiated factory labor retention program - Production line automation	1. # of days with production shortage against production plan  2. No case to trigger an escalation to GRMC in 2025	Sufficient liquidity of labor due to: 1. Lessened workforce required due to upgraded automation in the production line 2. Relatively low factory utilization rate due to reduced orders from customers led by fierce market competition and overall retreating smartphone industry

4. FINANCIAL RISKS			
Risk Description	Current Situation/Risk Mitigating Strategy	Key Performance Indicators (KPI) & Status	CHANGES IN 2025
<b>4.1 Foreign Exchange Risk:</b> Mismatching currencies in sales and procurement contracts may adversely affect the Company's financial results. Furthermore, operating subsidiaries in multiple countries increase FX exposure.	<b>1. Current Situation</b> - Maintained USD as a core currency for both sales and procurements - Operating subsidiaries in multiple countries caused FX valuation gain or loss which may mislead the Company's actual financial results  <b>2. Risk Mitigating Strategy</b> - Maximizing natural hedging position by matching currencies in sales and procurements contracts - Recording actual FX transaction gain or loss as well as FX valuation gain or loss on a regular basis to monitor the situation and providing this report to GRMC and Audit Committee on a regular basis for their management decision	1. Natural hedging position (Total procurement amount settled in USD/Total sales settled in USD)  2. FX transaction gain or loss with a trigger point to make an escalation to GRMC and Audit Committee  3. No case to trigger an escalation to GRMC in 2025	1. Maintained the natural hedging position within the management's comfort zone; and 2. About 2.2% and 0.7% appreciation of CNY and KRW, respectively in 2025 had led sizable exchange benefit.

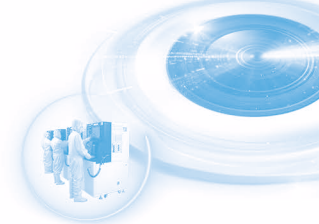


## 2. PHILOSOPHY & OBJECTIVES OF THE COMPANY'S RISK MANAGEMENT SYSTEM

Managing risk is an ongoing process in the presence of uncertainties and should involve employees at all levels. Therefore, risk management cannot be practically performed on a standalone basis. All employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within the area of their responsibility. The principles and practices of sound risk management must be fully integrated into all business units' normal management strategy, planning and operational processes. Reflecting this philosophy, the Company has prepared and implemented its prudent risk management system.

The objectives of the Company's risk management system are to:

- outline its systematic approach to risk management to achieve strategic and operational objectives of the Company;
- improve decision-making, accountability and outcomes through the effective use of risk management system;
- integrate risk management system into daily operations; and
- reduce any potential financial loss, protect the brand and reputation and optimize business performance in a controlled manner when opportunities arise.



### 3. RISK APPETITE

In pursuit of its strategic objectives, the Board and the management of the Company are willing to undertake risks only if they shall not jeopardize:

- the relationship with major customers;
- health and safety of stakeholders including employees, suppliers, customers, etc.;
- the viability of the Company due to intractable financial loss;
- environment of the community and nation;
- the Company's reputation and brand name; and
- business license due to breach of regulations and laws where the Company operates.

### 4. RISK TAXONOMY

At the highest level, the risks that the Company may have to confront with in order to achieve its strategic objectives can fall into the following risk categories:

- Strategic Risks: relating to the Group's business model and strategy such as demand shortfall, customer retention, pricing pressure, industry or sector downturn and failure to achieve technology upgrades;
- Operational Risks: risks that can be typically managed from within the business such as cost overrun, operating controls, poor capacity management, supply chain issues, employee issues including fraud, bribery and corruption and raw material prices;
- Financial Risks: the risks relating to inadequate liquidity management and unfavorable changes in the financial market such as interest rates and foreign exchange; and
- Compliance/Regulatory risks: relating to legal, regulatory and stakeholders considerations.

### 5. RISK MANAGEMENT PROCESS

The Company adopts an integrated and structured approach to risk management, which consists of 4 steps to follow.

#### A. Risk Identification

Day-to-day risk management resides with the individual business units; therefore, departmental manager of each business units is accountable for the identification of the risks and their assessments as well as their bottom-up reporting in order to achieve strategic and operational objectives.



## Corporate Governance Report

### **B. Mitigation Control and Assurance Activities**

Every risk identified must be carefully evaluated and all the root causes of the identified risks should be assessed in order to find mitigating factors of the risk and ways to monitor and control the risk in an effective manner. The internal audit, as the 3rd line of defense explained in the section 7.A., will need to carry out analysis and independent appraisal of the mitigation control and assurance activities.

### **C. Accountabilities**

Actively managing risks are the key duty of the risk owners/department managers of the Company. Department managers will assist risk owners in measuring, controlling, monitoring and reporting risks and they have both the right and obligation to contribute to risk management.

### **D. Reporting**

All critical risks identified and any new/emerging risks to be identified by any individual department will be registered and reported to Group Risk Management Committee (“**GRMC**”). The risk management team of the Company (the “**Risk Management Team**”) can facilitate and assist the relevant staff/department to register the risks and consolidate all the risks registered based on the pre-defined risk taxonomy and report it to GRMC on a regular basis.

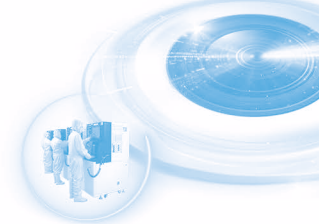
## **6. RISK GOVERNANCE STRUCTURE**

The effectiveness of risk management is unavoidably linked to management competence, commitment and integrity, all of which forms the basis of sound corporate governance. Corporate governance provides a systematic framework within which each management group can discharge their duties in managing the business.

### **A. The Board of Directors**

The Board is responsible for:

- evaluating and determining the risks it is willing to take in achieving the company’s strategic objectives;
- overseeing the Company’s risk management and internal control systems on an ongoing basis;
- reviewing the effectiveness of the risk management and internal control systems which need to be conducted at least annually;
- reporting to shareholders that it has done so in its Corporate Governance Report; and
- reviewing the related party transactions, connected transactions and to ensure the connected transactions are in compliance with the Listing Rules.



**B. Audit Committee**

The Audit Committee is responsible for:

- reviewing the Company's financial controls, risk management and internal control systems;
- discussing the risk management and internal control systems with GRMC to ensure that GRMC has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the issuer's accounting and financial reporting function;
- considering major investigation findings on risk management and internal control matters as delegated by the Board;
- ensuring co-ordination between the internal and external auditors;
- the significant control failings or weaknesses identified during the year, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes for financial reporting and compliance with the Listing Rules.

The Audit Committee meets regularly to assess and evaluates the effectiveness and adequacy of the risk management and internal control system of the Group and communicates to the Board in a timely manner where there are any material internal control defects or failings or weakness.

**C. The GRMC is responsible for:**

- assisting the Audit Committee to identify and evaluate risks with which the Company is facing;
- designing, implementing and monitoring the risk management and internal control systems;
- reviewing the identified risks on a regular basis and taking actions to alleviate the level of the identified risks; and
- assessing the effectiveness of the risk management and internal control systems on a quarterly basis and reporting it to the Audit Committee and the Board.

**D. Risk Management Team**

Risk Management Team is responsible for:

- updating the risk management policy and formalizing it by having it approved by the Audit Committee and the Board;
- updating the inside information handling policy and formalizing it by having it approved by the Audit Committee and the Board;



## Corporate Governance Report

- implementing the risk management and internal control systems and processes and providing a risk management and internal control system training to all employees on a regular basis;
- ensuring all office employees attend the training at least once a year;
- facilitating the registration of all identified risks and new/emerging risks to be identified by any employee and reporting it to GRMC; and
- preparing and facilitating GRMC meeting on a monthly basis for the seamless flow and maximum outcome of the meeting.

### **E. Internal Audit**

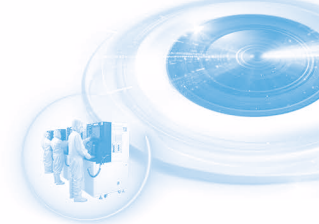
Internal Audit Team of the Company (the “**Internal Audit Team**”) is responsible for:

- reviewing the continuing connected transaction and provide findings to the independent Directors to assist them in performing their annual review;
- carrying out the internal audit function of the Company;
- updating the internal audit policy when it is needed;
- conducting the analysis and independent appraisal of the adequacy and effectiveness of the workflow and work manual of the members of the Company;
- pointing out non-compliance works of the member of the Company being audited and instructing them to make remedy actions within the set timeframe; and
- reporting to GRMC critical findings of the audit and the effectiveness of internal control measures.

### **F. Senior Management**

Senior management of the Company is responsible for:

- providing direction and guidance within their areas of accountability so that subordinates best utilize their abilities in the preservation of the Company’s resources;
- promoting, sponsoring and coordinating the development of a risk management culture within the organization;
- guiding the inclusion of risk management in all strategic and operational decision making; and
- possessing a clear profile of major risks within their area of control incorporating both opportunities and negative risks.



**G. Line Management**

Line Management of the Company is responsible for the adoption of risk management practices and will be directly responsible for the results of risk management activities, relevant to their area of responsibility. As part of the annual planning cycle all responsible managers will be required to consider and document existing risks and their impact on proposed plans. Any new emerging risks identified due to changes in the business environment must also be documented. Risk records must be maintained up-to-date on an on-going basis to reflect any changes which may occur.

**H. All Employees**

All employees of the Company are responsible for:

- acting at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace;
- providing direction and training to persons for whom they have a supervisory responsibility or duty of care relating to health and safety; and
- identifying areas where risk management practices should be adopted and are to advise their supervisors accordingly.

**7. RISK MANAGEMENT FRAMEWORK**

There are a number of different types of risks, which the Company must take and manage in order to achieve its strategic objectives. The Board and senior management must identify these risks and discuss about the mitigating factors to manage the overall risk level and find ways to monitor the risks ensuring they stay within the Company's risk appetite.

In order to be more systematic to manage these risks, the following risk management framework has been adopted:

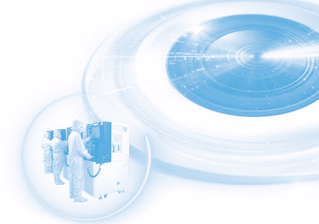


## Corporate Governance Report

### A. *Three Lines of Defense Model*

Risks are inherent in every corner of our businesses, and it is important to have a culture involving all levels of employee and a systematic approach to identify and assess risks such that they can be reduced, eliminated or avoided. In order to create risk conscious culture within the organization and manage risks systematically, three lines of defense model has been adopted. The following illustration and table show the definition of each line of defense and its role:





**B. Risk Rating Methodology**

In order to measure our risk appetite, all the identified principal risks will need to be rated based on the significance of the risk and the likelihood of occurrence.

**Table 1 Significance of the Risk**

Risk Rating Dimension	Insignificant <sup>(1)</sup>	Minor <sup>(2)</sup>	Moderate <sup>(3)</sup>	Major <sup>(4)</sup>	Critical <sup>(5)</sup>
Financial	Financial damage of event less than HKD1 million	Financial damage of event between HKD1 million and HKD5 million	Financial damage of event between HKD5 million and HKD10 million	Financial damage of event between HKD10 million and HKD15 million	Financial damage of event more than HKD15 million
Reputational	Internal corrective action without any negative media focus	No negative media focus and/or concerns raised by one stakeholder	Short-term (less than a week) negative media focus and/or significant concerns raised by more than one stakeholders	Long-term (more than a week) negative media focus and/or sustained concerns raised by more than one stakeholders	Stakeholders lose confidence in the organization in the long-term, permanent withdrawal of support by several stakeholders
Operational	Corrective action within a day without disruption of operation	Corrective action within a week without disruption of operation	An incidence with the potential to lead to disruption of operation for a day	An incidence with the potential to lead to disruption of operation for more than a week	An incidence with the potential to lead to disruption of operation for more than a month
Regulatory	Internal corrective action without any operational disruption	Guidance from the authority	Warnings from the authority	Monetary penalty	Civil/criminal liabilities

**Table 2 Likelihood of Occurrence**

Rating	Description
Highly Likely	Highly likely to occur in all circumstances (weekly)
Likely	Likely to occur in most circumstances (monthly)
Possible	Possible to occur at some stage (quarterly)
Unlikely	Unlikely to occur in most circumstances (1–3 years)
Rare	May only occur in exceptional circumstances (3–10 years)



## Corporate Governance Report

Every identified risk will be mapped out based on the result of risk ratings using the above risk parameters. The significance of the risk will be evaluated in four different areas such as financial risk, reputational risk, operational risk and regulatory risk and the rating of the most relevant risk area will be selected, which will represent the significance of the risk. And after measuring the likelihood of occurrence, the risk can be positioned in the following risk map.

**Picture 1 Risk Map**

		Significance				
		Insignificant	Minor	Moderate	Major	Critical
Likelihood	Highly Likely					
	Likely					
	Possible					
	Unlikely					
	Rare					

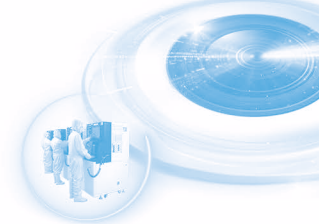
Any risk located outside of the white area can be defined as the risk within our risk appetite. And any risk located in the white area will be continuously monitored and the Company will make every effort to bring it out of the area which is acceptable based on the Company's risk appetite.

### 8. RISK MANAGEMENT TRAINING

The Risk Management Team is responsible for the development and provision of risk management awareness training as well as specific training programs throughout the Company. This training is to address the needs of all employees including senior management.

### 9. RISK MANAGEMENT PERIODIC REVIEW

The Risk Management Team will support the management through periodic independent review of risk management practices and procedures to provide assurance on their efficiency and relevance to the GRMC and the Audit Committee.



### **INTERNAL AUDIT**

Internal audit is an integral part of internal control along with risk management system. The mission of the Internal Audit Team is to provide independent and objective reviews and assessments of the business activities, operations, financial systems and internal accounting controls of the Company. The Internal Audit Team accomplishes its mission through the conduct of operational, financial and performance audits, selected as the result of a risk identification and assessment process. The resulting schedule of audits is reviewed and approved by the Audit Committee and the GRMC of the Company.

#### **1. OBJECTIVE**

The Internal Audit Team conducts independent reviews and appraisals of the work procedures and operations. These reviews provide management with an independent appraisal of the various operations and systems of control. The reviews also help to ensure that the Company's resources are used efficiently and effectively while helping the Company achieve its mission, as directed by the Board. It is the intention of the Internal Audit Team to perform this service with professional care and with minimal disruption to daily operations.

#### **2. RESPONSIBILITY AND AUTHORITY**

The internal audit function was established at the direction of the Board and derives its authority directly from the Audit Committee. The Internal Audit Team reports to the GRMC on a monthly basis and to the Audit Committee on a quarterly basis. Internal audit staff is authorized to conduct a comprehensive internal audit program within the Company and is responsible for keeping the Audit Committee and GRMC informed of unusual transactions or other matters of significance.

#### **3. INDEPENDENCE**

In order to maintain independence and objectivity, the internal audit function has no direct responsibility or any authority over the activities or operations that are subject to review, nor should the Internal Audit Team develop or install procedures, prepare records or engage in activities that would normally be subject to review. However, the Internal Audit Team may be consulted when new systems or procedures are designed to ensure they adequately address internal controls.

#### **4. OBJECTIVITY**

Internal audit is a service function organized and operated primarily for the purpose of conducting audits, in accordance with the predefined work procedures. The evidential matter gathered from these audits forms the basis for furnishing opinions and other relevant information to chairman of the Board, Audit Committee, GRMC and senior management of the Company.

Opinions and other information furnished may attest to the adequacy of internal control, the degree of compliance with established policies and procedures and/or their effectiveness and efficiency in achieving organizational objectives. The Internal Audit Team may also recommend cost effective courses of action for the management to consider in improving efficiencies that have been identified during an audit.



## Corporate Governance Report

### 5. AUDIT PROCESS

Although every audit project is unique, the audit process is similar for most engagements and usually consists of nine stages. Through these stages the Internal Audit Team will determine ways to minimize risks and increase efficiencies within the area.

**A. Plan:**

The Internal Audit Team will develop an audit plan based on a review of all pertinent information.

**B. Notify:**

The Internal Audit Team will schedule a meeting with the unit manager and the senior managers of the process to be audited. Identify the scope and objectives of the audit, how long it is expected to last and what the responsibilities for all parties are in the audit process. Any factors that may impact the audit should be raised at this time. Factors include vacations, fiscal year end reporting requirements, etc.

**C. Test:**

Testing will include interviews with the staff, review of procedures and risk manuals, assessing the adequacy of internal controls.

**D. Communicate:**

Keep the department that is undergoing the audit updated on the status of the audit on a regular basis especially if there are any findings. There may be instances where the findings can be addressed immediately.

**E. Draft:**

The report draft will include the audit scope and objectives, summary and opinion, findings and audit recommendations.

**F. Management Response:**

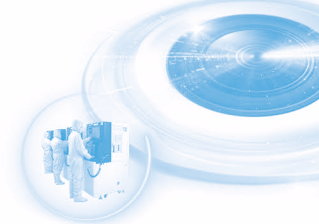
Management will receive the audit draft to confirm the facts and respond to the audit recommendations. Their response should assign the responsibility and have a specific target date of completion for the corrective actions. The time window for the management response will be 21 calendar days.

**G. Review:**

The final version of the audit will be reviewed and all issues resolved by the Internal Audit Team.

**H. Distribute:**

The report is then released to the Audit Committee and GRMC as part of the agenda at the periodic meetings as requested.



**I. Verify:**

The Internal Audit Team will normally conduct a follow up on the management responses to the audit Findings and Recommendations within a reasonable time frame. This subsequent review will be discussed with the involved management and the comments published. The comments may also be released to the Audit Committee and GRMC as part of the agenda at the periodic meetings.

**6. PRIORITIZATION OF THE AUDIT**

The below are three factors adopted for the prioritization of processes for auditing:

- A. Financial Factor:** The significance of a process will be evaluated based on the amount of monetary impact of the process.
- B. Operational Factor:** The criticality of the process, when it has ERRORS or IRREGULARITIES, will be determined by time to be required for the corrective action.
- C. Regulatory Factor:** The rating of this category will be determined by the level of action from the authority.

And the risk parameters of each category are illustrated in the following Table:

<b>Risk Rating Dimension</b>	<b>Insignificant (Ratings 1)</b>	<b>Moderate (Ratings 2)</b>	<b>Critical (Ratings 3)</b>
Financial	Financial damage of event less than HK\$500,000	Financial damage of event between HK\$500,000 and HK\$1,000,000	Financial damage of event more than HK\$1,000,000
Operational	Corrective action within a week without disruption of operation	An incidence with the potential to lead to disruption of operation for more than a week	An incidence with the potential to lead to disruption of operation for more than a month
Regulatory	Internal corrective action without any warning from the authority	Warnings from the authority and/ or monetary penalties	Monetary penalties and/or Civil/ criminal liabilities

The prioritization of the process for auditing will be determined by the rating of the most relevant factors indicated above.



## Corporate Governance Report

### INTERNAL CONTROL FOR THE HANDLING INSIDE INFORMATION

The Board and the management of the Company are well aware of the following statutory duties relating to the handling of inside information:

- The Company must have procedures for the secure handling of inside information;
- A list of persons who are given access to inside information must be kept and the list must be continuously updated;
- Persons who are given access to inside information shall be made aware of the duties and responsibilities that this entails, as well as the criminal liability involved; and
- The Company must be able to provide documentary evidence to the Securities and Futures Commission in Hong Kong that persons who are given access to inside information are aware of their duties.

#### 1. APPLICABILITY

These inside information handling procedures apply to all employees and elected officers (directors, elected auditor and corporate secretary) of the Company and its subsidiaries and to joint ventures in which the Group is a partner. The persons in charge of business areas in the Company shall ensure that employees and elected officers of the Company's subsidiaries receive necessary information about and training in use of these instructions. Responsibility at the Company lies with the heads of the various departments. The individual department heads shall assist in providing practical training.

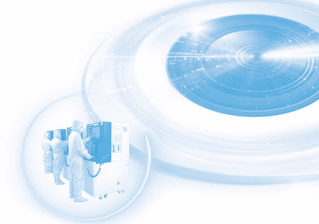
#### 2. THE DUTIES AND RESPONSIBILITIES OF A PERSON WITH RECEIPT OF INSIDE INFORMATION

Each employee and elected officer who receives inside information regarding the Group's financial instruments shall act in accordance with the prohibitions and duties that are described in further detail below.

##### A. *Prohibition of misuse of inside information*

No person must subscribe for, purchase, sell or exchange financial instruments issued by the Company if he or she has inside information regarding the Group's financial instruments. This prohibition applies to every natural and legal person, indirect and direct trading, and trading both for own account and for a third party's account, irrespective of form of settlement. The prohibition also applies to incitement to trade, i.e. persons who have inside information regarding the Group's financial instruments are not permitted to give other persons advice or in any way influence other persons to carry out, or refrain from carrying out, such transactions. This applies correspondingly to the entry into, purchase, sale or exchange of options or forward/futures contracts or similar rights (including financial derivatives) related to such financial instruments or to incitement to carry out such transactions.

The prohibition applies only to trades that can be characterized as misuse of inside information. Whether or not the trade constitutes misuse must be assessed in each individual case.



**B. Duty of confidentiality**

Inside information is confidential information, and shall not be given to or in other ways made available to unauthorized persons. The information may only be communicated or made available to another person if the recipient has a relevant, well-founded need for the information, assessed on the basis of the Company's interests. A strict "need to know" principle applies, i.e. as few people as possible shall have access to the information, as late as is practically possible.

Any person who communicates inside information or makes such information available to another person has an independent responsibility for ensuring that the person who is given access to the information is simultaneously made aware of the duties and responsibilities entailed by the receipt of such information, including the duty of confidentiality, the duty of proper handling of the information, the duty not to misuse it, and the criminal liability that attaches to the misuse or unwarranted distribution of such information. The above applies regardless of whether the recipient is an employee, an elected officer or an external advisor or a business connection.

**C. Duty of information in connection with the communication of inside information**

If inside information is communicated or made available to another person, the person responsible for maintaining the insider list and/or the Investor Relations Department shall be notified immediately, and if possible, before the information is communicated. Compliance with this duty of information is essential if the Company is to be able to fulfil its statutory duty to maintain an insider list, and to ensure that the persons who are given access to inside information are aware of the responsibility that this entails.

The person responsible for maintaining the insider list shall immediately put the person in question on the list of persons who have access to inside information. The insider list maintainer shall at the latest at the same time make sure that the recipient has been made aware of the duties and responsibilities that such access entails, and the criminal liability that attaches to misuse or unlawful use of such information.

**D. Duty to ensure proper handling of inside information and to secure information**

Any person who has inside information has a duty, in handling such information, to exercise due care in order to ensure that inside information does not come into the possession of unauthorized persons or is misused.

**Whistleblowing and Anti-Corruption Policies**

In order to raise internal control awareness, the Company has established whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company.

The Company has also implemented anti-corruption policy and system against corrupt and fraudulent activities including, for instance, measures against receiving bribes and kickbacks, and misappropriation of company assets, as well as prohibiting the acceptance of gifts, hospitality and other offers by interested third parties. The anti-corruption policy is included in the Group's Code of Conduct which all employees are required to acknowledge and accept.



## Corporate Governance Report

The whistleblowing and anti-corruption policies are reviewed on an annual basis to ensure that they remain adequate and up-to-date with any applicable legislation including but not limited to the Prevention of Bribery Ordinance in Hong Kong and relevant laws and regulations on anticorruption and bribery in China.

### **GENDER DIVERSITY ACROSS WORKFORCE**

In our workforce (including senior management), the gender ratio is 25% (females): 75% (males). Due to the industrial business nature, a majority of our workforce is male. That said, the Board considers that our current workforce is diverse in terms of gender. The Company is determined to maintain gender diversity at least at a level of 22% female representation in the workforce subject to any changes to the business model and needs of the Group. The Group will further enhance diversity in all aspects, including gender diversity, through policies and training for all employees to support inclusive behaviors. The Group will also take into account gender diversity when recruiting staff at mid to senior level so that in order to develop a potential pipeline of female senior management and potential successors to the Board if possible going forward. For further details about our gender diversity in the workforce, please refer to the standalone “2025 Environmental, Social and Governance Report” published by the Company.

### **SHAREHOLDERS’ RIGHTS AND INVESTOR RELATIONS**

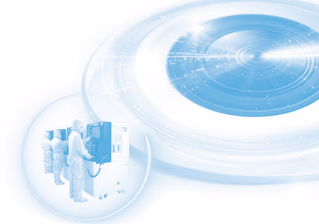
#### **Convening of extraordinary general meeting and putting forward proposals**

Pursuant to Article 12.3 of the Articles of Association, extraordinary general meeting shall be convened on the written requisition of any one or more members of the Company holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

#### **Communication with Shareholders and investor relations**

The Board recognizes that it is accountable to its stakeholders, and values the importance of communications with Shareholders. The Company is dedicated to maintaining an open dialogue with its Shareholders, and it will continually improve its communications with Shareholders to obtain their feedback.

The Company has established a shareholders’ communication policy to ensure effective communication with its Shareholders. The Company’s corporate website also serves as a channel for Shareholders to access information about the Group. The Group’s key corporate governance policies and documents, including the terms of reference of the various Board committees, as well as all communications for Shareholders including the Group’s financial reports and announcements, are available on the website.



## Corporate Governance Report

The Board has conducted a review of the implementation and effectiveness of the shareholders' communication policy of the Company, and having considered there are various formal and informal means for shareholders to have timely and equal access of the information of the Group and for the Group to interact and understand the views of shareholders and stakeholders, it is satisfied that an effective shareholders' communication policy has been properly implemented throughout the year ended 31 December 2025.

Shareholders are welcome to send their request for general meeting, proposed resolutions or enquiries to the Board to the primary contact person of the Company as follows:

Cowell e Holdings Inc.  
Suite 1620  
16/F Ocean Centre  
5 Canton Road  
Tsimshatsui Kowloon  
Hong Kong  
Attention: Ms. Lam Wing Yan  
Email: carol@cowell.com.hk

A copy of the latest version of the Articles of Association is available on the websites of the Company and the Stock Exchange. For the year ended 31 December 2025, no change has been made to the Articles of Association.



# Independent Auditor's Report



## Independent auditor's report to the shareholders of Cowell e Holdings Inc.

*(Incorporated in the Cayman Islands with limited liability)*

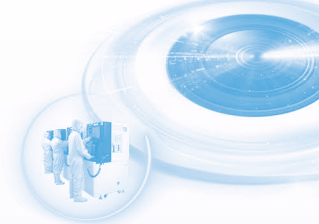
### Opinion

We have audited the consolidated financial statements of Cowell e Holdings Inc. ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 87 to 152, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory 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 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.

<b>Valuation of inventories in the manufacturing subsidiaries</b>	
<i>Refer to accounting policy note 1(j) and note 14 to the consolidated financial statements</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group held significant inventories as at 31 December 2025, which comprised raw materials, work-in-progress and finished goods in respect of camera modules and optical components, and a significant portion are located in the manufacturing subsidiaries in the People's Republic of China.</p> <p>Inventories are stated at the lower of cost and net realisable value.</p> <p>The Group maintains its inventory levels based on forecast demand. There is a risk that the net realisable value of inventories may fall below their cost due to changes in customer demand and the consequent overstocking of inventories at the end of the reporting period. In addition, a significant proportion of the Group's products are manufactured to meet specific customer requirements. There is a risk that if there is a demand issue with customer's products, the related inventories held by the Group may not be able to sell.</p> <p>Management assesses the level of write-downs of inventories required at each reporting date after considering inventory ageing, estimated selling price and forecast demand. Such assessment involves significant management judgement and estimation in determining the value of inventories which might not be recoverable at each reporting date.</p> <p>We identified the valuation of inventories in the manufacturing subsidiaries as a key audit matter because inventories are significant to the consolidated financial statements and there is significant degree of management judgement involved in determining the write-down of inventories.</p>	<p>Our audit procedures to assess the valuation of inventories in the manufacturing subsidiaries included the following:</p> <ul style="list-style-type: none"> <li>evaluating the design and implementation of management's key internal controls over the inventory write-down assessment process, including the Group's monitoring controls over slow-moving inventories;</li> <li>assessing the historical accuracy of management's calculation of write-downs of inventories by examining the utilisation or release of write-downs and write-downs recorded at the end of the previous financial year during the current financial year;</li> <li>assessing whether the inventory write-down policy is appropriate with reference to the requirements of the prevailing accounting standards;</li> <li>assessing whether items in the inventory ageing report were classified within the appropriate ageing bucket by comparing with the individual items with underlying documents, such as purchase invoices, on a sample basis;</li> <li>assessing the reasonableness of the estimated selling price and forecast demand used in the calculation of inventory write-downs adopted by the management, taking into account the ageing for the inventories and the Group's current circumstances; and</li> <li>assessing whether the inventory write-downs at the reporting date were calculated on a basis consistent with the Group's inventory write-down policy by recalculating the inventory write-downs based on the Group's inventory provision policy.</li> </ul>



## Independent Auditor's Report

### **Information other than the consolidated financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all 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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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.

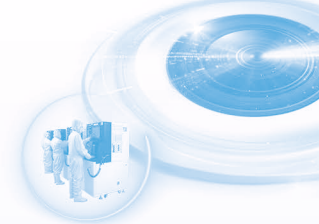
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors for the consolidated financial statements**

The directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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



## Independent Auditor's Report

### **Auditor's responsibilities for the audit of the consolidated financial statements** (continued)

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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.

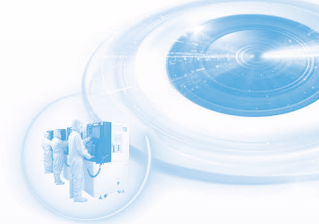
The engagement partner on the audit resulting in this independent auditor's report is Kong Wing Hung (practising certificate number: P07075).

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

30 March 2026



# Consolidated Statement of Profit or Loss

for the year ended 31 December 2025  
(Expressed in United States dollars)

	Note	2025 \$'000	2024 \$'000
<b>Revenue</b>	2	<b>3,500,054</b>	2,494,258
Cost of sales		<b>(3,141,326)</b>	(2,203,351)
<b>Gross profit</b>		<b>358,728</b>	290,907
Other income/(loss)	3	<b>12,467</b>	(22,970)
Selling and distribution expenses		<b>(3,645)</b>	(3,430)
Administrative expenses		<b>(127,605)</b>	(108,098)
<b>Profit from operations</b>		<b>239,945</b>	156,409
Finance costs	4(a)	<b>(15,821)</b>	(18,706)
Share of loss of an associate		<b>(347)</b>	—
<b>Profit before taxation</b>	4	<b>223,777</b>	137,703
Income tax	5(a)	<b>(28,830)</b>	(17,323)
<b>Profit for the year</b>		<b>194,947</b>	120,380
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>196,904</b>	119,055
Non-controlling interests		<b>(1,957)</b>	1,325
<b>Profit for the year</b>		<b>194,947</b>	120,380
<b>Earnings per share</b>	9		
Basic		<b>\$0.229</b>	\$0.139
Diluted		<b>\$0.221</b>	\$0.134

The notes on pages 94 to 152 form part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 23(d).

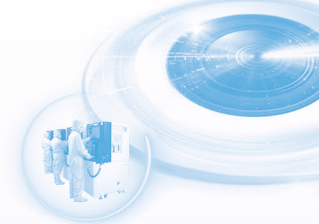


# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025  
(Expressed in United States dollars)

	Note	2025 \$'000	2024 \$'000
<b>Profit for the year</b>		<b>194,947</b>	120,380
<b>Other comprehensive income for the year (after tax adjustments):</b>	8		
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements		<b>17,712</b>	(12,402)
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of net defined benefit obligation		<b>1</b>	(28)
		<b>17,713</b>	(12,430)
<b>Total comprehensive income for the year</b>		<b>212,660</b>	107,950
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>214,479</b>	106,733
Non-controlling interests		<b>(1,819)</b>	1,217
<b>Total comprehensive income for the year</b>		<b>212,660</b>	107,950

The notes on pages 94 to 152 form part of these consolidated financial statements.



# Consolidated Statement of Financial Position

as at 31 December 2025  
(Expressed in United States dollars)

	Note	2025 \$'000	2024 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	367,392	374,444
Intangible assets	11	1,065	1,526
Interest in a joint venture	13	—	556
Interest in an associate	13	8,348	—
Prepayment and other receivables	15(b)	13,747	17,606
Deferred tax assets	22(b)	13,867	13,341
		<b>404,419</b>	407,473
<b>Current assets</b>			
Inventories	14	231,337	315,185
Trade and other receivables	15	600,582	434,708
Current tax recoverable	22(a)	3	—
Pledged bank deposits	16(e)	—	10,468
Bank deposits	16(a)	157,922	161,371
Cash and cash equivalents	16(a)	149,439	113,349
		<b>1,139,283</b>	1,035,081
<b>Current liabilities</b>			
Trade and other payables	17	635,364	536,553
Bank loans	18	29,573	206,483
Lease liabilities	19	5,146	4,158
Current tax payable	22(a)	5,349	17,583
		<b>675,432</b>	764,777
<b>Net current assets</b>		<b>463,851</b>	270,304
<b>Total assets less current liabilities</b>		<b>868,270</b>	677,777



## Consolidated Statement of Financial Position

as at 31 December 2025

(Expressed in United States dollars)

	Note	2025 \$'000	2024 \$'000
<b>Non-current liabilities</b>			
Bank loans	18	101,912	117,623
Lease liabilities	19	30,852	33,462
Net defined benefit retirement obligation	20	14	6
Deferred income		4,061	3,031
		<b>136,839</b>	154,122
<b>NET ASSETS</b>			
<b>731,431</b>			
<b>523,655</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	23(b)	3,473	3,449
Reserves		722,655	513,084
<b>Total equity attributable to equity shareholders of the Company</b>			
<b>726,128</b>			
<b>516,533</b>			
<b>Non-controlling interests</b>			
<b>5,303</b>			
<b>7,122</b>			
<b>TOTAL EQUITY</b>			
<b>731,431</b>			
<b>523,655</b>			

Approved and authorised for issue by the board of directors on 30 March 2026

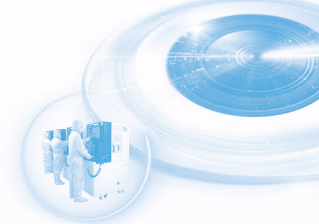
**Mr. Chen Han-Yang**

Director

**Mr. Wu Ying-Cheng**

Director

The notes on pages 94 to 152 form part of these consolidated financial statements.



# Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

(Expressed in United States dollars)

Attributable to equity shareholders of the Company

	Note	Share		Shares	Capital		General		Exchange reserve	Retained profits	Non-controlling		Total
		capital	premium	held for share award scheme	reserve	redemption reserve	Other reserve	reserve fund			Total	interest	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2024</b>		3,412	70,930	—	4,347	7	2,315	31,217	(41,989)	339,416	409,655	5,511	415,166
<b>Changes in equity for 2024:</b>													
Profit for the year		—	—	—	—	—	—	—	—	119,055	119,055	1,325	120,380
Other comprehensive income	8	—	—	—	—	—	—	—	(12,294)	(28)	(12,322)	(108)	(12,430)
Total comprehensive income		—	—	—	—	—	—	—	(12,294)	119,027	106,733	1,217	107,950
Transfer from retained profits		—	—	—	—	—	—	9,664	—	(9,664)	—	—	—
Shares issued under share option scheme	23(b)(ii)	37	5,857	—	(717)	—	—	—	—	—	5,177	—	5,177
Shares purchased for share award scheme	23(c)(vi)	—	—	(7,801)	—	—	—	—	—	—	(7,801)	—	(7,801)
Equity settled share-based transactions		—	—	—	3,444	—	—	—	—	—	3,444	—	3,444
Share options lapsed/cancelled		—	—	—	(41)	—	—	—	—	41	—	—	—
Acquisition of non-controlling interest		—	—	—	—	—	(675)	—	—	—	(675)	394	(281)
		37	5,857	(7,801)	2,686	—	(675)	9,664	—	(9,623)	145	394	539
<b>Balance at 31 December 2024</b>		3,449	76,787	(7,801)	7,033	7	1,640	40,881	(54,283)	448,820	516,533	7,122	523,655



## Consolidated Statement of Changes in Equity

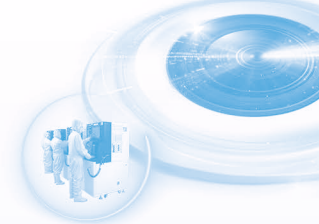
for the year ended 31 December 2025

(Expressed in United States dollars)

### Attributable to equity shareholders of the Company

	Note	Attributable to equity shareholders of the Company											
		Share capital	Share premium	Shares held for share award scheme	Capital reserve	Capital redemption reserve	Other reserve	General reserve fund	Exchange reserve	Retained profits	Total	Non-controlling interest	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2025</b>		3,449	76,787	(7,801)	7,033	7	1,640	40,881	(54,283)	448,820	516,533	7,122	523,655
<b>Changes in equity for 2025:</b>													
Profit for the year		-	-	-	-	-	-	-	-	196,904	196,904	(1,957)	194,947
Other comprehensive income	8	-	-	-	-	-	-	-	17,574	1	17,575	138	17,713
<b>Total comprehensive income</b>		-	-	-	-	-	-	-	17,574	196,905	214,479	(1,819)	212,660
Transfer from retained profits		-	-	-	-	-	-	20,246	-	(20,246)	-	-	-
Shares issued under share option scheme	23(b)(ii)	24	3,577	-	(419)	-	-	-	-	-	3,182	-	3,182
Vesting of shares under share award scheme	23(c)(vi)	-	207	6,928	(7,135)	-	-	-	-	-	-	-	-
Shares purchased for share award scheme	23(c)(vi)	-	-	(24,166)	-	-	-	-	-	-	(24,166)	-	(24,166)
Equity settled share-based transactions		-	-	-	16,100	-	-	-	-	-	16,100	-	16,100
Share options lapsed/cancelled		-	-	-	(44)	-	-	-	-	44	-	-	-
		24	3,784	(17,238)	8,502	-	-	20,246	-	(20,202)	(4,884)	-	(4,884)
<b>Balance at 31 December 2025</b>		3,473	80,571	(25,039)	15,535	7	1,640	61,127	(36,709)	625,523	726,128	5,303	731,431

The notes on pages 94 to 152 form part of these consolidated financial statements.



# Consolidated Cash Flow Statement

for the year ended 31 December 2025  
(Expressed in United States dollars)

	Note	2025 \$'000	2024 \$'000
<b>Operating activities</b>			
<b>Cash generated from operations</b>	16(b)	<b>357,686</b>	70,575
Tax paid			
— Hong Kong Profits Tax (paid)/refunded		(2,148)	2,355
— Chinese Mainland and Korea tax paid		(39,232)	(8,847)
<b>Net cash generated from operating activities</b>		<b>316,306</b>	64,083
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment		(74,083)	(247,958)
Proceeds from sale of property, plant and equipment		5,979	146
Payment for purchase of intangible assets		(11)	(532)
Interest received		8,495	17,536
Proceeds from matured bank deposits		925,392	659,759
Placement of new bank deposits		(918,398)	(558,496)
Prepayment for investment in an associate		—	(6,399)
Payment for investment in an associate		(2,119)	—
Proceeds from deregistration of a joint venture		571	—
<b>Net cash used in investing activities</b>		<b>(54,174)</b>	(135,944)
<b>Financing activities</b>			
Proceeds from new bank loans	16(c)	773,857	1,201,873
Repayment of bank loans	16(c)	(969,118)	(1,150,981)
Capital element of lease rental paid	16(c)	(4,963)	(4,942)
Interest element of lease rental paid	16(c)	(1,794)	(1,987)
Interest paid	16(c)	(13,982)	(15,959)
Proceeds from shares issued under share option scheme		3,182	5,177
Decrease in pledged bank deposits		10,647	63,868
Payment for purchase of shares held for share award scheme		(24,166)	(7,801)
Payment for acquisition of additional interest in a subsidiary		—	(281)
<b>Net cash (used in)/generated from financing activities</b>		<b>(226,337)</b>	88,967
<b>Net increase in cash and cash equivalents</b>		<b>35,795</b>	17,106
<b>Cash and cash equivalents at 1 January</b>		<b>113,349</b>	96,726
<b>Effect of foreign exchange rate changes</b>		<b>295</b>	(483)
<b>Cash and cash equivalents at 31 December</b>	16(a)	<b>149,439</b>	113,349

The notes on pages 94 to 152 form part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

## 1 Material accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards (“**IASs**”) and related interpretations, promulgated by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

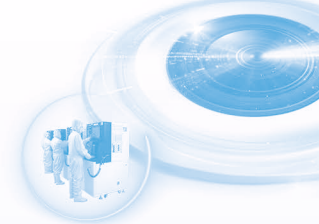
The consolidated financial statements for the year ended 31 December 2025 comprise Cowell e Holdings Inc. (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain employee benefits are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 28.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (“**NCI**”) represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income (“**OCI**”) as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(n) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (d) Subsidiaries and non-controlling interests (Continued)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

#### (e) Associate and joint venture

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and OCI of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1(i)(i)).

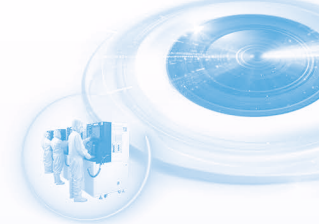
Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

#### (f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(i)(ii)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(h)).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (f) Property, plant and equipment (Continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Leasehold improvements	Shorter of the terms of leases or 13 years
— Plant and machinery	5–8 years
— Equipment, furniture and fixtures	3–5 years
— Motor vehicles	3–5 years
— Properties leased for own use	Unexpired terms of leases

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(t)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(i)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Development costs	5 years
— Software	5 to 10 years

Both the period and method of amortisation are reviewed annually.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (g) Intangible assets (Continued)

Club membership are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

#### (h) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

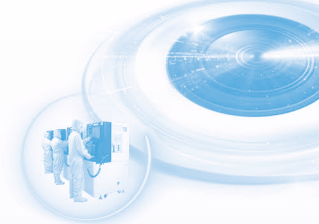
##### ***As a lessee***

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(f) and 1(i)(ii)), except for the following types of right-of-use asset:

- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value (see note 1(f)); and



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (h) Leased assets (Continued)

##### **As a lessee** (Continued)

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

#### (i) Credit losses and impairment of assets

##### **(i) Credit losses from financial instruments**

The Group recognises a loss allowance for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost (including cash and cash equivalents, bank deposits, pledged bank deposits, trade receivables and other receivables, including those are held for the collection of contractual cash flows which represent solely payments of principal and interest)

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (i) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Measurement of ECLs (Continued)*

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

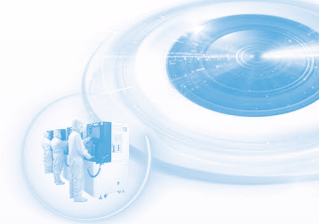
ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (i) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

###### *Write-off policy*

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 90 days past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (i) Credit losses and impairment of assets (Continued)

##### (ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, prepayments and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGUs**").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (i) Inventories

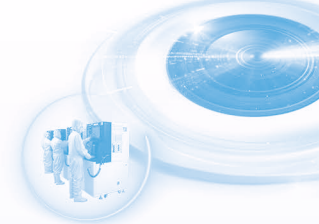
Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (j) Inventories (Continued)

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in note 1(r)(i).

#### (k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including an allowance for credit losses (see note 1(i)(i)).

#### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 1(i)(i)).

#### (m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

#### (n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(t)).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (o) Employee benefits

##### (i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

##### (ii) Defined benefit plan obligation

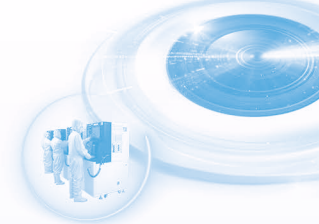
The group has the following two categories of defined benefit plans:

- defined benefit retirement plan for Korean employees working in Korea
- long service payment (“LSP”) under the Hong Kong Employment Ordinance.

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount. For defined benefit retirement plan for Korean employees, the net obligation is after deducting the fair value of plan assets. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. For defined benefit retirement plan for Korean employees, when the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets in defined benefit retirement plan for Korean employees (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (o) Employee benefits (Continued)

##### (iii) Share-based payments

###### *Share options*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital and share premium for the shares issued) or the option expires (when it is released directly to retained profits).

###### *Share awards*

The fair value of share awards granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date by reference to the market price of the Company's shares at the grant date, taking into account the terms and conditions upon which the awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the awards, the total estimated fair value of the awards is spread over the vesting period, taking into account the probability that the awards will vest.

During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of awards that vest (with a corresponding adjustment to the capital reserve).

The consideration paid by the trustee for purchasing the Company's shares from the market for the share award scheme, including any directly attributable incremental cost, is presented as shares held for share award scheme and the amount is deducted from total equity. When the trustee transfers the Company's shares to the grantees on vesting date, the related costs of the awarded shares vested are credited to shares held for share award scheme, with corresponding adjustments made to capital reserve and share premium.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (o) Employee benefits (Continued)

##### (iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

#### (p) Income tax

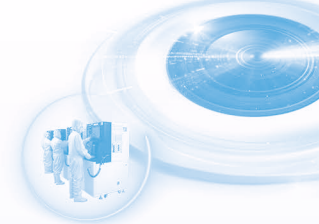
Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (p) Income tax (Continued)

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

#### (q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(i)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Further details of the Group's revenue and other income recognition policies are as follows:

##### (i) Sales of goods

Revenue is recognised when the goods are delivered to the location designated by the customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

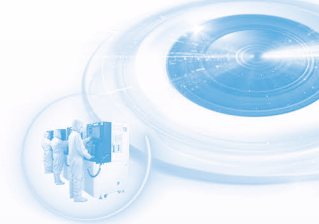
For sales that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

##### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

##### (iii) Subsidy income

Subsidies are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Subsidies that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Subsidies that compensate the Group for the cost of an asset incurred are deferred and recognised as revenue in profit or loss over the useful life of the assets in which the depreciation of the related assets is incurred.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into United States dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into United States dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

#### (t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.



## Notes to the Consolidated Financial Statements

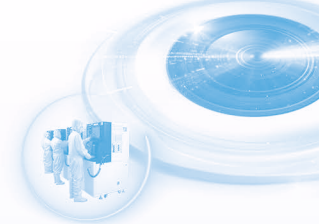
(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (u) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
  - (1) has control or joint control over the Group;
  - (2) has significant influence over the Group; or
  - (3) is a member of the key management personnel of the Group or the Group's parent.
  
- (ii) An entity is related to the Group if any of the following conditions applies:
  - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (3) Both entities are joint ventures of the same third party.
  - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (6) The entity is controlled or jointly controlled by a person identified in (i)(1).
  - (7) A person identified in (i)(2) 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).
  - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 1 Material accounting policies (Continued)

#### (v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### 2 Revenue and segment reporting

#### (a) Revenue

The principal activities of the Group are manufacturing and sale of camera module and optical components. Revenue represents the sales value of goods supplied to customers and excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group's customer base includes one customer (2024: one customer), with whom transactions have exceeded 10% of the Group's revenues, for the year ended 31 December 2025. Revenues from sales to this customer during the reporting period are set out below.

	2025 \$'000	2024 \$'000
Largest customer	3,454,694	2,418,117
Percentage of total revenue	99%	97%

Details of concentration of credit risk arising from this customer are set out in note 24(a).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 2 Revenue and segment reporting (Continued)

#### (b) Segment reporting

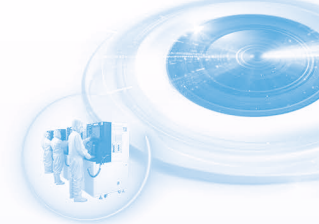
In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has only one single reportable segment.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and interests in a joint venture and an associate ("**specified non-current assets**"). The Group's revenue from external customers is presented based on locations of goods physically delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in a joint venture and an associate.

	Revenue from external customers		Specified non-current assets	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Chinese Mainland and Hong Kong	3,232,645	2,192,875	376,614	376,320
India	91,672	237,032	—	—
The Republic of Korea (" <b>Korea</b> ")	657	1,562	191	206
Vietnam	175,080	62,789	—	—
	<b>3,500,054</b>	2,494,258	<b>376,805</b>	376,526

### 3 Other income/(loss)

	2025 \$'000	2024 \$'000
Bank interest income	8,494	10,032
Government subsidy	4,328	2,869
Net loss on disposal of property, plant and equipment	(2,926)	(484)
Impairment loss on property, plant and equipment	(2,899)	(49,371)
Net loss on disposal of intangible assets	—	(626)
Gain on deregistration of a joint venture	11	—
Net foreign exchange gain	604	10,966
Others	4,855	3,644
	<b>12,467</b>	(22,970)



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2025 \$'000	2024 \$'000
<b>(a) Finance costs</b>		
Interest on bank loans	14,027	16,719
Interest on lease liabilities	1,794	1,987
	<b>15,821</b>	18,706
<b>(b) Staff costs*</b>		
Contributions to defined contribution retirement plan	9,562	8,379
Expenses recognised in respect of defined benefit retirement plans (note 20(a)(v))	28	25
Equity settled share-based payment expenses	16,100	3,444
Salaries, wages and other benefits	106,099	113,231
	<b>131,789</b>	125,079

Staff costs also include directors' remuneration disclosed in note 6.

	2025 \$'000	2024 \$'000
<b>(c) Other items</b>		
Amortisation (note 11)	496	699
Depreciation# (note 10)		
— owned property, plant and equipment	59,635	39,950
— right-of-use assets	5,555	5,807
Auditors' remuneration	339	424
(Reversal of)/loss allowance for expected credit loss	(2,086)	1,291
Research and development costs other than depreciation and amortisation*	96,430	70,150
Cost of inventories# (note 14(b))	3,141,326	2,203,351

# Cost of inventories includes \$133,619,000 (2024: \$111,999,000) relating to staff costs and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

\* Research and development costs other than depreciation and amortisation includes \$43,357,000 (2024: \$35,376,000) relating to staff costs, which amounts are also included in the respective total amounts disclosed separately in note 4(b).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 5 Income tax in the consolidated statement of profit or loss

(a) Income tax in the consolidated statement of profit or loss represents:

	2025 \$'000	2024 \$'000
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	2,999	1,254
<b>Current tax — Overseas</b>		
Provision for the year	17,884	23,544
Withholding tax on dividend income outside Hong Kong	10,000	—
Over-provision in respect of prior years	(1,821)	(42)
	<b>26,063</b>	23,502
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(232)	(7,433)
	<b>28,830</b>	17,323

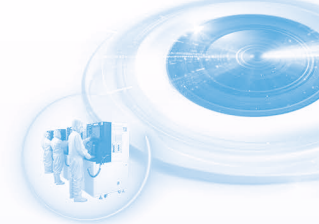
Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first Hong Kong dollars (“**HK\$**”) 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% in 2025. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

Pursuant to the Administrative Measures for Recognition of High-New Technology Enterprise (“**HNTE**”) jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, Dongguan Cowell Optic Electronics Co., Ltd., an indirect wholly owned subsidiary of the Company, was certified as a HNTE. According to the provisions of Article 28 “Corporate Income Tax Law of the People’s Republic of China”, the effective Corporate Income Tax (“**CIT**”) rate for 2025 and 2024 was subject to a reduced tax rate of 15%. Other Chinese Mainland subsidiaries were subject to statutory tax rate of 25%.

Under the tax law in Korea, the statutory corporate tax rate applicable to the subsidiary in Korea is 9% for assessable income below Korean Won (“**KRW**”) 200 million, 19% for assessable income between KRW200 million and KRW20 billion, 21% for assessable income between KRW20 billion and KRW300 billion, and 24% for assessable income above KRW300 billion for the years presented).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 5 Income tax in the consolidated statement of profit or loss (Continued)

#### (a) Income tax in the consolidated statement of profit or loss represents: (Continued)

Withholding tax on dividend income is charged at 5%.

#### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 \$'000	2024 \$'000
Profit before taxation	<b>223,777</b>	137,703
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	<b>33,727</b>	21,258
Tax effect of non-deductible expenses	<b>886</b>	3,921
Tax effect of non-taxable income	<b>(4,153)</b>	(670)
Effect of research and development bonus deduction	<b>(10,184)</b>	(7,182)
Over-provision in prior years	<b>(1,821)</b>	(42)
Tax effect of unused tax losses not recognised	<b>348</b>	258
Tax effect of unused tax losses utilised	<b>—</b>	(452)
Withholding tax on dividend income outside Hong Kong	<b>10,000</b>	—
Others	<b>27</b>	232
Actual tax expense	<b>28,830</b>	17,323

#### (c) Pillar Two income taxes:

The Group is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules (“**Pillar Two model rules**”) published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The intermediate parent of the Group, which is incorporated in Hong Kong, will bear the above mentioned top-up tax liability without recharge.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.



## Notes to the Consolidated Financial Statements

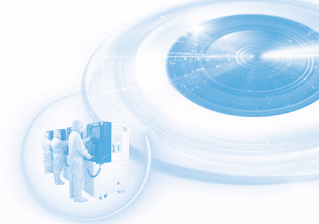
(Expressed in United States dollars unless otherwise indicated)

### 6 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	Directors' fees \$'000	Discretionary bonuses \$'000	Salaries, allowances and benefits in kind \$'000	Retirement scheme contributions \$'000	Sub-total \$'000	Share-based payments (note) \$'000	2025 Total \$'000
<b>Chairman</b>							
Meng Yan	—	139	150	—	289	21	310
<b>Executive director</b>							
Wu Ying-Cheng	—	187	360	—	547	14	561
<b>Non-executive directors</b>							
Chen Han-Yang	—	139	50	—	189	9	198
Yang Li	—	139	50	—	189	12	201
<b>Independent non-executive directors</b>							
Su Yen-Hsueh	—	—	20	—	20	—	20
Tsai Chen Lung	—	—	20	—	20	—	20
Liu Xia	—	—	20	—	20	—	20
	—	604	670	—	1,274	56	1,330

	Directors' fees \$'000	Discretionary bonuses \$'000	Salaries, allowances and benefits in kind \$'000	Retirement scheme contributions \$'000	Sub-total \$'000	Share-based payments (note) \$'000	2024 Total \$'000
<b>Chairman</b>							
Meng Yan	—	—	150	—	150	41	191
<b>Executive director</b>							
Wu Ying-Cheng	—	54	377	—	431	27	458
<b>Non-executive directors</b>							
Chen Han-Yang	—	—	50	—	50	18	68
Yang Li	—	—	50	—	50	23	73
<b>Independent non-executive directors</b>							
Su Yen-Hsueh	—	—	20	—	20	—	20
Tsai Chen Lung	—	—	20	—	20	—	20
Liu Xia	—	—	20	—	20	—	20
	—	54	687	—	741	109	850



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 6 Directors' emoluments (Continued)

No director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(o)(iii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 21.

### 7 Individuals with highest emoluments

Of the five individuals with the highest emoluments, nil (2024: two) is director whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the five (2024: three) individuals are as follows:

	2025 \$'000	2024 \$'000
Salaries and other emoluments	256	552
Discretionary bonuses	167	213
Share-based payments	4,709	—
	<b>5,132</b>	765

The emoluments of the five (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK\$1,000,001 (equivalent to \$128,001) to HK\$1,500,000 (equivalent to \$192,000)	—	2
HK\$3,000,001 (equivalent to \$386,001) to HK\$3,500,000 (equivalent to \$451,000)	—	1
HK\$4,500,001 (equivalent to \$578,001) to HK\$5,000,000 (equivalent to \$642,000)	1	—
HK\$8,500,001 (equivalent to \$1,092,001) to HK\$9,000,000 (equivalent to \$1,156,000)	4	—

No amounts were paid or payable by the Group to the five individuals with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 8 Other comprehensive income

#### Tax effects relating to each component of other comprehensive income

	2025			2024		
	Before tax amount \$'000	Tax expense \$'000	Net-of-tax amount \$'000	Before tax amount \$'000	Tax expense \$'000	Net-of-tax amount \$'000
Exchange differences on translation of financial statements	17,712	—	17,712	(12,402)	—	(12,402)
Remeasurement of net defined benefit obligation	1	—	1	(36)	8	(28)
Other comprehensive income	17,713	—	17,713	(12,438)	8	(12,430)

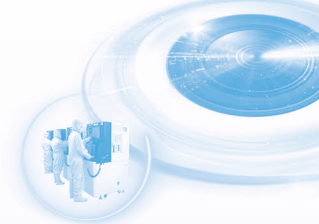
### 9 Earnings per share

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$196,904,000 (2024: \$119,055,000) and the weighted average of 860,519,000 ordinary shares (2024: 858,270,000 ordinary shares) in issue during the year, calculated as follows:

#### Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares less shares held for share award scheme at 1 January	859,564	855,383
Effect of share options exercised (note 23(b)(ii))	2,150	3,566
Effect of share awards vested (note 21)	684	—
Effect of purchase of shares held for share award scheme (note 23(c)(vi))	(1,879)	(679)
Weighted average number of ordinary shares at 31 December	860,519	858,270



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 9 Earnings per share (Continued)

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$196,904,000 (2024: \$119,055,000) and the weighted average number of ordinary shares of 891,093,000 shares (2024: 888,163,000 shares), calculated as follows:

#### **Weighted average number of ordinary shares (diluted)**

	2025 '000	2024 '000
Weighted average number of ordinary shares at 31 December	860,519	858,270
Adjustments for the Company's share award scheme and share option scheme (note 21)	30,574	29,893
Weighted average number of ordinary shares (diluted) at 31 December	891,093	888,163



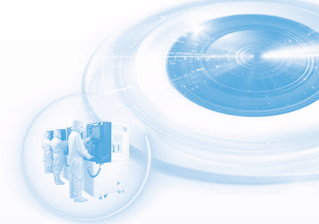
## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 10 Property, plant and equipment

#### Reconciliation of carrying amount

	Leasehold improvements \$'000	Properties leased for owned use \$'000	Plant and machinery \$'000	Equipment, furniture and fixtures \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
<b>Cost:</b>							
At 1 January 2024	34,250	19,752	100,457	11,428	1,333	59,202	226,422
Exchange adjustments	(787)	(539)	(4,679)	(509)	(11)	(546)	(7,071)
Additions	—	29,072	2,006	197	235	268,223	299,733
Disposals	—	(1,174)	(3,397)	(54)	(241)	—	(4,866)
Transfers	6,445	—	304,508	1,522	—	(312,475)	—
At 31 December 2024 and 1 January 2025	<b>39,908</b>	<b>47,111</b>	<b>398,895</b>	<b>12,584</b>	<b>1,316</b>	<b>14,404</b>	<b>514,218</b>
Exchange adjustments	<b>763</b>	<b>819</b>	<b>4,646</b>	<b>460</b>	<b>83</b>	<b>317</b>	<b>7,088</b>
Additions	—	<b>4,409</b>	<b>3,204</b>	<b>75</b>	<b>172</b>	<b>59,183</b>	<b>67,043</b>
Disposals	—	<b>(8,050)</b>	<b>(27,639)</b>	<b>(1,808)</b>	<b>(92)</b>	—	<b>(37,589)</b>
Transfers	<b>1,329</b>	—	<b>57,310</b>	<b>1,175</b>	—	<b>(59,814)</b>	—
At 31 December 2025	<b>42,000</b>	<b>44,289</b>	<b>436,416</b>	<b>12,486</b>	<b>1,479</b>	<b>14,090</b>	<b>550,760</b>
<b>Accumulated depreciation and impairment losses:</b>							
At 1 January 2024	24,754	8,224	10,675	4,716	1,234	—	49,603
Exchange adjustments	(739)	(29)	(388)	(53)	(7)	—	(1,216)
Charge for the year	6,982	5,747	31,095	1,859	74	—	45,757
Impairment loss	—	—	49,371	—	—	—	49,371
Written back on disposals	—	(824)	(2,623)	(53)	(241)	—	(3,741)
At 31 December 2024 and 1 January 2025	<b>30,997</b>	<b>13,118</b>	<b>88,130</b>	<b>6,469</b>	<b>1,060</b>	—	<b>139,774</b>
Exchange adjustments	<b>580</b>	<b>141</b>	<b>1,370</b>	<b>134</b>	<b>28</b>	—	<b>2,253</b>
Charge for the year	<b>1,684</b>	<b>5,535</b>	<b>55,983</b>	<b>1,869</b>	<b>119</b>	—	<b>65,190</b>
Impairment loss	—	—	<b>2,827</b>	<b>72</b>	—	—	<b>2,899</b>
Written back on disposals	—	<b>(6,163)</b>	<b>(19,077)</b>	<b>(1,417)</b>	<b>(91)</b>	—	<b>(26,748)</b>
At 31 December 2025	<b>33,261</b>	<b>12,631</b>	<b>129,233</b>	<b>7,127</b>	<b>1,116</b>	—	<b>183,368</b>
<b>Net book value:</b>							
At 31 December 2024	8,911	33,993	310,765	6,115	256	14,404	374,444
At 31 December 2025	<b>8,739</b>	<b>31,658</b>	<b>307,183</b>	<b>5,359</b>	<b>363</b>	<b>14,090</b>	<b>367,392</b>



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 10 Property, plant and equipment (Continued)

#### Reconciliation of carrying amount (Continued)

During last year, management considered that there were indicators of impairment for certain property, plant and equipment used for the production due to decrease of forecast orders of certain camera modules. Thus, the management performed an impairment assessment on certain property, plant and equipment of the Group's camera module production line in accordance with the accounting policies as set out in notes 1(f) and 1(i)(ii). As a result, an impairment loss of \$49,371,000 was recognised in respect of the respective property, plant and equipment in the consolidated statement of profit or loss.

#### Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025 \$'000	2024 \$'000
Properties leased for own use, carried at depreciated cost	31,658	33,993
Motor vehicles, carried at depreciated cost	45	5
	<b>31,703</b>	33,998

The Group has obtained the right to use properties mainly as its factory, warehouses, offices and vehicles through tenancy agreements. The leases typically run for an initial period of 2 to 18 years.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 \$'000	2024 \$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
— Properties leased for own use	5,535	5,747
— Motor vehicles	20	60
	<b>5,555</b>	5,807
Interest on lease liabilities (note 4(a))	1,794	1,987
Expense relating to short-term leases	472	640

During the year, additions to right-of-use assets were \$4,468,000 (2024: \$29,072,000). This amount primarily related to the capitalised lease payments payable under new and renewed tenancy and motor vehicle lease agreements. Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 16(d) and 19, respectively.



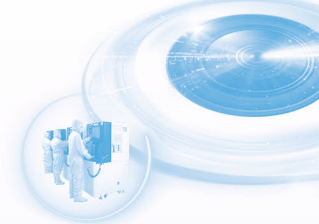
## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 11 Intangible assets

	Development costs \$'000	Software \$'000	Club membership \$'000	Total \$'000
<b>Cost:</b>				
At 1 January 2024	67	5,481	161	5,709
Exchange adjustments	(8)	(58)	(19)	(85)
Additions	—	532	—	532
Disposal	—	(995)	—	(995)
At 31 December 2024 and 1 January 2025	<b>59</b>	<b>4,960</b>	<b>142</b>	<b>5,161</b>
Exchange adjustments	<b>2</b>	<b>83</b>	<b>1</b>	<b>86</b>
Additions	—	<b>11</b>	—	<b>11</b>
Disposal	<b>(61)</b>	—	—	<b>(61)</b>
At 31 December 2025	—	<b>5,054</b>	<b>143</b>	<b>5,197</b>
<b>Accumulated amortisation:</b>				
At 1 January 2024	67	3,282	—	3,349
Exchange adjustments	(8)	(36)	—	(44)
Charge for the year	—	699	—	699
Written back on disposal	—	(369)	—	(369)
At 31 December 2024 and 1 January 2025	<b>59</b>	<b>3,576</b>	—	<b>3,635</b>
Exchange adjustments	<b>2</b>	<b>60</b>	—	<b>62</b>
Charge for the year	—	<b>496</b>	—	<b>496</b>
Written back on disposal	<b>(61)</b>	—	—	<b>(61)</b>
At 31 December 2025	—	<b>4,132</b>	—	<b>4,132</b>
<b>Net book value:</b>				
At 31 December 2024	—	1,384	142	1,526
At 31 December 2025	—	<b>922</b>	<b>143</b>	<b>1,065</b>

The amortisation charge for the year is included in “cost of sales”, “selling and distribution expenses” and “administrative expenses” in the consolidated statement of profit or loss.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 12 Investments in subsidiaries

The following list contains the particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ registration and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Cowell Optic Electronics Limited	Hong Kong	HK\$10,000	100%	100%	—	Trading of camera module and optical products
Dongguan Cowell Optic Electronics Co., Ltd (東莞高偉光學電子有限公司) <sup>(*)</sup>	The People's Republic of China ("PRC")	\$433,831,900	100%	—	100%	Manufacture of camera module and optical products
Ligao Optics (Dongguan) Co., Ltd. (立高光學(東莞)有限公司) <sup>(*)</sup>	PRC	RMB35,000,000	100%	—	100%	Manufacture and trading of camera module and optical products
Dongguan Luxsense Innovation Electronics Limited (東莞立騰創新有限公司) <sup>(*)</sup>	PRC	RMB100,000,000	51%	—	51%	Manufacture and trading of optical components
Guangzhou OptiSpectra Co., Ltd. 廣州譜極光電有限責任公司 <sup>(*)</sup>	PRC	RMB2,000,000	70%	—	70%	Manufacture and trading of optical components and provision of technical consultancy service

\* Registered under the laws of the PRC as wholly foreign owned enterprise.

# The official names of these entities are in Chinese. The English translation of the names is for identification only.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 13 Interests in a joint venture and an associate

Details of the Group's interests in a joint venture and an associate, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of company	Place of incorporation/ registration and operation	Particulars of issued and paid up capital	Proportion of ownership interest				Principal activities		
			Group's effective interest		Held by the Company			Held by a subsidiary	
			2025	2024	2025	2024		2025	2024
<b>Joint Venture:</b>									
Suzhou Liwei Optical Technology Co., Ltd. <sup>#</sup> ("Liwei") (蘇州立維光學科技有限公司) (note (a))	PRC	RMB8,000,000	—	40%	—	—	—	40%	Manufacture and trading of optical products
<b>Associate:</b>									
Shaoxing Junwan Micro Electronic Technology Co., Ltd. <sup>#</sup> (紹興君萬微電子科技有限公司) (note (b))	PRC	RMB19,188,360	20.7%	—	—	—	20.7%	—	Trading and manufacture of electronic materials and semiconductors.

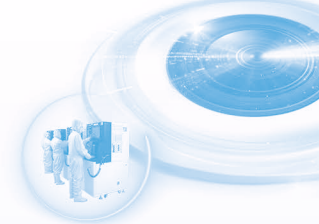
Notes:

- (a) This joint venture is an unlisted corporate entity whose quoted market price is not available. The registered capital of the joint venture is RMB50,000,000. On 8 August 2025, Liwei was deregistered and RMB4,075,000 (equivalent to \$571,000) was returned to the Group.
- (b) This associate is an unlisted corporate entity whose quoted market price is not available. The registered capital of the associate is RMB20,273,970.
- # This entity is a PRC limited liability company. The official name of this entity is in Chinese. The English translation of the name is for identification only.

### 14 Inventories

#### (a) Inventories in the consolidated statement of financial position comprise:

	2025 \$'000	2024 \$'000
Raw materials	60,579	45,002
Work in progress	28,003	30,281
Finished goods	142,755	239,902
	<b>231,337</b>	315,185



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 14 Inventories (Continued)

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 \$'000	2024 \$'000
Carrying amount of inventories sold	3,131,411	2,194,815
Write-down of inventories	9,915	8,536
	<b>3,141,326</b>	2,203,351

### 15 Trade and other receivables

	2025 \$'000	2024 \$'000
Trade receivables, net of loss allowance:		
– Third parties	559,522	375,477
– An intermediate holding company	3,797	1,352
– A fellow subsidiary	3,007	626
– Non-controlling interests	11,869	27,796
	<b>578,195</b>	405,251
Other receivables and prepayments	22,387	29,457
	<b>600,582</b>	434,708

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 15 Trade and other receivables (Continued)

#### (a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance is as follows:

	2025 \$'000	2024 \$'000
Within 1 month	573,839	404,582
Over 1 to 2 months	3,347	238
Over 2 to 3 months	194	237
Over 3 months	815	194
	<b>578,195</b>	405,251

Trade receivables, including amounts due from an intermediate holding company and a fellow subsidiary are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in note 24(a).

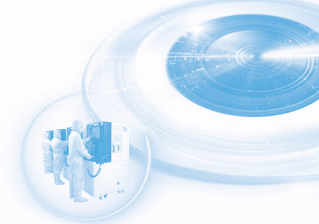
#### (b) Non-current prepayment and other receivables

Non-current prepayment and other receivables mainly represented deposits for property leases.

### 16 Cash and cash equivalents

#### (a) Cash and cash equivalents and bank deposits:

	2025 \$'000	2024 \$'000
Cash at bank and on hand	149,439	113,349
Cash and cash equivalents in the consolidated cash flow statement	149,439	113,349
Bank deposits with more than three months to maturity when placed	157,922	161,371



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 16 Cash and cash equivalents (Continued)

#### (b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2025 \$'000	2024 \$'000
Profit before taxation		<b>223,777</b>	137,703
Adjustments for:			
Interest income	3	<b>(8,494)</b>	(10,032)
Net loss on disposal of property, plant and equipment	3	<b>2,926</b>	484
Net loss on disposal of intangible assets	3	<b>—</b>	626
Gain on deregistration of a joint venture	3	<b>(11)</b>	—
Share of loss of an associate		<b>347</b>	—
Finance costs	4(a)	<b>15,821</b>	18,706
Equity settled share-based payment expenses	4(b)	<b>16,100</b>	3,444
Amortisation	4(c)	<b>496</b>	699
Depreciation	4(c)	<b>65,190</b>	45,757
Impairment loss on property, plant and equipment	3	<b>2,899</b>	49,371
(Reversal of)/loss allowance for expected credit loss	4(c)	<b>(2,086)</b>	1,291
Foreign exchange loss/(gain)		<b>8,886</b>	(6,245)
Changes in working capital:			
Decrease/(increase) in inventories		<b>85,235</b>	(181,290)
Increase in trade and other receivables		<b>(164,289)</b>	(269,927)
Increase in trade and other payables		<b>109,866</b>	278,852
Increase/(decrease) in defined benefit obligation		<b>9</b>	(19)
Increase in deferred income		<b>1,014</b>	1,155
Cash generated from operations		<b>357,686</b>	70,575



## Notes to the Consolidated Financial Statements

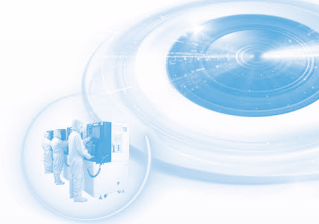
(Expressed in United States dollars unless otherwise indicated)

### 16 Cash and cash equivalents (Continued)

#### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans (Note 18) \$'000	Lease liabilities (Note 19) \$'000	Total \$'000
<b>At 1 January 2024</b>	274,760	14,443	289,203
<b>Changes from financing cash flows:</b>			
Proceeds from bank loans	1,201,873	—	1,201,873
Repayment of bank loans	(1,150,981)	—	(1,150,981)
Interest paid on bank loans	(15,959)	—	(15,959)
Capital element of lease rentals paid	—	(4,942)	(4,942)
Interest element of lease rentals paid	—	(1,987)	(1,987)
<b>Total changes from financing cash flows</b>	34,933	(6,929)	28,004
<b>Exchange adjustments</b>	(2,306)	(458)	(2,764)
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	—	29,072	29,072
Decrease in lease liabilities from termination of leases during the year	—	(495)	(495)
Interest expenses	16,719	1,987	18,706
<b>Total other changes</b>	16,719	30,564	47,283
<b>At 31 December 2024</b>	324,106	37,620	361,726



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 16 Cash and cash equivalents (Continued)

#### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans (Note 18) \$'000	Lease liabilities (Note 19) \$'000	Total \$'000
<b>At 1 January 2025</b>	<b>324,106</b>	<b>37,620</b>	<b>361,726</b>
<b>Changes from financing cash flows:</b>			
Proceeds from bank loans	773,857	—	773,857
Repayment of bank loans	(969,118)	—	(969,118)
Interest paid on bank loans	(13,982)	—	(13,982)
Capital element of lease rentals paid	—	(4,963)	(4,963)
Interest element of lease rentals paid	—	(1,794)	(1,794)
Total changes from financing cash flows	(209,243)	(6,757)	(216,000)
<b>Exchange adjustments</b>	<b>2,595</b>	<b>809</b>	<b>3,404</b>
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	—	4,468	4,468
Decrease in lease liabilities from termination of leases during the year	—	(1,936)	(1,936)
Interest expenses	14,027	1,794	15,821
Total other changes	14,027	4,326	18,353
<b>At 31 December 2025</b>	<b>131,485</b>	<b>35,998</b>	<b>167,483</b>

#### (d) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for lease rental paid comprise the following:

	2025 \$'000	2024 \$'000
Within operating cash flows	472	640
Within financing cash flows	6,757	6,929
	<b>7,229</b>	<b>7,569</b>

#### (e) Pledged bank deposits

As at 31 December 2024, the Group's pledged bank deposits represented deposits provided to secure certain bank loans in Chinese Mainland. The bank facility expired during the current year and there was no pledged bank deposit as at 31 December 2025.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

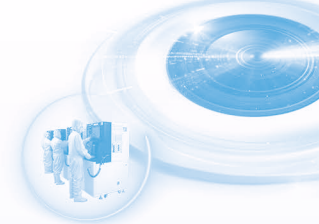
### 17 Trade and other payables

	2025 \$'000	2024 \$'000
Trade payables		
– Third parties	448,275	308,395
– An intermediate holding company	6,045	9,812
– A related company	137,585	158,849
	<b>591,905</b>	477,056
Accrued charges and other payables	43,459	59,497
	<b>635,364</b>	536,553

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand. The related company is under the significant influence by the key shareholders of the Company.

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 \$'000	2024 \$'000
Within 1 month	422,443	205,379
Over 1 to 3 months	103,812	119,648
Over 3 to 6 months	65,650	152,029
	<b>591,905</b>	477,056



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 18 Bank loans

	2025 \$'000	2024 \$'000
Current — Within 1 year or on demand (secured) (note 16(e))	—	10,000
Current — Within 1 year or on demand (unsecured)	<b>29,573</b>	196,483
Non-current — After 1 year but within 2 years (unsecured)	<b>29,573</b>	206,483
Non-current — After 2 years but within 5 years (unsecured)	<b>36,548</b>	27,676
	<b>65,364</b>	89,947
	<b>101,912</b>	117,623
	<b>131,485</b>	324,106

The bank facilities were guaranteed by the Company and the intermediate holding company.

### 19 Lease liabilities

At 31 December 2025, the lease liabilities were repayable as follows:

	2025		2024	
	Present value of the minimum lease payments \$'000	Total minimum lease payments \$'000	Present value of the minimum lease payments \$'000	Total minimum lease payments \$'000
Within 1 year	<b>5,146</b>	<b>6,787</b>	4,158	5,895
After 1 year but within 2 years	<b>4,577</b>	<b>5,961</b>	4,019	5,571
After 2 years but within 5 years	<b>7,364</b>	<b>10,793</b>	9,170	12,787
After 5 years	<b>18,911</b>	<b>24,661</b>	20,273	26,961
	<b>30,852</b>	<b>41,415</b>	33,462	45,319
	<b>35,998</b>	<b>48,202</b>	37,620	51,214
Less: total future interest expenses		<b>(12,204)</b>		(13,594)
Present value of lease liabilities		<b>35,998</b>		37,620



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 20 Employees retirement schemes

#### (a) Defined benefit retirement plan

The Group makes contributions to a defined benefit retirement plan for Korean employees working in Korea which covers 0.1% (2024: 0.1%) of the Group's employees. The plan is administered by a trustee, who is independent, with its assets held separately from those of the Group.

The plan is funded by contributions from the Group in accordance with an independent actuary's recommendation based on an annual actuarial valuation. The independent actuarial valuation of the plan at 31 December 2025 was prepared by certified insurance actuaries of Dlog Actuarial Consulting, who are registered with the Financial Services Commission, using the projected unit cost method. The actuarial valuation indicates that the Group's obligations under the defined benefit retirement plan are 100% (2024: 100%) covered by the plan assets held by the trustees at 31 December 2025.

The plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

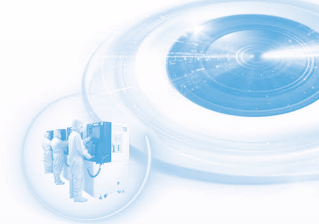
#### (i) *The amounts recognised in the consolidated statement of financial position are as follows:*

	2025 \$'000	2024 \$'000
Present value of wholly or partly funded by obligation	298	275
Fair value of plan assets	(284)	(269)
Net defined benefit retirement obligation	14	6

A portion of the above asset/liability is expected to be recovered/settled after more than one year. However, it is not practicable to segregate this amount from the amounts receivable/payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay \$24,000 in contributions to the defined benefit retirement plan in 2025.

#### (ii) *Plan assets*

As at 31 December 2024 and 2025, the Group's liability under this plan is covered by deposits placed with several banks. There is no plan asset invested in the Company's own financial instruments or any property occupied or other assets used by the Group.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 20 Employees retirement schemes (Continued)

#### (a) Defined benefit retirement plan (Continued)

##### (iii) Movements in the present value of the defined benefit obligation

	2025 \$'000	2024 \$'000
At 1 January	275	336
Remeasurements:		
— Actuarial losses arising from experience	5	19
— Actuarial (gains)/losses arising from changes in financial assumptions	(7)	11
	(2)	30
Benefits paid by the plan	(16)	(92)
Current service cost	28	25
Interest cost	12	13
Exchange difference	1	(37)
At 31 December	298	275

The weighted average duration of the defined benefit obligation is 7.6 years (2024: 8.2 years).

##### (iv) Movements in plan assets

	2025 \$'000	2024 \$'000
At 1 January	269	334
Group's contributions paid to the plan	21	54
Benefits paid by the plan	(16)	(92)
Interest income	10	14
Return on plan assets, excluding interest income	(3)	(5)
Exchange difference	3	(36)
At 31 December	284	269



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 20 Employees retirement schemes (Continued)

#### (a) Defined benefit retirement plan (Continued)

**(v) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:**

	2025 \$'000	2024 \$'000
Current service cost	28	25
Net interest on net defined benefit obligation	2	—
<b>Total amount recognised in profit or loss</b>	<b>30</b>	25
Actuarial (gain)/losses	(2)	30
Return on plan assets, excluding interest income	3	5
<b>Total amounts recognised in other comprehensive income</b>	<b>1</b>	35
<b>Total defined benefits income</b>	<b>31</b>	60

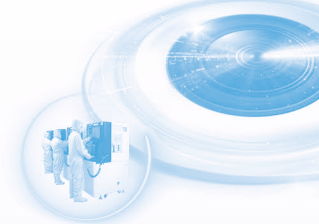
The current service cost and the net interest on net defined benefit obligation are recognised in administrative expenses in the consolidated statement of profit or loss.

**(vi) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:**

	2025	2024
Discount rate	4.27%	4.38%
Future salary increases	4.50%	4.50%

The below analysis shows how the defined benefit asset/obligation would have increased/(decreased) as a result of 1% change in the significant actuarial assumptions:

	Increase in 1%		Decrease in 1%	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Discount rate	(20)	(20)	23	23
Future salary increases	(23)	(23)	21	21



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 20 Employees retirement schemes (Continued)

#### (a) Defined benefit retirement plan (Continued)

##### (vi) **Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:** (Continued)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

#### (b) Defined contribution retirement plan

The subsidiary in Hong Kong also operates a Mandatory Provident Fund Scheme (the “**MPF scheme**”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately, there is no forfeited contributions that may need to be used by the Group to reduce the existing level of contribution.

The subsidiaries in Chinese Mainland participates in the defined contribution retirement schemes operated by the local authorities for employees in Chinese Mainland. Contributions to these schemes are charged to profit or loss when incurred. The Group is required to contribute 16.8% (2024: 16.8%) of employees’ remuneration to these schemes during the year. Contributions to the scheme vest immediately, there is no forfeited contributions that may need to be used by the Group to reduce the existing level of contribution.

### 21 Equity settled share-based transactions

On 5 May 2021, the Company adopted a share option scheme (the “**Share Option Scheme**”), whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at HK\$1 to subscribe for shares of the Company. The options vest after 1 to 5 years from the date of grant and are then exercisable within a period of 6 to 10 years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

On 21 March 2024, the Company adopted a share award scheme, to grant a total of 13,620,000 awards to 123 selected employees (the “**Grantees**”) pursuant to the rules of the share award scheme. Each of the awarded shares granted to the Grantees represents the right to receive a share on the date it vests. The awards shares shall be vested in five equal tranches from the first anniversary of the date of grant to the fifth anniversary of the date of grant. Further details are set out in the Company’s announcement dated 20 September 2024.

The weighted average fair value of awarded shares at grant date of 20 September 2024 was \$2.77 per share. 2,575,400 share awards were vested, and 808,000 share awards were lapsed and 12,600 share awards were cancelled during the year ended 31 December 2025. 10,224,000 share awards (2024: 13,620,000 share awards) were outstanding as at 31 December 2025.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

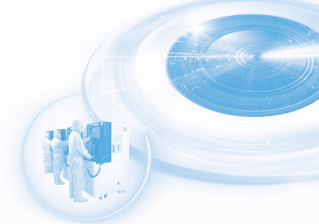
### 21 Equity settled share-based transactions (Continued)

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
— on 25 May 2021	2,780,000	1 year from the date of grant	10 years
	2,780,000	2 years from the date of grant	10 years
	2,780,000	3 years from the date of grant	10 years
	2,780,000	4 years from the date of grant	10 years
	2,780,000	5 years from the date of grant	10 years
Options granted to employees:			
— on 25 May 2021	6,310,000	1 year from the date of grant	10 years
	6,310,000	2 years from the date of grant	10 years
	6,310,000	3 years from the date of grant	10 years
	6,310,000	4 years from the date of grant	10 years
	6,310,000	5 years from the date of grant	10 years
— on 15 October 2021	3,440,000	1 year from the date of grant	10 years
	3,440,000	2 years from the date of grant	10 years
	3,440,000	3 years from the date of grant	10 years
	3,440,000	4 years from the date of grant	10 years
	3,440,000	5 years from the date of grant	10 years
Total share options granted	62,650,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the year	HK\$4.34	26,524	HK\$4.35	36,234
Exercised during the year	HK\$4.23	(5,878)	HK\$4.37	(9,242)
Lapsed/cancelled during the year	HK\$4.20	(650)	HK\$4.50	(468)
Outstanding at the end of the period	HK\$4.38	19,996	HK\$4.34	26,524
Exercisable at the end of the period	HK\$4.41	10,466	HK\$4.30	4,464



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 21 Equity settled share-based transactions (Continued)

#### (b) The number and weighted average exercise prices of share options are as follows: (Continued)

The weighted average share price at the date of exercise for shares options exercised during the year was \$4.39 (equivalents to HK\$34.22) (2024: \$3.03 (equivalents to HK\$23.69)).

The options outstanding at 31 December 2025 had a weighted average exercise price of \$0.56 (equivalents to HK\$4.38) (2024: \$0.56 (equivalents to HK\$4.34)) and a weighted average remaining contractual life of 5.5 years (2024: 6.5 years).

#### (c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model. There was no share options granted during the years ended 31 December 2024 and 2025.

#### **Fair value of share options granted in 2021 related assumptions**

	2021
Fair value at measurement date	HK\$0.56–0.70
Share price	HK\$4.10–4.84
Exercise price	HK\$4.14–4.84
Expected volatility (expressed as weighted average volatility used in the modelling under binomial option pricing model)	67.41%
Option life (expressed as weighted average life used in the modelling under binomial option pricing model)	6–10 years
Expected dividends	27.95%
Risk-free interest rate (based on yields of Hong Kong government bonds and treasury bills)	1.08%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 22 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

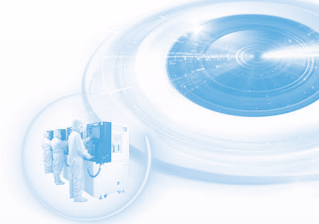
	2025 \$'000	2024 \$'000
Hong Kong Profits Tax provision	2,049	1,198
Provision for tax outside Hong Kong	3,297	16,385
	<b>5,346</b>	17,583
<b>Representing:</b>		
Current tax recoverable	(3)	—
Current tax payable	5,349	17,583
	<b>5,346</b>	17,583

(b) Deferred tax assets and liabilities recognised:

**Movement of each component of deferred tax assets and liabilities**

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Differences between depreciation and the related depreciation allowances \$'000	Defined benefit retirement plan liability \$'000	Provisions \$'000	Unrealised profits \$'000	Others \$'000	Total \$'000
At 1 January 2024	(5,303)	—	(694)	(68)	98	(5,967)
Charged/(credited) to profit or loss (note 5(a))	(6,934)	8	(1,355)	660	188	(7,433)
Credited to reserves (note 8)	—	(8)	—	—	—	(8)
Exchange adjustments	87	—	14	—	(34)	67
At 31 December 2024 and 1 January 2025	<b>(12,150)</b>	—	<b>(2,035)</b>	<b>592</b>	<b>252</b>	<b>(13,341)</b>
Charged/(credited) to profit or loss (note 5(a))	<b>1,001</b>	—	<b>418</b>	<b>(1,627)</b>	<b>(24)</b>	<b>(232)</b>
Exchange adjustments	<b>(250)</b>	—	<b>(46)</b>	—	<b>2</b>	<b>(294)</b>
At 31 December 2025	<b>(11,399)</b>	—	<b>(1,663)</b>	<b>(1,035)</b>	<b>230</b>	<b>(13,867)</b>



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 22 Income tax in the consolidated statement of financial position (Continued)

#### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of \$7,036,000 (2024: \$5,645,000) as it is not probable that the future taxable profits against which the losses can be utilised would be available in the relevant tax jurisdiction and entity. The Group has not recognised deferred tax assets in respect of tax losses, whose expiry dates are:

	2025 \$'000	2024 \$'000
In 2027	1,223	1,223
In 2028	3,485	3,485
In 2029	937	937
In 2030	1,391	—
	<b>7,036</b>	5,645

#### (d) Deferred tax liabilities not recognised

Under the CIT and its implementation rules, a withholding tax at 10%, unless reduced by a tax treaty or arrangement, is applied on dividends received by non-Chinese Mainland-resident corporate investors from Chinese Mainland-resident enterprises, such as the Company's Chinese Mainland subsidiary. Undistributed earnings prior to 1 January 2008 are exempt from such withholding tax. Under the China-Hong Kong Tax Arrangement and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% equity interests or more of a Chinese Mainland enterprise is entitled to a reduced withholding tax rate of 5%.

As at 31 December 2025, temporary differences relating to the undistributed profits of the Group's Chinese Mainland subsidiaries amounted to \$296,787,000 (2024: \$321,658,000). Deferred tax liabilities have not been recognised in respect of these undistributed profits as the Company controls the dividend policy of the subsidiary and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

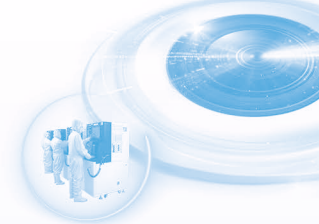
### 23 Capital, reserves and dividends

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual component of equity between the beginning and the end of the year are set out below:

#### The Company

	Note	Share capital \$'000	Share premium \$'000	Shares held for share award scheme \$'000	Capital reserve \$'000	Capital redemption reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>At 1 January 2024</b>		3,412	70,930	—	3,898	7	707	(2,740)	76,214
<b>Changes in equity for 2024:</b>									
Loss and total comprehensive income for the year		—	—	—	—	—	—	(1,447)	(1,447)
Shares issued under share option scheme	23(b)(ii)	37	5,857	—	(717)	—	—	—	5,177
Shares purchased for share award scheme	23(c)(vi)	—	—	(7,801)	—	—	—	(7,801)	—
Equity settled share-based transactions		—	—	—	3,212	—	—	—	3,212
Share options lapsed/cancelled		—	—	—	(41)	—	—	41	—
<b>At 31 December 2024 and 1 January 2025</b>	27	<b>3,449</b>	<b>76,787</b>	<b>(7,801)</b>	<b>6,352</b>	<b>7</b>	<b>707</b>	<b>(4,146)</b>	<b>75,355</b>
<b>Changes in equity for 2025:</b>									
Loss and total comprehensive income for the year		—	—	—	—	—	—	(1,345)	(1,345)
Vesting of shares under share award scheme	23(b)(ii)	24	3,577	—	(419)	—	—	—	3,182
Vesting of awarded shares	23(c)(vi)	—	207	6,928	(7,135)	—	—	—	—
Shares purchased for share award scheme	23(c)(vi)	—	—	(24,166)	—	—	—	—	(24,166)
Equity settled share-based transactions		—	—	—	15,613	—	—	—	15,613
Share options lapsed/cancelled		—	—	—	(44)	—	—	44	—
<b>At 31 December 2025</b>	27	<b>3,473</b>	<b>80,571</b>	<b>(25,039)</b>	<b>14,367</b>	<b>7</b>	<b>707</b>	<b>(5,447)</b>	<b>68,639</b>



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 23 Capital, reserves and dividends (Continued)

#### (b) Share capital

##### (i) Authorised and issued share capital

	2025		2024	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
<b>Authorised:</b>				
Ordinary shares of \$0.004 each	10,000,000	40,000	10,000,000	40,000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	862,288	3,449	853,046	3,412
Shares issued under share option scheme	5,878	24	9,242	37
At 31 December	868,166	3,473	862,288	3,449

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

##### (ii) Shares issued under share option scheme

During the year ended 31 December 2025, options were exercised to subscribe for 5,878,000 (2024: 9,242,000) ordinary shares in the Company at a consideration of \$3,182,000 (2024: \$5,177,000). \$419,000 (2024: \$717,000) was transferred from the capital reserve to the share capital and share premium account in accordance with policy set out in note 1(o)(iii).

#### (c) Nature and purpose of reserves

##### (i) Share premium and capital redemption reserve

The application of the share premium and the capital redemption reserve of the Group and the Company is governed by the Companies Law of the Cayman Islands.

##### (ii) Capital reserve

The capital reserve comprises the following:

- the portion of the grant date fair value of unexercised share options and share awards granted to directors and employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(o)(iii); and



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 23 Capital, reserves and dividends (Continued)

#### (c) Nature and purpose of reserves (Continued)

##### (ii) Capital reserve (Continued)

- the contribution from one of the substantial shareholders of \$2,040,000 to compensate part of the listing expenses incurred in 2015.

##### (iii) Other reserve

The Company's other reserve represents the fair value of the estimated number of unexercised share options granted to directors and employees of the Group in 2010. The share options were cancelled without any exercise in 2012.

The Group's other reserve comprises the Company's other reserve and the difference between the consideration paid by the Company to acquire non-controlling interests in Cowell Electronics Co., Ltd. and its carrying amount on the date of acquisition in 2012.

The Group's other reserve also comprises:

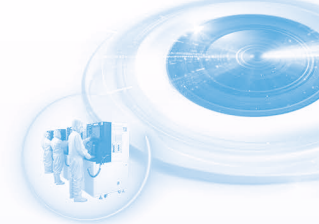
- the difference between the capital contributions from non-controlling interest for Dongguan Luxsense Innovation Electronics Limited and the carrying amount of its share in Dongguan Luxsense Innovation Electronics Limited's net assets on the date of acquisition in 2023; and
- the difference between the consideration paid for acquisition of additional interest in Dongguan Shiyuan Photoelectric Technology Co. and the carrying amount of the non-controlling interest in Dongguan Shiyuan Photoelectric Technology Co., Ltd. on the date of acquisition in 2024.

##### (iv) General reserve fund

According to the PRC laws applicable to wholly-owned foreign investment enterprises, the PRC subsidiaries of the Group are required to set up a general reserve fund and appropriate at least 10% of their annual net profits after taxation, as determined under PRC accounting regulations, to the general reserve fund until the balance of the fund equals to 50% of the respective enterprise's authorised capital. This fund can be used to make good losses and to convert into paid-up capital.

##### (v) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than United States dollars. The reserve is dealt with in accordance with the accounting policies set out in note 1(s).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 23 Capital, reserves and dividends (Continued)

#### (c) Nature and purpose of reserves (Continued)

##### (vi) Shares held for share award scheme

It represents the consideration paid for the purchase held for share award scheme. During the year ended 31 December 2025, the trustee purchased and withheld 7,339,000 (2024: 2,724,000) ordinary shares of the Company for a total amount of approximately HK\$187,969,000 (equivalent to approximately \$24,166,000) (2024: HK\$60,800,000 (equivalent to approximately \$7,801,000)). 2,575,400 shares awards under for share award scheme of a total amount of approximately HK\$53,939,000 (equivalent to approximately \$6,928,000) (2024: \$nil) were vested during the year ended 31 December 2025 and \$207,000 was transferred from the capital reserve to the share premium account in accordance with policy set out in note 1(o)(iii). As at 31 December 2025, a total number of 7,487,600 (2024: 2,724,000) ordinary shares of the Company were held for share award scheme.

#### (d) Dividends

Dividends payable to equity shareholders of the Company attributable to the year:

	2025 \$'000	2024 \$'000
Final dividend proposed after the end of the reporting period of HK\$0.35 (equivalent to \$0.04) (2024: \$nil) per ordinary share	39,050	—

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

#### (e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose the Group defines net debt plus unaccrued proposed dividend as total debt less cash and cash equivalents and bank deposits. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

The Group did not have net debt as at 31 December 2025 and 2024. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 24 Financial risk management and fair values

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bank deposits is limited because the counterparties are banks for which the Group considers to have low credit risk.

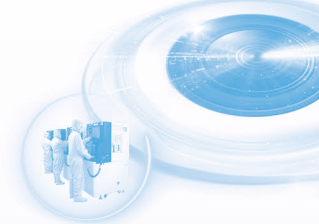
##### ***Trade and other receivables***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 96.7% (2024: 92.5%) of the total trade receivables was due from the Group's largest customer and 99.9% (2024: 99.9%) of trade receivables were due from the Group's five largest customers.

In respect of trade and other receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than three months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers. In respect of deposits with banks, the Group only places deposits with major financial institutions which the Group's management believes are of high credit rating.

To measure the ECLs, the Group distinguishes the trade and other receivables by different customers or counterparties and estimates the corresponding credit loss rates. The credit loss rates are estimated based on historical observed default rates over the expected life of trade receivables and study of other corporates' default and recovery data, and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by management of the Group to assess the current condition and the Group's view of economic conditions over the expected lives of the receivables.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different business lines, the loss allowance based on past due status is not further distinguished between the Group's different business lines. There is insignificant loss allowance recognised under the ECL model in 2024 and 2025 (note 4(c)).



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 24 Financial risk management and fair values (Continued)

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the approval by the parent company's board in respect of borrowings. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2025						2024					
	Contractual undiscounted cash outflow					Carrying amount at 31 December	Contractual undiscounted cash outflow					Carrying amount at 31 December
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	6,787	5,961	10,793	24,661	48,202	35,998	5,895	5,571	12,787	26,961	51,214	37,620
Bank loans	32,947	39,147	66,988	-	139,082	131,485	211,763	32,185	96,045	-	339,993	324,106
Trade and other payables	634,409	-	-	-	634,409	634,409	536,553	-	-	-	536,553	536,553
	674,143	45,108	77,781	24,661	821,693	801,892	754,211	37,756	108,832	26,961	927,760	898,279

#### (c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 24 Financial risk management and fair values (Continued)

#### (c) Currency risk (Continued)

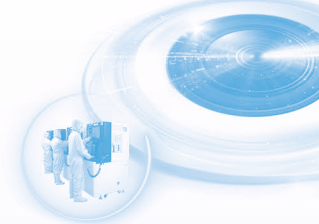
##### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency.

	Exposure to foreign currencies (expressed in United States dollars)			
	2025		2024	
	United States Dollars '000	Hong Kong Dollars \$'000	United States Dollars '000	Hong Kong Dollars \$'000
Trade and other receivables	206,081	42	240,512	42
Cash and cash equivalents	18,843	1,825	19,266	3,594
Trade and other payables	(177)	(23)	(64)	—
Bank loans	—	—	(30,000)	—
Net exposure arising from recognised assets and liabilities	224,747	1,844	229,714	3,636

##### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 24 Financial risk management and fair values (Continued)

#### (c) Currency risk (Continued)

##### (ii) Sensitivity analysis (Continued)

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits \$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits \$'000
United States Dollars	5%	9,509	5%	9,722
	(5%)	(9,509)	(5%)	(9,722)
Hong Kong Dollars	5%	90	5%	154
	(5%)	(90)	(5%)	(154)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2024.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from lease liabilities and bank loans. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk. The Group's interest rate profile as monitored by management is set out below.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 24 Financial risk management and fair values (Continued)

#### (d) Interest rate risk (Continued)

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2025		2024	
	Effective interest rate %	\$'000	Effective interest rate %	\$'000
<b>Fixed rate borrowings:</b>				
Lease liabilities	4.88	35,998	4.88	37,620
Bank loans	2.76	131,485	3.87	324,106
		<b>167,483</b>		<b>361,726</b>

#### Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would not materially decrease or increase the Group's profit after taxation and retained profits. Other components of consolidated equity would not be affected in response to a general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise assuming that change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. The analysis is performed on the same basis as 2024.

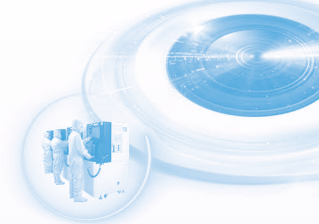
#### (e) Fair values

The directors consider that the carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values at the end of the reporting period.

### 25 Commitments

Capital commitments outstanding at 31 December 2025 not provided for in the consolidated financial statements were as follows:

	2025 \$'000	2024 \$'000
Contracted for the acquisition of property, plant and equipment	12,264	9,433



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 26 Material related party transactions

Transactions with related parties are carried out based on terms agreed with the counterparties in ordinary course of business.

Apart from disclosures made in other parts of the consolidated financial statements, the Group entered into the following material related party transactions during the year.

#### (a) Key management personnel remuneration

All members of key management personnel are the directors of the Company, and their remuneration is disclosed in note 6.

#### (b) Transaction with related parties

	2025 \$'000	2024 \$'000
Sales of finished goods		
— an intermediate holding company and its subsidiaries (note (i))	6,988	2,950
— non-controlling interest (note (ii))	36,531	71,329
Purchase of raw materials		
— an intermediate holding company and its subsidiaries (note (iii))	11,947	19,678
— related companies (note (iv))	280,256	217,442
Purchase of equipment from related companies (note (v))	5,654	17,688
Purchase of labour service		
— an intermediate holding company and its subsidiaries (note (vi))	128	130
— related companies (note (vii))	1,888	548
Supply of labour service		
— an intermediate holding company and its subsidiaries (note (viii))	2,161	1,952
— related companies (note (ix))	1,562	1,113
Sales of equipment to intermediate holding company and its subsidiaries (note (x))	1,955	—

Notes:

- (i) The Company entered into a supply framework agreement with Luxvisions Innovation Technology Corp. Limited (formerly known as Guangzhou Luxvisions Innovation Technology Limited) (“**LITCL**”), an intermediate holding company, and its subsidiaries (“**LITCL Group**”), pursuant to which the Group shall supply products to the LITCL Group.
- (ii) The Company entered into a supply framework agreement with Suteng Innovation Technology Company Limited (“**Suteng**”), a non-controlling interest, pursuant to which the Group shall supply products to the Suteng.
- (iii) The Company entered into a materials procurement framework agreement with LITCL, pursuant to which the Group shall purchase raw materials from the LITCL Group.
- (iv) The Company entered into a purchase framework agreement with Luxshare Precision Industry Co., Limited (“**Luxshare Precision**”) and its subsidiaries (“**Luxshare Precision Group**”), pursuant to which the Group shall purchase raw materials from the Luxshare Precision Group. Luxshare Precision is under significant influence by the controlling shareholders of the Company.
- (v) The Company entered into a machinery purchase framework agreement with Luxshare Precision Group, pursuant to which the Group shall purchase machinery from the Luxshare Precision Group.
- (vi) The Company entered into a labour services framework agreement with LITCL, pursuant to which the Group shall purchase labour service from the LITCL Group.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 26 Material related party transactions (Continued)

#### (b) Transaction with related parties (Continued)

Notes: (Continued)

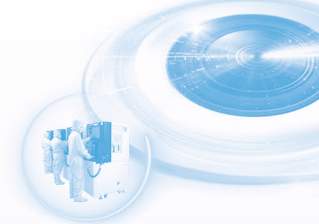
- (vii) The Company entered into a labour services framework agreement with Luxshare Precision Group, pursuant to which the Group shall purchase labour service from the Luxshare Precision Group.
- (viii) The Company entered into a labour services framework agreement with LITCL, pursuant to which the Group shall supply labour service to the LITCL Group.
- (ix) The Company entered into a labour services framework agreement with Luxshare Precision Group, pursuant to which the Group shall supply labour service to the Luxshare Precision Group.
- (x) The Company entered into a machinery sales framework agreement with LITCL, pursuant to which the Group shall supply machinery to the LITCL Group.

#### (c) Applicability of the Listing Rules relating to connected transactions

The above-mentioned related party transactions in respect of sales and purchase constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section “Connected Transactions and Continuing Connected Transactions” in the Directors’ Report.

### 27 Company-level statement of financial position

	2025 \$'000	2024 \$'000
<b>Non-current assets</b>		
Interests in subsidiaries	66,944	72,795
<b>Current assets</b>		
Other receivables	1	1
Cash and cash equivalents	1,946	2,760
	1,947	2,761
<b>Current liabilities</b>		
Other payables	252	201
<b>Net current assets</b>	1,695	2,560
<b>NET ASSETS</b>	68,639	75,355
<b>CAPITAL AND RESERVES</b>		
Share capital	3,473	3,449
Reserves	65,166	71,906
<b>TOTAL EQUITY</b>	68,639	75,355



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 28 Accounting judgements and estimates

Key area of estimation uncertainty is set out as follows:

#### Write down of inventories

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analysis, projections of expected future saleability of goods and, management experience and judgement. Based on this review, a write down of inventories will be made when the estimated net realisable value of inventories decline below their carrying amounts. Due to changes in technological environment, actual saleability of goods may be different from estimation and the statement of profit or loss in future accounting periods could be affected by differences in this estimation.

#### Assessment of impairment of non-current assets

The Group performs impairment reviews of non-financial assets (other than interests in a joint venture and associate, prepayment and other receivables and deferred tax assets) to whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management assesses the recoverable amount of each such asset or CGU based on its value in use or on its fair value less costs of disposal, whichever is higher, depending upon the anticipated future plans for the asset or CGU. These calculations require the use of judgements and estimates.

### 29 Immediate and ultimate controlling party

At 31 December 2025, the directors consider the immediate parent controlling party of the Group to be Luxvisions Innovation Limited, and the ultimate controlling parties of the Group to be Mr. Wang Laixi, Ms. Wang Laichun, Mr. Wang Laisheng, Ms. Wang Lajiao, Luxsan Limited and Luxvisions Innovation Limited. Luxvisions Innovation Technology Limited and Luxsan Limited are incorporated in Hong Kong and do not provide financial statements available for public use.



## Notes to the Consolidated Financial Statements

(Expressed in United States dollars unless otherwise indicated)

### 30 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures</i> — <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

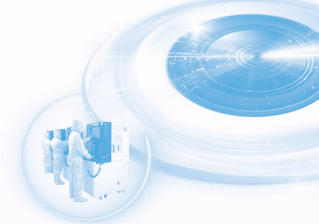
The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

#### **IFRS 18, *Presentation and disclosure in financial statements***

IFRS 18 will replace IAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.



## Five-Year Financial Summary

	2021 (in US\$000)	2022 (in US\$000)	2023 (in US\$000)	2024 (in US\$000)	2025 (in US\$000)
Revenue	799,291	1,116,210	923,846	2,494,258	<b>3,500,054</b>
Gross profit	120,498	174,447	127,766	290,907	<b>358,728</b>
Gross profit margin	15.1%	15.6%	13.8%	11.7%	<b>10.2%</b>
Operating profit	58,609	105,953	59,677	156,409	<b>239,945</b>
Operating margin	7.3%	9.5%	6.5%	6.3%	<b>6.9%</b>
Profit attributable to equity holders of the Company	49,805	83,816	46,589	119,055	<b>196,904</b>
Bank balance and cash	188,243	44,508	96,726	113,349	<b>149,439</b>
Borrowings	72,865	15,794	274,760	324,106	<b>131,485</b>
Total assets	552,102	631,154	943,296	1,442,554	<b>1,543,702</b>
Total liabilities	243,433	270,557	528,130	918,899	<b>812,271</b>
Total equity	308,669	360,597	415,166	523,655	<b>731,431</b>



## Definitions

“Articles of Association”	third amended and restated memorandum and articles of association of the Company adopted by special resolution passed on 26 May 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Cowell e Holdings Inc., an exempted company incorporated in the Cayman Islands with limited liability on 28 November 2006
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cowell China” or “Dongguan Cowell”	Dongguan Cowell Optic Electronics Co., Ltd. (東莞高偉光學電子有限公司), a wholly foreign-owned enterprise incorporated in the Chinese Mainland on 5 February 2002, which is a wholly owned subsidiary of Cowell Hong Kong
“Cowell Hong Kong”	Cowell Optic Electronics Limited (高偉光學電子有限公司), a limited liability company incorporated in Hong Kong on 6 March 2002, which is a wholly owned subsidiary of the Company
“Cowell Korea”	Cowell Electronics Co., Ltd. (formerly known as Cowell World Optic Co., Ltd. and World Optic Co., Ltd.), a stock corporation incorporated under the laws of Korea on 29 January 1997, which is a wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Date”	31 March 2015, on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	Model code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules
“PRC”	People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary share(s) of US\$0.004 each in the share capital of the Company
“US\$”	U.S. dollars, the lawful currency of the United States of America