

# BOE

## BOE VARITRONIX LIMITED

(Incorporated in Bermuda with limited liability)  
Stock Code 710

## 2025 ANNUAL REPORT



SMART DOMAIN-CONTROLLED COCKPIT



SMART INTERACTION SOLUTION



SMART DISPLAY SOLUTION



**Redefines human-vehicle  
interaction experience**

# VALUE

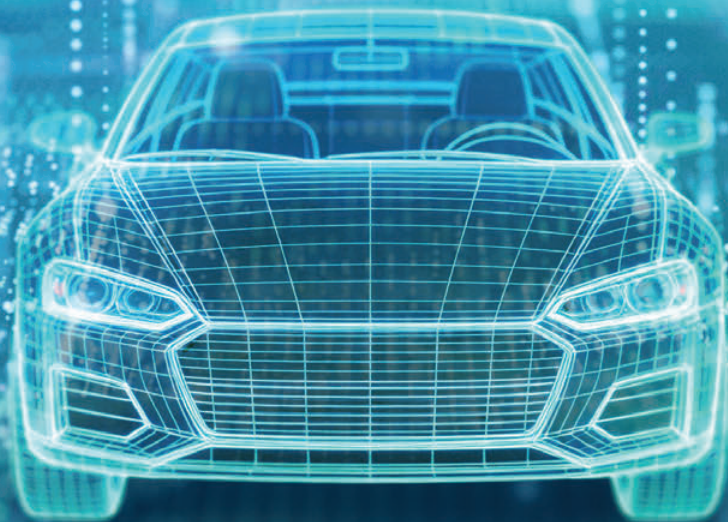
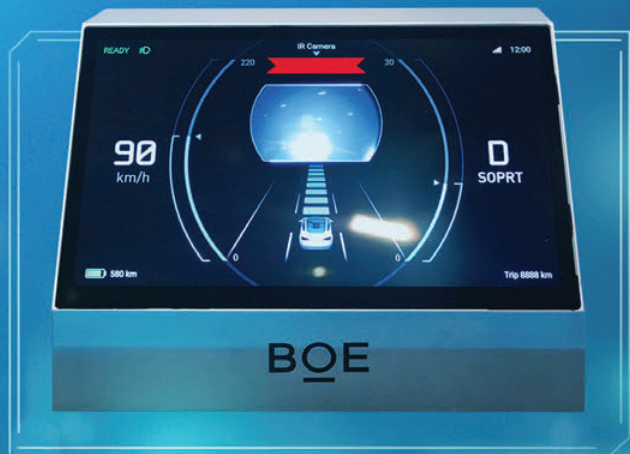
Provide customers with a diversified, convenient and effective one-stop service, become the premium partner.

# MISSION

Delighting the journeys by total display solutions.

# VISION

To be the leader of intelligent automotive displays and solutions.



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## ABOUT BOE VARITRONIX

BOE Varitronix Limited (the "Company") and its subsidiaries (the "Group") was established in 1978 and the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited in 1991. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and thin film transistor (TFT) and touch panel display module assembly capacity.

The Company is a subsidiary of BOE Technology Group Co., Ltd. ("BOE"). BOE is a well-known leading supplier of semiconductor display technologies, products and services and its products are widely used in a broad spectrum of applications such as mobile phones, tablets, notebooks, monitors, televisions, automotive displays and digital information displays. The Company falls under Display and Sensor Business Group of the BOE Group. The Company focuses on automotive and industrial display business and is the sole development, manufacturing and distribution platform of the BOE Group for automotive display module and system businesses.

The Group is now in a global leading position in automotive TFT display market with the highest market shares in terms of overall medium-to-large size delivery. Our vision is to become the leader of intelligent automotive displays and solutions.

# CORPORATE INFORMATION

The corporate information of BOE Varitronix Limited as of the latest practicable date\* prior to the issue of this annual report, is as follows:

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS:

Mr. Gao Wenbao (*Chairman*) (*resigned on 10 October 2025*)  
 Mr. Su Ning (*Chairman*)  
*(appointed as Chairman on 10 October 2025)*  
 Ms. Ko Wing Yan, Samantha  
 Mr. Lo Pak Chi (*appointed on 10 October 2025*)

### NON-EXECUTIVE DIRECTORS:

Mr. Shao Xibin  
 Mr. Jin Hao (*resigned on 10 October 2025*)  
 Mr. Meng Chao  
 Mr. Liu Jing (*appointed on 10 October 2025*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Fung, Yuk Kan Peter  
 Mr. Chu, Howard Ho Hwa  
 Mr. Pang Chunlin

## COMPANY SECRETARY

Mr. Chung Kai Cheong (*resigned on 29 September 2025*)  
 Mr. Chan Ka Kit (*appointed on 29 September 2025*)

## AUTHORIZED REPRESENTATIVE

Ms. Ko Wing Yan, Samantha  
 Mr. Chung Kai Cheong (*resigned on 29 September 2025*)  
 Mr. Chan Ka Kit (*appointed on 29 September 2025*)

## AUDIT COMMITTEE

Mr. Fung, Yuk Kan Peter (*Chairman*)  
 Mr. Chu, Howard Ho Hwa  
 Mr. Pang Chunlin

## REMUNERATION COMMITTEE

Mr. Fung, Yuk Kan Peter (*Chairman*)  
 Mr. Gao Wenbao (*ceased on 10 October 2025*)  
 Mr. Su Ning (*appointed on 10 October 2025*)  
 Ms. Ko Wing Yan, Samantha  
 Mr. Chu, Howard Ho Hwa  
 Mr. Pang Chunlin

## NOMINATION COMMITTEE

Mr. Gao Wenbao (*Chairman*) (*ceased on 10 October 2025*)  
 Mr. Su Ning (*Chairman*)  
*(appointed as Chairman on 10 October 2025)*  
 Ms. Ko Wing Yan, Samantha (*appointed on 10 October 2025*)  
 Mr. Fung, Yuk Kan Peter  
 Mr. Chu, Howard Ho Hwa  
 Mr. Pang Chunlin

## INVESTMENT COMMITTEE

Mr. Gao Wenbao (*Chairman*) (*ceased on 10 October 2025*)  
 Mr. Su Ning (*Chairman*)  
*(appointed as Chairman on 10 October 2025)*  
 Ms. Ko Wing Yan, Samantha  
 Mr. Lo Pak Chi (*appointed on 10 October 2025*)  
 Other members are not directors of the Company

## INDEPENDENT AUDITORS

KPMG  
 Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

## LEGAL ADVISER

Baker & McKenzie

## PRINCIPAL BANKERS

### (IN ALPHABETICAL ORDER)

Agricultural Bank of China Limited  
 Bank of China Limited  
 Bank of China (Hong Kong) Limited  
 Bank of Communications Co., Ltd.  
 China Citic Bank International Limited  
 China Merchants Bank Co., Ltd.  
 CMB Wing Lung Bank Limited  
 Hang Seng Bank Limited  
 Industrial and Commercial Bank of China Limited  
 Industrial Bank Co., Ltd.  
 MUFG Bank, Ltd.  
 Shanghai Pudong Development Bank Co., Ltd.  
 The Hongkong and Shanghai Banking Corporation Limited

\* the latest practicable date: 10 April 2026, being the latest practicable date prior to the issue of this annual report.

## CORPORATE INFORMATION

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units A–F, 35/F., Legend Tower  
No. 7 Shing Yip Street  
Kwun Tong, Kowloon  
Hong Kong

### PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited  
Canon's Court, 22 Victoria Street,  
PO Box HM 1179, Hamilton HM EX  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712–16, 17/F., Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

### LISTING INFORMATION

The Stock Exchange of Hong Kong Limited  
Stock Code: 710

### SHARE CAPITAL

As at 31 December 2025,  
the share capital of the Company is as follows:  
Number of authorised shares: 5,000,000,000  
Number of issued share: 791,575,204  
Total authorised share capital: HK\$1,250,000,000  
Total issued share capital: HK\$197,893,801  
Par value: HK\$0.25

### COMPANY WEBSITE

<http://www.boevx.com>

### INVESTOR RELATIONS CONTACT

[investor@boevx.com](mailto:investor@boevx.com)

#### FINANCIAL CALENDAR

##### Annual General Meeting

Last Registration Date	Wednesday, 17 June 2026
Book close period	Thursday, 18 June 2026 to Thursday, 25 June 2026 (both days inclusive)
Record date	Thursday, 25 June 2026
Meeting Date	Thursday, 25 June 2026

##### Final Dividend

Ex-dividend date	Friday, 3 July 2026
Book close period	Tuesday, 7 July 2026 to Friday, 10 July 2026 (both days inclusive)
Record date	Friday, 10 July 2026
Payment date	On or around Friday, 17 July 2026

## CHAIRMAN'S STATEMENT

Looking back over the past year, the Group has forged ahead with resilience against the backdrop of the surging innovation wave in embodied intelligent robots and the accelerating penetration of "AI+ All things" era. By steadfastly implementing our established strategies, we have achieved solid progress across multiple core business segments, further reinforcing the foundation of our market leading position, while continuing to optimise our business scale and operation structure. With the trust and support of our valued business partners, our worldwide business presence continued to expand. Together with our global partners, we co-developed a broader and deeper synergised ecosystem, injecting sustained momentum for the Group's future globalisation development.

In 2025, we formally established the "Varitronix 5V Development Roadmap", laying a clear path for the Company's future direction. We are committed to enhancing our market share in automotive display market, increasing investment in core technology research and development and strengthening our smart cockpit system integration capabilities, accelerating the globalisation ecosystem development and deepening our presence into overseas market, thereby comprehensively advancing toward our business evolution into a world leading smart cockpit solutions provider.

Looking ahead to 2026, the inaugural year of the "15th Five-Year Plan", the Group will resolutely accelerate the execution of our "Beyond Displays and Beyond Automotive" dual-engine strategy under the guiding vision of "AI-Driven Leadership". We will continue to advance along the path of premiumisation, intelligentisation, and globalisation, and accelerating at full speed toward our strategic transformation into a world-leading smart cockpit solutions provider.

We will also embrace the global innovation ecosystem with greater openness and inclusiveness, partnering with more collaborators who share entrepreneurial and innovative aspirations to jointly shape the future, and drive collaborative development across the industry ecosystem, technological breakthroughs, and integrated innovation across multi-application scenarios. Through the continued deep integration of artificial intelligence, cutting-edge display technologies, and system integration capabilities, we will continue to explore broader application scenarios and respond to global partners' expectations with higher-quality products and services.

Every step of the Group's progress is inseparable from the dedication of management, the hard work of our employees, the trust of shareholders, the support of investors, and the long-term cooperation of our business partners. On behalf of the Board of Directors, I would like to express my most sincere gratitude to all those who have contributed to the Group's development. Looking ahead, we will collaborate closely with all stakeholders as we advance towards a new phase of higher-quality and more resilient development.

**Su Ning**  
*Chairman*  
Hong Kong, 23 March 2026



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### AUTOMOTIVE DISPLAY BUSINESS

For the year under review, the automotive display business recorded revenue of HK\$13,025 million (2024: HK\$12,660 million), representing approximately 93% of the Group's total revenue. To date, the Group has served more than 100 enterprises across the global automotive industry chain, and our products and smart cockpit solutions have been widely adopted by nearly all mainstream global automotive brands, consistently enhancing the driving experience for users worldwide through innovative technologies.

According to data from Omdia, an industry research institution, the Group has maintained its leading position in the global automotive display market in terms of both shipment volume and shipping area, ranking first in the 8-inch and above display segment. Regarding product technology iteration, the Group's market share in the Low Temperature Poly-silicon ("LTPS") and Oxide technology segments continued to grow. Notably, full-year shipments of LTPS products surged approximately 70%, and we also secured a substantial number of new project wins, paving the way for rapid shipment growth in the coming years.

The system and smart cockpit solutions business maintained robust growth momentum in 2025, and we have secured new project awards from multiple leading Chinese and international automakers, driving continuous optimisation of product structure and customer mix, and enhancing our core competitiveness. The Group remained focused on its core "Beyond Displays" strategy, and launched its inaugural AI audio amplifier product during the year under review, and continued to advance the development of other smart cockpit solution products.



### INDUSTRIAL DISPLAY BUSINESS

For the year under review, the industrial display business recorded revenue of HK\$932 million (2024: HK\$789 million), representing approximately 7% of the Group's total revenue. As the market accelerates its transition from traditional monochrome display products to larger-sized and full-color TFT display products, the Group continues to expand into emerging application scenarios enabled by the integration of artificial intelligence. By leveraging the high reliability, strong durability, and low power consumption characteristics derived from automotive-grade quality control system, we have accelerated our penetration into various applications, including unmanned stores, public transportation (aviation, rail and passenger transport), vertical mobility, parking and charging facilities, vending machines, edge-computing devices, home appliances, and commercial office applications, thereby progressively building our second growth engine.

### PRODUCTION CAPACITY ENHANCEMENT

During the year under review, the Group made key progress in its global production capacity layout. Domestically, the expansion project of the Heyuan plant officially commenced, marking a new phase in the implementation of the "Three-Step" development strategy. This will further enhance the production capacity for medium-to-large-sized automotive display modules and system assemblies, while improving production consistency through a more automated and digitalized production line architecture, thereby supporting structural growth in the coming years. Meanwhile, the Chengdu Plant has continued to improve yield rates and efficiency through automated capacity expansion, process optimisation, and intelligent quality management, further strengthening its position as the Group's core plant for medium-to-large-sized automotive display products during the year. The construction of the new material innovation production plant in Hefei is also progressing steadily. In the future, it will complement the development of our innovative display businesses and new material businesses with its differentiated and flexible production capabilities.

Regarding overseas facilities, the Vietnam production plant successfully achieved its first product "power-on" milestone in 2025, marking the official integration of the global supply chain network. This plant will proceed with mass production in line with order intake going forward and play a key role in addressing geopolitical risks and expanding overseas localized business capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS



### QUALITY AND SUPPLY CHAIN MANAGEMENT

Our Quality Control Committee continued to operate throughout 2025, adhering to stringent industry standards in design, primarily based on the automotive industry's IATF 16949 quality management system. The framework ensures unified oversight of supplier quality and extends quality requirements forward to the supply end and customer sites. By holding quality conferences and implementing a "Quality Month" system, we have strengthened suppliers' quality awareness and promoted improvement. At the same time, we continued to integrate automated optical inspection and digitize key processes, effectively improving first-pass yield, stability, and product consistency. In 2025, the average defect rate of our TFT products remained below 30.0 parts per million (ppm).

Amid ongoing challenges in the global automotive components supply chain due to geopolitical tensions and regulatory changes, the Group maintained a prudent approach while comprehensively strengthening supply chain resilience. We advanced the diversification of suppliers for key components, enhanced collaboration with domestic and overseas partners, and established flexible alternative supply channels. Additionally, we optimized our inventory strategies to maintain adequate and secure reserves of key materials, ensuring production continuity. We also established more stable long-term cooperation and capacity assurance mechanisms with core suppliers, while simultaneously improving the synergy between domestic and overseas supply chain systems. Through these initiatives, the Group has developed a more robust supply chain structure better equipped to handle uncertainties, thereby ensuring business continuity and reliable customer deliveries.

### MARKET REVIEW

In 2025, the global macroeconomic environment remained highly uncertain, with geopolitical tensions and rising trade protectionism weighing on major economies. Despite this, China's automotive industry continued to lead the global shift toward electrification and intelligentisation, supported by its scale advantages, supply-chain strength and rapid technological iteration. Entering 2026, global EV demand growth is expected to moderate, with structural penetration becoming the key driver as industry competition shifts from "price-driven" to "value-driven", ushering in a more mature and quality-focused development phase.

AI-driven intelligentisation accelerated across the automotive value chain in 2025, enabling upgrades in intelligent driving, smart cockpits, visual algorithms and vehicle control. L3 autonomous driving received its first official access approval from the Ministry of Industry and Information Technology and entered mass production, multiple government departments further clarified access, safety and liability frameworks, laying the foundation for the commercialisation of high-level autonomous driving.

The advancement of intelligent driving has accelerated demand for smart cockpits. In 2025, more models now feature intelligent driving as standard, accompanied by growing expectations for intelligent interaction, AI-enhanced experiences and safety-related displays. Cockpit displays are evolving from "larger and brighter" to "smarter and more energy-efficient," driving a new cycle of structural upgrades. The global automotive display module market continues to grow steadily, especially in oxide, LTPS and OLED technologies. According to Omdia, the next three years will see CAGRs in global automotive display modules shipment of 19.3% for medium-to-large (15-inch and above), 14.2% for LTPS, and 34.3% for OLED.

## MANAGEMENT DISCUSSION AND ANALYSIS

### THE PRC

In 2025, China's automotive consumption shifted from "price-driven" to "value-driven." According to CAAM, automobile production and sales reached 34.5 million and 34.4 million units, up 10.4% and 9.4% year-on-year, while NEV production and sales grew 28.8% and 28.2% to 16.6 million and 16.5 million units, pushing penetration to nearly 50%; NEV exports also rose 21.1% to 7.1 million units. Trade-in policies remained effective, and price-cut activity declined from 2024, signalling a weakening of "volume-for-price" tactics. With national subsidies phasing out, replacement subsidies will shift to a proportional mechanism in 2026, guiding consumers toward RMB200,000-level models and redirecting competition to technology, configuration and experience. Looking ahead, structural trends remain strong: EV penetration in lower-tier markets is accelerating through localized channels and services, while electrification in commercial vehicles continues to expand in logistics, public transport and specialized applications, supporting steady growth as industry competition moves firmly toward value-driven development.

During the year under review, revenue from the PRC market, based on customers' sourcing decisions, increased to HK\$8,896 million, accounting for approximately 64% of the Group's total revenue, mainly from automotive display business. Supported by the rapid growth of NEVs and favourable policies, the PRC remained the Group's largest market. The Group continued to focus on leading NEV manufacturers, deepening cooperation through platform-based and standardised solution development to improve efficiency, accelerate project rollout and mass production, and introduce competitive high-value products. Through ongoing optimisation of supply chain, quality, production and sales processes, the Group strengthened customer trust, expanded strategic partnerships and upheld its market-leading position in China.

### EUROPE

In 2025, NEV demand in Europe was mixed due to economic weakness, inadequate charging infrastructure and policy uncertainties, with provisional tariffs adding short-term pressure. However, in January 2026, the EU issued its "Guidance Document on Price Undertaking Offers," clarifying that price undertakings could be accepted under the anti-subsidy framework as an alternative to high tariffs, helping mitigate near-term impacts and preserving market access for Chinese EVs. At the same time, Europe's electrification continued to advance under tightening carbon-reduction targets, despite short extensions for certain interim goals. Multiple countries resumed or expanded subsidy programmes: the UK announced a £650 million package; Germany allocated €3 billion for EV purchases; Italy introduced a €600 million scheme; France raised its per-vehicle subsidy to €5,700 and Spain launched a €400 million programme. These measures collectively support the steady progression of Europe's electrification.

During the year under review, the Group generated HK\$2,971 million in revenue from the European display business, based on customers' sourcing decisions, representing an increase of approximately 22% compared with 2024 and contributing around 21% of total revenue. Growth was mainly driven by orders for TFT display modules secured in previous years, with deliveries commencing in 2025, as well as strong market reception of several European flagship models equipped with our displays. During the year, we also established direct supply and exclusive strategic partnerships with major European automakers and secured contracts with several renowned manufacturers, laying the foundation for stable order flows in the coming years. With mass production of these projects commencing in the future, the Group anticipates meaningful revenue growth from the European market.

### AMERICA

In 2025, the U.S. NEV market entered a period of adjustment, with EV sales reaching approximately 1.3 million units, a modest 2% decline from 2024. The expiration of EV subsidies under the Inflation Reduction Act in September 2025 pulled forward demand and led to a sharp drop in fourth-quarter sales, creating potential headwinds for 2026. Nevertheless, medium-term prospects remain supported by improvements in charging infrastructure, broader model availability and ongoing technological advances. Elsewhere in the Americas, most countries continue to implement policies aimed at protecting local industries through import tariffs and requirements for localized production and investment, resulting in a relatively slow projected increase in regional NEV penetration.

During the year under review, the Americas generated revenue of HK\$712 million based on customers' sourcing decisions, accounting for approximately 5% of the Group's total revenue and declining by about 15% from 2024 due to a downturn in the U.S. transportation market and economic and tariff uncertainties. Despite this, the Group continued to pursue NEV-related opportunities, promoted TFT display modules to automotive and industrial customers amid the shift from monochrome to colour displays, and showcased product innovations at CES for the fourth consecutive year. We also expanded applications of our displays in vehicle digitalisation with encouraging results, while the introduction of new customer models and rising demand for higher-value semi-system products are expected to support future growth. The Group strengthened cooperation with major Tier-1 partners, enhanced local sales capabilities in Middle America to improve responsiveness and speed up order acquisition, and proactively advanced localized assembly and procurement in markets such as Mexico to bolster regional competitiveness.

## MANAGEMENT DISCUSSION AND ANALYSIS

### JAPAN

According to data from the Japan Automobile Dealers Association and the Japan Light Motor Vehicle Association, Japan's EV penetration rate was only 1.6% in 2025, unchanged from 2024 and remaining the lowest among developed countries. The main reasons behind include a limited number of available EV models, relatively high prices, and insufficient charging infrastructure. Despite these challenges, the Japanese government continues its strong support for NEVs: in 2025, it further increased purchase subsidies, with a maximum amount of JPY1 million, covering both electric vehicles and hydrogen fuel cell vehicles. Meanwhile, NEV models exported from China to Japan recorded notable growth in 2025, setting the stage for future penetration growth.

During the year under review, revenue generated from Japan, based on customers' sourcing decisions, amounted to HK\$770 million, representing a decrease of approximately 33% from 2024 and accounting for about 6% of the Group's total revenue. The decline was mainly due to slower market growth and longer product iteration cycles. Looking ahead, the Group will deepen cooperation with major Japanese Tier-1 suppliers and electronic component manufacturers through joint development of advanced display technologies to strengthen regional operations and enhance long-term competitiveness. Our Nagoya office, which commenced operations in 2024 with an expanded local sales and technical team, will further improve customer responsiveness, enabling quicker understanding of technical requirements and shortening the order acquisition cycle.



### KOREA

In the Korean market, the government has set a target to increase the number of electric vehicles to 2 million by 2030 and intends to expedite the construction of charging stations. To further encourage electric vehicle purchases, the government will offer in 2026, KRW177.5 billion in EV transition subsidies and KRW73.7 billion in commercial NEV financing support, bringing total subsidy amount to approximately KRW15.9 trillion. The policy focus has shifted from per-vehicle subsidies towards structured support for "demand stabilisation and scale expansion". Supported by local automakers launching more price-competitive models and the accelerated charging infrastructure rollout, South Korea's NEV demand is expected to maintain a rapid growth trend in 2026.

During the year, revenue generated from Korea based on the location of sourcing decision of customers was HK\$331 million, representing a decrease of approximately 12% from that of 2024. Korea accounted for approximately 2% of the Group's revenue. The decrease in revenue during the period was mainly due to product update and iteration cycles. Nevertheless, Korea will be an important market to the Group and we are putting utmost effort to obtain orders from leading Tier-1 manufacturers.

### TECHNOLOGY DEVELOPMENT

To capture the strategic opportunities arising from automotive and full-scenario intelligence, the Group continued to increase R&D investment and strengthen the independent innovation capabilities. In 2025, the Group maintained steady R&D investment, with R&D spending sustaining an upward trend and the size of R&D team further expanding. This ongoing investment has continuously enhanced our technological capabilities and talent base compared to 2024, positioning the Group with a solid technological foundation and sustained innovation capability to thrive in the future competitive landscape.

With the continued advancement of intelligent driving and smart cockpit technologies, the vision of the cockpit as the "third living space" has become ever more tangible. As the most intuitive and immersive interactive interface, automotive displays are now central to the intelligent experience. The Group has long been dedicated to advancing automotive display technologies, driving industry's evolution from single-size screens toward solutions featuring multi-size, multi-form-factor, high-definition, high depth of field, low reflection, and multi-modal interaction. Through system-level integration, we have elevated visual performance, safety, and human-machine interaction of display products. These innovations are continuously transforming vehicle interiors into more intelligent, comfortable, and aesthetically refined spaces.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PANORAMIC HEAD-UP DISPLAY (PHUD)

PHUD is an advanced vehicle head-up display technology. PHUD uses optical technology to project key information such as navigation, vehicle speed, oil pressure, and tire pressure in colour onto the windshield in front of the driver's line of sight. PHUD not only reduces the time the driver takes his eyes off the road but also provides a seamless experience from A-pillar to A-pillar, allowing multiple screens to be hidden under the dashboard and connected to each other, further enhancing the driving experience. Currently our PHUD products have been showcased at international exhibitions and experience events with leading automakers, and are now integrated into the latest mass-produced models.

### ADS-PRO

ADS, is the abbreviation of Advanced Super Dimension Switch. This technology not only has the advantages of ripple free on touching and wide viewing angle but also has the advantages of more accurate gamma and smaller color deviation in large viewing angle.

On the basis of ADS technology, ADS-Pro further superimposes high-end technologies such as Mini Light-Emitting Diode ("Mini LED"), BOE Dual Cell ("BD Cell"), high refresh rate, high resolution and high color gamut, so that the screen display effect is closer to the real picture seen by the human eye.

During the year under review, our inaugural BD Cell special-shaped triple-screen smart cockpit solution has achieved mass production and delivery, offering automakers a distinctive competitive edge.

### F-OLED

F-OLED represents the high-end flexible OLED technology solution, which has the industry leading advantages of gorgeous colors, varied forms and high integration, and brings users an immersive experience anytime and anywhere.

Currently a number of automotive F-OLED projects have entered the mass production stage, and we are co-developing transparent OLED solutions with global luxury car brand automakers.

Besides, we are developing Tandem OLED (Double Layer OLED), a new type of OLED formed by electrically connecting multiple organic light emitting (EL) units in series inside the device through a special internal connection layer, which can have the characteristics of high efficiency and long life at the same time.

### HERO SMART COCKPIT SOLUTION

At CES in January 2026, the Group deeply integrated AI technology into its product innovation system, significantly increasing the proportion of integrated hardware and software system products. Through multi-modal interaction and scenario-based innovation, we elevated the smart cockpit experience to a new level. The global debut of the HERO 2.0 smart cockpit solution, along with a series of groundbreaking products, integrated touch, voice, and gesture-based interactions into a unified system. Guided by the pioneering "domain-controlled cockpit" concept, these innovations enable vehicle-home and vehicle-business connectivity, extending the smart cockpit experience beyond automotive and realizing deep integration of "human-vehicle-domain".

Since first introducing the HERO initiative in 2023, the Group has consistently advanced innovation and market application across the four core pillars: Healthiness, Entertainment, Relaxation, and Office. In the health sector, the Group's high-end automotive displays incorporate leading low-blue-light eye care technology, significantly reducing harmful blue light exposure. Certified by TÜV Rheinland, these displays are now widely adopted in high-end flagship models from automakers including Great Wall, Changan, Li Auto, and Zeekr. In the entertainment and relaxation sectors, products such as co-pilot and rear-seat entertainment systems have become key configurations for brands including Chery, XPeng, and NIO to enhance the cockpit experience.



## MANAGEMENT DISCUSSION AND ANALYSIS



### AI+ INNOVATIVE APPLICATIONS

In terms of innovative applications and technological R&D, the Group continues to advance the commercialisation for cutting-edge technologies in areas such as switchable privacy displays, 3D displays, dual-view dual-touch, and light field display technologies, with several projects expected to enter mass production soon. BVP image quality enhancement and Camera Monitor Systems (CMS) have achieved breakthroughs, passing automotive-grade tests in image processing algorithms, controller performance, and reliability, and are now expanding into both passenger and commercial vehicle mirror markets.

Under the trend of “AI+Everything”, the Group is deeply integrating its core technological capabilities with diverse scenario resources to develop cross-domain solutions that extend the reach of intelligent experiences. For example, in the smart pet care field, the Group launched the world’s first smart ecosystem tank, merging ecological aesthetics with smart technology to make pet care simpler, smarter and safer. In the smart cycling field, AI-powered glasses integrate high-definition cameras, optical image stabilisation, anti-glare features, and dual Bluetooth earbuds, significantly enhancing both safety and entertainment during daily commutes and rides. In the smart home field, products such as the V+ smart calendar and wood-grain display touch cover deeply fuse display technology with home design aesthetics, embedding displays into everyday life.

Looking forward, the Group will remain focused on its “Beyond Displays” strategy, deepening AI-driven technological integration and expanding the HERO value ecosystem across “Healthiness, Entertainment, Relaxation and Office” scenarios. Through high-end innovation and intelligent solutions, we aim to accelerate the realisation of the HERO vision. By fostering a co-creation ecosystem with global partners, we are pioneering a new era of human-vehicle integration and full-scenario intelligent connectivity.

### STRATEGIC DEVELOPMENT PLAN

In the automotive display business, the Group continued to advance its “three-step strategy,” strengthening its leadership in vehicle displays, expanding its automotive display system portfolio, and accelerating the transition toward intelligent cockpit solutions. Leveraging BOE Group’s technological strengths, we maintained our leading position in high-end and large-sized automotive displays while increasing market share in next-generation LTPS, OLED and MLED products. In system and intelligent-cockpit solutions, we intensified R&D investment to drive our transformation from a traditional display manufacturer into a smart-cockpit technology enterprise. We also promoted industry-standard development around HERO (Health, Entertainment, Recreation, Office) scenarios and AI-enabled cockpit solutions, with our technologies becoming the first group standard for integrated cockpit displays in China and expected to exert broader and long-term influence in the industry.

Beyond the automotive display business, the Group will further leverage its core technological strengths and supply chain capabilities to expand into industrial displays and other sectors, advancing the “Dual-Engine Strategy of Automotive + Industrial”. The group has successfully incubated the brand InnoYolo targeting the consumer market. Centered on the concepts of “emotional value” and “high-value experience”, it has launched multiple innovative products. Additionally, the Group continues to invest in innovation platform development, including establishing the BOE Hong Kong Collaborative Innovation Institute in partnership with the BOE Group. This initiative focuses on collaborative development of cutting-edge technologies and scenario-based innovation, achieving seamless technology-market integration, accelerating the efficient transformation and global implementation of innovation achievements, and laying a solid foundation for future diversified product portfolios.

## MANAGEMENT DISCUSSION AND ANALYSIS

Expanding into overseas markets remains one of the Group's core strategic priorities. We will continue to actively engage in major global exhibitions to showcase our latest technological achievements across the fields of automotive displays and smart cockpits. Concurrently, we will deepen strategic partnerships with leading Tier-1 suppliers and international automakers, jointly exploring new application scenarios through joint R&D, scenario co-creation, prototype testing, and platform-based integration. To further strengthen overseas customer service capabilities, we plan to continuously strengthen our overseas R&D, production, and sales capabilities, reinforcing our comprehensive competitiveness in global markets.

Regarding strategic alignment with the parent company, the synergy between the Group and the BOE Group has further deepened. As the BOE Technology Group approaches its "Nth Curve" strategic phase in 2026, it is implementing a "technology+brand" dual-driver strategy to reinforce its industrial ecosystem and global influence. In line with the Group's strategic direction, the Group has successfully completed the board renewal, consolidating higher-tier strategic resources to propel the enterprise into a new growth phase. Moving forward, the Group will continue to serve as the BOE Group's exclusive platform for automotive display modules and system businesses, playing a leading role in the industrial trend of automotive displays evolving from "displays" to "intelligent interactive hubs".

### BUSINESS OUTLOOK

Looking forward, we will reinforce our leading position in the automotive display market and actively embrace the opportunities presented by emerging technological trend of artificial intelligence, and execute our "Dual-Engine Strategy of Automotive + Industrial" to capitalise on the robust demand for intelligent solutions in the overseas smart cockpit market and the diversified industrial applications, and build a diversified business growth engine.

### FINANCIAL REVIEW

#### REVENUE

The Group's revenue was HK\$13,957 million, 4% higher compared with HK\$13,449 million in 2024. The Group's revenue growth was primarily fueled by increased sales of our Thin Film Transistor ("TFT") products, touch panel display modules, and automotive system products, driven by increased demand of our major customers in China and Europe.

#### OTHER OPERATING INCOME

Other operating income in 2025 was HK\$274 million, 38% higher compared with HK\$199 million in 2024. The increase was mainly attributable to government grants and net gains on other financial assets.



### RAW MATERIALS AND CONSUMABLES USED AND CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

The total amount of raw materials and consumables used and change in inventories of finished goods and work in progress in 2025 were HK\$11,474 million, 3% higher compared with HK\$11,178 million in 2024. The increase was in line with revenue growth.

### STAFF COSTS

Staff costs in 2025 were HK\$1,345 million, 20% higher compared with HK\$1,116 million in 2024. The increase was mainly due to increased production volume and investment in staff resources relating to research and development ("R&D") and overseas expansion.

### DEPRECIATION

Depreciation in 2025 was HK\$268 million, 10% higher compared with HK\$244 million in 2024. The increase in depreciation expense was mainly due to new production lines brought into operation.

### OTHER OPERATING EXPENSES

Other operating expenses in 2025 were HK\$739 million, 10% higher compared with HK\$671 million in 2024. The increase was mainly due to increase in provision of expected credit losses allowance on trade receivables, subcontracting fees and trademark license fee.

### FINANCE COSTS

Finance costs in 2025 were HK\$10 million, representing a decrease of 32% compared with HK\$15 million in 2024. The reduction was due to a lower average loan balance compared with the prior year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INCOME TAX

Taxation expenses in 2025 were HK\$54 million, 162% higher compared with HK\$21 million in 2024. The increment was mainly due to the recognition of previously unrecognised tax losses in 2024.

### PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The profit attributable to equity shareholders for the year ended 31 December 2025 was HK\$345.4 million, as compared with a profit attributable to equity shareholders of HK\$391.3 million in 2024. The decrease was mainly due to investment in staff and other resources for future project development in the coming years.

During the financial year 2025 under, the Group invested HK\$327 million on R&D activities, an increase of 15% compared to that of 2024, which represented approximately 2% of the Group's revenue. The proportion of R&D expenses to revenue remains stable.

### FINAL DIVIDEND

The Board (the "Board") of Directors (the "Director") has recommended a final dividend of 15.3 HK cents (2024: 17.0 HK cents) per share. The annual dividend payout ratio was 35% (the amount of final dividend proposed after the end of the reporting period over profit attributable to equity shareholders of the company) (2024: 34%).

The Board has adopted a dividend policy on 1 January 2019 (the "Dividend Policy"). Under the Dividend Policy, subject to compliance with applicable laws, rules and regulations and the bye-laws of the Company, the Company intends to maintain a stable dividend policy in future with a dividend payout ratio of not less than 30%. However, the determination to pay dividends in the future will be made at the discretion of the Board of directors (the "Board") and will be based on the profits, cash flows, financial condition, capital requirements and other conditions that the Board deems relevant. The payment of dividends may be limited by legal restrictions and agreements that the Company may enter into in the future.

The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the total equity of the Group was HK\$4,872 million (31 December 2024: HK\$4,600 million). The Group's current ratio, being the proportion of total current assets against total current liabilities, was 1.40 as at 31 December 2025 (31 December 2024: 1.41).

At the year end, the Group held cash resources of HK\$4,462 million (31 December 2024: HK\$4,122 million) of which HK\$4,351 million (31 December 2024: HK\$3,544 million) was in cash and fixed deposits balance, HK\$17 million (31 December 2024: HK\$390 million) was in current other financial assets (except for listed equity securities), and HK\$94 million (31 December 2024: HK\$188 million) was in restricted bank deposits. The increase in our overall liquid portfolio was attributed to our rigorous efforts in optimizing fund and working capital management. Current other financial assets decreased during the year, mainly due to the maturity of short-term investments, with funds allocated to enhance liquidity.

At the year end, the Group had bank borrowings balance of HK\$308 million (31 December 2024: HK\$376 million). The original currency of the bank borrowings of the Group is in Renminbi. Among the bank loan of HK\$308 million, HK\$245 million (31 December 2024: HK\$170 million) is long-term borrowing mainly to facilitate our capital expenditure. The Group's gearing ratio (bank borrowings over net assets) was approximately 6.3% as at 31 December 2025 (31 December 2024: 8.2%). The slight decrease in gearing ratio was primarily attributable to the repayment of bank borrowings during the year.

### CASH FLOWS

Cash inflow from operating activities was mainly generated from cash receipts from the Group's sales. Cash outflows were related to raw materials purchases, staff costs, other operating expenses and taxation charges. Net cash generated from operating activities was HK\$798 million for 2025 (2024: HK\$1,457 million).

The Group's inventory turnover days (average inventories balance over cost of inventories times 365) for the year ended 31 December 2025 was 52 days (31 December 2024: 55 days), mainly due to better stock management. Debtor turnover days (average trade receivables over revenue times 365) for the year ended 31 December 2025 was 62 days (31 December 2024: 59 days), it was mainly due to increase in sales to new customers with long credit term.

Net cash used in investing activities amounted to HK\$87 million (2024: HK\$1,783 million). The payments were mainly for the purchase of property, plant and equipment, increased in the placement of fixed deposits with more than three months to maturity when placed and increased in placement of other financial assets.

Net cash used in financing activities totaled HK\$255 million (2024: HK\$430 million). The decrease of HK\$175 million in net cash from financing activities was mainly due to repayment of bank loans.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL STRUCTURE

The Group's long-term capital comprises shareholders' equity and debt, which mainly includes the share capital, retained profits and bank borrowings. There was no significant change as to the composition of capital structure of the Group during the period.

As at 31 December 2025, the cash and cash equivalents of the Group was HK\$3,191 million (31 December 2024: HK\$2,700 million).

The cash and cash equivalents are denominated in:

Original currency	As at	As at
	31 December 2025	31 December 2024
	HK\$ million	HK\$ million
— RMB	1,224	1,286
— USD	1,935	1,297
— HK\$	13	13
— Other currencies	19	104
	<b>3,191</b>	<b>2,700</b>

### FOREIGN CURRENCY AND INTEREST RATE EXPOSURE

The Group is exposed to foreign currency risk primarily through sales and purchases that are with an original currency other than the functional currency of the operations. The currencies giving rise to this risk are primarily United States dollars, Euros, Japanese Yen and Renminbi.

The Group primarily hedges its foreign currency exposure by its operation and is not engaged in the use of any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure from time to time and will consider hedging significant foreign currency exposure when the need arises.

As of 31 December 2025, the bank borrowings of the Group are subject to floating interest rate amounted to HK\$308 million (as of 31 December 2024: the bank borrowings of the Group subject to fixed and floating interest rates amounted to HK\$30 million and HK\$346 million respectively). The Group will monitor interest rate movements and consider appropriate measures when arranging bank borrowings with floating rates.

### FINANCIAL GUARANTEES AND CHARGE ON ASSETS

At 31 December 2025, bank borrowings amounted to HK\$193 million (31 December 2024: HK\$196 million) is secured by certain land, buildings, machinery and equipment of a subsidiary of the Group with the carrying amount of HK\$761 million to match its long-term development.

Save as disclosed as above, the Group had no other financial guarantees and charge on assets as at 31 December 2025 (31 December 2024: Nil).

### COMMITMENTS

The capital commitments outstanding at 31 December 2025 not provided in the Group's financial statements were approximately HK\$262 million (31 December 2024: HK\$204 million), mainly representing the acquisition cost of plant, machinery, tools and equipment not provided for in the financial statements. The above will be financed by internal resources of the Group and/or external financing.

### OTHER INVESTMENTS

As at 31 December 2025, the Group owned a diversified investment portfolio, such as equity investments in securities related to the automotive industries.

Apart from the above, there are no other material investment. The results of the above investments have been properly reflected in the financial statements for the year ended 31 December 2025.

### CONTINGENT LIABILITIES

As at 31 December 2025, the Company had no material contingent liabilities (31 December 2024: Nil).

### STAFF

As at 31 December 2025, the Group employed 7,871 staff (excluding temporary staff) worldwide, of whom 131 were in Hong Kong, 7,571 were in the People's Republic of China (the "PRC") and 169 were in overseas. The Group remunerates its employees (including directors) based on their performance, experience and prevailing industry practice. The Group operates a share award plan, provides rent-free quarters to certain of its employees in Hong Kong and the PRC and other fringe benefit to employees. The fringe benefit includes maternity leave, paternity leave, paid leave and etc.

The Group adopts a performance-based remuneration policy. Salary adjustments and performance bonuses are based on the evaluation of job performance. The aim is to create an atmosphere that encourages top performers and provides incentives for overall employees to improve and excel.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group always keeps pace with the times and strive to improve human resources efficiency and corporate governance capabilities, arrange sufficient human resources, provides different training and development programmes to attract, motivate and retain talented staff.

### STAFF RETIREMENT SCHEMES

In Hong Kong, the Group principally participates in the Mandatory Provident Fund ("MPF") Scheme operated by independent trustees. Contribution at a fixed rate of 5% of the employee's relevant income (the "Relevant Income"), subject to a cap of monthly Relevant Income of HK\$30,000 per employee, are made to the scheme and are vested immediately.

In addition, the Group also operates a Top-Up ORSO scheme, approved by the Inland Revenue Department under Section 87A of the Inland Revenue Ordinance, and both the employer and the employee are required to contribute 5% of the excess of the Relevant Income to the scheme. It is only eligible for employees who joined the Group on or before 30 June 2009.

With effect from 1 December 2019, the Top-Up ORSO scheme is ceased and instead, the Top-Up contributions is made to the MPF scheme.

The Group has also complied with all relevant laws, regulations and local policies in Hong Kong in relation to staff retirement matters.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal government. The subsidiaries are required to contribute certain percentage of the payroll costs to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

During the year, the total retirement scheme cost charged to the Consolidated Statement of Profit or Loss for the year ended 31 December 2025 was HK\$90 million (31 December 2024: HK\$74 million). Charges to administer the scheme are deducted from the employer's contributions. Forfeited contributions are used by the employer to offset against future contributions. The utilised amount during the year ended 31 December 2025 was HK\$Nil (31 December 2024: HK\$Nil) and at 31 December 2025, the balance available to reduce the level of contributions in future amounted to HK\$Nil (31 December 2024: HK\$Nil).

The Group has also implemented retirement schemes for all employees of overseas offices in accordance with relevant national laws, regulations and local policies.

### SUSTAINABILITY

Sustainable development continues to serve as a key pillar of the Group's future growth. The Group places great emphasis on environmental protection and green manufacturing, consistently advancing targets for carbon reduction, energy conservation, water saving, and waste management. In the 2025 assessment on the EcoVadis corporate sustainability evaluation platform, the Group achieved an outstanding score of 80 marks, earning the Gold Medal rating and ranking in the top 5% of all participating companies globally (Inquiry website: [https://recognition.ecovadis.com/uE2VRJB\\_4EqoDdHRoEnZLg](https://recognition.ecovadis.com/uE2VRJB_4EqoDdHRoEnZLg)). This recognition highlights our sustained efforts and leading practices in the areas of environment, labour and human rights, business ethics, and sustainable procurement, thereby establishing a strong "green passport" for the Group within the international supply chain.

In terms of green manufacturing, the Group has continued to promote energy management, low-carbon circular practices, and green operations. Our Chengdu automotive display base was awarded the titles of "National Green Factory" and "Chengdu Near-Zero Carbon Emission Industrial Enterprise", while our Heyuan manufacturing base received the designation of "National Green Factory". Both bases have successively obtained authoritative certifications, including ISO 14001 Environmental Management System and ISO 50001 Energy Management System. These recognitions affirm the high standards of low-carbon performance across plant operations, encompassing spatial planning, industrial structure, energy utilisation, technology application, and operational management, successfully achieving synergy between economic benefits and environmental benefits. Regarding green products, the bases have completed third-party evaluation of product carbon footprint for two automotive display products, integrating low-carbon commitments throughout the entire product lifecycle and assisting downstream automotive enterprises in delivering greater green and low-carbon value to end-users.

In the area of information security, the Group has obtained key system certifications, including TISAX AL3, ISO/IEC 27001, and ISO/SAE 21434. These certifications mark a new milestone in the Group's information security governance, providing global customers with more reliable system security assurance.

The background is a vibrant green with a futuristic, digital aesthetic. It features several wireframe trees of various shapes and sizes, rendered in a light green color. The trees are set against a backdrop of glowing green and blue particles, creating a sense of depth and movement. The overall composition is clean and modern, with a focus on environmental and technological themes.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group began incorporating its Environmental, Social and Governance (ESG) Report into its Annual Report from 2014. The ESG Report was prepared for the period from 1 January 2025 to 31 December 2025 and has been compiled in accordance with the Environmental, Social and Governance Reporting Code (the “Code”) requirements as set out in Appendix C2 of the Rules Governing (“the Listing Rules”) the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The covered scopes and contents are in compliance with the disclosure obligations under the “Comply or Explain” provisions in the Code. During the year, the Company participated and kept updating the climate change section in the CDP (Disclosure Insight Action). To strengthen our climate-related disclosures, we also consider following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Unless otherwise stated, the ESG Report covers operations in the PRC (including Heyuan and Chengdu) and Hong Kong, which together represent the core operations of the Group.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG STATEMENT OF THE BOARD OF DIRECTORS

The Board of the Directors of the Company has overall responsibility for the ESG strategy and reporting. The Board considers sustainability issues as being an integral part of its overall strategy, and each key sustainability risk and opportunity that has been identified is suitably evaluated, tracked, and proactively managed. The Board has been closely overseeing the ESG issues and the Group's initiative to make continuing ongoing improvements and to formulate an effective reporting mechanism. The Group formulates performance targets including environmental and social targets, which will be reviewed and followed up by the Board. ESG risk management and reporting mechanism takes into consideration operational management and relevant stakeholders. Assessment of ESG status and progress are conducted on an ongoing basis.

The Board has authorised the functional departments and ESG risk management team to take charge of the overall supervision of ESG management and hold ESG communication meetings no less than twice a year and electronic meetings regularly and as necessary. After the final approval by the Board, the report is official release. We are responsible for developing the Company's ESG strategy and regularly reviewing its implementation; identifying and evaluating ESG risks and opportunities, and developing response plans; reviewing ESG management policies to ensure that they are consistently implemented and put into practice; reviewing ESG plans and goals and periodically reviewing the achievement of ESG goals; reviewing ESG performance, and ultimately coordinating, implementing and executing such plans and goals. The Company also reports sustainability-related policy updates, industrial major news on key sustainability issues, and sustainability-themed case analysis regularly. It is committed to improving the skills and abilities of the staff in sustainable development. We convene trainings regularly and arranged a training about rules and regulation compliance in 2025 to promoting them to actively fulfil responsibilities in sustainable development risk management with an attitude of continuing learning, thereby continuously improving the Group's sustainability-related governance level.

In 2025, the Board focused on reviewing the following key activities and progress:

 <p><b>Corporate Governance</b></p>	<p>While consolidating the operation and management system and adhering to the bottom line of compliance, the Group steadily advanced the implementation of its sustainable development strategy and regulated and promoted ESG-related activities to improve management standards and reduce operational risks.</p>
 <p><b>Products</b></p>	<p>To provide customers with better products using a user-oriented approach, resulting in a significant improvement in customer satisfaction.</p>
 <p><b>Climate Change And Carbon Neutrality</b></p>	<p>The Company undertook the goal of "achieving carbon neutrality by 2050", and formulated a roadmap, phased goals and coping strategies for carbon neutrality.</p>
 <p><b>Undertaking Social Responsibility</b></p>	<p>The Company focused on urban revitalization to create social value, and put social responsibility into practice.</p>

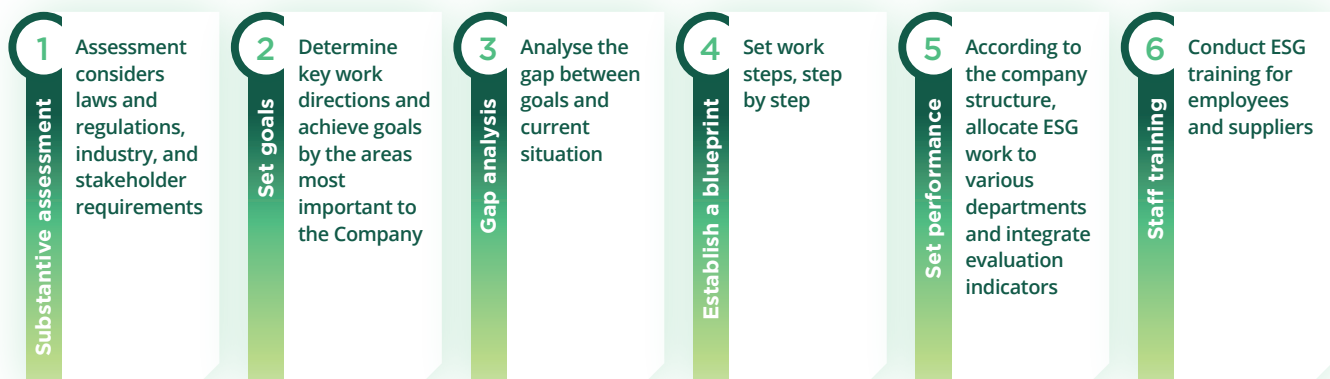
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The evaluation results of the Group's material issues, its management and practices on the above works and other ESG issues, as disclosed in detail in this Report, were reported to the Board in 2025.

### Establish an ESG management system and improve ESG work







### Examples of ESG implementation strategies



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The content of the ESG Report has followed the reporting principles in relation to “materiality”, “quantitative”, “consistency” and “balance” under the Code, the application of which is as follows:

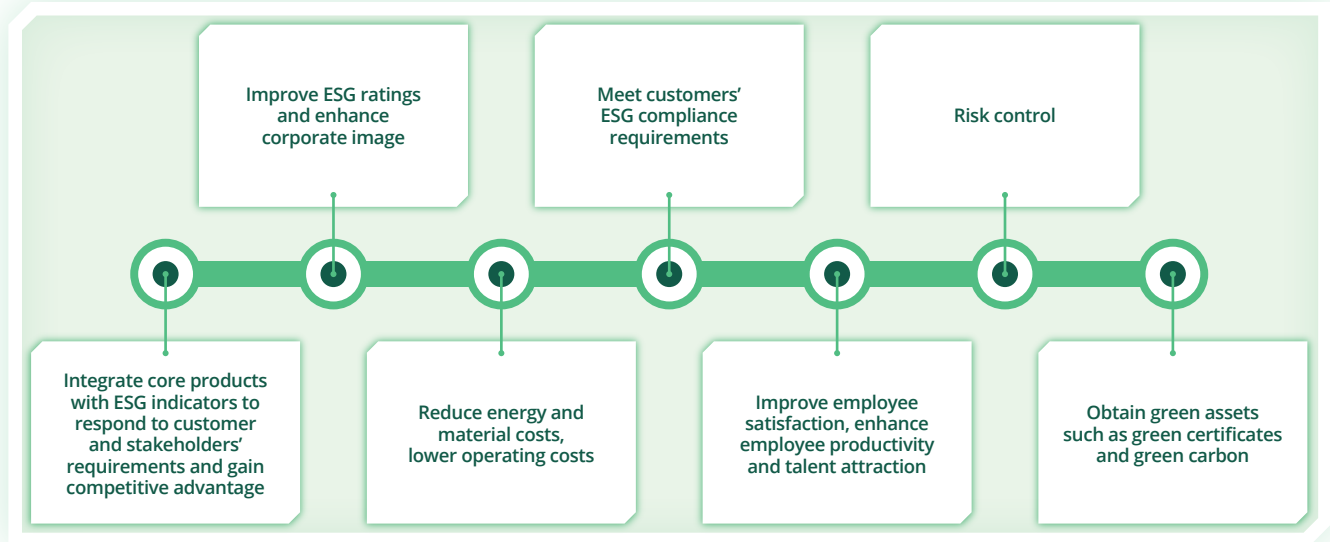
Reporting Principle	Application in the ESG Report
 <b>Materiality</b>	We have identified and disclosed in the ESG Report the process of and the criteria for the selection of material ESG topics. We have also identified and disclosed significant stakeholders, the process and results of their participation in the ESG Report.
 <b>Quantitative</b>	We have disclosed the data on the standards, methodologies, assumptions and/or calculation tools used to report environmental key performance indicators (KPIs), and the sources of the conversion factors used.
 <b>Balance</b>	The ESG Report reflects both positive and negative ESG information reasonably and objectively.
 <b>Consistency</b>	We use standardized ways and methods to collect and calculate data. We state changes in methods or related factors in the ESG Report to allow meaningful comparisons.

All opinions on the ESG Report are highly valued. If there is any enquiry or suggestion, please send an email to: [Investor@boevx.com](mailto:Investor@boevx.com).

We understand the importance of ESG to the Group and its stakeholders in the capital market. It has established and gradually improved its ESG governance and management mechanisms to promote the integration of ESG into the Group’s operations and management. We believe this integration will ultimately lead to long-term stable environmental, social and corporate values.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### The value of ESG efforts to the Group



Guided by carbon peaking and carbon neutrality policies, the automotive industry has become an important area for promoting energy conservation and emission reduction. It studies the sustainable development management strategy and set up the net-zero emissions by 2050 as the strategic goal, and commenced the research on carbon neutrality roadmap and strategy to formulate plans for the path to carbon emission reduction. The Group measured the carbon footprint within the Group's operational control, assessed the feasibility of our emission reduction targets, and developed emission reduction strategies which are (among others) the Group's vigorous promotion of energy conservation and emission reduction: improving the carbon emission audit system and product carbon footprint accounting management system; carrying out energy conservation and emission reduction projects actively; strengthening the reasonable use of green energy, building plant rooftop photovoltaic power generation projects and etc. By 2025, Heyuan plant and Chengdu plant have completed 17 new energy-saving and carbon-reduction projects, saving 3,593.64 MWh of electricity and reducing 1,906 tCO<sub>2</sub>e of greenhouse gas emissions. We will also regularly review the carbon emission reduction pathway and related goals based on changes in environmental trends and corporate business development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG Risk Management and Reporting Mechanism









The ESG risk management team consists of top management from operations and finance, and communicates regularly to ensure ESG risks are properly managed. The Company has integrated sustainability factors into its daily operations and through the sustainable development strategy, goals and action to regularly track and evaluate the progress of targets, and ensure that all measures are implemented. We continuously evaluate the possibility and degree of impact of related risks and opportunities, incorporate sustainability-related risks into the enterprise risk management system, and ensure the effective operation of the Group's sustainability related risk management and internal control system.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ENGAGING STAKEHOLDERS

The Group communicates regularly with stakeholders through various channels in order to understand their different expectations and the possible impacts to them of its sustainable development activities.

Stakeholders	Communication channels	Channels content
 <b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>• General meetings and notices</li> <li>• Annual/interim reports, financial statements and announcements</li> <li>• Direct communications</li> <li>• Corporate website</li> <li>• Investor briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Business sustainability</li> <li>• Financial performance</li> <li>• Corporate transparency</li> <li>• Corporate social responsibility</li> </ul>
 <b>Regulators</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Compliance reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Direct communication via frontline staff</li> <li>• Customer audits and factory visits</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Quality products and services, and delivery arrangements</li> <li>• Technological developments</li> <li>• Product responsibility</li> <li>• Factory and labour conditions</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Direct communication and meetings</li> <li>• Site visits and reviews</li> <li>• Vendor acceptance and management processes</li> <li>• Questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable procurement</li> <li>• RoHS considerations</li> <li>• Corporate reputation</li> <li>• Industry experience and expertise</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Involvement in and meeting with various communities through social services and sports activities</li> <li>• Cooperation with local universities and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of community environment and culture</li> <li>• Support for public welfare activities</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Training and development</li> <li>• Regular performance appraisals</li> <li>• Newsletters</li> <li>• Work-life balance activities</li> <li>• Policy communication</li> <li>• Communication with labour union</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety</li> <li>• Remuneration and welfare</li> <li>• Career development</li> <li>• Integrity and business conduct</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## MATERIALITY MATRIX

During the year, the Group has evaluated a number of environmental, social and operation related issues, and assessed their importance to the Group and its stakeholders. This assessment helps to ensure the Group's business development is in line with the expectations and requirements of its stakeholders. The materiality assessment result is shown below:

Issues of high importance	Issues of moderate importance	Issues of general
<ul style="list-style-type: none"> <li>Recruitment and promotion</li> <li>Benefits and welfare</li> <li>Health and safety</li> <li>Air emissions</li> <li>Greenhouse gas emissions</li> <li>Use of resources (electricity and water consumption)</li> <li>Environment and natural resources</li> <li>Climate change</li> <li>Quality assurance</li> <li>Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Diversity</li> <li>Development and training</li> <li>Hazardous wastes produced</li> <li>Anti-corruption</li> <li>Product responsibility</li> <li>Intellectual property rights</li> <li>Whistle-blowing procedures</li> </ul>	<ul style="list-style-type: none"> <li>Compensation and dismissal</li> <li>Equal opportunity</li> <li>Anti-discrimination</li> <li>Preventing child and forced labour</li> <li>Community investment</li> <li>Resources contributed</li> <li>Non-hazardous wastes produced</li> <li>Consumer data protection and privacy policies</li> </ul>

● Social	● Environmental	● Operation
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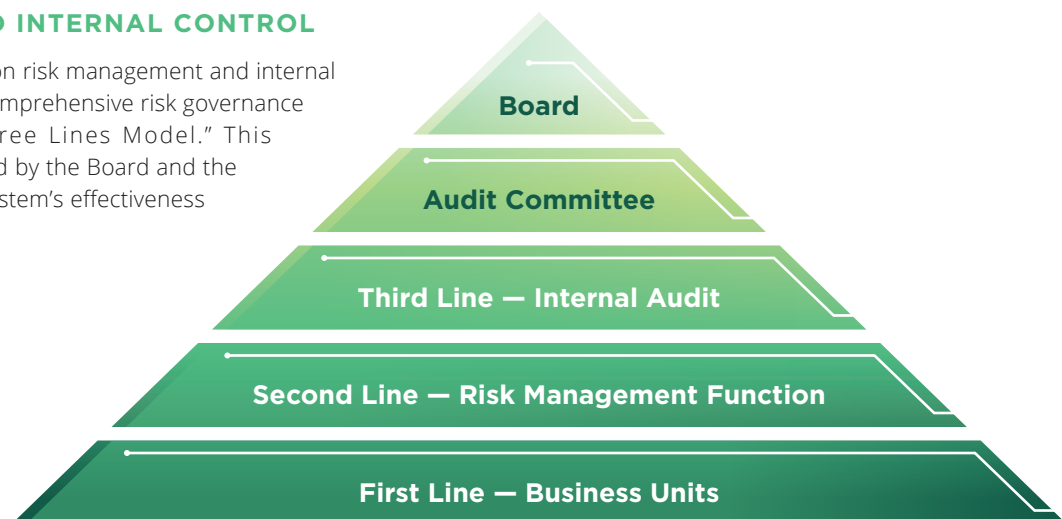
## MATERIALITY ASSESSMENT

The issues that matter most to the Group's business and its stakeholders are identified and presented in the materiality matrix above which is the risks and opportunities they present to the Group. Whilst higher priority is given to these areas, other ESG aspects are also monitored on an ongoing basis and are included in the ESG report to enhance corporate transparency.

## GOVERNANCE

### RISK MANAGEMENT AND INTERNAL CONTROL

The Group places a high priority on risk management and internal controls, and has established a comprehensive risk governance framework based on the "Three Lines Model." This framework is overseen and guided by the Board and the Audit Committee to ensure the system's effectiveness and ongoing optimization.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board is responsible for supervising the overall framework of the Group's risk management and internal control system, including the formulation of appropriate policies and strategies, and ensuring that the system undergoes regular reviews and assessments. The Audit Committee manages the relevant responsibilities and regularly reports progress and findings to the Board. The Group has established an Internal Audit Department and a Risk Management Committee, which are dedicated to identifying, assessing, and mitigating risks across various domains, including financial, operational, and compliance risks.

As the first line of defense, individual business units serve as risk owners, responsible for the day-to-day identification, assessment, monitoring, and reporting of their operational risks, as well as developing corresponding control measures and mitigation strategies. The second line of defense comprises professional functional departments (such as finance and legal departments), which provide risk management support, guidance, and oversight to the first line. The third line of defense is independently operated by the Internal Audit Department, which conducts regular audits to offer objective assurance and recommendations, ensuring the effectiveness and appropriateness of the risk management and internal control system. This, in turn, supports the Group in achieving its strategic objectives while promoting continuous improvement and corporate resilience.

### GOVERNANCE

The Group is committed to maintaining the highest standards of integrity and ethical conduct across all business activities, adopting a zero-tolerance stance towards any form of corruption, and proactively implementing preventive and investigative measures to safeguard the transparency and sustainability of corporate governance.

The Group strictly adheres to the laws and regulations of Hong Kong, the People's Republic of China, and other jurisdictions where we conduct business. The Group has formulated and implemented internal guidelines such as the "Code of Conduct" and "Anti-Corruption Policy," which cover specific requirements related to anti-bribery, anti-corruption, conflicts of interest, and ethical behavior. These policies are subject to regular review and updates to adapt to changes in the external environment and ensure their ongoing effectiveness in preventing corruption. Furthermore, the Group provides training to employees on a periodic basis to reinforce awareness of these policies and the importance of ethical conduct, thereby enhancing overall compliance consciousness.

To strengthen oversight, the Group has established an independent whistleblowing mechanism that enables employees and stakeholders to anonymously report any suspected instances of corruption or non-compliant behavior. This mechanism is designed to protect the identity and rights of whistleblowers while ensuring that all allegations undergo thorough, impartial, and independent investigations. The Group firmly believes that its unwavering commitment to anti-corruption not only fosters long-term trust with stakeholders but also reinforces its reputation as a responsible corporate citizen and supports the robust development of the overall environmental, social, and governance framework.

### CONNECTED PARTY TRANSACTIONS

The Group adopts a rigorous and prudent approach to all connected party transactions, ensuring compliance with the relevant requirements of the Hong Kong Stock Exchange's Listing Rules. All connected party transactions are subject to stringent review procedures, including independent assessments of the fairness and reasonableness of the transaction terms, and are conducted in the ordinary course of business on normal commercial terms or terms no less favorable. The Group strictly adheres to all applicable provisions under the Listing Rules, including timely and transparent disclosure of transaction details, and/or obtaining independent shareholder approval where necessary, to uphold the transparency of corporate governance and safeguard stakeholder interests.

To protect the overall interests of shareholders, the Group implements comprehensive internal control mechanisms, including regular audits of transaction execution to assess compliance with agreed terms, and ongoing monitoring of actual transaction amounts to ensure they do not exceed annual caps. Through this stringent framework for managing connected party transactions, the Group demonstrates its firm commitment to ethical conduct and sound corporate governance, thereby enhancing the sustainability of the overall governance structure.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ANNUAL ESG FOCUS

### Key Events

**01**

Award  
EcoVadis  
Gold Certification

**02**

CES Global  
launch  
HERO 2.0  
Smart Cockpit

**03**

2 plants were  
awarded the title  
of National Green  
Factory

### Social recognition and honor



BB

CCC B **BB** BBB A AA AAA

As of Jan 2026

总分  
➔ **80**/100

百分比 ①  
**第 96 名**



GOLD | Top 5%



京东方精电  
2025评级





A-

2025 Q2

D C C+ B- B B+ **A-** A A+

BBB

81.7

C CC CCC B BB BBB A AA AAA  
GICS三级行业分类: 电子设备、仪器和元件  
该公司所在GICS三级行业排名为: 141/545  
数据更新日期: 2025/08/28

Sino-Securities Index Information  
Service (Shanghai) Co. Ltd

The “Best New Quality  
Productivity Listed Company”  
at the 2025 Global Business  
Forum and the “Golden Kungpeng”  
China Financial Value Ranking  
event organized by Hong Kong  
Commercial Daily.

Heyuan Plant

- 2025 Guangdong Province Green Factory
- 2025 National Ministry of Industry and Information Technology Green Factory

Chengdu Plant

- Chengdu Safety Production Standardization Level 3 Enterprise
- 2025 Chengdu Level II Clean Production Audit Enterprises
- 2025 National Ministry of Industry and Information Technology Green Factory
- 2025 Chengdu Environmental Credit Integrity Unit (A)
- 2025 Near-zero carbon emission industrial enterprises in Chengdu
- Sichuan Province Occupational Health Management Class A Enterprise

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENT SUSTAINABILITY

As a manufacturing company, the Board deeply understands the importance of environmental protection and regards “environmental sustainability” as a core pillar of the Company’s sustainable development strategy. In 2025, BOEVx established the safety working committee to specifically oversee environmental management.

We strictly abide by laws, regulations, and related requirements, and have formulated an environmental policy of “compliance with laws and regulations, process control, full participation, and continuous improvement”. Following the Plan-Do-Check-Action cycle improvement principle, we have established and effectively operate an Environmental Management System (EMS), a Hazardous Substance Process Management System (HSPM), an Energy Management System (EnMS), and a Greenhouse Gas Management System (GHGMS). We actively engage in environmental protection and greenhouse gas emission reduction to achieve our environmental sustainability goals. Our operational production sites (Heyuan plant and Chengdu plant) have all passed certification by independent third parties for ISO 14001:2015

Environmental Management System, QC080000 Hazardous Substance Process Management System, and ISO 50001:2018 Energy Management System. We have also conducted ISO 14064:2018 greenhouse gas emission verification and ISO 14067:2018 product carbon footprint assessment. For production plants that are under construction or have just been completed, we will also complete the environmental management system certification at an appropriate time.

For details regarding carbon emission management and product carbon footprint management, please refer to the relevant sections of the report under “Climate-related Disclosures”.

### ENVIRONMENTAL HONORS

During the reporting period, we invested approximately HK\$7,700,000 (excluding labor costs) in environmental protection to further improve our environmental performance, effectively ensure the achievement of our phased environmental protection goals, and have received numerous authoritative recognitions and honors.

#### Heyuan plant

- 2025 Guangdong Province Green Factory
- 2025 National Ministry of Industry and Information Technology Green Factory

#### Chengdu plant

- 2025 Chengdu Level II Clean Production Audit Enterprises
- 2025 National Ministry of Industry and Information Technology Green Factory
- 2025 Chengdu Environmental Credit Integrity Unit (A)
- 2025 Near-zero Carbon Emission Industrial Enterprises in Chengdu

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### EMISSION MANAGEMENT

The Board attaches great importance to environmental pollution prevention and waste management, authorizing the Company's safety working committee to strictly implement relevant national laws and regulations. This involves managing environmental pollutants and waste throughout their entire lifecycle through measures such as pollutant source reduction, program control, and end-of-pipe treatment, adhering strictly to compliance standards, and committing to zero waste discharge and resource recycling.

### WASTE GAS MANAGEMENT

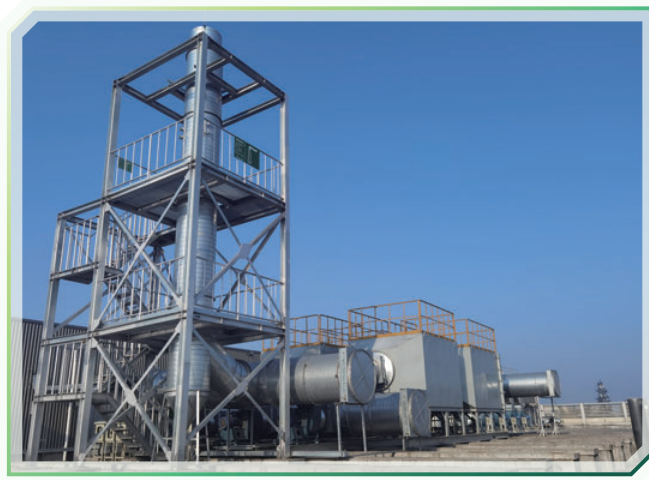
Our waste gas emissions mainly originate from production processes and the plant's canteen. We strictly adhere to legal and regulatory requirements and the Company's "Air Pollution Prevention and Control Management System" in constructing and operating waste gas collection and purification facilities, discharging air pollutants at concentrations and rates far below emission limits, striving to minimize the impact on air quality.



HYN1 waste gas collection and purification facilities in Heyuan plant



HYN2 waste gas collection and purification facilities in Heyuan plant



Workshop waste gas collection and purification facilities in Chengdu plant



Hazardous waste facilities for waste gas collection and purification in Chengdu plant

We commissioned professional organizations of independent third parties to monitor air pollutant emissions regularly and are subject to government supervision and monitoring at any time. During the reporting period, the pass rate of exhaust gas monitoring was 100%.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Monitoring of air pollutant emissions from the production base

Plant	Waste gas category	Main pollutants	Pollution source	Emission standard	Monitoring frequency	Pass rate
Heyuan	Neutralization tower waste gas	Hydrogen chloride, particulates, etc.	Etching, welding		Quarterly	100%
	Organic waste gas	Non-methane total hydrocarbon	Cleaning	Guangdong Province, Emissions Limits of Air Pollutants (DB 44/27-2001)	Quarterly	100%
	Canteen smoke and exhaust	NO <sub>x</sub> , SO <sub>2</sub> , Particulates	Cooking (Bio-ethanol oil combustion)		Annually	100%
	Cooking oil fume	Fumes	Cooking fumes	Emission Standard for Fume from Catering Industry (Trial) (GB18483-2001)	Annually	100%
Chengdu	Organic waste gas from module workshop	Non-methane total hydrocarbon	Cleaning, dispensing		Monthly	100%
	Organic waste gas from hazardous waste facilities	Non-methane total hydrocarbon	Potential volatilization of organic chemical contaminants	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017)	Annually	100%
	Boiler waste gas	NO <sub>x</sub> , SO <sub>2</sub> , Particulates, CO, etc.	Gas boiler	Emission Standard of Air Pollutants for Boilers in Chengdu (DB51/2672-2020)	Annually	/
	Cooking oil fume	Fumes	Cooking fumes	Emission Standard for Fume from Catering Industry (Trial) (GB18483-2001)	Quarterly	100%
	Unorganized waste gas at the plant boundary	Non-methane total hydrocarbon, particulates	Workshop ventilation	Sichuan Emission Control Standard for Volatile Organic Compounds (DB51/2377-2017), Integrated Emission Standard for Air Pollutants (GB 16297-1996)	Quarterly	100%

Note:

- In 2025, Chengdu plant underwent a standardized upgrade and renovation of its hazardous waste facilities, adding organic waste gas collection and treatment facilities. The unorganized emissions of waste gas from the hazardous waste facilities have been transformed into organized emissions. According to expert calculations, this improvement can reduce volatile organic compound (VOCs) emissions by 0.1365 tonnes annually, thus protecting the environment.
- Chengdu plant has completely replaced its gas-fired hot water boiler for heating with waste heat recovery. The boiler was discontinued in the winter of 2024, and no longer emits boiler waste gas, so there is no need to monitor the boiler waste gas from now on.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

By adopting environmentally friendly raw materials and advanced production processes, we reduce the generation of air pollutants at the source. We also utilize advanced environmental protection equipment and facilities to collect and purify pollutants, ensuring that the collection efficiency, emission concentration, and emission rate of air pollutants meet legal requirements, thereby minimizing the impact on air quality. We strive to reduce air pollutant emissions per unit of production volume by 3% by 2028 compared to 2025.

During the reporting period, total air pollutant emissions from the production base increased by 4%, mainly due to the expansion of production scale; air pollutant emissions per unit of production volume decreased by approximately 11%. Details are shown in the table below:

### Key performance indicators for air pollutant emission from the production base

Plant	Performance Indicators	Unit	2024	2025	Year-on-Year Comparison
Heyuan	SO <sub>2</sub> emissions <sup>1</sup>	Kg	2.51	3.78	+50.6%
	SO <sub>2</sub> emissions per RMB1,000 million of production volume <sup>2</sup>	Kg	0.46	0.69	+50.0%
	NO <sub>x</sub> emissions	Kg	20.16	10.07	-50.0%
	NO <sub>x</sub> emissions per RMB1,000 million of production volume	Kg	3.68	1.83	-50.3%
	Non-methane total hydrocarbon (NMHC) emissions	Kg	1,230.97	2,690.88	+118.6%
	Non-methane total hydrocarbon emissions per RMB1,000 million of production volume	Kg	224.69	490.20	+118.2%
	Particulates emissions <sup>1</sup>	Kg	2,863.95	1,093.46	-61.8%
	Particulates emissions per RMB1,000 million of production volume	Kg	522.77	199.20	-61.9%
	HCl emissions	Kg	127.95	401.66	+213.9%
	HCl emissions per RMB1,000 million of production volume	Kg	23.36	73.17	+213.2%
	Cooking oil fume	Kg	11.70	9.54	-18.5%
	Cooking oil fume emissions per RMB1,000 million of production volume	Kg	2.14	1.74	-18.7%

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Plant	Performance Indicators	Unit	2024	2025	Year-on-Year Comparison
Chengdu	SO <sub>2</sub> emissions	Kg	0.30	0	-100%
	SO <sub>2</sub> emissions per RMB1,000 million of production volume	Kg	0.07	0	-100%
	NO <sub>x</sub> emissions	Kg	4.50	0	-100%
	NO <sub>x</sub> emissions per RMB1,000 million of production volume	Kg	1.08	0	-100%
	Non-methane total hydrocarbon (NMHC) emissions	Kg	504.80	777.44	+54.0%
	Non-methane total hydrocarbon emissions per RMB1,000 million of production volume	Kg	121.67	134.57	+10.6%
	Particulates emissions	Kg	0.50	0	-100%
	Particulates emissions per RMB1,000 million of production volume	Kg	0.12	0	-100%
	HCl emissions	Kg	0	0	No etching
	HCl emissions per RMB1,000 million of production volume	Kg	0	0	/
	Cooking oil fume	Kg	22.20	13.83	-37.7%
	Cooking oil fume emissions per RMB1,000 million of production volume	Kg	5.35	2.39	-55.3%
	Total	Total air pollutant emissions	Kg	4,789.54	5,000.66
Air pollutant emissions per RMB1,000 million of production volume		Kg	497.49	443.85	-10.8%
Air pollutant emissions per HK\$1,000 million of revenue		Kg	356.14	358.29	+0.61%
SO <sub>2</sub> emissions per HK\$1,000 million of revenue		Kg	0.21	0.27	+28.57%
NO <sub>x</sub> emissions per HK\$1,000 million of revenue		Kg	1.83	0.72	-60.66%
Non-methane total hydrocarbon emissions per HK\$1,000 million of revenue		Kg	129.07	248.50	+92.53%
Particulates emissions per HK\$1,000 million of revenue		Kg	212.99	78.34	-63.22%
HCl emissions per HK\$1,000 million of revenue		Kg	9.51	28.78	+202.63%
Cooking oil fume emissions per HK\$1,000 million of revenue		Kg	2.52	1.67	-33.73%

Note:

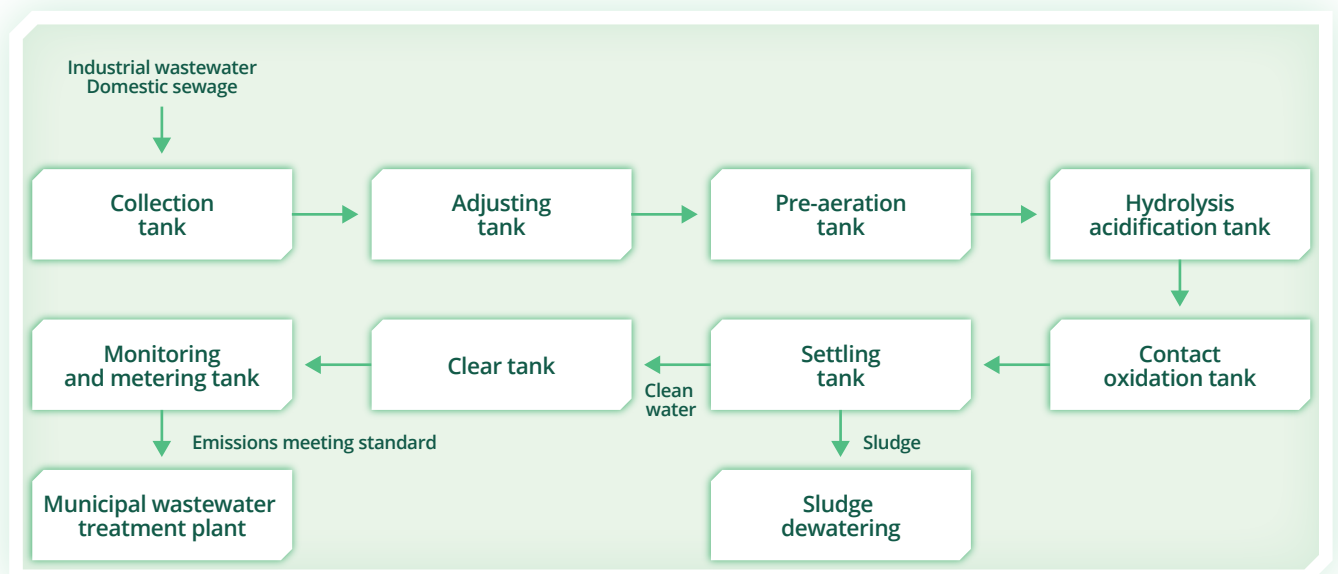
- The data for SO<sub>2</sub> and particulates at Heyuan plant in 2024 differs from previous years' reports because the test results were below the detection limit. This report uniformly calculates the concentration based on 50% of the detection limit.
- The production volume used in the calculation of air pollution emission intensity in the tables comes from the "Table B204-1: Total Industrial Sales Value and Output of Key Products" for each plant, and uses the total industrial production volume.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### WASTEWATER MANAGEMENT

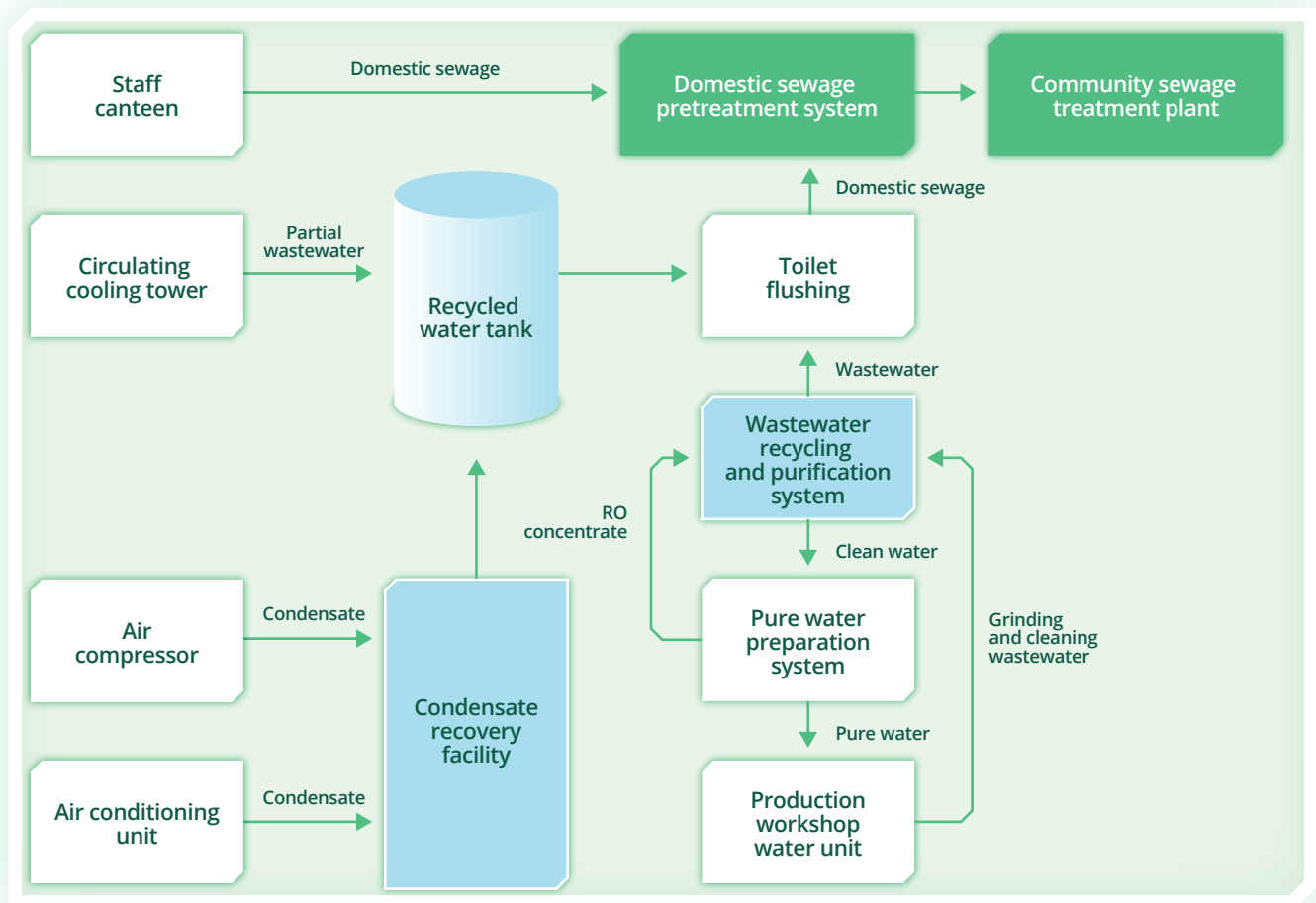
Our wastewater mainly consists of domestic sewage and industrial wastewater. We strictly follow the requirements of laws and regulations and the Company's "Water Pollution Prevention and Control Management System" in the construction and operation of wastewater collection and purification facilities. The plant area implements rainwater and sewage separation, comprehensive utilization, and discharge in compliance with standards.

Heyuan plant is engaged in the processing of display devices, and the wastewater composition is relatively complex. It is equipped with complete wastewater treatment facilities and adopts mature wastewater treatment technology to scientifically treat domestic sewage and industrial wastewater. Wastewater monitoring is conducted using a combination of online monitoring instruments and outsourced monitoring. Wastewater discharge fully complies with Guangdong provincial local standard "Discharge Limits of Water Pollutants" (DB 44/26-2001).



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The industrial wastewater from Chengdu plant mainly consists of LCD panel grinding and cleaning wastewater and cooling tower wastewater. Its composition is simple, eliminating the need for a wastewater treatment plant. Most of the wastewater is recycled, with only a small portion discharged into municipal sewage pipes. Domestic sewage is treated in septic tanks and grease traps before being discharged into the municipal sewage pipes for further treatment at the community sewage treatment plant. Wastewater discharge from Chengdu plant complies with the discharge standards stipulated in Table 1 of the "Discharge Standard of Water Pollutants for Electronic Industry" (GB 39731-2020) and Table 4 of the "Integrated Wastewater Discharge Standard" (GB 8978-1996).



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As shown in the diagram above, we reduce wastewater discharge by recycling and reusing cooling tower wastewater, RO concentrate, and grinding and cleaning wastewater. We aim to reduce wastewater discharge per unit of industrial production volume at our production base by 3% by 2028 compared to 2025.

During the reporting period, the total wastewater discharge from the production base was 653,268 tonnes, a decrease of approximately 13% year-on-year; the wastewater discharge intensity per unit of production volume decreased by approximately 25.6%; the wastewater reuse volume was 258,746 tonnes, an increase of approximately 28% year-on-year; the wastewater reuse rate increased from 21.2% in 2024 to 28.4%; and the wastewater monitoring pass rate was 100%, achieving the target. See the table below for details:

### Key performance indicators for wastewater discharge from the production base

Plant	Performance Indicators	Unit	2024	2025	Year-on-Year Comparison
Heyuan	Total Wastewater Discharge	Tonne	626,808	510,816	-18.51%
	Wastewater Reuse	Tonne	48,452	47,502	-1.96%
	Wastewater Reuse Rate	%	7.18%	8.51%	+18.52%
	Wastewater discharge per RMB1,000 million of production volume	Tonne	114,414	93,055	-18.67%
	NH3-N emissions	Tonne	0.4914	0.0716	-85.43%
	NH3-N emissions per RMB1,000 million of production volume	Tonne	0.0897	0.0139	-84.50%
	Chemical Oxygen Demand (CODcr) emissions	Tonne	4.39	5.11	+16.40%
	CODcr emissions per RMB1,000 million of production volume	Tonne	0.8013	0.9306	+16.14%
	Total phosphorus (TP) emissions	Tonne	0.2319	0.0153	-93.40%
	TP emissions per RMB1,000 million of production volume	Tonne	0.0423	0.0028	-93.38%

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Plant	Performance Indicators	Unit	2024	2025	Year-on-Year Comparison
Chengdu	Total Wastewater Discharge	Tonne	123,941	142,452	+14.94%
	Wastewater Reuse	Tonne	153,988	211,244	+37.18%
	Wastewater Reuse Rate	%	55.4%	59.7%	+7.76%
	Wastewater discharge per RMB1,000 million of production volume	Tonne	29,873	24,658	-17.46%
	NH <sub>3</sub> -N emissions	Tonne	3.45	4.2	+21.74%
	NH <sub>3</sub> -N emissions per RMB1,000 million of production volume	Tonne	0.8315	0.7270	-12.57%
	Chemical Oxygen Demand (COD <sub>cr</sub> ) emissions	Tonne	27.53	35.63	+29.42%
	COD <sub>cr</sub> emissions per RMB1,000 million of production volume	Tonne	6.6354	6.1673	-7.05%
	Total phosphorus (TP) emissions	Tonne	0.4119	0.6083	+47.68%
	TP emissions per RMB1,000 million of production volume	Tonne	0.0993	0.1053	+6.04%
Total	Total Wastewater Discharge	Tonne	750,749	653,268	-12.98%
	Wastewater Reuse	Tonne	202,440	258,746	+27.81%
	Wastewater Reuse Rate	%	21.2%	28.4%	+33.96%
	Wastewater discharge per RMB1,000 million of production volume	Tonne	77,981	57,983	-25.64%
	NH <sub>3</sub> -N emissions	Tonne	3,9414	4,2761	+8.49%
	NH <sub>3</sub> -N emissions per RMB1,000 million of production volume	Tonne	0.4094	0.3795	-7.30%
	Chemical Oxygen Demand (COD <sub>cr</sub> ) emissions	Tonne	31.92	40.74	+27.63%
	COD <sub>cr</sub> emissions per RMB1,000 million of production volume	Tonne	3.3155	3.6158	+9.06%
	Total phosphorus (TP) emissions	Tonne	0.6438	0.6236	-3.14%
	TP emissions per RMB1,000 million of production volume	Tonne	0.0669	0.0553	-17.34%
	Wastewater discharge per HK\$1,000 million of revenue	Tonne	55,824	46,806	-16.15%
	NH <sub>3</sub> -N emissions per HK\$1,000 million of revenue	Tonne	0.2931	0.3061	+4.44%
	COD <sub>cr</sub> emissions per HK\$1,000 million of revenue	Tonne	2.3735	2.9190	+22.98%
TP emissions per HK\$1,000 million of revenue	Tonne	0.0479	0.0447	-6.68%	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### SOLID WASTE

The plant operation generates both hazardous and non-hazardous waste. We strictly adhere to legal and regulatory requirements and the Company's "Solid Waste Management System" and "Scrap Management System" in our solid waste management. We have constructed standardized waste collection and storage facilities, configured professional positions and established a comprehensive system for waste classification, collection, storage, transfer, and disposal, ensuring the achievement of reduction, resource recovery, and harmless treatment goals.



Non-hazardous waste resource recycling warehouse



Hazardous waste storage warehouse

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1) Hazardous Waste

We categorized collect, store, and transfer hazardous waste in accordance with the requirements of the "National Hazardous Waste List", the "Standards for Pollution Control of Hazardous Waste Storage", and the "Regulations on the Management of Hazardous Waste Transfer", ensuring the legality and compliance of the entire hazardous waste management process. All of our hazardous waste is disposed of (hazardous chemical contaminants, packaging containers, waste adhesives) or utilized (PCB, FPC, and other electronic hazardous waste, and spent activated carbon) by units with hazardous waste management qualifications. Furthermore, we regularly conduct environmental, occupational health, and safety (EHS) audits of the disposal units.



- Hazardous waste resource utilization case Chengdu plant handed over the spent activated carbon from the replacement of waste gas treatment facilities to a qualified hazardous waste management unit for activation and regeneration treatment. The activated carbon adsorption capacity recovery rate is  $\geq 95\%$ , and the activated carbon strength is  $\geq 85\%$ , meeting the technical standards for reuse and realizing the recycling of hazardous waste.

### 2) Non-hazardous Waste

Our non-hazardous waste mainly consists of packaging waste and scrapped products, which are renewable resources. All of these are entrusted to legally compliant recycling companies for resource recovery and reuse. The sludge generated from wastewater treatment is incinerated and then used as building materials. During the reporting period, our comprehensive utilization rate of non-hazardous waste was 100%.

#### Measurement list of the treatment and reduction of non-hazardous solid waste

Category	Main Source	Treatment Method	Waste Reduction Measures
Waste cardboard box	Raw material packaging	Comprehensive utilization	Reuse cardboard box
Waste wooden pallet	Raw material packaging	Comprehensive utilization	Reuse wooden pallet
Waste tray	Raw material packaging	Comprehensive utilization	Reuse tray
Waste foam	Raw material packaging	Comprehensive utilization	Reuse foam box
Waste LCD panel	Scrap material	Comprehensive utilization	Improve product qualification rate and reduce scrap
Waste glass	Scrap material, scraps	Comprehensive utilization	Improve product qualification rate and cutting efficiency
Waste backlight	Scrap material	Comprehensive utilization	Improve product qualification rate and reduce scrap
Waste metal frame	Scrap material	Comprehensive utilization	Improve product qualification rate and reduce scrap
Industrial sludge	Wastewater treatment	Comprehensive utilization	/
Other waste	Packaging, etc.	Comprehensive utilization	/

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3) Key Performance Indicators for Waste Management

During the reporting period, our total industrial waste generated was 2,944.11 tonnes, an increase of 26.37% year-on-year, mainly due to increased production and larger product sizes; waste generation intensity increased by approximately 8% year-on-year, primarily due to larger product sizes leading to larger packaging for various raw materials; hazardous waste generated was 195.02 tonnes, an increase of 4.42% year-on-year; non-hazardous waste generated was 2,749.09 tonnes, an increase of 28.28% year-on-year; and waste comprehensive utilization was 2,779.80 tonnes, with a comprehensive utilization rate of 94.5%.

#### Key performance indicators for waste management from the production base

Performance indicators	Unit	2024	2025	Year-on-Year comparison
Total industrial waste generated (non-hazardous + hazardous)	Tonne	2,329.81	2,944.11	+26.37%
Waste generated per RMB1,000 million of production volume	Tonne	242.00	261.31	+7.98%
Waste generated per HK\$1,000 million of revenue	Tonne	173.24	210.94	+21.76%
Hazardous waste generated	Tonne	186.77	195.02	+4.42%
Hazardous waste generated per RMB1,000 million of production volume	Tonne	19.40	17.31	-10.77%
Hazardous waste generated per HK\$1,000 million of revenue	Tonne	13.89	13.97	+0.58%
Non-hazardous waste generated	Tonne	2,143.04	2,749.09	+28.28%
Non-hazardous waste generated per RMB1,000 million of production volume	Tonne	222.60	244.00	+9.61%
Non-hazardous waste generated per HK\$1,000 million of revenue	Tonne	159.35	196.97	+23.61%
Total waste utilization and disposal volume	Tonne	2,352.33	2,941.33	+25.04%
— Landfill disposal:	Tonne	0	0	/
— Incineration (with energy recovery)	Tonne	181.06	158.50	-12.46%
— Incineration (without energy recovery)	Tonne	0	0	/
— Other disposal methods	Tonne	0.654	3.055	+367.13%
Total amount of waste comprehensive utilization	Tonne	2,170.61	2,779.80	+28.07%
Waste comprehensive utilization rate	%	92.8%	94.5%	+1.83%

To conserve resources and reduce waste, we implemented a packaging material recycling program. In 2025, we reused 2,844 wooden pallets (approximately 67 tonnes), encouraged material suppliers to recycle 2.14 million trays (approximately 397 tonnes), and 16,448 EPS foam boxes (approximately 49.34 tonnes), collaborating with customers, 3,000 plastic pallets (22.5 tonnes) were recycled, avoiding non-hazardous waste by approximately 536 tonnes.

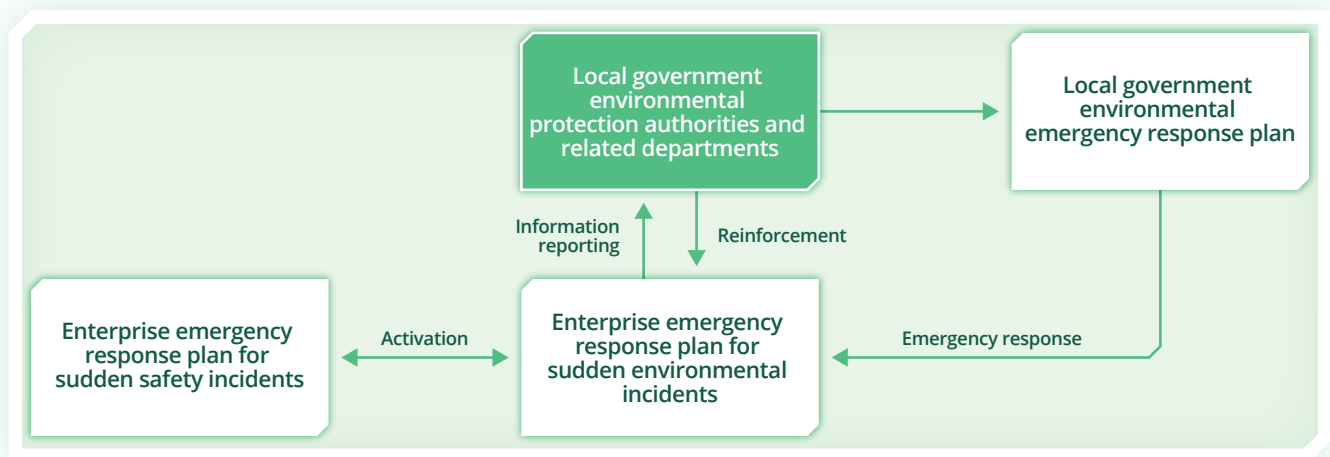
Regarding the targets disclosed in previous years, the waste generation intensity (waste generated per unit of production volume) at Chengdu plant decreased by 26.7% compared to the baseline year (2024), achieving the target. The waste generation intensity (waste generated per unit of production volume) at Heyuan plant remained basically flat compared to the baseline year (2018), not achieve the reduction target. This was mainly because the impact of product changes was not fully anticipated when the target was set; we have re-evaluated future targets. We strive to reduce the amount of solid waste generated per unit of industrial production volume in our production base by 3% by 2028 compared to 2025.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL EMERGENCY MANAGEMENT

Since the risks of sudden environmental incidents are unavoidable, we have established an environmental emergency management system, which is also an important component of our comprehensive emergency response system. To enhance the Company's ability to prevent and handle sudden environmental incidents, establish a rapid, scientific, and effective emergency mechanism for organizing incident rescue and relief in emergency situations, control the spread of incidents, reduce environmental harm, and protect public health and environmental safety. Base on the Company's actual situation and the relevant regulations and requirements of national and local governments, we have conducted environmental risk assessments and emergency resource surveys, compiled an "Emergency Response Plan for Sudden Environmental Incidents" which is filed to the local government, and formed a comprehensive environmental emergency management system.

#### Schematic diagram of environmental emergency response plan



Each production base conducts at least two emergency drills for sudden environmental incidents annually. Furthermore, we regularly conduct environmental pollution hazard investigations and remediation to promptly identify and eliminate potential environmental accidents, preventing them before they occur.

### USE OF RESOURCES

Water, energy, and materials are essential resources for our production and operations. We attach great importance to resource management and regard the efficient use of resources as a key issue in implementing our sustainable development strategy. Through systematic management methods and the application of innovative technologies, we continuously improve resource utilization efficiency to reduce resource usage costs and potential operational risks.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ● WATER RESOURCES MANAGEMENT

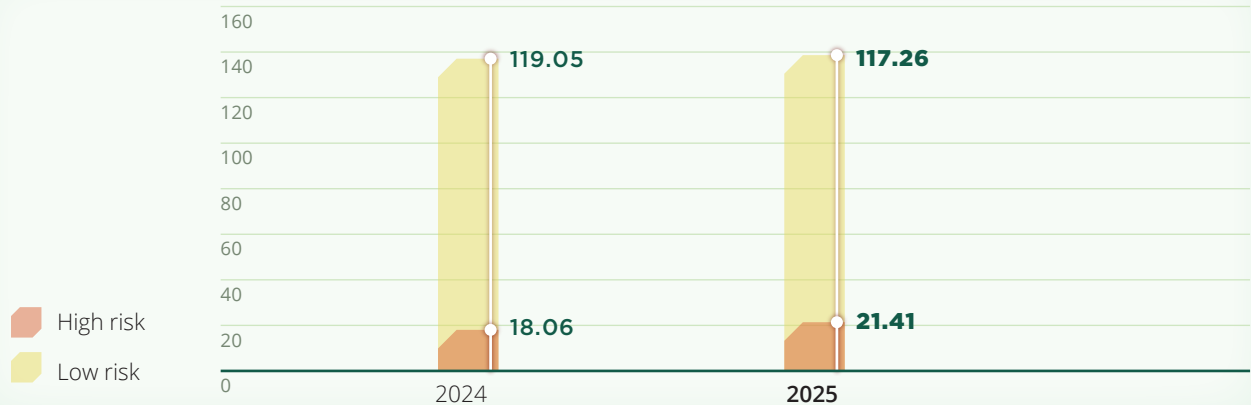
Our production facilities and offices use fresh water sourced from the municipal water supply system, and we possess all necessary legal water usage permits. We have established and improved our management system, managing water resources from three dimensions: risk management, water conservation, and water pollution prevention. For information on water pollution prevention, please see the “Wastewater Management” section of the report.

#### 1) Water resource risk management

Production and operations consume significant amounts of water. Using the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI), we assessed the annual water risks at our two core operating sites, including the quantity and quality of physical risks (water quality impact), as well as regulatory and reputational risks.

During the reporting period, Heyuan plant (Guangdong) was located in a medium-risk water resource area, while our plant in Chengdu plant (Sichuan) was located in a high-risk area. Water intake from high-risk areas accounted for 15.44% of our total water intake. The Sichuan Provincial Government launched the “Divert water from the Dadu River to the Min River” large-scale water conservancy project in November 2025, which will effectively alleviate water shortages in Chengdu and significantly reduce the water resource risk at Chengdu plant.

#### Water intake in different risk areas (10,000 tonnes)



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To mitigate the potential impact of water resource risks on the Company's operations, we have implemented effective countermeasures:

### Overall water risk assessment results and corresponding countermeasures for the production base

Risk	Risk description	Risk level	Countermeasures
Water shortages	Insufficient total water resources or uneven distribution lead to water supply failing to meet demand.	medium	<ol style="list-style-type: none"> <li>1. Adopt water-saving appliances and processes;</li> <li>2. Recycle wastewater, air conditioning and air compressor condensate to replace some fresh water;</li> <li>3. Construct rainwater harvesting and utilization facilities.</li> </ol>
Water pollution	Improper wastewater collection and treatment can cause water pollution, resulting in the functionality lost or impaired.	medium	<ol style="list-style-type: none"> <li>1. The plant implements a rainwater and sewage separation system, classifying wastewater at the source and treating it to meet standards before discharging it to the municipal sewage treatment plant for further deep treatment;</li> <li>2. Cleaner production processes are adopted to reduce the emission of toxic and harmful substances;</li> <li>3. Wastewater is recycled to reduce external discharge;</li> <li>4. The plant is equipped with secondary leak-proof trenches and emergency fire-fighting wastewater pools in areas such as chemical storage and hazardous waste facilities to cope with the risk of potential sudden environmental pollution incidents.</li> </ol>
Water usage conflicts	Due to the limited water resources, production and business activities may lead to disputes with the community regarding water access.	medium	<ol style="list-style-type: none"> <li>1. Strictly implement the water use plan approved by the local government and promptly communicate any abnormal situations;</li> <li>2. Actively communicate water usage information with the community.</li> </ol>
Water price rise	Due to water scarcity and rising water prices, the water cost has increased, impacting product costs and market competitiveness.	low	Strictly implement water-saving measures and adhere to rational water use.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2) Water saving practices

We take “recycling and reuse, cost reduction and efficiency improvement, green production, water conservation and pollution reduction” as our water resource management policy and have established and implemented the “Water Conservation Management System”. We have not only built an advanced and efficient water treatment system and adopted water-saving appliances, but also built a complete wastewater and condensate recycling system to replace fresh tap water with unconventional water resources. In the past two years, we have saved a total of 480,000 tonnes of water, with an average daily water saving of 658 tonnes.



Pure water preparation system

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, the industrial water reuse rate at our production base reached 98%, maintaining an advanced level of water resource utilization efficiency in the industry; the industrial wastewater reuse rate was 28%, and the unconventional water resource utilization rate was 16%, as detailed below:

### Water resource utilization at the production base

Performance indicators	Unit	2024	2025
Total water consumption	Tonne	Heyuan: 1,190,541 Chengdu: 180,566	Heyuan: 1,172,564 Chengdu: 214,077
Water consumption per RMB1,000 million of production volume	Tonne	Heyuan: 217,315 Chengdu: 43,521	Heyuan: 213,606 Chengdu: 37,055
Water consumption per HK\$1,000 million of revenue	Tonne	101,952	99,351
Water consumption per thousand units of product	Tonne	Heyuan: 21.9 Chengdu: 16.9	Heyuan: 19.9 Chengdu: 17.9
Industrial water reuse rate	%	98.27%	98.29%
Overall leakage rate	%	Heyuan: 4.18% Chengdu: 1.95%	Heyuan: 4.11% Chengdu: 3.38%
Industrial wastewater reuse	Tonne	202,440	258,746
Industrial wastewater reuse rate	%	21%	28%
Condensate utilization	Tonne	12,076	7,627
Unconventional water resource utilization	Tonne	214,516	266,373
Unconventional water resource utilization rate	%	13.53%	16.11%

For Hong Kong office, the total water is 99 tonnes (7 tonnes/revenue (HK\$1,000 million)) and 75 tonnes (5 tonnes/revenue (HK\$1,000 million)) in 2024 and 2025 respectively.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2025, we completed 4 water-saving renovation projects, saving 17,281 tonnes of water annually. Details are shown in the table below:

### List of new water-saving measures for production bases in 2025

Project	Location	Completion time	Particular	Annualized water saving (Tonne)
Improvement of production water processes	Heyuan	March 2025	After verification, tap water meets the requirements of the production process, and the water supply for the automatic edge grinding machine is changed from pure water to tap water.	2,330
Pure water system instrument for water recycling	Chengdu	May 2025	Modify the pipeline to reuse wastewater from the pure water system instrument, which is originally discharged into the sewage network, back into the main system.	353
Grinding and cleaning equipment water-saving retrofit	Chengdu	June 2025	Modify the water supply control device for the wire cutting and grinding cleaning equipment to achieve on-demand water supply and save water.	13,398
Cooling tower wastewater recycling retrofit	Chengdu	August 2025	Modify the cooling tower drainage pipes to recycle some wastewater for toilet flushing.	1,200
<b>Total</b>				<b>17,281</b>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3) Targets and progress

We set water-saving targets at the plant level, and the overall progress is good. Details are as follows:

#### Achievement of water resource management targets and indicators at production base

Plant	Target indicators	Water-saving measures	2025 progress	Status
Heyuan	By 2025, water consumption per unit of industrial production volume decreased by 80% compared to 2018.	Comprehensive recycling and utilization of workshop production wastewater, cooling tower drainage, and air conditioning and air compressor condensate, improving production efficiency.	The per unit of industrial production volume in 2025 decreased by 70% compared to 2018, slightly below the target.	Achieved 87.5%
	Industrial water reuse rate $\geq 95\%$ .	Recycling and wastewater reuse.	Industrial water reuse rate is 98.12%.	Achieved
	Overall leakage rate $< 5\%$ .	Daily inspection and regular water balance tests.	2025 statistics shows an overall leakage rate of 4.11%.	Achieved
Chengdu	By 2028, water consumption per unit of industrial production volume will decrease by 15% compared to 2023.	Comprehensive recycling and utilization of workshop production wastewater, cooling tower drainage, and air conditioning and air compressor condensate.	Water intake intensity in 2025 decreased by 15.7% compared to 2023. Achieved ahead of schedule.	Achieved
	Industrial water reuse rate $\geq 95\%$ .	Recycling and wastewater reuse.	Industrial water reuse rate is 98.93%	Achieved
	Overall leakage rate $< 5\%$ .	Daily inspection and the water balance test of the plant every three years.	The overall leakage rate of water balance test of the plant in 2025 is 3.38%.	Achieved

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ENERGY UTILIZATION

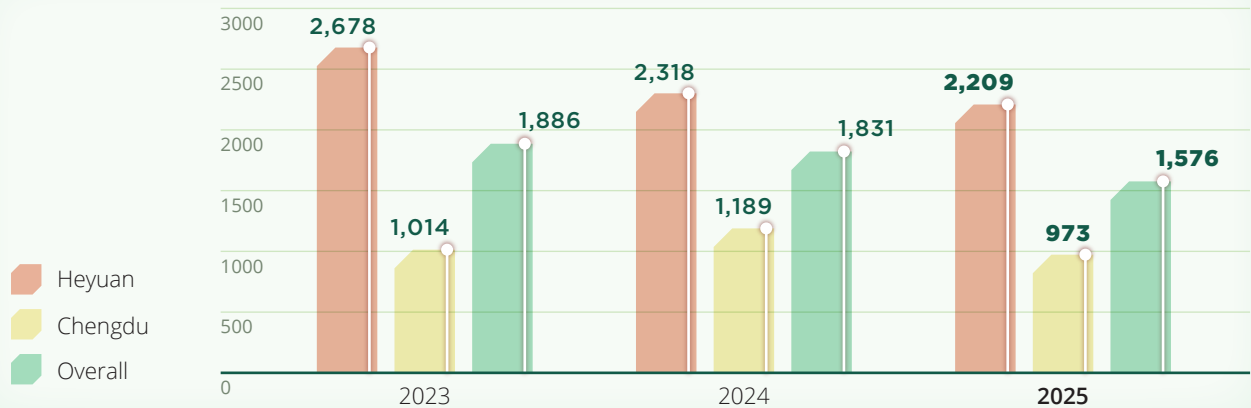
We adhere to the energy policy of “compliance with laws and regulations, energy conservation and consumption reduction, clean production, and continuous improvement”. We have established and operate an energy management system in accordance with the ISO 50001:2018 Energy Management System Standard. This system encompasses the entire process of energy management, from energy purchase, storage, processing and conversion, transmission and distribution, end-use, to waste energy recovery and utilization. We actively implement energy-saving renovations, management optimization, and technological innovation to continuously improve energy efficiency.

Our energy management system certification covers all of our officially operating production sites. In 2025, the comprehensive energy consumption per unit of production volume at Heyuan plant decreased by 66% compared to the baseline year (2018), achieving a target reduction of 70% and reaching 94% of the target. In 2025, the comprehensive energy consumption per unit of production volume at Chengdu plant decreased by 4% compared to the baseline year (2023).

### 1) Energy Conservation Practices

With the expansion of production scale, energy consumption in the production bases has shown an upward trend. In 2025, the comprehensive energy consumption was 17,751 tonnes of standard coal, a slight increase of 1.21% year-on-year. Benefit from improved energy management and increased production efficiency, the comprehensive energy consumption per unit of industrial production volume in 2025 decreased by approximately 13.93% year-on-year, and energy utilization efficiency was further improved.

Energy consumption intensity per RMB1,000 million of production volume (tonnes of standard coal)



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2025, we completed a total of 17 new energy-saving and carbon-reduction projects (10 in Chengdu and 7 in Heyuan), with an annualized energy-saving of 3,593.64 MWh of electricity (2,672.81 MWh in Chengdu and 920.83 MWh in Heyuan) and a reduction of greenhouse gas emissions of 1,906 tCO<sub>2</sub>e (1,418 tCO<sub>2</sub>e in Chengdu and 488 tCO<sub>2</sub>e in Heyuan).

### List of new added energy-saving and carbon-reduction measures in 2025

Item	Project	Location	Execution Time	Particular	Energy-saving (kWh)
1	Improvements to screen printing and photolithography processes	Heyuan	January 2025	The number of heat-generating devices on the automated production line in the A2 workshop has been reduced, thus reducing heat dissipation needs. 80% of the air conditioning is turned off, saving electricity.	98,000
2	Improved liquid crystal water-drawing energy-saving process	Heyuan	February 2025	The cleaning time for the two water-pull cleaning lines has been reduced from 300 seconds per tank to 230 seconds per tank, improving cleaning efficiency and allowing one water-pull cleaning line to be shut down for 12 hours per day, saving electricity.	169,000
3	Energy-saving process improvement	Heyuan	March 2025	The A3 pull cycle time is gradually reduced from 18 seconds to 16 seconds, improving production efficiency and saving electricity.	170,443
4	Improved screen making process	Heyuan	March 2025	Two network cables are integrated into one unit, reducing equipment power consumption.	46,000
5	Vacuum pump optimization and integration	Heyuan	March 2025	FOL has optimized and integrated its vacuum pumps, discontinuing some and reducing their usage time. FOL workshop has also eliminated 13 Fujiwara 550D vacuum pumps, saving electricity.	131,000
6	Air conditioning energy-saving retrofit	Heyuan	June 2025	LCM ASS&FQC workshop uses the original A2-Line Class 1,000 cleanroom, which had high energy consumption. 2/3 of the high-efficiency filters/air conditioning/lighting were replaced with a purification level of 10,000.	283,000
7	Improvements to aging furnace process	Heyuan	September 2025	One aging furnace reduced the time by 1 hour from 2 hours, increases efficiency by 50%, saving electricity.	23,387
8	Energy-saving retrofit of air conditioning cooling fans	Chengdu	January 2025	Add a contactor for the air conditioner cooling fan to link with the operation of the air conditioner motor, so that the cooling fan stopped running when the air conditioner motor stops.	4,600
9	New rooftop photovoltaic power station	Chengdu	March 2025	Construct a new rooftop distributed photovoltaic power station with a DC-side installed capacity of 1.992 MWh through an energy performance contracting model.	1,780,935

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Item	Project	Location	Execution Time	Particular	Energy-saving (kWh)
10	EC equipment energy-saving retrofit	Chengdu	May 2025	By modifying the dust-free conveyor belt receiving structure of the EC cleaning equipment in the module production line, the use of compressed air is avoided, saving electricity.	38,124
11	Energy-saving retrofit of cutting equipment	Chengdu	May 2025	The panel cutting equipment was retrofitted to enable the ion bar to automatically switch operating modes according to production conditions, saving compressed air.	173,025
12	Energy-saving retrofit of appearance inspection equipment	Chengdu	June 2025	By modifying the control mode of the FFU in the AOI inspection equipment for the cutting line, saving electricity.	29,279
13	Energy-saving improvement for touchscreens in surface mount equipment	Chengdu	July 2025	Configure the touchscreen device to automatically turn off, preventing it from remaining constantly on.	2,851
14	Energy-saving retrofit of automatic wiping equipment	Chengdu	August 2025	Improve the compressed air control method for the air knife in the wiping equipment for automatic on-demand air supply, saving energy.	48,333
15	Energy-saving improvement of chip mounting equipment ion bars	Chengdu	August 2025	Upgrade the ion bar of the old chip mounting equipment to save compressed air.	24,667
16	Energy-saving retrofit of lighting system in the upper mezzanine of cleanroom	Chengdu	October 2025	By modifying the control system, remote control of the upper mezzanine lighting in the cleanroom is achieved, eliminating the previous issue of lights remaining constantly on, saving energy.	82,000
17	Energy-saving retrofit of the grinding machine	Chengdu	December 2025	Installing a solenoid valve in the compressed air pipeline of the grinder allows for automatic on-demand air supply, saving energy.	489,000
<b>Total energy-saving</b>					<b>3,593.64</b>
<b>Greenhouse gas emissions reduction (tCO<sub>2</sub>e)</b>					<b>1,906</b>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, we continued to operate the key energy-saving measures that were put into operation in previous years, saving 1,491.64 MWh of electricity, 465,800 Nm<sup>3</sup> of natural gas, and 112 m<sup>3</sup> of light diesel oil, with a total energy-saving of approximately 834 tonnes of standard coal and avoiding greenhouse gas emissions of 2,088 tCO<sub>2</sub>e.

### List of implemented key energy-saving and carbon-reduction measures from previous years in 2025

Project	Location	Commissioning time	Particular	Annualized energy-saving	Annualized carbon-reduction (tCO <sub>2</sub> e)
Waste heat recovery	Heyuan	2022	Waste heat from the compressors is recovered for hot water supply in dormitories and canteen, replacing the original diesel boiler for heating.	Save 112m <sup>3</sup> light diesel oil	289
Rooftop photovoltaic power generation project	Heyuan	2023	Rooftop safe photovoltaic power generation, with a total installed capacity of 0.5445 MWh, reduced the need for electricity purchases.	627,640kWh	333
Compressor energy-saving retrofit	Heyuan	2024	HYN2 power room's compressor is equipped with a cloud-based control system that adjusts workshop energy consumption in real time during day and night shifts, reducing energy waste.	864,000kWh	458
Waste heat recovery	Chengdu	2022	Waste heat from air compressors and refrigeration units can be recovered for air conditioning and heating, replacing gas boilers.	Save 465,800 Nm <sup>3</sup> natural gas	1,008

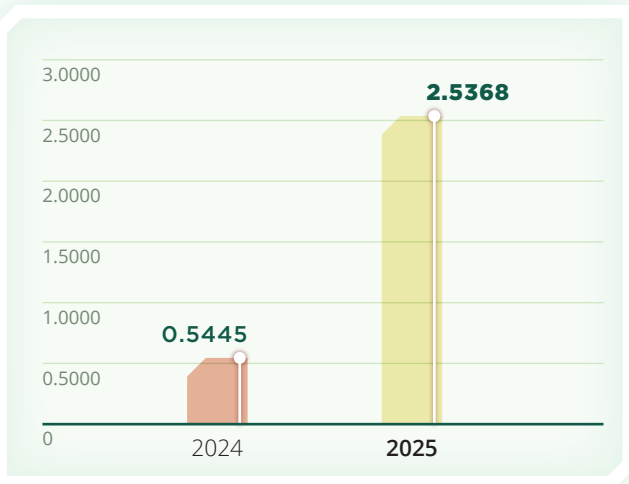
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2) Energy Structure Optimization

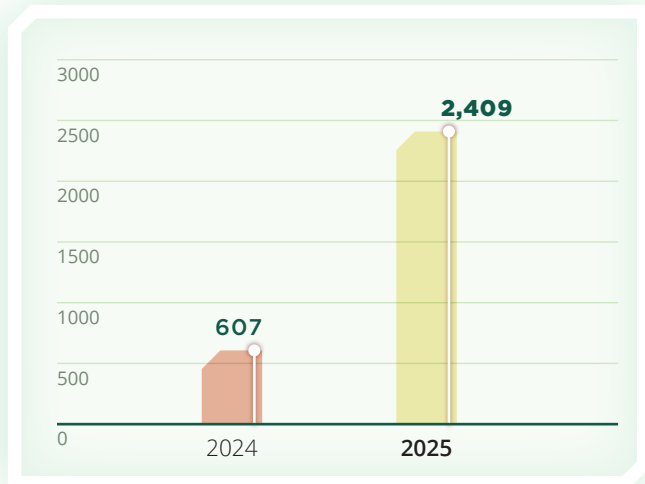
To further control energy costs and reduce carbon emissions, we are optimizing our energy structure and improving the level of low-carbon energy use through measures building photovoltaic power plants, purchasing green electricity, and etc..

Our energy supply is primarily based on electricity, supplemented by natural gas and gasoline. By 2025, the proportion of clean energy (electricity and natural gas) use reached 99.73%, consuming 143,277 MWh of electricity, of which green electricity accounted for approximately 39.85%.

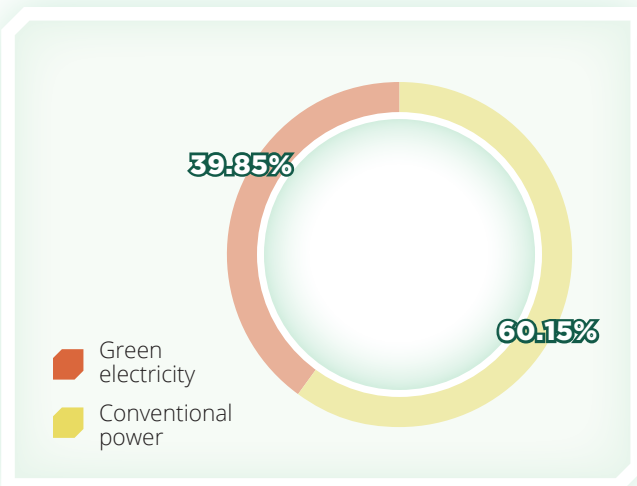
Photovoltaic installed capacity (MW)



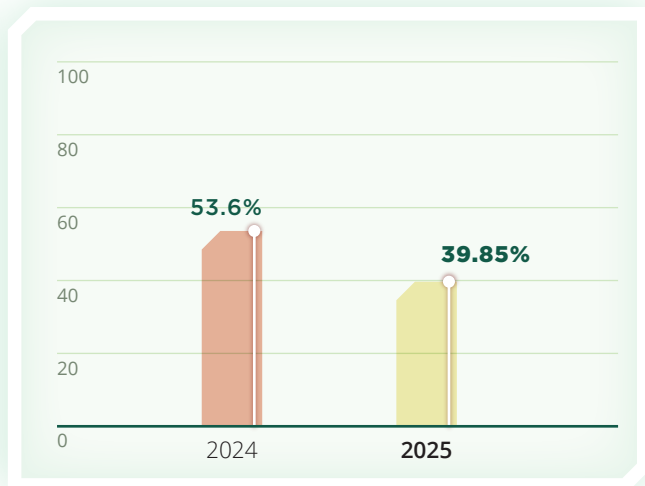
Photovoltaic power generation (MWh)



Electricity consumption structure in 2025



Green electricity consumption percentage



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3) Key Performance Indicators for Energy Management

Performance indicators	Unit	2024			2025		
		Heyuan	Chengdu	Total	Heyuan	Chengdu	Total
Comprehensive energy consumption	tce	12,697	4,934	17,631	12,128	5,623	17,751
Comprehensive energy consumption per 1,000 million of production volume	tce	2,318	1,189	1,831	2,209	973	1,576
Comprehensive energy consumption of HK\$1,000 million in revenue	tce	/	/	1,311	/	/	1,272
Comprehensive energy consumption per thousand units of product	tce	0.23	0.46	0.27	0.20	0.47	0.25
Gasoline consumption	t	32.00	7.63	39.63	25.86	7.12	32.98
Diesel consumption	t	0	0.075	0.075	0	0.078	0.078
Natural gas consumption	10,000 m <sup>3</sup>	0	9.12	9.12	0	8.5	8.5
Total electricity consumption	MWh	102,926	39,233	142,159	98,376	44,901	143,277
Electricity consumption per thousand units of product <sup>1</sup>	MWh	1.89	3.68	2.18	1.65	3.76	2.0
Purchased green certificates/ green electricity	MWh	35,900	39,233	75,133	35,000	19,688	54,688
Self-consumed green electricity from photovoltaics	MWh	607	0	607	628	1,781	2,409
Percentage of green electricity	%	35.5%	100.0%	53.3%	36.22%	47.81%	39.85%

Note:

1. Due to significant differences in the types of products produced in Chengdu plant and Heyuan plant, the energy consumption intensity per unit of product is not comparable.
2. The calculation of the green electricity percentage in the table above does not include conventional hydropower consumption, but only includes photovoltaic power generation from the Company's plants rooftop and electricity purchased from the power trading center with green electricity certificates.

For Hong Kong office, the total electricity is 178,578 kWh (13,278 kWh/revenue (HK\$1,000 million)) and 183,272 kWh (13.131 kWh/revenue (HK\$1,000 million)) in 2024 and 2025 respectively.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ● RAW MATERIAL PROCUREMENT

The Group require suppliers to establish a CSR management system with reference to internationally recognized CSR standards such as ISO 14001/ISO 45001/IPC 1401 and pass it on to lower-level suppliers. This supplier CSR audit tool applies to all suppliers and subcontractors that provide products or services to the Company directly or indirectly, including its sub-suppliers, clarifying quality requirements and acceptance criteria for procurement of products.

Procurement information provided by the Group to suppliers includes environmental requirements on the use of hazardous substances, use of recyclable materials and energy efficiency. The Group has also worked with European customer to select the use of raw materials that do not contain perfluoroalkyl and polyfluoroalkyl substances (PFAS) to build up our automotive display modules products.

#### 1) Raw materials

To provide clients and consumers with environmentally compliant products, the raw materials we use fully comply with international and domestic environmental standards, and we rationally utilize raw materials containing recycled materials to further reduce our environmental impact. During the reporting period, a supplier survey is conducted and revealed that our PCB printed circuit boards, FPC flexible circuits, and injection molded parts all contain a certain proportion of recycled materials.

#### 2) Packaging materials

Our main packaging materials include corrugated cardboard boxes, trays, and wooden pallets, all of which are recyclable. Furthermore, we actively encourage packaging material manufacturers to use recycled materials instead of virgin materials to reduce the consumption of natural resource and lower their carbon footprint. The questionnaire responses from suppliers indicate that approximately 25% of the trays we use for product packaging are made from recycled plastic.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Main packaging material consumption at the production base (unit: tonne)

Category	Location	2024	2025	Year-on-Year Comparison
Corrugated cardboard box	Heyuan	1,466	980	-33.15%
	Chengdu	475	628	+32.21%
Total corrugated cardboard box consumption		1,941	1,608	-17.16%
Corrugated cardboard box consumption per HK\$1,000 million of revenue		144.33	115.21	-20.18%
Tray <sup>a</sup>	Heyuan	2,499	885	-64.59%
	Chengdu	1,915	2,202	+14.99%
Total tray consumption		4,414	3,087	-30.06%
Tray consumption per HK\$1,000 million of revenue		328.21	221.18	-32.61%
Wooden pallet	Heyuan	367.61	368.14	+0.14%
	Chengdu	1,070	1,557	+45.51%
Total wooden pallet consumption		1,438 <sup>b</sup>	1,925	+33.87%
Wooden pallet consumption per HK\$1,000 million of revenue		107	137.92	+28.90%
Plastic pallet <sup>c</sup>	Heyuan	11.25	9.15	-18.67%
	Chengdu	0	0.38	/
Total plastic pallet consumption		11.25	9.53	-15.29%
Plastic pallet consumption per HK\$1,000 million of revenue		0.84	0.68	-19.05%
Total main packaging material consumption		7,804	4,387	-43.79%
Main packaging material consumption per HK\$1,000 million of revenue		580	314	-45.86%

Note:

- Tray refers to product packaging used in Chengdu plant. Due to increased production volume and a higher proportion of large-sized products, the usage of packaging materials has increased.
- Chengdu plant has improved its calculation method for wooden pallet consumption. The data for 2024 is updated.
- Plastic pallet refers to large HDPE pallets used for transporting packaged products. It is clarified that these are not the same items as the plastic pallets reported in previous years.

### 3) Procurement of forestry products

We support responsible forestry and contribute to sustainable development through specific actions. The copy paper we purchase is produced by nationally environmentally friendly companies, and the product packaging bears the UPM-verified "Responsible Fiber" and "From the Nordic Countries" marks, and has passed FSC certification (Forest Stewardship Council certification).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL PROTECTION PUBLICITY AND EDUCATION

We highly value the cultivation of environmental protection and low-carbon transformation capabilities and awareness. According to the Company's "EHS Training and Publicity Management Procedures", we have developed and effectively implemented training and publicity plans.

### ENVIRONMENTAL EDUCATION

Our management, environmental technicians, and other staff are all required to receive environmental training and education. Environmental protection training course content:

- Professional knowledge for environmental positions, including but not limited to knowledge of environmental management systems, energy management systems, relevant laws, regulations and policies, ESG knowledge, carbon emission calculation, product carbon footprint calculation, etc.
- Environmental factor identification, industrial "three wastes" (wastewater, waste gas, and waste residue) management systems, environmental laws, regulations and policies, etc.
- General knowledge of environmental protection, energy conservation, and low carbon, and methods for practicing environmental protection and low-carbon concepts.

### ENVIRONMENTAL PUBLICITY

Every year on World Water Day, World Earth Day, World Environment Day, Hong Kong Green Day, Earth Hour, and China Energy Conservation Awareness Week's National Low-Carbon Day, we widely disseminate knowledge about environmental protection through internal office portals, broadcasts, emails, posters, banners, and television, creating a positive environmental protection corporate culture.



Environmental protection laws and regulations training



Energy conservation and carbon-reduction knowledge training

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is a keen supporter for developing a healthy and green community. It not only dedicates the efforts to minimising the environmental impacts from its operations, but also participates in different community events to develop and promote a healthy and green lifestyle for the employees and the community. The Hong Kong headquarters, Heyuan plant and Chengdu plant continue to adhere to the concept of “Green Office” as the theme in 2025. Those activities not only helped preserve the environment but also raised the employees’ awareness of environmental protection.



### Energy-efficient office practices

- Office equipment is turned off or set to power saving mode when not in use or after work hours.
- Switch off air conditioning and lights before leaving meeting rooms and in unused sections.
- Reduce/turn off lighting in sparsely occupied areas.
- Draw blinds or curtains to block direct sun rays and minimize heat in the office during sunny periods.

### Advocate paperless office

- Electronic documents are used to reduce the use of paper, which can achieve real-time information replacement, fast time, high accuracy, and save maintenance costs.
- Electronic signature management system meets the data display requirements, reduces traditional paper, and is green and efficient.
- Make use of double-sided copying/printing, FinePrint function, or single-sided waste paper to avoid paper wastage.

### Travel and meetings

- Pre-approval Travel Application is required for all staff for air travel.
- Encouragement of the use of teleconferencing, video conferencing, and virtual meeting tools such as Zoom, Microsoft Teams, Tencent VooV, WhatsApp and WeChat to minimize travel.

In the same year, the Hong Kong office participated in the “ESG Pledge” Scheme organized by The Chinese Manufacturers’ Association of Hong Kong and co-operated with Hong Kong Brand Development Council. The Scheme is aimed at strengthening the concern of sustainable development. It encourages the business and public sectors to sign the pledge and implement the action plans to improve the ESG (Environmental, Social and Governance) performance, thus building a sustainable environment in future.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### SOCIAL

#### ● EMPLOYMENT

The Group aims to provide a safe, inclusive and motivating workplace for its employees. It also promotes a culture of integrity with human resources management policies in place to foster a caring atmosphere with mutual respect in the workplace. We care for our employees and recognise that having good staff relation and a motivated workforce play a vital role in the Company's efficient operations.

The Group strictly observes the labour law in Hong Kong and the PRC. It is the policy of the Company to maintain a working environment that complies with the Race Discrimination Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance and the Family Status Discrimination Ordinance of the Ordinance and Code of Practice.

Diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, ethnicity and disability. We make reasonable workplace adjustments (including during the hiring process) to ensure all individuals feel supported and are able to participate fully and reach their potential. If employees are disabled, we proactively seek to support them with appropriate training and workplace adjustments where possible and explore every opportunity to ensure their employment continues. During the year, we have employed 105 disabled employees.

The Group provides remuneration, welfare and fringe benefits to employees comparable to the market standard. Remuneration, salary and bonus distribution are determined with reference to a performance-linked scale. When it comes to annual reviews, factors such as the Group's financial performance, business prospects, individual performance, market rates and inflation rate are taken into consideration to decide the rate and scale. For staff promotion, it is conducted on a regular review. In case of a vacancy in higher positions, priority is given to internal promotion of employees based on determinants such as their performance, educational background, work experience, ability and conduct.

In 2025, the turnover rates for Hong Kong, the PRC and Overseas staff were 8.9%, 12.6% and 1.7% respectively.

During the year, there was no significant reported case of non-compliance with the relevant laws and regulations in Hong Kong, the PRC and Overseas.

#### ● HEALTH AND SAFETY

We adhere to a people-oriented approach and have formulated an EHS (Environment, Health, and Safety) work policy of "compliance with laws and regulations, procedural control, continuous improvement, and full participation". We attach great importance to the health and safety of employees, contractors, and other stakeholders. By establishing and improving management systems and promoting technological innovation, we implement a company-wide safety production responsibility system, create a culture of "everyone talking about safety," and move from "passive compliance" to "proactive safety creation," continuously consolidating the foundation for the Company's sustainable development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### (1) Occupational Health and Safety Management

#### a. Sound management structure

We have established a safety working committee of the Company to comprehensively coordinate EHS work. The safety working committee has a safety and environmental protection office responsible for organizing and implementing EHS work.

#### b. Comprehensive management system

We have established a comprehensive EHS management system in accordance with "Work Safety Law of the People's Republic of China", "Prevention and Control of Occupational Diseases Law of the People's Republic of China", "Fire Protection Law of the People's Republic of China", "Environmental Protection Law of the People's Republic of China", and other relevant laws, regulations, and requirements.

We use safety performance as a key performance indicator for senior management and heads of various production organizations, linking to their remuneration or performance.

#### c. Proactive management practices

During the reporting period, both Heyuan plant and Chengdu plant, which are in full operation, have passed the authoritative certifications of ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System. Chengdu plant has passed Chengdu Safety Production Standardization Level 3 Enterprise construction acceptance and has been rated as a Sichuan Province Occupational Health Management Class A Enterprise.

### (2) Key measures and performance

#### a. Construction of dual prevention mechanism

In terms of safety risk management, we have formulated systems such as the "EHS Risk and Opportunity Management Procedure", which clarifies the classification standards and management measures from low risk to major risk. We systematically carry out safety risk identification, assessment and control work, including hazard source identification, risk assessment and control, risk classification and management, and risk visualization, which effectively reduces the occurrence of safety accidents.

### Risk classification management and hidden danger investigation and control



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### b. Occupational health monitoring

We use a variety of methods, including routine occupational hazard notification, occupational health checkups, occupational hazard factor monitoring, provision of protective devices, and occupational health training and promotion, to accurately monitor employees' health status and workplace safety, and improve employees' awareness and skills in occupational health protection.



First aid skills training



Mental health knowledge seminar



Occupational health knowledge training



Government-enterprise cooperation health consultation activities

### c. Safety education and training

We highly value the improvement of employees' safety awareness and skills, regarding safety training as a key measure to ensure safe production. We have established a comprehensive safety training system and, through the implementation of an assessment mechanism, effectively enhance employees' safety awareness and skill levels, thus strengthening the safety production defense line. During the reporting period, we completed over 800 safety trainings covering topics such as fire safety, emergency response, chemical safety management, and equipment safety management, with a total of 62,815 participants and a total training duration of 179,926 hours.



New employee on-boarding safety training



Supervisor emergency management skills training

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### d. Safety culture development

The Company is committed to creating a strong atmosphere where “everyone talks about safety, everything is done with safety in mind, and safety is upheld everywhere”. It regularly conducts various forms of safety culture promotion, such as regularly publishing safety journals, broadcasting safety announcements, and producing short safety videos, to enhance the breadth of safety culture promotion and increase the effectiveness of safety culture dissemination.



In 2025, taking advantage of safety month and fire prevention month, we carried out a series of training activities, including the general manager’s safety lecture, the “Safety and Health Cup” knowledge competition, the emergency skills competition, and first aid training, and etc..

### e. Emergency response capability building

To effectively respond to sudden safety accidents, the Company has developed comprehensive emergency plans to ensure a scientific and efficient emergency response. We conduct at least 2 plants emergency drills annually, and each department conducts various on-site response drills according to the year plan.



Power outage evacuation drill



Fire emergency drill

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### (3) Management indicators and targets

During the reporting period, all necessary safety investments were made, and all occupational health and safety production targets were achieved.

#### Main health and safety target and achievement

Key indicators	Annual target	Actual situation
Occupational disease incidence rate	0	0
Number of fire accidents	0	0
Government penalty incidents	0	0

The Group regularly conducts safety training and awareness campaigns to enhance workers' participation in safety management. For the past 3 years, including 2025, there is no work-related fatality in the Group and no injury case was reported among Hong Kong employees. The plant recorded 27 (2024: 30) injury cases with 539 (2024: 564) lost days due to work injuries. Every injury case underwent a detailed review and evaluation, with precautionary measures put in place to avoid a repeat occurrence. Extra training was conducted with the parties involved.

#### Workforce and Turnover Rate

	Overall Ratio	2025			2024			
		Hong Kong	PRC	Overseas	Overall Ratio	Hong Kong	PRC	Overseas
<b>Male</b>								
Age 18-45	46.11%	46	3,525	59	45.37%	47	3,284	23
46-65	3.32%	45	192	24	3.06%	40	169	17
Turnover rate		1.5%	14.8%	1.2%		2.2%	17.5%	9.1%
Total male ratio	49.43%				48.43%			
<b>Female</b>								
Age 18-45	42.77%	25	3,259	83	44.60%	21	3,262	15
46-65	7.80%	17	592	6	6.97%	16	495	4
Turnover rate		4.5%	10.4%	2.2%		19.6%	12.0%	5.0%
Total female ratio	50.57%				51.57%			
Total ratio	100%				100%			

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2025				2024			
	Overall Ratio	Hong Kong	PRC	Overseas	Overall Ratio	Hong Kong	PRC	Overseas
<b>Employment Type</b>								
Staff	26.60%	133	1,862	99	25.92%	124	1,733	59
Workers	73.40%	0	5,706	73	74.08%	0	5,477	0
Total ratio	100%				100%			
Full-time	99.97%	131	7,568	172	99.99%	123	7,210	59
Part-time	0.03%	2	0	0	0.01%	1	0	0
Total ratio	100%				100%			

### Development and Training

	2025				2024			
	Total Training Hours	Total Participants	Total Headcounts	Average Training Hours per Staff Member	Total Training Hours	Total Participants	Total Headcounts	Average Training Hours per Staff Member
<b>HK Staff</b>								
Male	940	246	71	13.2	1,926	184	82	23.5
Female	434	136	40	10.8	696	68	30	23.2
<b>PRC Staff</b>								
Male	26,790	4,103	700	38.3	13,984	4,008	712	19.6
Female	16,190	4,497	397	40.8	7,879	4,497	387	20.4
<b>PRC Workers</b>								
Male	163,283	11,060	3,575	45.7	70,783	11,060	3,575	19.8
Female	161,492	10,972	3,901	41.4	42,000	10,972	3,901	10.8
<b>Total</b>								
Male	191,013	15,409	4,346	44.0	86,693	15,251	4,369	19.8
Female	178,116	15,605	4,338	41.1	50,575	15,536	4,318	11.7
Total Training Hours	369,129				137,268			
<b>The percentage of employees trained by gender category</b>								
Male	51.7%				63.2%			
Female	48.3%				36.8%			
<b>The percentage of employees trained by employee category</b>								
HK Staff + PRC Staff	12.0%				17.8%			
PRC Workers	88.0%				82.2%			

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### DEVELOPMENT AND TRAINING

The Group values its employees and is committed to providing an ideal workplace in which its staff members may grow and develop. At the same time, the Group promotes a staff engagement culture and aims to build an innovative, energetic and highly motivated workforce to meet with accelerating business development.

The Group's policy is to ensure that all employees achieve personal growth in their careers, and training is therefore encouraged. This is usually held during working hours, so that employees need not sacrifice personal time for training. A flexible work pattern may be scheduled for Hong Kong staff members working in the production plant if they need to pursue further studies.

All new employees are required to undergo orientation training organised by the Human Resources department to better comprehend the Group's core values, business goals, as well as code of conduct.

We promote continuous learning through a variety of courses that enhance not only job-related abilities but also personal growth. Training covers a wide range of topics including operational skills, craftsmanship, display technology, quality standards, environmental matters, health and safety, data privacy and soft management skills. Senior managerial staff members are usually invited to be technical instructors. External coaches are employed for specific trainings on soft management skills.

In the same year, the Group also provided a training on fraud and anti-corruption for directors and employees to discourage any form of corruption. The training content included the impact of fraud on a company, fraud prevention and reporting, and related regulations and case studies. Participants included the directors and staff from Hong Kong, Heyuan and Chengdu. The relevant training materials are circulated in the Company's public domain, so that the remaining staff could participate by reading the training materials to gain knowledge and updates of anti-corruption.

Training Topics	Total Training Hours
Professional development	40,472
Legislative training	3,507
Orientation training	84,863
Industry knowledge training	28,724
Sustainability and ESG development	25,887
Health & Safety training	183,962
Other trainings	1,714
<b>Total</b>	<b>369,129</b>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### OUTSTANDING YOUTH PLAN

In June 2025, we held a two-day intensive retraining program for the 2024 cohort, aimed at building a talent development and growth system for young professionals through precise assessments, practical training, continuous monitoring, and ongoing improvement. Participants successfully completed the training, maintaining a passion for learning and embracing challenges with an open attitude. They continuously honed their professional skills, growing through exploration and achieving mutual success in personal value and corporate development.



Kunpeng Project — V1 Leadership Enhancement



### LABOUR STANDARDS

The Group complies with and observes the respective Labour Laws and Regulations in its operating countries. As a responsible employer, the following principles are strictly enforced:

- No child labour
- Ensure that wages comply with or exceed the minimum legal requirements of the country where employees are based
- Overtime practice is based on a voluntary pattern, no forced labour is allowed
- Respect for the opinions of general employees and the labour union
- Formal complaint channels are established and are regularly promoted to employees

- Equal employment opportunities — employment of disadvantaged employees and diversity and inclusion are encouraged in the workplace
- Harassment and abuse — these are actively discouraged in any form, to or among all employees
- Protect privacy and personal data at work, and respect the opinions of all employees and the trade union

All potential applicants are required to complete the Company's Employment Application Form, where personal data such as, names, contact details, ID numbers, etc. will be provided by the applicants. Human Resources Department will then reference check the ID cards to ensure that they meet the minimum age standard, i.e. 18 years old or above. If the Group observes any serious violation of the company system by employee, it is entitled to terminate their employment relations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### LABOUR MANAGEMENT

Based on people orientated approach, the Group promotes respect, equality, and inclusiveness to build a friendly workplace and environment. Formulating human rights policy, promoting employee relationship management, and fulfilling labour rights protection. Maintain labour human rights, respect labour rights, fulfil social responsibility commitments, and support and encourage suppliers to follow the same guidelines. Provide education and training, multiple communication platforms and channels, self-assessment questionnaires, and stakeholders can file complaints via telephone and email.

Identify labour/human rights incidents within and outside the Group and changes in relevant domestic and international regulations, establish a confirmation list, and conduct due diligence at each location through systematic procedures such as self-assessment, audit procedures, and questionnaires to identify major issues. According to the extent of the impact of each issue on different operating locations and the objects affected, formulate improvement policies and measures, conduct risk control and remediation, and track improvement results.

To enable employees to understand their own rights and interests through training courses, as well as the Group's introduction of relevant courses on issues such as labour, human rights, health and safety, environment and ethics. The Group values the opinions and rights of employees, builds a diverse communication platform and channels, builds consensus among employees, and promotes harmonious labour-management relations.

### PEOPLE CARING

The Hong Kong headquarters was awarded the "Happiness-at-work Promotional Scheme" logo sponsored by the Hong Kong Enhancement Happiness Index Fund for 12th year in 2025. The Company has been committed to promoting and creating a pleasant working environment. Building a "Happy Workplace" can help motivate employees' morale. The ultimate goal of achieving people and things.

The Group arranges annual health check for its employees in Hong Kong and the PRC. We also encourage work-life balance, and interest classes such as yoga, aerobics, dancing and English class were organised to encourage healthy living, and attracted many colleagues to join, which enhanced the cohesion of the Group, and strengthened the physical and mental development of employees.

### OPEN COMMUNICATION

The Group sees the importance of fostering a culture of open communication, transparency, and collaboration of its employees. Core businesses undertake employee engagement activities regularly to collect feedback and identify areas for improvement. Employee Satisfaction Surveys are conducted annually to hear the voices of staff. These interactions help gauge overall employee sentiment and alignment with the core values of the Group.

### SUPPLY CHAIN MANAGEMENT

The Group takes a collaborative approach to supply chain sustainability management, as it views its suppliers as part of an interdependent ecosystem.

The Company bases on customer requirements and relevant guidelines to formulate a CSR (Social Responsibility) agreement, BOEVx Supplier Social Responsibility Commitment Letter and RBA Supplier Self-Assessment Form which are signed by most of our suppliers. We require suppliers to establish a CSR management system with reference to internationally recognized CSR standards such as ISO 14001/ISO 45001/IPC 1401 and pass it on to lower-level suppliers. This supplier CSR audit tool applies to all suppliers and subcontractors that directly or indirectly provide products or services to the Company, including its sub-suppliers.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Key Actions and Achievement for 2025

Dimensions	Core Actions/Strategies	Key Information and Progress
Strategic Guidance	Implement “V+” business strategy	Emphasizing Volume (scale) and ecosystem synergy. Achieve economies of scale and a stable supply system through deep cooperation with suppliers and other partners.
Specific Actions	Hold the Second Supplier Quality Conference	In April 2025, themed “Tracing the Source, Leading with Quality” aiming to strengthen quality consensus.
Ecosystem Building	Ecosystem synergy from “Chain” to “Circle”	Collaborate with upstream and downstream enterprises on joint innovation in areas such as smart cockpits and flexible displays. Actively build an open platform for smart cockpits to aggregate industry resources.
Globalization	Strengthen the global R&D and delivery network	Establish R&D centers in North America and Europe, forming a “localized iterative computation + global delivery” model to enhance the supply chain’s local responsiveness and global delivery capabilities.

1. Emphasis on both quality and collaboration: holding dedicated supplier quality conferences is a direct measure to establish a foundation for cooperation and unified standards.
2. Transition to ecosystem-based cooperation: beyond simply managing suppliers, we are committed to building a collaborative innovation ecosystem that includes suppliers and OEMs, enabling joint technology development and risk sharing.
3. Globalization ensures resilience: by establishing R&D centers and manufacturing bases overseas (Chengdu, Heyuan, Vietnam), we can effectively diversify risks, be closer to customer markets, and improve the stability and responsiveness of the overall supply chain.

The Company has developed a supplier quality management manual. The goal is to require all suppliers of production materials, or materials and services directly affecting production, to comply with the latest IATF 16949 standard (requiring continuous monitoring and certificate renewal) and other specified standards, including but not limited to ISO 9001, ISO 14001, ISO 45001, QC080000, VDA, and Formal Q. Based on ISO 9001 and IATF 16949, which are suitable for automotive products and related requirements, the Company aims to provide customers with high-quality products and services that meet contractual requirements with maximum economic efficiency. To this end, the Company requires suppliers to implement “three automations and one stability, strict entry and strict exit.” This means automated production, IT-based management, professional personnel, and stable key personnel; strict control over upstream supplier product quality and strict quality control of shipped products. These are the basic requirements for ensuring product quality. Suppliers ensure that product quality meets BOEVX’s requirements through strict control of personnel, machinery, materials, processes, measurement, and environment.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key rules:

- Ensure supplier diversity and not over-reliance on a single supplier.
- Strengthen long-term cooperative relationships with major suppliers and improve the stability and contrast of the supply chain.
- Strengthen information connectivity and risk monitoring of the supply chain.
- Increase social responsibility requirements and audits for suppliers.

In 2025, the Group took the initiative to evaluate its suppliers' social responsibility performance. Both material suppliers and logistics service vendors were included in an evaluation distribution list. Completed questionnaires helped the Group to understand and evaluate the performance of its suppliers and vendors in the aspects of:

- Work hours
- Child labour
- Forced labour
- Health and safety
- Environmental concerns
- Corporate social responsibility

### Table of Distribution and Response Status

	Number	Percentage (%)
Total No. of major suppliers for manufacturing operations	113	-
Total No. of major suppliers questionnaires sent	113	100
Total No. of completed questionnaires returned	99	88

### Table of Results

Rating	Number	Percentage (%)
Outstanding	65	65.7
Above Average	32	32.3
Average	2	2.0
Need Improvement	0	0
Below Standard	0	0
Total	99	100

### DISTRIBUTION OF SUPPLIERS

Suppliers are divided into material suppliers and logistics service vendors, and machinery makers. Certain material suppliers are requested to sign a declaration declaring that their packing material and Bill of Material (BOM) contains no hazardous substance. There was no reported case of violation of the declaration by any of our suppliers in the reporting period.

### Suppliers by Geographical Region

	PRC	Asia	Europe	United States
Material Suppliers	201	40	7	6
Logistics Service Vendors	2	5	5	2

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### SELECTION AND EVALUATION OF SUPPLIERS

The Group selects suppliers and purchases materials and/or services from suppliers and vendors using 3 methods, namely, price comparison, bidding and sentinel procurement. Audits of suppliers and vendors are performed on a regular basis. Results are compiled for review by the Supplier Quality Team and are approved by the department head of Quality.

#### CRITERIA FOR AUDIT INCLUDE:

- General operation and workforce condition
  - capability for semi and/or fully automation
  - financial analysis
  - nature of business
- Quality qualification
- Quality system training
- Inspection procedures for quality systems
- Handling procedures for customer complaints
- Calibration
- Material suppliers control and handling procedures
- Production process control and inspection
- Past performance record

### SERVICE VENDORS

The Logistics Department screens and selects service vendors by considering of the following factors:

- Company background — financial stability, reputation and global network
- Pricing, competitiveness and future new technology development
- Services — performance track record, efficiency and customer service
- Environmental performance — for instance, most of vendors use trucks compliant with Euro standards

### MACHINERY MAKERS

The Logistics Department screens and selects machinery makers by considering of the following factors:

- Company background — financial stability, reputation and global network
- Pricing, competitiveness and future new technology development
- Past track record
- Response time and customer servicing

To help operations and finance staff better understand the Company's risk assessment and evaluation processes for customers and suppliers, a relevant training was arranged in August 2025.

### ENVIRONMENTAL AND SOCIAL RISKS OF SUPPLY CHAIN

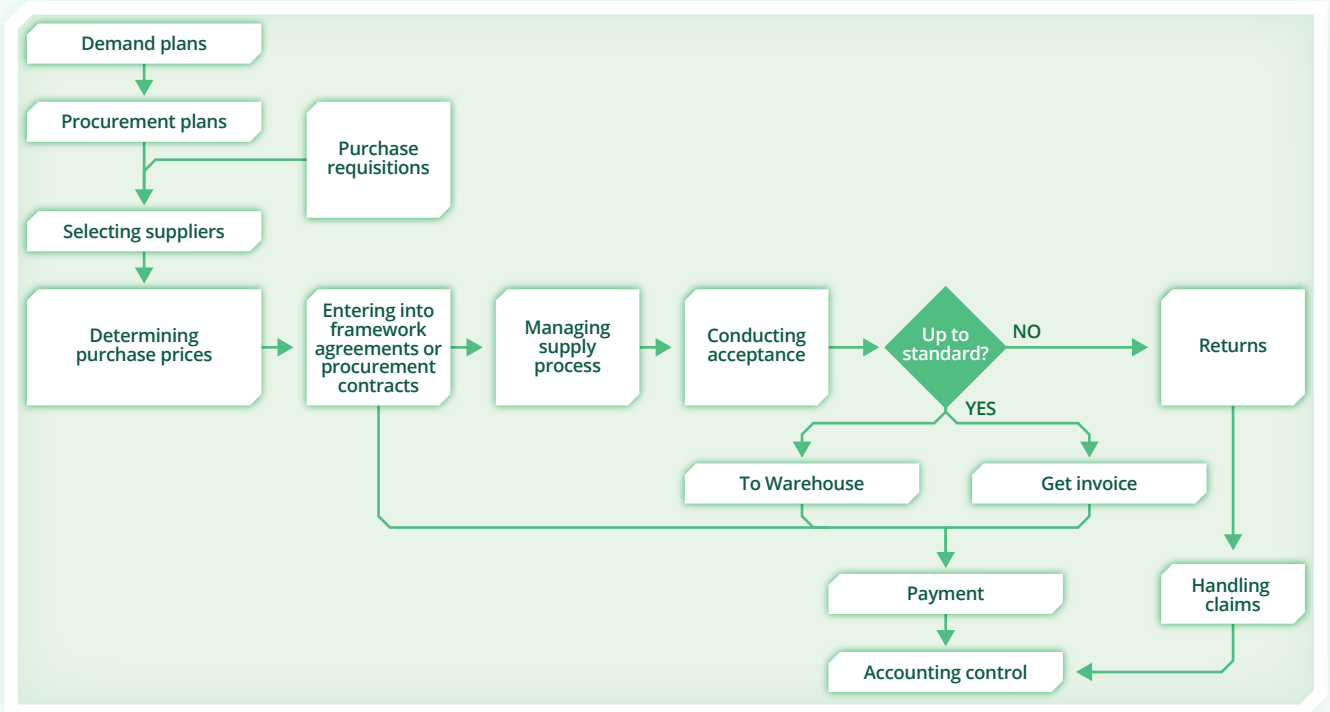
The Group had established and strictly observing the guidelines and procedures as accordance to Group's policy. Essentially, we adhered to high ethical standards and fair competition practises during our procurement processes. We performed annual performance evaluation for supplier to ensure they continuous delivering the quality services.

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. The Group has embedded environmental and social consideration in the procurement process and supplier communication. Supplier's environmental, social and governance policies, including emissions, use of resources, environmental and natural resources, health and safety, staff development and training, the prevention of child labour, product responsibility and anti-corruption would be measured. The Group will continue to monitor its supply chain regarding the environmental and social standards.

We have also formulated policies and procedures to ensure that the suppliers could compete in a transparent and fair way. The Group should not have differentiated or discriminate treatment on certain suppliers. The procedures include measures to prevent all kinds of business bribery and conflict of interest such as the avoidance of employees' personal interest directly or indirectly in or given by the suppliers.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Post-purchase Evaluation



### CORPORATE PROCUREMENT BUSINESS

Procurement business refers to the activities related to purchasing materials (or accepting labor services) and making payments. It primarily involves tasks such as preparing demand plans and procurement plans, creating purchase requisitions, selecting suppliers, determining purchase prices, entering into framework agreements or procurement contracts, managing the supply process, conducting acceptance, handling returns, making payments, and accounting control.

For further information regarding the Group's measures in relation to environmental compliance, safety and quality control, please refer to the sections headed "Environment", "Health and Safety" and "Product Responsibility".

### PRODUCT RESPONSIBILITY

The Group has no recall on products sold or shipped due to safety and health reasons in 2025. There are average 128 cases and 115 cases per month of automotive quality enquiries in 2024 and 2025 respectively.

Safety is always the core of the Group quality policy. To pursue such policy, the Group is qualified by International Standard: ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System) and QC 080000 (Hazardous Substance Process Management System Requirements). With these standards, the Group has developed an intensive system, to ensure no harmful substances (dangerous material lists from RoHS/REACH) going into finished goods. For environmental protection concern from customer, we have also applied the "Greenhouse Gases Emissions verification statement" and "Carbon Footprint Assessment certificate". There is no concerned recall in 2025 record.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



As one of major automotive component suppliers, the Group is committed to building outstanding after-sales service into a key customer value and competitive advantage. To this end, we have established a systematic “Customer Quality Assurance and Collaborative Innovation System” that rests on three pillars:

1. **Rapid Response and Root Cause Elimination Mechanism (8D):** we rigorously apply the 8D methodology under the “2485 Rule”: an initial reply within 2 hours advising containment; actionable information for interim protective measures within 48 hours to safeguard in-transit or customer-side product; and a complete analysis with corrective actions within 5 days aimed at permanently eliminating the root cause.
2. **Knowledge Management & Recurrence-Prevention (Lessons Learned):** we have established a regular process for reviewing and cascading lessons learned. Through cross-product-line and cross-plant collaborative meetings, improvement measures are systematically cascaded horizontally, transforming individual case experiences into organizational assets, thereby significantly enhancing quality prevention capabilities.
3. **Strategic Collaboration & Value Co-Creation (Joint Improvement Programs):** we proactively join forces with customers to launch dedicated joint-improvement projects targeting long-standing, complex issues. This deep collaboration not only eliminates “old, big, hard” problems but also cements strategic partnerships and directly elevates customer satisfaction.

By sustaining this strategic framework, we steadfastly honour our “Customer Quality First” pledge, elevating quality management from reactive firefighting to proactive prevention and joint innovation, and laying a solid foundation for exceptional customer satisfaction and sustainable mutual success.

The Group’s prime objective is to provide high quality products that fully conform to customers’ requirements and specifications. This commitment is fundamental to all work undertaken and is closely observed by all members of the Group in their daily activities. All products must strictly comply with the Group’s policy of operating Quality Management System that fully meets the requirements of ISO 9001 and IATF 16949 for automotive products and customer requirements for supplementary standards. This standard stipulates all processes from product development to completion of production and to after-sale services. In addition, Hazardous Substance Process Management is in place where procedures and related processes have been assessed and confirmed to be compliant with QC 080000. We have applied the “Greenhouse Gases Emissions verification statement” and “Carbon Footprint Assessment certificate”. Heyuan plant and Chengdu plant are accredited with ISO 14001, ISO 45001, ISO 14064, ISO 14067 and ISO 50001 certifications.

To ensure stringent quality management, the Group’s Incoming Quality Control Team screens the incoming materials by sampling scheme. Only good quality materials that meet the requirements are accepted for the production process. Similarly, finished goods go through a stringent quality check before being passed to the finished goods warehouse. The Quality Department and sales people also provide comprehensive service ranging from failure analysis and 8D reporting to production and process improvement when handling customer enquiries.

Automatic Optical Inspection (AOI) and Vision System Test (VST) are used by the TFT/TP module department of the plant for automatic screen inspection and automatic OTP program. Through automatic lighting of products, high-speed camera image capture, automatic image analysis, detection of product display defects, such as points, lines, dust spots, spots, mura, and electrical defects, and automatically product test information with product ID upload to MES system. The application of AOI and VST in machine vision will bring the cost lower than the labor rising cost, adapt to 24-hour uninterrupted and repetitive work, and the effect is stable.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company regularly offers marketing training and lectures to marketers, strengthens the awareness of marketing, improves employees' responsibility awareness continuously, and promotes the healthy development of the Company. During the year, the Company launches some special training sessions, e.g. the head of the customer service center shared the organizational structure, functional interpretation, business process, and operation management and etc., and discussed how the customer service team can better cooperate with other business departments to further improve customer satisfaction. We have established a quality control committee to prepare for future resource, mechanism and organization planning.

On 25 April 2025, the Company held its second Supplier Quality Conference with the theme "Tracing the Source, Leading with Quality" to promote high-quality market development.

The Company has built a complete supply chain ecosystem by continuously deepening the collaborative development of the industrial chain. At present, the Company has established cooperative relationships with more than 300 upstream suppliers, built a sustainable industrial ecosystem, and achieved deep collaboration in the fields of technical cooperation research and development, supply and quality collaborative management, and industry benign ecological co-construction.

Supply Chain	R&D	Quality
<ul style="list-style-type: none"> <li>deeply analyze the full lifecycle management system</li> <li>the practical path from "Following Innovation" to "Leading Innovation" in the context of rapid technological iteration</li> </ul>	<ul style="list-style-type: none"> <li>highlight the "V+ Auto" strategy, emphasize collaborative relationship between technological breakthroughs and quality systems</li> </ul>	<ul style="list-style-type: none"> <li>officially release the "Quality Strategy White Paper", systematically outline the path to quality improvement</li> <li>collaborate with partners to formulate the 2025 SQM collaborative improvement plan based on 2024 quality performance</li> </ul>

In response to rapidly changing market conditions, the Company will continue to optimize its quality control system. The Supplier Relationship Management (SRM) system is launched, as a key component of digital transformation, enabling more scientific, objective, comprehensive, and fair evaluations of suppliers' daily operations. Monthly and annual assessments will be conducted based on T (technology), Q (quality), D (delivery) and C (cost), ensuring fair and transparent rewards and penalties, and providing partners with a more efficient, transparent, and professional collaboration platform.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To promote continuous quality improvement, drive the development of BOEVx' automotive business and achieve key project goals, and incentivize teams and individuals who have made significant contributions to the Company's business objectives and quality management improvement, thereby enhancing BOEVx' quality control standards, the quality control committee of BOEVx officially launched the quality TDR incentive mechanism in March 2025.

In late July 2025, BOEVx held its 2025 Mid-Year Work Seminar under the theme of "Reshaping the V+ Entrepreneurial Spirit and Achieving High-Quality Development of BOEVx." This seminar aimed to further cultivate a culture of secondary entrepreneurship, fully stimulate the organization's intrinsic creativity, cohesion, and combat effectiveness, drive the rapid growth of BOEVx's innovative businesses, and solidify its leading position in the global automotive display industry.



In September 2025, under the overall planning of the quality management committee of BOEVx, the quality center together with the V1, V2 and V8 plants, held a series of quality month activities, which lasted for a month. BOEV's overall quality target for 2025 is "10001", which not only reflects the ultimate pursuit of "zero defects" in products, but also embodies the determination to make a breakthrough from "0 to 1" in the continuous optimization of the management system.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



### Quality system optimization

- Focus on customer quality and achieve No. 1 in quality performance
- Complete system audit and obtain evidence, customer audit pass rate is 100%

### Certificate

ISO 9001	Quality Management System Requirements
IATF 16949	Automotive Quality Management System Standard
QC 080000	Hazardous Substance Process Management System Requirements
ISO 14001	Environmental Management System Standard
ISO 14064	Greenhouse Gas Emissions Standard
ISO 14067	Greenhouse Gases-Carbon Footprint of Products-Quantification Requirements and Guidelines
ISO 45001	Occupational Health and Safety Management System Standard
ISO 26262	Road Vehicles Functional Safety Standard
ISO 27001	Information Security Management System Standard
ISO 21434	Automotive Cybersecurity Management System
ISO 50001	Energy Management System Requirements
TISAX	Trusted Information Security Assessment Exchange Mechanism AL3 Label (Information-Protection Label, Information-Confidentiality Label, Prototype-Protection Label)
ESD S20.20-2021	Electrostatic Discharge Protection Control System Standard

### BOEVx Principles

- 1 Quality First
- 2 One Stop Solution Provider
- 3 Value-oriented Culture
- 4 Pragmaticism, Preciseness, Speed, Resoluteness
- 5 Integrity, Standardization, Transparency, Responsibility

### Quality Policy: Pursue Excellence, Trace to the Root & Build the Foundation, Continuous Improvement, Win by Quality

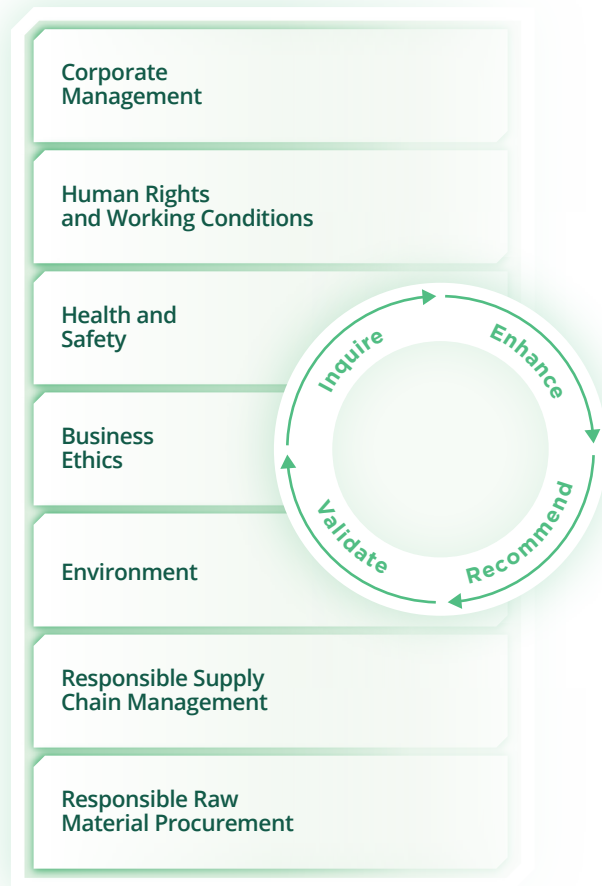
- 1 Pursue Excellence: Go beyond mere compliance, aim to become the industry benchmark and deliver the ultimate customer experience.
- 2 Trace to the Root & Build the Foundation: Eliminate problems at their origin by establishing a traceable system that spans design, raw materials and processes, solidifying the bedrock of quality.
- 3 Continuous Improvement: Evolve dynamically through data-driven PDCA cycles, making improvement an ingrained organizational habit.
- 4 Win by Quality: Treat quality as strategy; reject price wars and build a brand moat through differentiated quality to secure long-term value.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### SUSTAINABILITY ASSESSMENT QUESTIONNAIRE

SAQ (Sustainability Assessment Questionnaire) 5.0 sustainability assessment effectively promotes the compliance of global automotive supply chain verification and conducts professional assessments (topics covered include corporate management, human rights and working conditions, health and safety, business ethics, environment, responsible supply chain management and responsible raw material procurement), and proposed corresponding improvement measures to help companies complete corresponding improvements and support measures.

During our assessment of SAQ 5.0, we received favorable scores in each category, achieving a satisfactory rating that surpasses the average standards of our industry and country, thus earning recognition.



### PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Recognizing that intellectual properties are important assets to an enterprise, the Group has always adhered to the concept of respect for intellectual property, being devoted to implementing protection for intellectual properties. The intellectual properties as possessed by the Group include but not limited to patents, trademarks, designs, copyrights and trade secrets, with protection scopes covering products, technologies, designs, processes, commercial information, video/audio/graphic materials, software and etc. These intellectual properties can be maintained and used in various legitimate ways such as application for registration, confidentiality measure, enforcement, litigation and etc. Suitable administration systems for intellectual properties are adopted both internally and externally. The Group respects intellectual property rights of independent third parties, particularly those of the cooperating parties of the Group, and proactively avoids unauthorized use of relevant intellectual properties. Contracts of cooperation projects will be reviewed by the involved parties before commencement, with security and confidentiality measures taken during the process. During the course of cooperation, confidentiality, licensing, acquisition and other agreements can be signed with mutual respect, for the sake of lawful acquirement and transfer of intellectual properties among the different parties, therefore achieving mutual benefits.

Varitronix (Heyuan) Display Technology Ltd. ("Varitronix (HY)", a wholly-owned subsidiary of the Company, was recognized as the 2022 "National Intellectual Property Demonstration Enterprise" by the State Intellectual Property Office, becoming the first enterprise in Heyuan City to receive this honor, and realized Heyuan City's national intellectual property demonstration enterprise zero breakthrough. The Company has established a comprehensive intellectual property management system and passed the certificate of intellectual property standards in 2022. Up to now, Varitronix (HY) has been granted a total of 119 patents, including 55 invention patents and 64 utility model patents, and has won 7 China Patent Excellence Awards for 4 consecutive years. Varitronix (Chengdu) Display Technology Co. Ltd., a wholly-owned subsidiary of the Company has been granted 9 patents, including 3 invention patents and 6 utility model patents. Varitronix Automobile Electronics (Huizhou) Co., Ltd., a wholly-owned subsidiary of the Company has been granted 40 patents, including 3 invention patents and 37 utility model patents.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### DATA PROTECTION AND PRIVACY POLICIES

In order to gain trust from our stakeholders, the security of their personal information is important to us. The Group acknowledges the importance in handling the personal information carefully.

The Group understands stakeholders use their personal information for different purpose. Therefore, it is important for us to handle this information with care. To protect this information from any unauthorised access, accidental loss and destruction, the Group adopts appropriate security measures in the transfer and storage of the personal data.

### INFORMATION SECURITY AND PRIVACY PROTECTION

#### Management and Prevention Measures

- Promote a shift in security focus. During digital transformation, integrate security requirements into every stage through the establishment of processes and mechanisms, and the configuration of checkpoints.
- Identify information security and privacy protection risks through internalizing compliance requirements, routine security checks, and attack/defense drills. Conduct specific risk management for critical data security and privacy protection issues to reduce the probability of security incidents.
- Strengthen supply chain management, constrain supplier data processing behavior, and ensure corporate data security.
- Develop data security and privacy protection emergency plans to improve emergency response capabilities.

- Conduct regular special inspections as part of the safeguarding security campaign. Combine on-site inspections with internal self-inspections to ensure the effective implementation of all confidentiality measures.
- Create a series of training courses and promotional materials on trade secrets and information security. Conduct trade secret protection knowledge training for current employees, new employees, and partner vendors. Regularly conduct publicity and education activities, establish assessment mechanisms, and strengthen employees' awareness of trade secret protection.
- By conducting themed promotional videos, creating infographics on specific topics, conducting security awareness tests, and carrying out confidentiality risk assessments, we comprehensively enhance employees' understanding of the importance of confidentiality and information security.

Information security and data privacy are a top priority. The stability and efficiency of our services depend on critical information systems and the secure transmission of data, and we are committed to respecting and protecting data privacy in all our operations and activities. To that end, we pay close attention to potential information security risks, and are diligent in our efforts to identify and quickly respond to any conceivable security incident or data breach, going to great lengths to protect the information entrusted to us by our clients and partners.

In September 2025, the Company held a process empowerment workshop to build a solid foundation for a digital closed loop of "process-oriented, data-supported, and system-implemented".

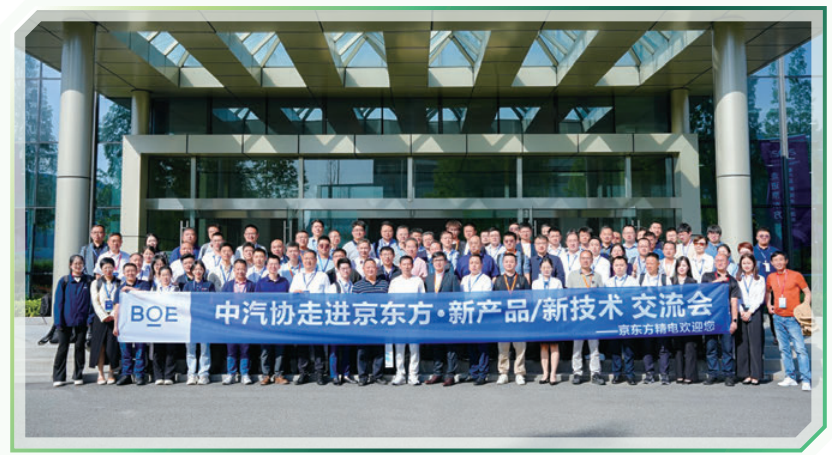


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Quality and safety

BOEVx has passed the stringent certification audits for its network security system of ISO 27001, ISO 21434 and TISAX, and gained independent third parties recognition again after review in 2025. This remarks our information-security management meets global high standards. "Information Security Policy" have been adhered for a long time, with application on cybersecurity controls across the product life cycle (concept, development, production, operation, maintenance and end-of-life). The relevant regulations are strictly complied for providing automotive customers with cybersecurity capabilities that meet industry best practices. The three certificates reinforce global customers' trust on us.

In addition, the product and supply quality are continuously improved and assured through defined quality requirements covering design approval, new-product quality management, mass production and after-sales assurance.



By standardizing product quality requirements, from design approval, new product quality management, mass production and supply to after-sales quality warranty, we aim to continuously improve and ensure the quality of the Group's products and ensure the quality of supply.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ANTI-CORRUPTION

The Group maintains the highest levels of business ethics and integrity standards across all business activities, emphasizing that all operations must strictly comply with the laws and regulations of relevant jurisdictions, including but not limited to Hong Kong's Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), the Criminal Law of the People's Republic of China (中華人民共和國刑法), and others, to ensure the compliance and sustainability of corporate operations.

The Group has formulated and implemented internal guidelines and policies, namely "Code of Conduct" and "Anti-Corruption Policy", aimed at conducting business in a clean, transparent, and lawful manner, while effectively preventing and eliminating any form of misconduct by employees, including corruption, bribery, extortion, and fraud. These measures encompass preventive, detective, and disciplinary aspects, with regular reviews and updates to ensure their effectiveness and adaptability. The Group requires all employees to annually sign and strictly adhere to the "BOEVx Declaration of Professional Ethics", upholding ethical norms and professional integrity, fulfilling duties based on principles of honesty, fairness, and professionalism, strictly prohibiting the use of one's position to engage in any form of bribery, soliciting personal benefits or advantages from business partners, and subjecting themselves to comprehensive internal oversight and compliance reviews.

During the reporting year, neither the Group nor its employees were involved in any concluded litigation cases related to corruption, bribery, extortion, or fraud. The Group is also not aware of any serious violations of relevant laws and regulations that have a material impact on the Group, which reflects the robust operation and ongoing commitment of the Group's anti-corruption framework.

#### Code of Conduct



Set the upper limit on the value of the gifts that the staff can accept; prohibit the staff from soliciting or accepting any benefits from business partner; procedures and reporting mechanisms for handling conflicts of interest.

#### Anti-corruption Policy



The staff shall not engage in any form of corruption or bribery, shall not offer or accept any gifts, gratuities or entertainment that may be considered to have an unfair impact on business relationships.

#### Travel Policy



Establish the standards and approval procedures for the travel and business entertainment expense that occurs in the normal course of business.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### WHISTLEBLOWING MECHANISM

The Group is committed to upholding high standards of corporate governance and has established a comprehensive whistleblowing policy. This policy enables all employees to report serious concerns regarding any misconduct, fraud, or irregularities that have occurred or may potentially involve the Company or its subsidiaries. The scope of reporting includes, but is not limited to, violations of legal or regulatory requirements (such as bribery or fraudulent activities), as well as fraud, misconduct, or irregularities related to internal controls, accounting, auditing, and financial matters. The Group has set up dedicated whistleblowing channels to receive reports from whistleblowers on misconduct, including relevant details and evidence. To safeguard the overall interests of the Group, upon receiving a report, the Group will conduct an independent investigation into the alleged misconduct based on the actual circumstances, ensuring timely and appropriate handling.

The Group undertakes to handle all disclosed information with the utmost confidentiality and prudence, and will not reveal the personal identity of the whistleblower (where applicable) without their explicit consent. Any form of harassment or retaliation against good-faith whistleblowers will be regarded as a serious disciplinary violation, which, upon verification, may result in the dismissal of the individuals involved. The Group annually reviews the effectiveness of the whistleblowing policy and, where necessary, updates or introduces new policies to continuously strengthen the corporate governance framework and foster a culture of compliance.

#### Extract of whistleblowing policy

##### Reporting Channel

Report to the Audit Committee via designated email



##### Confidentiality

May raise a concern anonymously or in confidence.

Will not disclose the identity of whistleblower without their consent



##### Protection

Whistleblower shall not suffer any form of intimidation, reprisal, retaliation or adverse reaction as a consequence of whistleblowing



##### Record Retention

All relevant information relating to the case shall be properly filed



##### Investigation Procedure

Depending upon the nature and particular circumstances of each complaint made, investigation would be conducted internally or by referring to external organisation



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### COMMUNITY INVOLVEMENT, CHARITY AND STAFF WELLBEING

When planning social engagement activities, in addition to considering public welfare and charitable donation activities, we also consider social activity strategies, use core functions, pool internal and external resources and the strength of overseas bases to promote participation in social activities, while exerting social influence, creating corporate competitiveness and creating an environment where business and society prosper together.

As a responsible enterprise, the Group is committed to strengthening connections with the community, which includes participating in volunteer services, supporting charitable causes, and engaging in a variety of events that combine charity and sports to encourage care for the community and help for those in need. In 2025, the Group made charitable and other donations of over HK\$252,062.

As of the latest practicable date, the Group sponsored our employees to participate in various charity sports activities and company cultural and sports activities. These included:



#### Hong Kong

- Standard Chartered Marathon

#### PRC

- Heyuan 20 km Urban Waterfront Hiking Event
- "Energy Boost, FUN Vitality" Competition
- Friendly Badminton Tournament
- The "Dragon Cup" Football League
- Soccer Tournament



### SCHOLARSHIP

Since 2012, Heyuan plant established a school-enterprise cooperation with the Heyuan Polytechnic to enrol students in "Specialized BOEVx Class". A scholarship is sponsored for outstanding students. In addition, the Group has also specially set up a "Specialized BOEVx Scholarship" to help students with financial needs to complete their studies.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### CLIMATE-RELATED DISCLOSURES

The climate crisis is sweeping the globe, and no organization or individual can remain unaffected. Controlling anthropogenic greenhouse gas emissions is an essential path to mitigating the climate crisis. BOEVx, as a global leader in the automotive display field, has formulated robust greenhouse gas emission reduction targets and action plans based on its "Internet of Screen" development strategy and analysis of climate risks and opportunities, actively implementing a green and low-carbon transition.

Areas	Actions taken
 <p><b>Governance:</b> Governance measures to address climate-related risks and opportunities</p>	<p><b>Board's Oversight and Management's Role</b></p> <ul style="list-style-type: none"> <li>the Board plays a central role in climate governance. The ESG risk management provides support and oversees the climate-related issues and report the Board regularly.</li> <li>formulate a climate change policy, guide our management approach to climate-related issues, and provide support and coordination for ESG issues.</li> </ul>
 <p><b>Strategy:</b> Impacts of climate-related risks and opportunities on the Group's businesses, strategies, and financial planning</p>	<p><b>Climate-related Risks and Opportunities</b></p> <ul style="list-style-type: none"> <li>the risks of extreme weather and earthquake caused by climate change as these can damage our plants and facilities. In the long term, prolonged extremely hot weather also poses health risks to workers.</li> <li>transitional risks, such as changing policies, potential increment in energy costs, and the need for green materials.</li> <li>an opportunity in the transition to a low-carbon economy, such as reduction in operating costs due to higher energy usage efficiency facilitated by technology advancement.</li> </ul>
 <p><b>Risk Management:</b> The process of identifying, assessing and managing relevant climate-related risks</p>	<p><b>Climate Risk Assessment</b></p> <ul style="list-style-type: none"> <li>to assess climate change may pose the operation into the physical and transitional risks, and incorporate them into the sustainability strategy. Risk management and internal control system should consider ESG and climate-related issues.</li> </ul>

#### I. Climate Governance

We have established an evolving climate risk management architecture which enables the comprehensive monitoring and assessment of climate change impacts on business strategy and operational resilience, providing decision-making support for systematic climate risk/opportunity management and disclosure.

The Group integrates the management of climate change, a material ESG topic, into the Company's ESG governance structure, as the Board serves as the highest decision-making body for climate change matters (covering Hong Kong, Heyuan and Chengdu), with the support of the functional departments and the ESG risk management team. We have implemented evaluation mechanisms. Assessment and optimization of ESG status and progress are conducted on an ongoing basis.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

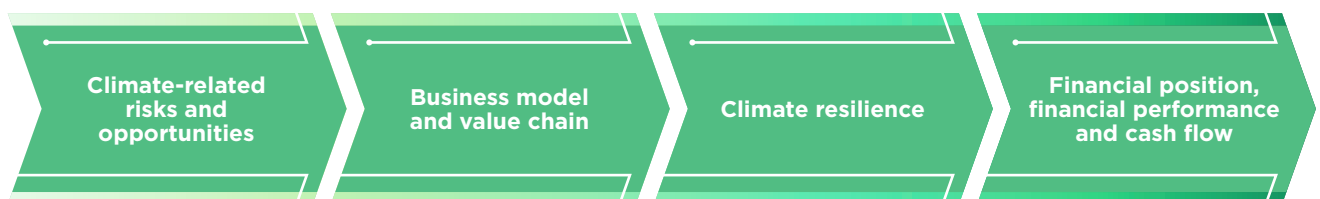
The Board may decide whether to take climate considerations into account in the remuneration policy, or which individuals (e.g. functional departments) are covered by such a policy.

Organizational structure	Hierarchy	Responsibilities	Frequency
Board of Directors	Decision-making level	<ul style="list-style-type: none"> <li>Responsible for overseeing and reviewing matters related to climate change;</li> <li>Receive reports from the safety working committee on climate change and make recommendations.</li> </ul>	Every half year
Safety working committee	Management level	<ul style="list-style-type: none"> <li>Assist the Board in overseeing and reviewing matters related to sustainable development, including climate change;</li> <li>Organize and implement the Company's decisions related to climate change;</li> <li>Organize and formulate overall strategies and plans for addressing climate change;</li> <li>Research carbon neutrality policy trends and industry dynamics, set carbon neutrality targets, and monitor the progress of carbon neutrality and strategy implementation.</li> </ul>	Every quarter
Safety and environmental protection office	Executive level	<ul style="list-style-type: none"> <li>Report to the safety working committee on the progress of work in the fields of carbon neutrality and climate change regularly;</li> <li>Establish operational mechanisms and processes related to carbon neutrality operations, and coordinate carbon neutrality and management, promoting cross-departmental collaboration in carbon neutrality work;</li> <li>Conduct training on carbon neutrality and management methods, technologies, and general knowledge;</li> <li>Participate in the development of carbon neutrality-related standards and initiatives, and carbon neutrality scenarios, taking into account the reasonable needs and expectations of stakeholders.</li> </ul>	Daily

## II. Climate Strategy and Decision-making

We strategically integrated ESG considerations into investment decisions through forward-looking climate governance. The Company dynamically updates its credit risk management in accordance with national policies, regulatory requirements, and industry characteristics. Our green investment focus incorporates climate-related assessments of counterparties, projects, and industries and formulate a negative/restricted project list to mitigate climate-related strategic risks. Our assessment involves uncertainty due to the methodologies used to project the impacts of these risks. The primary source of this uncertainty is the reliance on climate models, which require various assumptions about the frequency, intensity, and geographical distribution of climate events to estimate future conditions.

### Strategy and decision-making



Based on our industrial layout and development plan, as well as a systematic analysis of our own greenhouse gas emission characteristics, we have established a climate strategy that combines carbon reduction in our own operations with carbon reduction in the value chain. We have set low-carbon strategic goals: carbon peaking in 2030, and carbon neutrality in our own operations in 2050. Based on technological conditions and operational status, we will strive to achieve this strategic goal ahead of schedule.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### (1) *Climate Resilience*

Based on the identified climate-related risks and opportunities that have the potential to influence our business strategy, operations and financial planning, we regularly assess the resilience of our strategy and business model to climate-related changes, developments, and uncertainties by analysing a diverse range of scenarios. For instance, physical risks, such as typhoons, landslides, heatwaves, earthquake and storms, may be high for larger geographies but can be mitigated for certain assets given their more specific locations. Based on our relevant policy ambitions, market behaviours, and energy and carbon prices to formulate decisions on strengthening climate resilience and risk management.

### (2) *Climate Scenario Analysis*

We qualitatively assess the potential impact of key climate risks and opportunities under different climate scenarios on the Company's business operations and financial performance, in order to help the Company strengthen its climate resilience and make timely strategic and risk management decisions.

During the reporting period, we conducted entity risk scenario analysis on the Company's assets with substantial impact (mainly relate to Heyuan plant and Chengdu plant). We referenced the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and selected the Shared Socioeconomic Pathways (SSPs) scenario for analysis. When analyzing the aforementioned entity transition risk scenarios, we used the climate scenario model of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) to assess the potential risks under the "zero-carbon strategy" transition path; simultaneously, we used the climate scenario analysis in the International Energy Agency's (IEA) — World Energy Outlook 2025 to analyze transition opportunities.

We selected climate scenarios from the IEA's World Energy Outlook report to analyze the current and future climate transition opportunities that the Company is facing, enabling us to adopt appropriate response strategies. We chose the 2050 Net Zero Emissions Scenario (NZES), which aligns with a 1.5°C temperature rise, as the low-emissions scenario; the Announced Pledges Scenario (APS), which incorporates the Company's global strategic layout, overseas market activities, and the climate policies of the countries where its operations are located, as the intermediate-emissions scenario; and the Stated Policies Scenario (STEPS), representing a normal business path, as the high-emissions scenario for our evaluation. The transition opportunity analysis focuses on the market growth potential of the Company's core business segments. Based on industry development trend predictions and combined with the Company's business characteristics, we simulated and evaluated the growth opportunities of energy transition paths in various scenarios.

### III. Risk Management

Climate-related risks and considerations have been integrated into the Group's risk management framework for the identification, assessment, management and reporting of risks across multiple risk domains (including but not limited to governance, operational and strategic risks). The Group mandates a consistent and effective approach applied across the Group to manage the risks associated with our business and operations. This helps us with decisions relating to our operations, and product and service development, which in turn affect our medium- to long-term financial planning and strategic decisions.

We align the climate initiatives with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the IFRS S2 Climate-related Disclosures. Our comprehensive climate management framework spans key dimensions (e.g. governance, strategy, risk management, metrics and targets) and systematically enhances resilience to climate-related risks.

#### (1) *Climate-related Risks and Opportunities*

Understanding the diverse actual and potential impacts of climate change on our business is crucial for our long-term sustainability. Guided by national laws, regulations, and listed company governance requirements, the Group systematically identifies, categorizes, and assesses climate risks across physical and transition risks to minimize their operational and strategic impacts. We identify climate-related risks and opportunities, reviewed their impact on the Group's business model (including resource allocation) and value chain, and assessed the potential financial and non-financial implications where applicable. The following are climate-related risks and opportunities that may affect the Group:

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Climate risk impact analysis and countermeasure

Category	Risk type	Risk description	Countermeasure	Financial impact	Time horizon
Physical risks	Acute risks	<ul style="list-style-type: none"> <li>The Group is exposed to are tied to the potential impact of extreme events (e.g. typhoons, landslides, heatwaves, earthquake and storms) and the availability of climate-sensitive energy and water inputs. If acute physical risks materialise, some may pose risks to disrupt operations, affect the Group's assets and endanger employee safety, resulting in both reputational damage and direct loss of revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Implement real-time climate monitoring and iterative emergency response protocols.</li> <li>Establish flexible work mechanisms and periodic disaster prevention facility inspections.</li> <li>Deploy multi-layered risk mitigation strategies.</li> <li>Plan to establish a natural disasters emergency plan and to provide certain trainings to the staff.</li> </ul>	<ul style="list-style-type: none"> <li>The revenue of the Group may reduce due to extreme weather events.</li> <li>Facilities may be damaged due to extreme weather events, resulting in an increase in solid waste, insurance premiums, and operating costs.</li> <li>Fixed assets may be damaged, reducing their value.</li> <li>The supply chain, logistics and transportation may be delayed due to extreme weather events, resulting in failure in delivery on time and damage to reputation.</li> </ul>	Short to medium term
	Acute risks	<ul style="list-style-type: none"> <li>Operational Disruption: display device manufacturing is highly dependent on a high-quality water supply; disruptions to this supply will lead to operational interruptions.</li> </ul>	<ul style="list-style-type: none"> <li>Construct a wastewater recycling system.</li> <li>Construct a comprehensive rainwater harvesting and utilization system.</li> <li>Develop and implement a planned water use system.</li> </ul>	<ul style="list-style-type: none"> <li>Limited production capacity, reduced shipments, and decreased revenue.</li> </ul>	Long term
	Chronic risks	<ul style="list-style-type: none"> <li>Gradual changes in climate (e.g. changes in mean temperatures, water availability and rising sea-levels) have the potential to impact the Company's plant and infrastructure, operation and manpower.</li> </ul>	<ul style="list-style-type: none"> <li>Integrate climate risks into enterprise-wide risk management frameworks.</li> <li>Enhance energy efficiency and resource productivity through targeted infrastructure upgrades.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue reduces from decreased service capacity and the negative impacts of workforce.</li> <li>The scarcity of natural resources increases operating costs.</li> <li>Increased safety and health risks for employees due to hot weather.</li> </ul>	Long term

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Risk type	Risk description	Countermeasure	Financial impact	Time horizon
Transition risks	Policy and legal risk	<ul style="list-style-type: none"> <li>• Evolving carbon emission regulations may increase environmental compliance costs.</li> <li>• The market's demand for and requirements regarding climate-related information disclosure are constantly increasing, and related compliance and governance guidelines are also being affected.</li> <li>• The government may restrict the use of the traditional fuel vehicles by the environmental services sector and provide the allowances to those entities which purchase hybrid vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>• Align with China's dual carbon goals through dynamic regulatory monitoring.</li> <li>• Strengthen legal compliance systems for domestic and international climate-related requirements.</li> <li>• Purchase more hybrid vehicles for the business operations to obtain the corresponding allowances and subsidies.</li> <li>• Monitor the updates of the relevant laws and agreements, to avoid the unnecessary increase in cost and expenditure due to non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Operating cost increases for the increased insurance premiums paid by the Group.</li> <li>• Increasingly stringent environmental supervision and penalties.</li> <li>• Increased operating costs for information disclosure.</li> </ul>	Short to medium term
	Technological risk	<ul style="list-style-type: none"> <li>• Accelerated low-carbon innovation under regulatory pressures may elevate green technology investment and costs.</li> <li>• Market shifts towards advanced or low-carbon technologies which are disrupting existing business models, assets, or competitiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• Drive technological innovation through strategic partnerships in carbon trading and energy conservation.</li> <li>• Continuously upgrade internal energy-saving equipment and maintenance protocols.</li> </ul>	<ul style="list-style-type: none"> <li>• Capital investment in technology development increases.</li> <li>• Operating cost increases due to the adoption of green technologies.</li> </ul>	Medium term

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Risk type	Risk description	Countermeasure	Financial impact	Time horizon
Transition risks	Supply chain carbon reduction	<ul style="list-style-type: none"> <li>Value chain carbon reduction pressure: downstream customers are increasingly focused on and demanding higher standards for corporate carbon reduction pathways, overall climate transition planning, and product carbon footprints. To respond to customer needs, the Company will increase organizational-level carbon accounting, product carbon footprint accounting, and carbon reduction expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management: establish a supply chain management center to incorporate low-carbon transformation of the supply chain into its management scope.</li> <li>Low-carbon design: collaborate with customers to reduce carbon emissions during raw material acquisition through low-power design, lightweight design, and the reasonable use of recycled materials.</li> <li>Low-Carbon manufacturing: use green electricity instead of conventional electricity.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting green procurement and green logistics increases supply chain costs.</li> <li>Upgrading the Company's carbon management level leads to increased operating costs.</li> </ul>	Short to medium term
	Stakeholder expectations	<ul style="list-style-type: none"> <li>Increasing investor emphasis on ESG performance metrics may trigger portfolio adjustments if climate concerns are inadequately addressed.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain proactive engagement with stakeholders on climate issues.</li> <li>Ensure high-quality ESG disclosures to address investor expectations and safeguard corporate value.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue decreases for the change in revenue mix and sources.</li> </ul>	Medium term

Short term: current and up to 5 years, Medium term: 5 to 10 years, Long term: beyond 10 years

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Opportunities	Financial impact
<p>We are committed to pursuing net-zero emissions and leading by example in facilitating the low-carbon transition via our climate strategy, and we believe our actions would enhance the Group's profile as sustainability and climate champions.</p> <ul style="list-style-type: none"> <li>• Resource efficiency: repeated updates to processes and technologies improve resource utilization.</li> <li>• Energy sources: energy structure adjustments lead to a more abundant supply of renewable energy.</li> <li>• Products and services: increased demand for high-end smart automotive display products.</li> <li>• Market: growth in the new energy vehicle market increases demand for automotive display products.</li> <li>• Resilience: developing climate adaptability enhances corporate resilience and promotes sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li>• Operating cost reduces through use of lowest cost abatement.</li> <li>• Operating cost reduces through efficiency gains and cost reductions.</li> </ul>

### (2) Management Measures

#### a. Energy Management

We strictly abide by the national "Measures for Energy Conservation Management of Key Energy-Consuming Units" and establish and improve our energy management system in accordance with the requirements of relevant standards such as the "Energy Management System Requirements", ensuring its effective operation. In 2025, we completed 17 energy-saving measures, efficiently operated the waste heat recovery system, and steadily improved energy utilization efficiency. For details, please refer the "Use of Resources — Energy Utilization" section of the report.

#### b. Renewable Energy Use

We increase the proportion of renewable energy used through the development of photovoltaics, waste heat recovery, purchasing green electricity, and purchasing green electricity certificates, in order to reduce dependence on traditional fossil fuels and greenhouse gas emissions. Please refer the "Use of Resources — Energy Utilization" section of the report.

#### c. Water Resource Management

We have established and implemented the Company's "Water Conservation Management System" and configured comprehensive water supply and drainage facilities and wastewater recycling facilities to address potential water shortage risks. Please refer the "Use of Resources — Water Resources Management" section of the report.

#### d. Carbon Emission Management

We have established and implemented the Company's "Carbon Peaking and Carbon Neutrality Management System" and "Greenhouse Gas Emission Accounting and Reporting System", calculating and evaluating the organization level's greenhouse gas emissions and removal status annually to guide low-carbon strategy decisions. Since 2023, we have invited independent third parties and professional organizations to conduct greenhouse gas emission verification of our plant facilities every year, and the verification certificates have been disclosed on the Company's website.

#### e. Product Carbon Footprint Management

We have established and implemented the Company's "Product Carbon Footprint Accounting Management System". Since 2024, we have quantified the carbon footprint of our products in accordance with "ISO 14067-2018 Greenhouse Gases-Carbon Footprint of Products — Quantification Requirements and Guidelines" and invited the independent third parties to conduct independent verification and certification. We have set a target of reducing our product carbon footprint by 2% by 2025 compared to 2024, and achieve this target by implementing green design, green procurement, green manufacturing, and green logistics. In 2025, we completed carbon footprint accounting for 7 products and commissioned the independent third parties to complete carbon footprint evaluation for 2 products, disclosing the evaluation results on the Company's website.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



We actively promote green and low-carbon manufacturing practices among raw material manufacturers to achieve green and low-carbon raw materials. A supplier survey conducted in 2025 revealed that 28% of our material suppliers had passed green factory evaluations and energy management system certifications, 30% had conducted product carbon footprint assessments, 46% had conducted greenhouse gas emission statistics, 49% used green electricity, and 93% had passed environmental management system certifications. This demonstrates the high “green content” of our raw materials.

Simultaneously, we deeply implement the concept of sustainable development and are building green plants. Both of Heyuan and Chengdu plant have been recognized as national-level green factories in 2025, and Chengdu plant has also passed the 2025 Chengdu near-zero carbon emission industrial enterprise construction acceptance test, representing an excellent level of green manufacturing in the industry.

f. Green Technology Innovation  
At CES 2026, with “Technology + Green” as our core theme, has created three major technology brands, HERO 2.0 intelligent cockpit, intelligent cockpit system solutions, innovative applications, and green energy saving, showcasing its profound accumulation and new breakthroughs in the field of intelligent cockpit and scenario innovation. We have repeatedly developed a series of high-quality, low-power consumption, lightweight, easily disassembled, and recyclable automotive display solutions through its low-power consumption OLED and Oxide product technologies.



Technological innovation, green sustainability and artificial intelligence



Global green mobility and smart cities — leading the intelligent upgrade of two-wheeled vehicles

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### g. Green Deposits

In order to contribute to the future of sustainable development, the Company has participated in a green deposit program. This deposit once again highlights the Company's implementation and commitment to the concept of green sustainable development, fully embodies the spirit of ESG, and establishes a milestone with the Company's determination to sustainable development. We follow the spirit of ESG, with the vision of minimizing environmental impact and at the same time combine the Company's sustainable development ambitions to create opportunities to achieve shared ESG goals, and promote sustainable development.



### h. Internal Carbon Prices

The Group assesses the increase in carbon price in Hong Kong and the PRC under both NGFS 2050 net-zero and current policy scenarios in the short, medium and long-term. We are controlling our own carbon emissions by actively adopting green electricity and implementing green and low-carbon upgrades, while simultaneously influencing our suppliers to implement green and low-carbon transformations in order to cope with the potential risk of rising carbon emission costs.

## IV. Metrics and Targets

### (1) Greenhouse Gas Emissions

We prepare GHG emission inventory and GHG audit reports in accordance with "ISO 14064-1 Greenhouse gases — Part 1: Specification with guidance at the organization level for the quantification and reporting of greenhouse gas emissions and removals" and "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" annually. We also engage professional organizations to verify our GHG emission data and reports in accordance with "ISO 14064-3 Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements".

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1) Location-based greenhouse gas emissions

The greenhouse gas emissions data in Scope 2 of this report are location-based and use the national average carbon dioxide emission factor of 0.5306kgCO<sub>2</sub>/kWh for electricity in 2023, which was published by the Ministry of Ecology and Environment of China in December 2025. This is different from the market-based results reported in previous years.

### Greenhouse gas emissions from production base (location-based)

Category	Unit	2024			2025			Year-to-year Comparison
		Heyuan	Chengdu	Total	Heyuan	Chengdu	Total	
Greenhouse gas emissions (Scope 1: Direct emissions)	tCO <sub>2</sub> e	4,744.80	432.04	5,176.84	1,281.32	248.92	1,530.24	-70.4%
Greenhouse gas emissions (Scope 2: Indirect emissions)	tCO <sub>2</sub> e	54,290.46	20,816.95	75,107.41	51,865.18	22,879.51	74,744.69	-0.5%
Self-operated greenhouse gas emissions <sup>a</sup>	tCO <sub>2</sub> e	59,035.26	21,248.99	80,284.25	53,146.50	23,128.43	76,274.93	-5.0%
Self-operated greenhouse gas emissions per RMB1,000 million of production volume	tCO <sub>2</sub> e	10,776	5,122	8,339	9,682	4,003	6,770	-18.8%
Self-operated greenhouse gas emissions per thousand products	tCO <sub>2</sub> e	1.085	1.991	1.234	0.893	1.935	1.067	-13.5%
Self-operated greenhouse gas emissions per HK\$1,000 million in revenue	tCO <sub>2</sub> e	/	/	5,970	/	/	5,465	-8.5%
Greenhouse gas emissions (Scope 3: Indirect emissions)	tCO <sub>2</sub> e	1,952,003 <sup>c</sup>	2,471,998	4,424,001	1,855,461	2,780,005	4,635,466	+4.8%
Greenhouse gas emissions across the entire value chain	tCO <sub>2</sub> e	2,011,038	2,493,247	4,504,285	1,908,607	2,803,133	4,711,740	+4.6%
Carbon credit purchase amount <sup>b</sup>	tCO <sub>2</sub> e		0	0	0	121	121	/

#### Note:

- The carbon emissions listed in this table refer to location-based greenhouse gas emissions, not offset by carbon credits, and cover the seven types greenhouse gases controlled under the Kyoto Protocol and its amendments. The 2025 carbon emission data has not been verified by independent third parties and may deviate from verification results, especially the low quality of the emission data in Scope 3 (due to objective limitations), and is for reference only.
- Carbon credits are Carbon Decrement of Chengdu Emission Reduction (CDCERs) purchased through the "Tan Hui Tian Fu" mechanism for Chengdu plant, used for the construction and acceptance requirement of near-zero carbon industrial enterprises in Chengdu. The 121 tonnes of carbon credits purchased were generated from an ecological and environmental project, based on natural carbon elimination.
- The Company's products are electrical products. The main reason for the increase in greenhouse gas emissions in Scope 3 during the reporting period is the increase in product shipments. The carbon emissions during the use phase of the products increase accordingly, which is normal.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2) Market-based greenhouse gas emissions

The greenhouse gas emissions data in Scope 2 of this report are based on market-based calculations, and the carbon dioxide emissions of conventional electricity use the national average carbon dioxide emission factor of 0.6096 kgCO<sub>2</sub>/kWh for electricity (excluding non-fossil energy electricity traded in the market) in 2023, which was published by the Ministry of Ecology and Environment of China in December 2025.

#### Greenhouse gas emissions from production base (market-based)

Category	Unit	2024			2025			Year-to-year Comparison
		Heyuan	Chengdu	Total	Heyuan	Chengdu	Total	
Greenhouse gas emissions (Scope 1: Direct emissions)	tCO <sub>2</sub> e	4,744.8	432.04	5,176.84	1,281.32	248.92	1,530.24	-70.4%
Greenhouse gas emissions (Scope 2: Indirect emissions)	tCO <sub>2</sub> e	40,489.22 <sup>a</sup>	0 <sup>b</sup>	40,489.22	38,251.29	14,284.43	52,535.72	+29.8%
Self-operated greenhouse gas emissions <sup>a</sup>	tCO <sub>2</sub> e	45,234.02	432.04	45,666.06	39,532.61	14,533.35	54,065.96	+18.4%
Self-operated greenhouse gas emissions per RMB1,000 million of production volume <sup>a</sup>	tCO <sub>2</sub> e	8,257	104	4,743	7,202	3,327	5,215	+10.0%
Self-operated greenhouse gas emissions per thousand products	tCO <sub>2</sub> e	0.832	0.040	0.702	0.664	1.608	0.822	+17.1%
Self-operated greenhouse gas emissions per HK\$1,000 million in revenue	tCO <sub>2</sub> e	/	/	3,396	/	/	3,874	+14.1%
Greenhouse gas emissions (Scope 3: Indirect emissions)	tCO <sub>2</sub> e	1,952,003 <sup>c</sup>	2,471,998	4,424,001	1,855,461	2,780,005	4,635,465	+4.8%
Greenhouse gas emissions across the entire value chain	tCO <sub>2</sub> e	1,997,237	2,472,430	4,469,667	1,894,993	2,794,538	4,689,531	+4.9%

#### Notes

- Heyuan plant corrected its total electricity consumption data for 2024 and calculated carbon emissions for Scope 2 based on the latest emission factors.
- In August 2025, Chengdu plant verified 40,450 green electricity certificates, declaring their use for green electricity consumption in 2024, achieving a 100% green electricity consumption rate for that year. Therefore, the greenhouse gas emissions for Scope 2 are calculated to be 0 based on market data.
- Heyuan plant has improved the quality of its Scope 3 greenhouse gas emission accounting work and updated its 2024 Scope 3 carbon emission data.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### (2) Progress Of The Targets

Key approach and activities	How we measure performance	Target status
<b>Climate resilience</b> Integrate climate change considerations and measures throughout the asset lifecycle to ensure assets are resilient and positioned to thrive in a climate-affected future. <ul style="list-style-type: none"> <li>Conduct climate risk assessments to understand asset-level climate-related risks and opportunities.</li> <li>Formulate asset adaptation plans in response to identified climate risks &amp; opportunities.</li> </ul>	<b>1</b> By 2030 Climate adaptation and resilience plans set for all relevant investments and operations to protect value at risk.	Progressing
	<b>2</b> By 2026 All new and existing investments and operations assessed for potential climate-related physical and transition risks.	Progressing
<b>Transition to a low carbon economy</b> Support our investments, operations and value chain through targeted efforts as we transition to a low carbon economy. <ul style="list-style-type: none"> <li>Prioritise the use of smart and efficient sustainable product design, development and operation.</li> <li>Renewable energy development and procurement.</li> <li>Purchase necessary carbon credits to offset unavoidable carbon emissions in order to achieve carbon neutrality.</li> <li>Collaborate with our value chain, including suppliers, customers and industry partners, to further reduce our carbon intensity.</li> </ul>	<b>1</b> By 2050 Undertake to achieve self-operated "carbon neutrality" <sup>a</sup> by 2050.	Progressing
	<b>2</b> By 2045 Chengdu plant achieves self-operated carbon neutrality.	In 2025, Chengdu plant passed the Chengdu near-zero carbon emission industrial enterprise construction acceptance.
	<b>3</b> By 2030 The overall carbon emissions of the production base reaches their peak, and Chengdu plant achieves and maintains 100% renewable energy use, with carbon emissions decreased by 30% compared to 2023. The carbon emission intensity of Heyuan plant decreased by 35% compared to 2023.	In 2025, the proportion of renewable energy use in Chengdu plant 47%.
	<b>4</b> By 2028 The carbon emissions of Chengdu plant reaches their peak. The carbon emission intensity of Heyuan plant decreased by 20% compared to 2023.	In 2025, carbon emissions from Chengdu plant decreased by 20.2% compared to 2023.
	<b>5</b> By 2025 The carbon emission intensity of Heyuan plant decreased by 70% compared to 2018.	In 2025, carbon emissions per unit of production volume from Heyuan plant decreased by 77.9% compared to 2018 (market-based).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key approach and activities	How we measure performance	Target status
<b>Natural resources conservation</b> Responsible and efficient consumption of natural resources and proactively managing nature-related risks and impacts. <ul style="list-style-type: none"> <li>• Provide water-saving plants that avoid water use and conserve natural resources.</li> <li>• Diversion of waste back into the economic benefit through reuse or recycling, and reducing dependence on natural resources.</li> </ul>	<b>1</b> By 2030 Integrate energy, water, and waste efficiency planning into the asset operation of all new and existing investment projects.	Progressing
	<b>2</b> By 2028 Water intake intensity at Chengdu plant decreases by 15% compared to 2023.	Water consumption per unit of production volume for Chengdu plant decreased by 15.7% in 2025 compared to 2023
	<b>3</b> By 2025 Water intake intensity at Heyuan plant decreased by 80% compared to 2018.	Water consumption per unit of production volume for Heyuan plant decreased by 70.1% in 2025 compared to 2018.

Note:

- a. Self-operated carbon neutrality refers to the Company achieving zero-carbon emissions from its own operations through a combination of internal emission reduction and external offsetting.
- b. Unless otherwise specified, the carbon emission data used in the calculation of greenhouse gas emission reduction targets refer to market-based calculation result.

### (3) Capital Deployment

We consider and select eligible green and social projects for financing based on a set of detailed eligibility criteria and manages projects' environmental and social risks. Decisions are then reported to the Board for approval.

The Company has participated in a green deposit program underscores our commitment to and dedication to green and sustainable development.

We have invested sufficient funds in the construction and operation of environmental protection facilities and environmental management systems. During the reporting period, HK\$7,700,000 was invested in environmental protection, representing 0.06% of the Company's total revenue.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### APPENDIX 1

#### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		
A. Environmental		PAGE NUMBER
<b>Aspect A1: Emissions</b>		
KPI A1.1	The types of emissions and respective emissions data.	29–30, 33–34
KPI A1.2	[Repealed 1 January 2025]	/
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	27–29, 31–33
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	35–37
<b>Aspect A2: Use of Resources</b>		
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	49–50
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	42
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	45–51
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	39–41, 43–44
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	51–52
<b>Aspect A3: The Environment and Natural Resources</b>		
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	53–54
<b>Aspect A4: Climate Change</b>		
[Repealed 1 January 2025]		
KPI A4.1	[Repealed 1 January 2025]	/

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Subject Areas, Aspects, General Disclosures and KPIs

#### B. Social Employment and Labour Practices

##### Aspect B1: Employment

KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	59–60
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	55, 59–60

##### Aspect B2: Health and Safety

KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	59
KPI B2.2	Lost days due to work injury.	59
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	55–59

##### Aspect B3: Development and Training

KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	60
KPI B3.2	The average training hours completed per employee by gender and employee category.	60

##### Aspect B4: Labour Standards

KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	62–63
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	62–63

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Subject Areas, Aspects, General Disclosures and KPIs

#### Operating Practices

##### Aspect B5: Supply Chain Management

KPI B5.1	Number of suppliers by geographical region.	65
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	63–67
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	66
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	66

##### Aspect B6: Product Responsibility

KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	67
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	67
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	72
KPI B6.4	Description of quality assurance process and recall procedures.	67–72
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	73

##### Aspect B7: Anticorruption

KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	75
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	76
KPI B7.3	Description of anti-corruption training provided to directors and staff.	61

#### Community

##### Aspect B8: Community Investment

KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	77
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	77

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTOR'S BIOGRAPHICAL INFORMATION



**SU Ning**

aged 45, is appointed as the Chairman of the Board with effect from October 2025. He is an executive Director and the Chief Executive Officer of the Company appointed since April 2016 and January 2019 respectively. He was appointed as a Co-chief Executive Officer of the Company in April 2016 before redesignated to the current position. Mr. Su is a chairman of the nomination committee (the "Nomination Committee") and the investment committee of the Company (the "Investment Committee"), a member of the remuneration committee of the Company (the "Remuneration Committee") and a director of various subsidiaries of the Group.

Mr. Su holds doctorate of advanced professional studies in applied finance from the University of Geneva, master's degree in control engineering from the Graduate School of Chinese Academy of Sciences and is a senior engineer of electronic components and materials.

Since 2005, Mr. Su had served as a deputy division chief in the module technical department, a deputy department head in the new application business department, the division chief, a deputy general manager in the application business department of Beijing BOE Optoelectronics Technology Co., Ltd. (a subsidiary of BOE). Mr. Su was a general manager of the application business department of Beijing BOE Display Technology Co., Ltd. (a subsidiary of BOE) and the general manager of the Strategic Business Unit of the display device and the Internet of Things innovation business.

Mr. Su is currently a senior vice president of BOE.



**KO Wing Yan, Samantha**

aged 46, is an executive Director and the Vice Chairlady of the Company appointed since October 2014 and January 2019 respectively. She was also appointed as the chief executive officer of the Company in March 2015 and was redesignated to a co-chief executive officer of the Company in April 2016 before redesignated to the current position. Ms. Ko is a member of the Remuneration Committee, Nomination Committee and Investment Committee and a director of various subsidiaries of the Group.

Ms. Ko was appointed as an independent non-executive director of AlInnovation Technology Group Co., Ltd which is listed on the Main Board of the Stock Exchange in May 2021.

Ms. Ko holds a bachelor's degree in economics and mathematics from Mount Holyoke College, U.S.A., and a master's degree in finance from the Imperial College, London. She has over 7 years of experience in banking and has extensive experience in the securities and capital markets, and was a director of global markets — structured credit and fund solutions of HSBC until August 2009. Before joining HSBC, Ms. Ko served at Morgan Stanley (Hong Kong) and JP Morgan Securities Limited (London).

Ms. Ko was awarded the 2024 Young Industrialist Awards of Hong Kong by the Federation of Hong Kong Industries.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**LO Pak Chi**

aged 52, is an executive Director appointed since October 2025. Mr. Lo is a member of the Investment Committee and a director of various subsidiaries of the Group.

Mr. Lo holds a bachelor's degree in applied physics from the Hong Kong Baptist University.

Mr. Lo joined the Group in May 1998, worked in research & development and corporate development (technical) department and was appointed as the general manager of the Group. He is the Chief Operating Officer of the Group. He is mainly responsible for the Group's production and operations, as well as the management of business strategies and planning. He has over 28 years of experience in the display manufacturing industry and corporate management.



**SHAO Xibin**

aged 56, is a non-executive Director appointed since April 2019.

Mr. Shao holds a doctorate in condensed matter physics from Changchun Institute of Physics, Chinese Academy of Sciences.

From 1994 to 2006, Mr. Shao worked at Changchun Institute of Physics, Chinese Academy of Sciences, Tohoku University and Jilin North Color Crystal Display Co., Ltd. Since 2006, Mr. Shao joined the BOE Group. He worked as a deputy director of strategic planning department, a director of research and development of central research institute, a director of product development of BOE Display, a director of DT development and a department head of TV development, a deputy head of IT/TV product development, head of IT/TV product development, the chief product officer, a co-chief technology officer of Display Business Group of BOE.

Mr. Shao is currently the deputy person in charge of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the person in charge of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE, senior vice president and co-chief technology officer of BOE.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**MENG Chao**

aged 38, is a non-executive Director appointed since February 2023.

Mr. Meng holds a master's degree in business management from Beijing Institute of Technology.

Since 2009, Mr. Meng joined BOE. He was the deputy head of the Planning and Finance Department, the deputy head of the Budget Analysis Section of the Budget Management Department, the deputy head of the Budget Management Department, the head of the Smart System Budget and Operation Innovation Department, the head of the Major Project Performance Management Section of Budget Management Department and the deputy head of the Budget Center of BOE.

Mr. Meng is currently the CPIO of the performance management center of the back-desk of BOE (business support system), and the Vice Chief Financial Officer of Chief Financial Officer organisation.



**LIU Jing**

aged 45, is a non-executive Director appointed since October 2025.

Mr. Liu hold a master's degree in engineering in project management from University of the Chinese Academy of Sciences and a bachelor's degree in optical information science and technology from Beijing Jiaotong University.

Since 2004, Mr. Liu joined BOE. He held positions including the deputy general manager of Hefei Xinsheng Optoelectronics Technology Co., Ltd., the program director and the general manager of Hefei BOE Display Technology Co., Ltd., the VCTIO, the head of the mid-desk of the planning and operation of the mid-desk of the display device and the Internet of things (IoT) innovation business and the deputy head of the front-desk of the display device and IoT innovation business and other positions of BOE.

Mr. Liu is currently a member of the executive committee, a senior vice president and the head of the front-desk of the display device and IoT innovation business of BOE.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**FUNG, Yuk Kan Peter**

aged 59, is an independent non-executive Director appointed in June 2016. Mr. Fung is the Chairman of the audit committee of the Company (the "Audit Committee") and the Remuneration Committee, and a member of the Nomination Committee.

Mr. Fung was trained and qualified in KPMG London before returning to KPMG Hong Kong in 1993. Since his return Mr. Fung has travelled regularly into China to lead different types of China projects, including Initial Public Offerings and due diligence exercises for merger and acquisitions. Mr. Fung became a partner in October 2000. Later in 2006 he moved to and started stationing in Beijing. In the past two decades, he has been in many positions within KPMG, including the partner in-charge of large accounts, regional head of audit and regional head of business development.

Mr. Fung's last position before retirement from KPMG was the Global Chair of KPMG Global China Practice ("GCP"). The GCP is a community of professionals in China and across the globe with a total focus on inbound and outbound China businesses and assists Chinese businesses with their globalisation strategy and helps multinational companies enter or expand into the China market. In this role, he regularly met with market players to discuss the continuous development of China and issues confronting executives from different businesses. He also wrote publications and appears in conferences and events as presenters/panelists to share his experience and views on these matters.

Mr. Fung is a fellow member of the Institute of Chartered Accountants of England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor of science in Economics from London School of Economics and Political Science in 1988.



**CHU, Howard Ho Hwa**

aged 61, is an independent non-executive Director appointed since June 2016. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Chu has 20 years of business experience and 15 years of experience in corporate governance. Mr. Chu is a partner of Go Capital Limited which is a private equity firm based in Hong Kong and Shanghai. Mr. Chu was appointed as an independent non-executive director of Crypto Flow Technology Limited which is listed on the Growth Enterprise Market of the Stock Exchange in September 2022.

From 2012 to 28 February 2018, Mr. Chu was the chief executive officer of mReferral Corporation (HK) Limited which is a leading mortgage referral company and is a joint venture of Midland Holdings Limited and Cheung Kong (Holdings) Limited. From March 2012 to June 2012, he was the chief financial officer of China Smart Electric Co. Ltd.. From July 2009 to October 2011, he was the chief financial officer of Trony Solar Holdings Company Limited which is a publicly listed company on the Main Board of the Stock Exchange. From September 2010 to May 2012, he was an independent non-executive Director of China Kingstone Mining Holdings Limited which is a publicly listed company on the Main Board of the Stock Exchange. He has previously worked for Shanghai Century Acquisition Corporation, a company listed on the American Stock Exchange, and United Energy Group Limited, a company listed on the Stock Exchange. He was a director at ABN AMRO Asia Corporate Finance Ltd. and was also a director at the Hong Kong and Shanghai Banking Corporation Ltd.. From June 2012 to June 2015, he was an independent non-executive Director of Weichai Power Co. Ltd. which is a publicly listed company on the Main Board of Stock Exchange. He resigned as an independent non-executive director of Directel Holdings Limited which is listed on the Growth Enterprise Market of the Stock Exchange in June 2016. Upon expiry of term of office in August 2025, Mr. Chu ceased to be an independent non-executive director of Guolian Minsheng Securities Co., Ltd., a company listed on the Main Board of the Stock Exchange, as he has served six years consecutively as of 26 June 2025.

He obtained a master degree of business administration from the Columbia University and a bachelor degree of science from the University of Rochester in 1990 and 1986 respectively.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



### PANG Chunlin

aged 55, is an independent non-executive Director appointed since April 2023. Mr. Pang is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Pang holds a doctorate of electronics and information engineering from University of Electronic Science and Technology of China and master's degree in business administration from Kunming University of Science and Technology.

Mr. Pang is a member of, among others, the Ministry of Industry and Information Technology Expert Committee of Vehicles Network Identity Authentication and Safety Trust Work in Vehicles Network Safety Field\* (工業和信息化部車聯網安全領域車聯網身份認證和安全信任工作專家委員會); the deputy chairman of the Artificial Intelligence Sub-Committee of The Chinese Society for Agricultural Machinery\* (中國農業機械學會人工智能分會委員會); the deputy secretary-general of the Agricultural Electronics Sub-Technical Committee of the National Agricultural Machinery Standardization Technical Committee (TC201)\* (全國農業機械標準化技術委員會(TC201)農業電子分技術委員會).

Mr. Pang is an independent director of ZKTeco Co., Ltd., the shares of which are listed on the Growth Enterprise Market of the Shenzhen Stock Exchange and an independent non-executive director of PATEO CONNECT Technology (Shanghai) Corporation, the shares of which is listed on the Main Board of the Stock Exchange in September 2025. From May 2022 to April 2023, Mr. Pang was a non-independent director of Shenzhen Qingyi Photomask Limited, the shares of which are listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT'S BIOGRAPHICAL INFORMATION

#### **LI Yui Sing**

aged 43, is the Chief Financial Officer of the Group. Mr. Li obtained a Master's degree in Business Administration from the Hong Kong University of Science and Technology and a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in September 2025.

#### **CHOI Wing**

aged 47, is the Chief Marketing Officer of the Group. She obtained a Bachelor's degree in Chemistry from the Chinese University of Hong Kong and a Master's degree in Data Science and Business Statistics from the Chinese University of Hong Kong. She joined the Group in October 2000.

#### **PARK Soo Bin, James**

aged 55, is the Chief Strategy Officer of the Group. He obtained a Bachelor's degree in Physics from the Sogang University in South Korea. He joined the Group in October 2006.

#### **YOON Dae Keun**

aged 51, is the Chief Technology Officer of the Group. He obtained a Master's degree in Optics from the Sogang University in South Korea. Before joining the Group, Mr. Yoon served at the BOE Group and has more than 22 years of TFT module development experience. He joined the Group in October 2023.

#### **CHAN Ka Kit**

aged 33, is the Company Secretary of the Group. He obtained a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in January 2024.

# CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board (the “Board”) of Directors (the “Directors”) of the Company recognises that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

## CORPORATE GOVERNANCE PRACTICES

The corporate governance standards of the Company are built on the principles of independence, accountability, transparency and fairness. The Company has adopted and complied with the code provision set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Board has taken actions and measures to ensure that the Company is in all aspects in strict compliance.

In the opinion of the Directors, the Company has complied with the code provisions of the CG Code throughout the year ended 31 December 2025, other than as summarised as below.

Code provision C.1.5 stipulates that independent non-executive directors and non-executive directors should attend general meetings. Mr. Chu, Howard Ho Hwa, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 25 June 2025 due to other business arrangements.

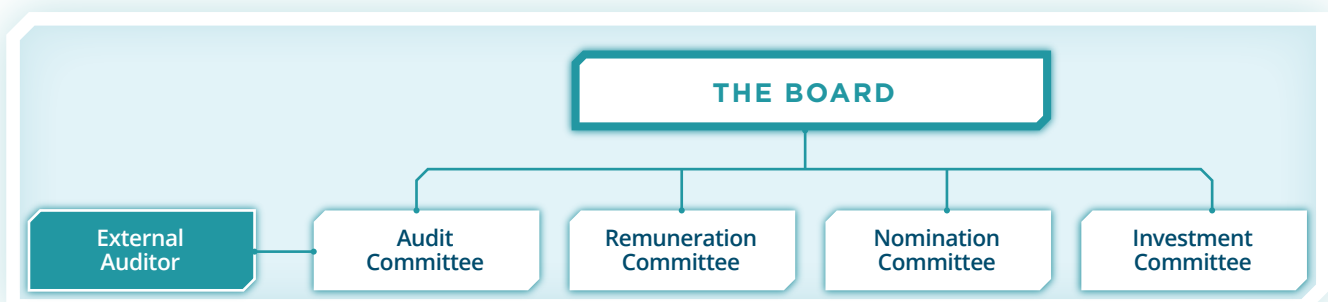
Mr. Su Ning, who is currently an executive Director and the Chief Executive Officer, has been appointed as the Chairman of the Board with effect from 10 October 2025. The Board has confidence in vesting the roles of both Chairman and Chief Executive Officer in Mr. Su and believes that this will ensure the Group has consistent leadership and could make and implement the business strategies of the Group more effectively. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is not inappropriate. In addition, under the supervision of the Board which, apart from Mr. Su being an executive Director, comprises 2 other executive Directors, 3 non-executive Directors and 3 independent non-executive Directors, the Board is appropriately structured with balance of power and authority to provide sufficient checks to protect the interests of the Company and the Shareholders. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the Chairman of the Board and the Chief Executive Officer is necessary.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on securities transactions by directors (the “Code of Conduct”) on terms no less exacting than those required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 of the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code and the Code of Conduct throughout the year under review.

The Company has also adopted a code of conduct on securities transactions by employees (revised on 24 July 2024) on terms no less exacting than those required standards set out in the Model Code.



## CORPORATE GOVERNANCE REPORT

### BOARD OF DIRECTORS

The Company benefits from the professional management expertise of its Directors. Brief biographies of the Directors are set out in the “Board of Directors and Senior Management” section in this Annual Report. The professional management expertise of the Directors ensures that the Board has the capabilities of sustaining the Company’s continued success.

As at 10 April 2026 (the latest practicable date), the Board comprises 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors.

	Name	Date of Appointment as Director	Date of Resignation as Director	Tenure (as at 31 December 2025)
Executive Directors:	Mr. Gao Wenbao ( <i>ex-Chairman</i> )	4 September 2018	10 October 2025	>7
	Mr. Su Ning ( <i>Chairman and Chief Executive Officer</i> )	28 April 2016		> 9
	Ms. Ko Wing Yan, Samantha ( <i>Vice Chairlady</i> )	3 October 2014		> 11
	Mr. Lo Pak Chi	10 October 2025		< 1
Non-executive Directors:	Mr. Shao Xibin	28 April 2019		> 6
	Mr. Jin Hao	28 April 2019	10 October 2025	> 6
	Mr. Meng Chao	17 February 2023		> 2
	Mr. Liu Jing	10 October 2025		< 1
Independent Non-executive Directors:	Mr. Fung, Yuk Kan Peter	3 June 2016		> 9
	Mr. Chu, Howard Ho Hwa	3 June 2016		> 9
	Mr. Pang Chunlin	7 April 2023		> 2

The Company has established a mechanism to ensure independent views and input are available to the Board. Rule 3.10(1) and (2), and 3.10(A) are complied. All the independent non-executive Directors meet the guidelines for assessment of independence as set out in Rule 3.13 of the Listing Rules.

The Board meets at least 4 times a year with additional meetings (physical and electronic, with all board members would attend the electronic meetings) arranged when necessary to review the financial performance, material investments and other matters of the Group that require the resolution of the Board.

## CORPORATE GOVERNANCE REPORT

During the financial year ended 31 December 2025, a total of 4 meetings and 1 annual general meeting (“AGM”), were held and the attendance of each Director is set out as follows:

Name	Board	Number of meetings attended in 2025				
		AGM	Remuneration Committee	Nomination Committee	Audit Committee	Investment Committee
<b>Executive Directors:</b>						
Mr. Gao Wenbao <sup>1</sup>	4/4	1/1	6/6	1/1	N/A	4/4
Mr. Su Ning <sup>2</sup>	4/4	1/1	2/2	3/3	N/A	5/5
Ms. Ko Wing Yan, Samantha <sup>3</sup>	4/4	1/1	8/8	2/2	N/A	5/5
Mr. Lo Pak Chi <sup>4</sup>	0/0	0/0	N/A	N/A	N/A	1/1
<b>Non-executive Directors:</b>						
Mr. Shao Xibin	4/4	1/1	N/A	N/A	N/A	N/A
Mr. Jin Hao <sup>5</sup>	4/4	1/1	N/A	N/A	N/A	N/A
Mr. Meng Chao	4/4	1/1	N/A	N/A	N/A	N/A
Mr. Liu Jing <sup>6</sup>	0/0	0/0	N/A	N/A	N/A	N/A
<b>Independent Non-executive Directors:</b>						
Mr. Fung, Yuk Kan Peter	4/4	1/1	8/8	3/3	2/2	N/A
Mr. Chu, Howard Ho Hwa	4/4	0/1	8/8	3/3	2/2	N/A
Mr. Pang Chunlin	4/4	1/1	8/8	3/3	2/2	N/A

Notes:

- Resigned as an executive Director and the Chairman, and ceased to be the chairman of the nomination committee (“NC”) and the investment committee (“IC”), and the member of the remuneration committee (“RC”) of the Company with effect from 10 October 2025.
- Appointed as the Chairman, the chairman of the NC and the IC, and a member of the RC with effect from 10 October 2025.
- Appointed as a member of the NC with effect from 10 October 2025.
- Appointed as an executive Director and a member of the IC with effect from 10 October 2025.
- Resigned as a non-executive Director with effect from 10 October 2025.
- Appointed as a non-executive Director with effect from 10 October 2025.

The Directors have no financial, business, family or other material/relevant relationships among the members of the Board, in particular between the Chairman and the Chief Executive Officer, except that:

Mr. Su Ning is a senior vice president of BOE. Mr. Shao Xibin is the deputy person in charge of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the person in charge of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE, senior vice president and co-chief technology officer of BOE. Mr. Meng Chao is the CPIO of the performance management center of the back-desk of BOE (business support system), and the Vice Chief Financial Officer of Chief Financial Officer organisation. Mr. Liu Jing is a member of the executive committee, a senior vice president and the head of the front-desk of the display device and IoT innovation business of BOE.

In the Board’s opinion, these relationships do not affect the Directors’ independent judgment and integrity in executing their roles and responsibilities and there is mechanism to protect respective stakeholders’ interest.

## CORPORATE GOVERNANCE REPORT

### CORPORATE CULTURE

A healthy corporate culture across the Group is integral to attain its vision and strategy. The Board endeavors to promote, by act of lawfully, ethically and responsibly, a performance culture in the Group and continually reinforce the desired corporate culture which is aligned with the Group's purpose, values and strategy.

The Group committees to workforce development, workplace safety and health, diversity, and sustainability. In addition, the Group's strategy in the business development and management are to achieve long-term, steady and sustainable growth, ensure satisfactory and sustainable returns to shareholders, safeguard the interests of business partners, assess and manage the overall business risk, deliver high-quality products to the satisfaction of customers and maintain high standards of ethics.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

### BOARD PERFORMANCE

The Company regards board evaluation as a critical tool to assess Board effectiveness and efficiency. Led by the Chairman with the support of the Company Secretary, an internal performance evaluation on the Board and its committees had been conducted for year 2025. The Nomination Committee supports and draws reference from this annual evaluation. The evaluation involved each Director completing a questionnaire, providing self-assessment and comments. The objective of the evaluation is to ensure that the Board and its committees continue to act effectively in fulfilling the duties and responsibilities expected of them, and to develop action plans for improvement. The scope of the evaluation covered various aspects, including the Board composition and expertise, information flow to the board members, the board process and effectiveness, continuous development and training, board accountability and leadership. In addition, the constituent, expertise and effectiveness of each of the Board committees were also evaluated. The findings of the evaluation were then analysed and presented to the Nomination Committee and the Board.

From the annual board performance evaluation conducted, the Directors are satisfied with the performance of the Board and acknowledged that the Board plays an effective role in the development and determination of the Group's culture, strategy and overall commercial objective. Positive feedback was received in recognition of the diversity efforts of the Board in appointing new Directors, which helps maintain a balanced mix of expertise and disciplines. The Group's initiatives to enhance overall performance in challenging and rapidly evolving times were also acknowledged. Each Director has contributed positively to the overall effectiveness of the Board and Board committees.

### PROFESSIONAL DEVELOPMENT

All Directors should participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills for a proper understanding of the Company's business, operations and governance policies and full awareness of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements. Directors provides a record of the CPD they received to the Company.

The Company arranges and provides CPD training in the forms of formal training programmes, seminars, workshops, expert briefings, webcasts and selected reading materials to the Directors to help them to keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. From time to time, the Directors also participate as speakers at events to share knowledge and insights on different topics. In addition, CPD may take the form of attendance at external forums or briefing sessions on relevant topics. CPD training of approximately 15 hours had been provided to Directors in 2025. On 26 November 2025, an online training to the Directors about the overview of directors' responsibilities.

Induction sessions had been conducted and presented by the Company to the newly appointed Directors, Mr. Lo Pak Chi and Mr. Liu Jing on 10 October 2025. They have attended a director training from Guantao and Chow Solicitors and Notaries and confirmed that they have completed the continuous professional development. They have obtained the legal advice on 10 October 2025 and have confirmed they understood their obligations as a director of a listed issuer.

## CORPORATE GOVERNANCE REPORT

All Directors (includes Mr. Gao Wenbao, Mr. Su Ning, Ms. Ko Wing Yan, Samantha, Mr. Lo Pak Chi, Mr. Shao Xibin, Mr. Jin Hao, Mr. Meng Chao, Mr. Liu Jing, Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin) confirm that they have participated in CPD as required by rules 3.09F and 3.09G during the reporting period. Mr. Lo and Mr. Liu confirm that they have participated in CPD under rule 3.09H during the reporting period. The CPD training undertaken by the Directors during the year is summarised as follows:

Directors	Role, Function and Responsibilities of the Board and Board Committees	Areas <sup>6</sup>				Directors' Duties/ Business Trends and Strategies	Approximate number of hours of CPD training completed in 2025 <sup>7</sup>
		Legal and Regulatory	Corporate Governance/ Environmental, Social and Governance	Risk Management and Internal Controls			
<b>Executive Directors</b>							
Mr. Gao Wenbao <sup>1</sup> ( <i>ex-Chairman</i> )	✓	✓	✓	✓	✓	✓	12 hours
Mr. Su Ning <sup>2</sup> ( <i>Chairman and Chief Executive Officer</i> )	✓	✓	✓	✓	✓	✓	15 hours
Ms. Ko Wing Yan, Samantha ( <i>Vice Chairlady</i> )	✓	✓	✓	✓	✓	✓	15 hours
Mr. Lo Pak Chi <sup>3</sup>	✓	✓	✓	✓	✓	✓	10 hours
<b>Non-executive Directors</b>							
Mr. Shao Xibin	✓	✓	✓	✓	✓	✓	15 hours
Mr. Jin Hao <sup>4</sup>	✓	✓	✓	✓	✓	✓	12 hours
Mr. Meng Chao	✓	✓	✓	✓	✓	✓	15 hours
Mr. Liu Jing <sup>5</sup>	✓	✓	✓	✓	✓	✓	10 hours
<b>Independent Non-executive Directors</b>							
Mr. Fung, Yuk Kan Peter	✓	✓	✓	✓	✓	✓	15 hours
Mr. Chu, Howard Ho Hwa	✓	✓	✓	✓	✓	✓	15 hours
Mr. Pang Chunlin	✓	✓	✓	✓	✓	✓	15 hours

### Notes:

- Resigned as an executive Director and the Chairman with effect from 10 October 2025.
- Appointed as the Chairman with effect from 10 October 2025.
- Appointed as an executive Director with effect from 10 October 2025.
- Resigned as a non-executive Director with effect from 10 October 2025.
- Appointed as a non-executive Director with effect from 10 October 2025.
- The format and/or mode of the area include attending physical/online training, briefings/seminars/conference/forums and reading regulatory updates, journals/articles/materials, etc.
- The total number of hours included both the training provided by the Company and other CPD trainings undertaken by the Directors.

## RESPONSIBILITIES OF THE BOARD

The Board has established the Company's purpose, values and strategy, and satisfy itself that these and the Company's culture are aligned. The Board promotes the desired culture which should instill and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

With integrity, the Board has the collective responsibility for leadership and control of, and for promoting the success of, the Company by directing and supervising the Company's affairs. The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on important matters such as interim and annual results, major transactions, director appointments or reappointments, and dividend and accounting policies, and so on. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the management.

## CORPORATE GOVERNANCE REPORT

The Board has reviewed the implementation and effectiveness of the mechanism which ensures independent views and input are available to it on an annual basis.

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and CPD of the Directors and senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, code of conduct of employees and directors, and practices on compliance with the CG Code.

The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties. Minutes of board meetings and meetings of board committees should be kept by the Company Secretary and should be open for inspection at any reasonable time on reasonable notice by any director.

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment, and in a timely manner for any change of, the number and nature of offices held in public companies or organisations and other significant commitments.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board is responsible for formulating corporate strategies and overall business development planning. Chief Executive Officer's duty is to oversee the execution of daily business activities.

Mr. Su Ning serves as both of the Chairman of the Board and the Chief Executive Officer. The Board has confidence in vesting the roles of both chairman and chief executive officer in Mr. Su and believes that this will ensure the Group has consistent leadership and could make and implement the business strategies of the Group more effectively.

The Vice Chairlady, Ms. Ko Wing Yan, Samantha, shall assist the Chairman of the Board in performing the latter's duties and responsibilities. In particular, the Vice Chairlady shall take the important role in monitoring the implementation of the Company's strategies. During the period when the Chairman is absent and the normal functions of the Chairman cannot be carried out, the Vice Chairlady will take the role as the acting Chairman until the Chairman resumes carrying out his normal duties or a new Chairman has been elected and appointed by the Board.

The responsibilities of the Chairman and the Chief Executive Officer are clearly established and set out in writing in March 2012.

### TERM OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

All non-executive Directors have been appointed for a term of 3 years and all independent non-executive Directors have been appointed for a term subject to re-appointment as required by Bye-law.

Pursuant to the Company's bye-law 84(1), all Directors are subject to retirement by rotation at least once every 3 years. At least one-third of the Directors must retire from office at each annual general meeting and their re-election is subject to the approval of the Shareholders.

Pursuant to the Company's bye-law 83(2), any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election.

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES

#### AUDIT COMMITTEE

The audit committee of the Company (the “AC”) comprises the following independent non-executive Directors: Mr. Fung, Yuk Kan Peter (Chairman of the AC), Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this report. The AC is responsible for appointment of external auditors, review of the Group’s financial information and oversight of the Group’s financial reporting system, risk management and internal control systems. It is also responsible for reviewing the interim and annual results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company’s internal and external auditors. The terms of reference of the AC are available at the websites of the Company and the Stock Exchange.

The AC held 2 meetings in 2025 in which the AC reviewed with management the accounting principles, estimates and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters so as to ensure that an effective control and corporate governance environment is maintained. The number of AC meetings held during the year and record of individual attendance of members, on a named basis, at meetings held during is set out in the section headed “BOARD OF DIRECTORS” above in this report.

The AC also made its recommendation to the Board that the external auditors should be reappointed, reviewed and approved the audit service, non-audit services, remuneration and the terms of engagement of the external auditors.

The internal and external auditors have unrestricted access to the AC, which ensures that their independence remains unimpaired. There was private meeting between the AC and external auditors for the best corporate governance purposes.

There is no disagreement between the Board and the AC on the selection, appointment, resignation or dismissal of the external auditors.

The AC meets and holds discussions with the Directors and other senior management of the Group on the interim results and annual results as well as respective reports. The AC reviews and discusses the management’s report and representations with a review to ensure that the Group’s consolidated financial statements and prepared in accordance with accounting principles generally accepted in Hong Kong with reference to the terms of reference. It also considers reports from the Company’s external auditors, KPMG, on the scope and the outcome of their annual audit of the consolidated financial statements.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Report of the Independent Auditor) for preparing the financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company’s financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group’s ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The reporting responsibilities of KPMG are set out in the Report of the Independent Auditor on pages 137 to 141 of this Annual Report.

## CORPORATE GOVERNANCE REPORT

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for evaluating and determining the nature and extent of the risks they are willing to take in achieving the Group's strategic objectives, overseeing the risk management and internal control systems including reviewing their effectiveness through the AC to ensure appropriate and effective risk management and internal control systems are in place. The Company has established an Internal Audit Department and the Risk Management Committee (the "RMC"). The RMC consists of representatives from operations departments, the Finance Department and the Internal Audit Department of the Company.

The AC assists the Board in meeting its responsibility for maintaining effective systems of risk management and internal control. The AC reviews all significant aspects of risk management and internal control, including financial, operational and compliance controls; the adequacy of resources, qualifications and experience, training programmes and budgets of the staff of the Group's accounting, internal audit, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting. It reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and control risks are managed. The AC reviews the effectiveness of the internal audit department and its annual work plans, and considers the reports of the RMC on the effectiveness of the systems of risk management and internal control. These reviews and reports are considered by the AC before it makes its recommendation to the Board for approval of the annual consolidated financial statements.

The risk management and internal control systems of the Group are reviewed at least semi-annually. During the year, the AC has reviewed the effectiveness of the risk management and internal control systems of the Group and considered the systems are effective and adequate.

Effective risk management is fundamental to the achievement of the Group's strategic objectives, and an enterprise risk management framework is in place to provide top-down and bottom-up approaches to identify, assess, mitigate and monitor key risks in a pro-active and structured manner.

The Company's management encourages a risk aware and control conscious environment, setting objectives, performance targets or policies for the management of key risks including strategic planning, business operations, acquisitions, investments, legal and regulatory compliance, expenditure control, treasury, environment, health and safety, and customer service. The Company has a well-established organisational structure with defined levels of responsibility and authority and reporting procedures. There are inherent limitations in any systems of risk management and internal control and accordingly the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Executive Directors review operational and financial reports and key operating statistics and hold regular meetings with the management to review their reports.

Budgets are prepared annually by the management and are subject to review and approval by the Chief Executive Officer and then by the Executive Directors. Re-forecasts of operating results for the current year are prepared regularly, reviewed and approved by the Executive Directors and the Board.

The Group has established guidelines and procedures for the approval and control of expenditure. Operating expenditure is subject to overall budget control. Capital expenditure is subject to overall control within the approved budget of individual projects with more specific controls and approvals being required for overspending, unbudgeted expenditure and material expenditure within the approved budget. Regular reports of actual versus budgeted and approved expenditure are also reviewed.

The treasury function, overseeing the Group's investment and funding activities, regularly reports to the Executive Directors on the Group's cash and liquid investments, borrowings, outstanding contingent liabilities and financial derivatives commitments. The Board has reviewed and adopted a treasury policy governing the management of the financial risks of the Group (including interest rate risk, foreign exchange risk and liquidity risk) and the operational risks associated with such risk management activities.

## CORPORATE GOVERNANCE REPORT

The legal and company secretarial function reports to the Chief Executive Officer and the Board, and oversees, among other things, the Group's compliance of the Listing Rules and other legal and regulatory requirements.

Reported to the AC, the Internal Audit provides necessary information to support the AC to assess the effectiveness of the risk management and internal control systems in order to achieve the business objectives and corporate governance requirements of the Group. At the beginning of each year, Internal Audit prepares its annual audit work plan, using risk assessment methodology, for the AC for review and approval, ensuring that over a number of years, all parts of the Group are audited as regards financial and material internal controls, in addition to key risk mitigation. As the audit work is performed, detailed reports are submitted to the AC for review and comment, all of which are related to the application of internal control in different parts of the Group and the management response to the point made in the report. Internal Audit follows up audit recommendations on implementation and the progress is reported to the AC. The AC is generally satisfied by the responses given and remedial action taken. The scope of work on the Group performed by Internal Audit includes financial and operational review, recurring and unscheduled audits, fraud investigation, productivity and efficiency review and laws and regulations compliance review.

With the assistance of Internal Audit, the Chief Executive Officer and the Executive Directors review, among other things, the profile of the significant risks (including ESG risks) and sustainability, and how these risks have been identified, evaluated and managed, the changes since the last semi-annual assessment in the nature and extent of significant risks and the Group's ability to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of the risk management and internal control systems. In addition, they review the work of internal audit department and other assurance providers, the extent and frequency of communication of monitoring results to the AC which enables it to assess control of the Group and the effectiveness of risk management, any significant failing or weaknesses in internal control that have been reported, the necessary actions that are being taken promptly to remedy any significant failings or weaknesses, and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance.

Reports from the external auditor on material non-compliance with procedures and significant internal control weakness, if any, are presented to the AC. These reports are considered and reviewed and the appropriate action is to be taken if required.

Whistleblowing channel is established for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the AC about possible improprieties in any matter related to the Group. For details, please refer to the section headed "Anti-Corruption" under the ESG Report.

There are also procedures including pre-clearance on dealing in the Group's securities by designated Directors and key employees notification of regular blackout period and securities dealing restrictions to the Directors and key employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

### AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

Total auditors' remuneration in relation to audit and non-audit services provided to the Group amounted a sum of HK\$4.1 million (2024: HK\$3.9 million) was paid to KPMG. The auditor's remuneration for audit services was HK\$3.3 million (2024: HK\$3.2 million).

The non-audit services provided by the auditor of the Group are as follow:

	2025 HK\$'000	2024 HK\$'000
Review services	583	583
Tax advisory services	170	115
	<b>753</b>	698

## CORPORATE GOVERNANCE REPORT

### REMUNERATION COMMITTEE

The RC is responsible for setting and monitoring the remuneration policy for all Directors and senior management of the Group. The RC comprises Mr. Fung, Yuk Kan Peter (Chairman of the RC), Mr. Su Ning, Ms. Ko Wing Yan, Samantha, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this report. There are more than half of the members are independent non-executive Directors. The terms of reference of the RC are available at the websites of the Company and the Stock Exchange.

The roles and functions of the RC include consulting the Chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management of the Group. The RC has adopted the approach under E.1.2(c) of the CG Code to make recommendations to the Board on the remuneration packages of individual executive Director and senior management of the Group.

The Company's remuneration policy is to link remuneration packages for executive Directors and key executives with the achievement of annual and long-term performance goals. By providing competitive and performance-linked compensation, the Company seeks to attract, motivate and retain key executives, which is essential to its long-term success.

The RC held 8 meetings in 2025. During the meetings, the RC reviewed the Company's remuneration policy and fixed the remuneration packages for the directors and senior management of the Group. No change has been proposed to the remuneration policy and the Directors' remuneration. The number of RC meetings held during the year and record of individual attendance of members, on a named basis, at the meeting held is set out in the section headed "BOARD OF DIRECTORS" above in this report.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is set out in Note 8 to the consolidated financial statements of this Annual Report.

Mr. Su Ning is not entitled to any director's fee or remuneration for his appointment as the Chairman and an executive Director but is entitled to remuneration to his appointment as the Chief Executive Officer.

Mr. Lo Pak Chi is not entitled to any director's fee or remuneration for his appointment as an executive Director.

Each of Mr. Shao Xibin, Mr. Meng Chao and Mr. Liu Jing has not entered into any service contract with the Company. The Company has entered into an appointment letter with each of them, pursuant to which each was appointed as a non-executive Director. The appointment for each of them is for a term of 3 years and is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. Each of them is entitled to an annual director's fee of HK\$200,000 which is determined by the RC and the Board with reference to each experience and the prevailing market director's fees for non-executive directors. Mr. Shao, Mr. Meng and Mr. Liu have agreed to waive their respective annual director's fee.

The remuneration paid to the members of the senior management (excluding directors) by bands in 2025 is set out below:

Remuneration Bands	Number of Individuals
HK\$500,001 to HK\$1,000,000	2
HK\$1,000,001 to HK\$1,500,000	-
HK\$1,500,001 to HK\$2,000,000	1
HK\$2,000,001 to HK\$2,500,000	2

The RC and the Board have resolved to grant certain awarded shares to directors and employees of the Group for the long term development of the Group. The RC reviews and/or approves matters relating to share schemes. On 14 April 2025, the Board has granted a total of 3,339,000 awarded shares to the certain selected participants, comprising to 6 Directors and certain employees of the Group, pursuant to the share award plan. As permitted under the share award plan, the awarded shares granted to the selected participants have a mixed vesting schedule with a total vesting period (i.e. the period between the date of the grants and the last vesting date) of 24 months. While the first vesting of the grant to the selected participants is shorter than 12 months as determined by the Board, the overall awarded shares granted to the selected participants have a mixed vesting schedule with a vesting period spanning from the date of the grant to 29 April 2027. The Board and the RC consider that such arrangements (a) are appropriate and commercially competitive and reasonable as a majority of the awarded shares are subject to a longer vesting period, which will ensure that the long-term interest of the selected participants and the Company are aligned and the selected participants will be motivated to contribute to the Company's development; and (b) are permitted under the terms of the share award plan. For details of the grant, please refer to sections headed "Share Schemes and Directors' and Chief Executives' Right to Acquire Shares or Debentures" as set out in Report of the Directors for further information.

## CORPORATE GOVERNANCE REPORT

### NOMINATION COMMITTEE

The NC comprises Mr. Su Ning (Chairman of the NC), Ms. Ko Wing Yan, Samantha, Mr. Fung, Yuk Kan Peter, Mr. Chu, Howard Ho Hwa and Mr. Pang Chunlin as at the date of this report. Among those members of the NC, more than half of the members are independent non-executive Directors. The terms of reference of the NC are available at the websites of the Company and the Stock Exchange.

The roles and functions of the NC include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for the directors, in particular the Chairman of the Board and the Chief Executive Officer. New Directors are sought mainly through referrals. In evaluating whether an appointee is suitable to act as a Director of the Company, the Board will review the independence, experience and expertise of the appointee as well as personal ethics, integrity and time commitment of the appointee.

The NC also reviews and assesses regularly each Director's time commitment and contribution to the Board, as well as the Director's 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 GEM and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience.

The NC held 3 meetings in 2025. Issues concerning the structure, size and composition of the Board and appointment of new directors were discussed and reviewed. The number of NC meetings held during the year and record of individual attendance of members, on a named basis, at the meetings held during is set out in the section headed "BOARD OF DIRECTORS" above in this report.

### BOARD DIVERSITY POLICY

The Board adopted the board diversity policy (the "Board Diversity Policy") which to comply with the CG Code on board diversity. The Board Diversity Policy was adopted to ensure that diversity in its broadest sense continues to remain a feature of the Board. The NC's assessment of the candidates includes, but is not limited to, consideration of the relevant knowledge and diversity of backgrounds, skills, experience and perspectives that would complement the existing Board. A summary of the Board Diversity Policy, together with the measurable objectives (e.g. numerical targets and timelines) set for the promotion of gender diversity on the board and the measures the Company has adopted to develop a pipeline of potential successors to the Board to achieve gender diversity, and the progress made towards achieving those objectives are disclosed as below:

#### — Summary

The Company recognized and embraced the benefits of having a diverse board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the board. In designing the board's composition, board diversity has been considered from a number of measurable aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board currently comprises 8 male Directors and 1 female Director. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the Board Diversity Policy and the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce (including senior management). Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Please refer to the Environment, Social and Governance Report of this report for details of our workforce.

## CORPORATE GOVERNANCE REPORT

### — Measurable objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the amount of time and effort that candidates will devote to discharge their duties and responsibilities and, in the case of independent non-executive director(s), the independence requirements set out in the Listing Rules (as amended from time to time). The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. It will not consider diversity to be achieved for a single gender board. The Board's composition will be disclosed in the Corporate Governance Report annually.

### — Implementation and Monitoring

The NC is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, taking into account the benefits of all relevant diversity aspects and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The NC will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy.

### — Reviewing

The NC will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Board constitutes male and female directors, age of different group, knowledge from business development, auditing, accounting and finance, corporate finance, technology development, products, etc. and it is considered there is enough diversity.

The Board should review the implementation and effectiveness of the Board Diversity Policy on board diversity on an annual basis.

The Board has not set any target or timeline for enhancing gender diversity on the Board but may adjust the proportion of gender over time as and when appropriate. We target to maintain the current level of female representation on the Board as we considered the existing board composition to be sufficiently diverse.

We are also committed to diversity and inclusion at the workforce level, recruiting employees and summer interns from diverse backgrounds.

### Board composition profile

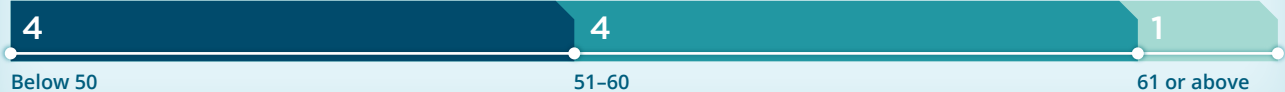
#### No. of directors by gender



#### No. of directors by position



#### No. of directors by age



## CORPORATE GOVERNANCE REPORT

### Board Skills Matrix

Skills Area	Description
Strategy	Ability to identify strategic opportunities and threats, whilst developing and implementing plans to achieve corporate objectives
Leadership	Ability to lead corporate teams and implement plans and policies
Industry knowledge and experience	An understanding of the company's business daily operations, market development, competitors, technology and innovation
Financial literacy/business acumen	Ability to read and comprehend corporate accounts, financial materials and financial reporting requirements
Risk management and compliance	Ability and experience in implementing, managing or overseeing risk management and internal control systems for legal and regulatory compliance
People management experience	Experience at a senior level with responsibilities for people management and successful implementation of change
Diversity (e.g. age, gender, culture)	Contribution to board diversity in terms of age, gender, cultural background etc.
Emerging topics (e.g. artificial intelligence)	Understanding and knowledge of emerging topics to ensure that the company is forward-thinking
Qualifications	Formal qualifications in relevant fields to assist the board in its decision-making, for example, accounting, finance, economics, business, law

### WORKFORCE DIVERSITY POLICY

The policy on diversity in the workforce (including senior management) promotes a diversified and inclusive working environment where individual differences are respected and all employees are treated with dignity. It enhances recruitment, supports retention, and fosters innovation and growth by leveraging diverse perspectives. Key components include adhering to non-discriminatory employment practices and procedures, encouraging collaboration among the workforce, providing training and development opportunities to address specific needs and career aspirations of diverse employees and regularly assessing the policy's effectiveness. The gender ratio on senior management and the workforce (excluding senior management) is as below. Further details on the gender ratio of the Group can be found in this ESG Report.

	Total Headcount	No. of Male Headcount	No. of Female Headcount	Male %	Female %
Senior management	5	4	1	80.00%	20.00%
The workforce (excluding senior management)	7,868	3,854	4,014	48.98%	51.02%
Total	7,873	3,858	4,015	49.00%	51.00%

## CORPORATE GOVERNANCE REPORT

### DIVIDEND POLICY

The Board has adopted a dividend policy on 1 January 2019. Under the Dividend Policy and to attract long-term investors and reward shareholders for their support, subject to compliance with applicable laws, rules and regulations and the bye-laws of the Company, the Company intends to maintain a stable dividend policy in future with a dividend payout ratio of not less than 30%. However, the determination to pay dividends in the future will be made at the discretion of the Board and will be based on the profits, cash flows, financial condition, capital requirements and other conditions that the Board deems relevant. The payment of dividends may be limited by legal restrictions and agreements that the Company may enter into in the future.

The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

It is confirmed that all dividend decisions made by the Board were made in accordance with the Dividend Policy. During the year, there is no material variation in dividend rate compared to that for the previous corresponding period.

The Board has recommended a final dividend of 15.3 HK cents (2024: 17.0 HK cents) per share.

### INVESTMENT COMMITTEE

The investment committee of the Company (the "IC") is established to source, review (including exit) and select appropriate investment projects to achieve the Group's advancement and transformation strategy. The IC is also responsible for the examine of the investment management risk policies, research of the Group's capital policies and major financing plans. The IC comprises 9 members, including Mr. Su Ning (Chairman of the IC), Ms. Ko Wing Yan, Samantha and Mr. Lo Pak Chi, and other management of the Company as at the date of this report.

The IC held 5 meetings in 2025 in which the IC reviewed investment and exit proposals, plant/office expansion and business development. The number of IC meetings held during the year and record of individual attendance of members (who is a director of the Company), on a named basis, at the meetings held during is set out in the section headed "BOARD OF DIRECTORS" above in this report.

The Board has approved and authorized the IC to make decisions on investment projects with the authorization limits and period.

The terms of reference and operating rules of the IC was adopted and effective on 11 July 2022.

### COMPANY SECRETARY

Mr. Chan Ka Kit was appointed as the Company Secretary of the Company in September 2025. The Company Secretary is responsible for that board procedures comply with applicable laws, rules and regulations and advising the Board on corporate governance and other matters. The Company Secretary reports to the Board through the Chairman whilst all Directors have rights to access to the advice and service of the Company Secretary. The biographical details of Mr. Chan are set out under the section head "Board of Directors and Senior Management" in this report.

Mr. Chan has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2025 and has complied with the requirement as set out in Rule 3.29 of the Listing Rules.

### SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders of the Company and the Board. The Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a special general meeting ("SGM") whenever necessary.

#### — Right to convene SGM

Members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "Registered Office") or its principal office at Units A — F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong (the "Principal Office"), for the attention of the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the general meeting, signed by the member(s) concerned and may consist of several documents in like form, each signed by one or more of those members.

If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

## CORPORATE GOVERNANCE REPORT

Such SGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a SGM in form of a physical meeting, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board would be reimbursed to the requisitionists by the Company.

### — Right to put enquiries to the Board

Members of the Company do not generally have any right to put forward enquiries to the Board. There is no procedure set out in the Bermuda Companies Act 1981 or in the Bye-Laws of the Company available for any member to put forward an enquiry to the Board. A member of the Company may, of course, at any time write to the Board and it is up to the Board to decide whether or not to entertain any request made by a member of the Company.

Members of the Company who have enquiries about the above procedures or have enquiries to put to the Board may write to the Company Secretary at Units A — F, 35/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

### — Right to put forward proposals at shareholders' meetings

Member(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all members having the right to vote at the shareholders' meeting; or (ii) not less than 100 members, can submit a written request stating the resolution intended to be moved at an AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular shareholders' meeting.

The written request/statements must be signed by the member(s) concerned and deposited at the Registered Office or the Principal Office, for the attention of the Company Secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in the case of any other requisition.

If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for an AGM; or (ii) to circulate the statement for the shareholders' meeting, provided that the member(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the member(s) concerned in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid or the member(s) concerned have failed to deposit sufficient money to meet the

Company's expenses for the said purposes, the member(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the shareholders' meeting.

The procedures for shareholders of the Company to propose a person for election as a director is posted on the Company's website.

## INVESTOR RELATIONS

The Company has adopted a shareholders' communication policy with the objective of ensuring that the shareholders of the Company and stakeholders will have equal and timely access to information about the Group. The Group adhere to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders.

The Company will make the Corporate Communications available on its website ([www.boevx.com](http://www.boevx.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). Shareholders may raise enquiries, suggestions or their views on the Company to the Board or management of the Company by sending an email to [investor@boevx.com](mailto:investor@boevx.com), which will be promptly handled and directed by the Company's dedicated investor relations team.

A notice of publication of the website version of Corporate Communications, in both English and Chinese, will be sent by the Company to the Shareholders by email or by post (if the Company does not possess the functional email address of the Shareholder) on the publication date of the Corporate Communications at the election of the Shareholder.

The Group aimed to have proactive and timely communications with investor regarding the market and industry development, impact and corresponding measures of the Group. Our goals are to deepen investors' understanding of the Group's strategies, and through the effective communication, we are able to raise the quality of our management and to maximize the Group's value.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy conducted during the year and believes that the current communication policy has been effective at maintaining clear and timely communication with its shareholders and stakeholders.

## CORPORATE GOVERNANCE REPORT

Various online and offline communication formats and channels are adopted by the Group, such as announcement, shareholders' meeting, video or voice conferences, seller-side organized offline seminar and non-deal roadshow etc. to communicate with various stakeholders such as analysts, retail and institutional investors. These communication channels served to reinforce understanding and trust between the Group and the capital market. Meanwhile our management also gained better knowledge of the expectations and demands from the capital market on the Group. We will seriously consider and put into practice all constructive suggestions. In 2025, the Group participated in more than 90 investor relations' events, including but not limited to, post-results roadshows, self-organized investor day, seller-side organized investor conferences/corporate days, individual/group meetings and conference calls.

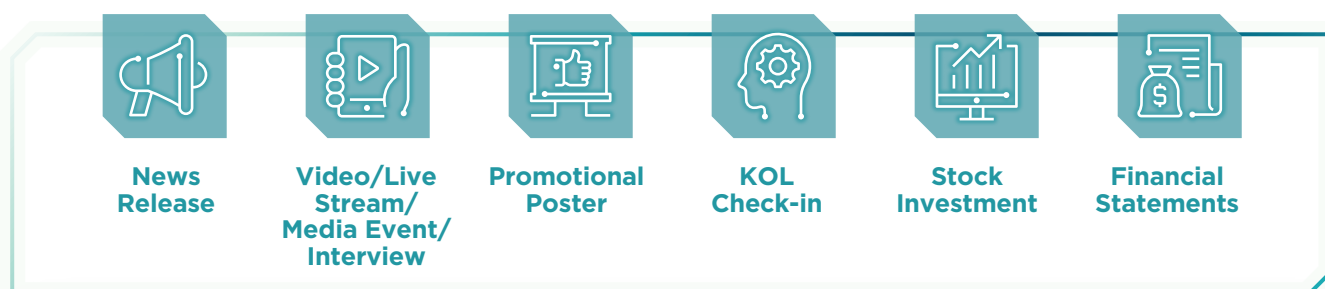
The AGM is an important opportunity for communicating with shareholders. The Company's Chairman, Directors, senior management and the external auditors are available at the AGM to answer questions from shareholders of the Company. The Board, in particular the independent non-executive Directors, should be accessible to shareholders to facilitate

constructive engagement and to understand their views on matters affecting the Company, including governance and performance against the Company's corporate strategy. The chairmen of the audit, remuneration, nomination and any other committees of the Company (as appropriate) are invited to attend. The chairman of the independent board committee and senior management (if applicable) is/are available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

### PROTECTION OF THE RIGHTS OF THE INVESTORS

BOEVx places a high premium on information disclosure and investor relations management. We publish interim and annual result reports as well as circulate other announcements where necessary. The Company communicates with investors on a periodic basis and actively shares the investors' suggestions and feedback about the Company's products, operations and governance with internal teams so as to maximize the protection of the investors' rights.

### PUBLIC RELATIONS MEDIA COMMUNICATION FORMS AND CHANNELS



- Group public account/video account
- Group cooperative media
- Company official website
- Cooperation with third-party institutions



- The Company's own WeChat public account platform
- Related display/smart cockpit/cooperation with automotive industry professional media

Comprehensively showcasing the solid foundation of the Company's intelligent cockpit, the leading global intelligent cockpit display technology, as well as innovative application scenarios for the future-oriented "HERO" cockpit intelligent interaction. Through extensive media coverage and widespread dissemination across the Internet, it has gained broad, in-depth, and precise communication effects and attracted high attention.

## CORPORATE GOVERNANCE REPORT

### SHARE REPURCHASE

In 2025, the Company repurchased its 6,183,000 shares under the share award plan.

These repurchases underscore the Company's firm commitment to the long-term steady development of the capital market, ensuring high-quality growth to reward shareholders and share development benefits with investors.

### 2025 BOE investor day — "V+ Business Strategy" outlines a new blueprint for corporate value leap

On 8 July 2025, the "2025 BOE Investor Day" was grandly held in Pujiang, Shanghai. As a global leader in automotive displays, the Company fully demonstrated its global strategic layout, latest operational performance, and technological innovation achievements to investors and media. Dr. Gao Wenbao, Mr. Su Ning and other core management attended the event, conveying the Company's strong confidence in its development.

The Company fully and deeply shared the strategic traction value of the company's "V+ Business Strategy" with investors and the media. At the same time, it conducted in-depth exchanges of views on current industrial development trends and hot topics like OLED and AI that have attracted much attention in the industry, fully embracing the wave of industrial development and leading the future direction.

### Offline investor visit and exchange meeting at its Chengdu Automotive Display plant

On October 14, 2025, BOEVx successfully held an offline investor visit and exchange meeting at its Chengdu Automotive Display plant. A total of 12 institutional investors were invited to participate in the event. Through a variety of interactive activities, including on-site visits to the production line and face-to-face in-depth dialogues with management, they were able to experience firsthand BOEVx's leading technological innovation capabilities, first-class intelligent manufacturing capabilities, and forward-looking strategic layout in the automotive cockpit field.



## CORPORATE GOVERNANCE REPORT

## Meetings/Exhibitions/Talks/Seminars



1 2025 Consumer Electronics Show (CES) Express news | walk into the BOEVx opening day

2 SAIC-Volkswagen Technology Showcase

3 Annual Results Conference

4 BOE f-OLED Flexible Display Technology Source Forum

5 2025 Shenzhen Smart Cockpit Summit Forum

6 The 21st Shanghai International Automobile Industry Exhibition

7 The Second Supplier Quality Conference 2025

8 Members Conference of CAAM Intelligent Display and "Getting to Know BOE-New Products/Technologies" Exchange Meeting

9 The First Two-Wheeler Intelligent Technology Development Conference

10 2025 Society for Information Display's display week

11 2025 BOE Investor Day

12 DIC 2025

13 2025 Automotive smart glass innovation technology and application conference

14 BOEVx makes its debut at the "Hello BOE" 5th anniversary celebration in Beijing

15 IPC 2025

## CORPORATE GOVERNANCE REPORT

## Collaborations



- 1 Supporting Xiaopeng's "Twin Stars"
- 2 Jointly develop "variable" flexible OLED cockpit with Haiwei Technology
- 3 Signed a strategic cooperation agreement with BICV

- 4 REHEO Technology Co. Ltd. was approved to become a member of Anhui Automobile Industry Association
- 5 V+ Screen Strength | BOEVX creates the largest single-unit cockpit screen for the Li Auto i8

- 6 BOEVX empowers the all-new NIO ES8, setting a new benchmark for cockpit visual interaction
- 7 BOEVX empowers Chery's Fulwin T11 and Jetour G700, marking another fruitful collaboration with Chery over 15 years

## CORPORATE GOVERNANCE REPORT

## Honors and Awards



- 1 GAC Technology Innovation Award
- 2 2025 CDIA Display Application Innovation of the Year
- 3 Hangsheng Group Special Contribution Award
- 4 Yanfeng Group Excellent Supplier Award
- 5 ADAYO Foryou General Outstanding Contribution Award
- 6 Desay SV Excellent Business Cooperation Award
- 7 Top 100 Chinese Automotive Supply Chain Companies
- 8 Network security — ISO 27001, ISO 21434 and TISAX
- 9 “Golden Kungpeng” Best New Quality Productivity Listed Company
- 10 Li Auto “Outstanding Quality Award”

We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at [investor@boevx.com](mailto:investor@boevx.com). All questions or comments will be replied to the extent permitted by applicable laws, regulations and the Listing Rules.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the directors, during the year ended 31 December 2025, the Company has maintained the prescribed public float under the Listing Rules.

## CHANGE OF CONSTITUTIONAL DOCUMENT

During the year ended 31 December 2025, there had been no change in the Company's constitutional documents.

# REPORT OF THE DIRECTORS

The Directors have pleasure in submitting herewith their report together with the audited financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT module assembly capacity. Since its incorporation, the Company has been combining scientific and technological research, innovative product design, flexible product specifications and efficient manufacturing for many applications, including automotive components, industrial and consumer products, also providing complete display solutions for its customers. In addition to supplying standard products, the Group also provides tailor-made LCDs (liquid crystal display) and modules for the specific needs of its customers. Particulars of the Company's principal subsidiaries set out in Note 14(a) to the financial statements of this Annual Report. Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of The Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis using financial key performance indicators, can be found in Chairman's Statement on page 5, Management Discussion and Analysis on pages 6 to 15, Environmental, Social and Governance Report on pages 16 to 93, and Notes 26(e) and 27 to the financial statements of this Annual Report.

A discussion on the Group's key relationships with its stakeholders, environmental policies and performance, and its compliance with the relevant laws and regulations that have a significant impact on the Group is contained in Environmental, Social and Governance Report on pages 16 to 93 of this Annual Report. These discussions form part of this Directors' Report.

The analysis of the principal activities, revenue by location of sourcing decision of customers during the financial year are set out in Notes 4 and 11(b) to the financial statements of this Annual Report.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out in Note 14(a) to the financial statements.

## FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 142 to 198 of this Annual Report.

## DIVIDEND AND DIVIDEND POLICY

The Board has recommended declaring a final dividend of 15.3 HK cents (2024: 17.0 HK cents) per share, representing a total of 15.3 HK cents (2024: 17.0 HK cents) per share for the year ended 2025.

The Board has approved and adopted a dividend policy on 1 January 2019 (the "Dividend Policy"). Under the Dividend Policy, subject to compliance with applicable laws, rules and regulations and the bye-laws of the Company, the Company intends to maintain a stable dividend policy in future with a dividend payout ratio of not less than 30%. The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. The determination to pay dividends in the future will be made at the discretion of the Board and will be based on the profits, cash flows, financial condition, capital requirements and other conditions that the Board deems relevant. The payment of dividends may be limited by legal restrictions and agreements that the Company may enter into in the future.

The Group has no change in the Dividend Policy for the year ended 2025.

## ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Thursday, 25 June 2026. The notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## REPORT OF THE DIRECTORS

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 18 June 2026 to Thursday, 25 June 2026 (both days inclusive), during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 25 June 2026 shall be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited ("Computershare"), of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 17 June 2026.

Subject to the shareholders approving the recommended final dividend at the AGM of the Company, such dividend will be payable on or around Friday, 17 July 2026 to shareholders whose names appear on the register of members of the Company on Friday, 10 July 2026. To determine eligibility for the final dividend, the register of members of the Company will be closed from Tuesday, 7 July 2026 to Friday, 10 July 2026 (both days inclusive), during which period no shares can be registered. In order to qualify for the aforementioned final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Computershare, of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 6 July 2026.

### SHARE CAPITAL AND SHARE SCHEMES

Details of the movements in the share capital and share scheme of the Company during the year are set out in Note 26(c) and 25 respectively to the financial statements.

### CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK\$252,062 (2024: HK\$87,373).

In November 2025, a severe fire broke out at Wang Fuk Court in Tai Po, Hong Kong, drawing deep concern and sympathy from all sectors of society. As a company rooted in Hong Kong, we have always stood together with the community. On the first day of mourning, the Board promptly announced a corporate donation of HK\$200,000 and launched a voluntary employee donation initiative. All contributions collected have been transferred to the "The Support Fund for Wang Fuk Court in Tai Po" established by the Hong Kong SAR Government, in support of fire rescue efforts and post-disaster reconstruction. We hope that this gesture of warmth and solidarity will bring comfort to the fire victims and help them overcome this difficult time.

### PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 12 to the financial statements.

### RESERVES

Details of movements in reserves of the Company during the year are set out in Note 26(a) to the financial statements. Details of movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity.

### BANK LOANS

The Group has bank loan of HK\$308 million as at 31 December 2025 (2024: HK\$376 million).

### CAPITALISATION OF INTEREST

No interest was capitalised by the Group during the year.

### FIVE YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 199 of this Annual Report.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of the compliance with the laws and regulations in commercial activities that domicile, and the failure to comply could result in serious risk and consequences. The Group has reasonably allocated legal, corporate governance, financial and human resources, in particular, the setting up of the compliance and risk management team, to ensure ongoing compliance with respective requirements of the laws and regulations and the policies. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. During the year under review, to the best of our knowledge, the Group has complied with the following salient PRC laws and regulations, namely the Foreign Investment Law, the Company Law, the Environmental Protection Law, Control of Foreign Exchange Regulations and other relevant laws and regulations.

The Group is also committed to the compliance with the following salient laws and regulations in Hong Kong, including but not limited to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has been working with external professionals to develop internal guidelines and educating its employees so as to ensure that the Group and its employees will adopt business practices that are compliant with the relevant laws from time to time.

## REPORT OF THE DIRECTORS

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group follows the principle to behave ethically and responsibly in daily operation to fulfill its environmental and social responsibilities. The Group has obtained ISO 9001 (Quality Control System), ISO 45001 (Occupational Health and Safety Management System), ISO 14001 (Environmental Management Systems) and etc. to govern environmental, social and governance related aspect of its operations. The Group has not noted any material incompliance with relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. Further details of the Group's environmental policies and performance is disclosed in the Environmental, Social and Governance Report of this Annual Report.

### DIRECTORS

The Directors during the financial year and up to the latest practicable date of this Annual Report were:

#### EXECUTIVE DIRECTORS:

Mr. Gao Wenbao (*Chairman*) (*resigned on 10 October 2025*)

Mr. Su Ning (*Chairman*)

(*appointed as Chairman on 10 October 2025*)

Ms. Ko Wing Yan, Samantha

Mr. Lo Pak Chi (*appointed on 10 October 2025*)

#### NON-EXECUTIVE DIRECTORS:

Mr. Shao Xibin

Mr. Jin Hao (*resigned on 10 October 2025*)

Mr. Meng Chao

Mr. Liu Jing (*appointed on 10 October 2025*)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Fung, Yuk Kan Peter

Mr. Chu, Howard Ho Hwa

Mr. Pang Chunlin

In accordance with bye-law 84 of the Company, Ms. Ko Wing Yan, Samantha, Mr. Meng Chao and Mr. Pang Chunlin will retire by rotation at the forthcoming annual general meeting (the "AGM"), and in accordance with bye-law 83(2) of the Company, Mr. Lo Pak Chi and Mr. Liu Jing will retire. All the above-mentioned retiring Directors, being eligible, will offer themselves for re-election at the AGM.

### DIRECTORS OF SUBSIDIARIES

List of directors of subsidiaries of the Company during the year and up to the date of this report is kept at the Company's principal place of business.

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

As at 31 December 2025, the interests of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), as recorded in the register required to be maintained by the Company under Section 352 of the SFO or as required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

#### (I) INTERESTS IN SHARES OF THE COMPANY AS AT 31 DECEMBER 2025

Name of Director	Capacity	Number of shares in the Company held	Approximate percentage of the total issued share capital of the Company (Note 3)
Su Ning (Note 1)	Personal Interest	1,850,700	0.2338%
Ko Wing Yan, Samantha	Personal Interest	1,458,000	0.1842%
Lo Pak Chi (Note 2)	Personal Interest	106,100	0.0134%
Fung, Yuk Kan Peter	Personal Interest	263,000	0.0332%
Chu, Howard Ho Hwa	Personal Interest	160,000	0.0202%
Pang Chunlin	Personal Interest	33,000	0.0042%

Notes:

- Mr. Su Ning purchased 150,000 shares in April 2025.
- Mr. Lo Pak Chi disposed 40,000 shares in December 2025.
- Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2025.
- The above interest represented long positions.

## REPORT OF THE DIRECTORS

### (II) INTERESTS IN SHARES OF BOE TECHNOLOGY GROUP CO., LTD. (“BOE”) (AN ASSOCIATED CORPORATION) AS AT 31 DECEMBER 2025 (NOTE 1)

Name of Director	Capacity	Number of A shares in BOE held	Approximate percentage of the total issued share capital of BOE (Note 5)
Su Ning	Personal	150,000	0.0004%
Shao Xibin	Personal	342,820	0.0009%
	Interest	(Note 2)	
Meng Chao	Personal	537,500	0.0014%
	Interest	(Note 3)	
Liu Jing (Note 4)	Personal	425,920	0.0011%
	Interest		

#### Notes:

- BOE holds 419,730,000 shares of the Company, representing 53.02% of the issued share capital of the Company. The shares of BOE are listed on the Shenzhen Stock Exchange with stock code 000725 for its A shares and stock code 200725 for its B shares.
- On 21 December 2020, BOE granted 634,000 shares to Mr. Shao under the 2020 share option and restricted share incentive scheme. After the year ended 31 December 2025, Mr. Shao disposed 150,000 shares in January 2026.
- On 21 December 2020, BOE granted 487,500 shares to Mr. Meng under the 2020 share option and restricted share incentive scheme.
- Mr. Liu Jing appointed as a non-executive Director with effect from 10 October 2025.
- Calculated based on BOE's total number of issued share capital of 37,413,880,464 shares as at 31 December 2025.
- All the interests disclosed above represent long positions.

Other than the aforesaid and as disclosed under the section headed “Share Schemes and Directors’ and Chief Executives’ Rights to Acquire Shares or Debentures” below, as at 31 December 2025, none of the Directors, chief executives or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### BASIS OF DETERMINING REMUNERATION TO DIRECTORS

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's results, individual duties, responsibilities and performance and prevailing market conditions. The remuneration of all Directors is subject to monitoring by the Remuneration Committee to ensure that the levels of their remuneration are appropriate.

### SHARE SCHEMES AND DIRECTORS’ AND CHIEF EXECUTIVES’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

#### SHARE AWARD PLAN

##### Purpose

On 28 August 2020 (the “Adoption Date”), the Company adopted a share award plan. The terms of the share award plan are in accordance with the provisions of Chapter 17 of the Listing Rules. The purposes of the share award plan are to recognise and reward the contribution of the participants, to give incentives to the participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

##### Participant

Participant(s) refers to the Group's and invested entity's employees, directors and adviser, and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

### Total Number of Shares Available for Grant (Excluding Treasury Shares)

During the year, 6,183,000 shares of the Company (representing 0.78%\* of the issued share capital of the Company) are purchased on the Stock Exchange at a total consideration of approximately HK\$30,876,000 (including purchase price of HK\$30,821,000 and transaction costs of HK\$55,000). Total accumulated number of shares of the Company purchased is 20,356,000 (representing 2.57%\* of the issued shares capital of the Company) under the share award plan.

## REPORT OF THE DIRECTORS

From 12 January 2026 to 10 April 2026 being the latest practicable date (the "LPD") prior to the issue of this annual report, 1,204,000 shares of the Company (representing 0.15%\* of the issued share capital of the Company) are purchased on the Stock Exchange at a total consideration of approximately HK\$5,370,000 (including purchase price of HK\$5,360,000 and transaction costs of HK\$10,000). Total accumulated number of shares of the Company purchased are 21,560,000 (representing 2.72%\* of the issued share capital of the Company). During the blackout period (21 January 2026 to 23 March 2026) of the Company, it must not deal any shares of the Company.

On 14 April 2025, the Board has granted a total of 3,339,000 awarded shares (representing 0.42%\* of the issued shares capital of the Company) to the certain selected participants, comprising to 6 Directors and certain employees of the Group, pursuant to the share award plan.

The total number of awarded shares that was purchased, lapsed and remain available for grant (excluding treasury shares) is 2,407,100, 5,469,300 and 6,696,400 as of 1 January 2025, 31 December 2025 and the LPD, representing 0.30%\*, 0.69%\* and 0.85%\* of the issued share capital of the Company respectively. The total number of awarded shares available for grant (excluding treasury shares) is 6,696,400 as of the LPD, representing 0.85%\* of the issued share capital of the Company.

At the end of the financial year of 2025, after deducting the 3,339,000 awarded shares granted on 14 April 2025, and considered share purchased and lapsed shares, the total number of awarded shares that can be granted was 5,469,300 (representing 0.69%\* of the issued share capital of the Company) calculated based on the accumulated 21,560,000 shares of the Company purchased in so far. The remaining shares that could be granted were 58,252,520 (representing 7.36%\* of the issued share capital of the Company) calculated based on the maximum number of awarded shares that can be granted at the Adoption Date (excluding treasury shares).

At the LPD, after deducting the 3,339,000 awarded shares granted on 14 April 2025, and considered shares purchased and lapsed shares, the total number of awarded shares that can be granted were 6,696,400 (representing 0.85%\* of the issued share capital of the Company) calculated based on the accumulated 21,560,000 shares of the Company purchased in so far. The remaining shares that could be granted were 58,252,520 (representing 7.36%\* of the issued share capital of the Company) calculated based on the maximum number of awarded shares that can be granted at the Adoption Date (excluding treasury shares).

The Company does not issue any number of shares in respect of awards granted under the share award plan during the year. The number of shares that may be issued in respect of awards granted under the share award plan during the year divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year is nil.

\* Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2025 and the LPD.

### Maximum Entitlement of Each Participant

The maximum number of shares to be subscribed for and/or purchased for the share award plan shall not exceed 10.00% of the total number of issued shares of the Company (excluding treasury shares) as at the Adoption Date.

The maximum number of shares which may be subject to an award or awards to a selected participant shall not in aggregate exceed 1.00% of the total number of issued shares of the Company (excluding treasury shares) as at the Adoption Date.

### Minimum Vesting Period

The Board may from time to time considered the performance target which must be achieved and minimum period for which the awarded share must be held before they are vested.

On 14 April 2025, a total of 3,339,000 awarded shares (representing 0.42%\* of the issued shares capital of the Company) were granted to the selected participants pursuant to the share award plan. As permitted under the share award plan, the awarded shares granted to the selected participants have a mixed vesting schedule with a total vesting period (i.e. the period between the date of the grants and the last vesting date) of 24 months. While the first vesting of the grant to the selected participants is shorter than 12 months as determined by the Board, the overall awarded shares granted to the selected participants have a mixed vesting schedule with a vesting period spanning from the date of the grant to 29 April 2027. The Board and the Remuneration Committee consider that such arrangements (a) are appropriate and commercially competitive and reasonable as a majority of the awarded shares are subject to a longer vesting period, which will ensure that the long-terms interest of the selected participants and the Company are aligned and the selected participants will be motivated to contribute to the Company's development; and (b) are permitted under the terms of the share award plan. The vesting period and performance target are disclosed in the Company's announcement dated 14 April 2025.

## REPORT OF THE DIRECTORS

The number of the awarded shares granted is determined based on the selected participants' position, years of service, performance and future long-term contribution to the Group. Talent development and reserve are very important to the future development of the Company. In addition to providing competitive salaries, the Group also grants long-term incentives to (a) recognise and reward the contribution of the selected participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development and improve competitiveness of the Group. Through long-term incentives for the selected participants could align the interests of the selected participants with that of the shareholders of the Company effectively, which is expected to have a positive impact on the market value of the Group. As such, the Remuneration Committee holds the view that the grant of the awarded shares, including the vesting periods are fair and reasonable and consistent with the purposes of the share award plan.

### Performance Target

The vesting of the awarded shares is subject to the fulfilment of certain performance targets and other requirements as set out in the grant notice to be entered into between the Company and each selected participant. The performance targets shall include: financial targets (such as net profit after tax for the year of the Group and management/ business targets (such as productivity, quality, research and development ability, client satisfaction etc.) which shall be determined based on the (i) individual performance; (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the selected participants. In case the vesting conditions are not satisfied in part or in full, the relevant portion of the award shares granted would lapse.

### Clawback Mechanism

- (i) The Board has an absolute discretion to determine any terms and conditions of the grant of the awarded shares and withdraw the awarded shares.
- (ii) The grant of the awarded shares shall become invalid immediately if the selected participant resigns or if his/her employment contract is terminated.
- (iii) The selected participant should keep the share award plan confidential. If the selected participant is found to disclose or discuss with others, the Company reserves the right to cancel the selected participant's eligibility for the share award plan.

- (iv) The selected participant shall comply with the compliance requirement as required by, including but not limited to, The Stock Exchange of Hong Kong Limited, Security and Future Commission, Companies Ordinance, tax authorities and rules and regulation of the Company and/or its affiliates. The Company reserves the right to cancel the selected participant's eligibility for the share award plan or lock up the selected participant's vested shares if the selected participant has failed to comply with the above requirements. Any unvested award shares shall be lapsed and cancelled immediately.

### Payment on Acceptance of the Awarded Shares

Consideration of the awarded shares granted is nil. The participants are required to submit to the Company a duly signed offer letter.

### Basis of Determining the Purchase Price

The shares may be purchased on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board), or off the market. In the event that any purchases, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the shares were traded on the Stock Exchange.

### Awarded Share Period and Remaining Life

The share award plan shall be valid and effective for a period of 10 years commencing from the Adoption Date and as at 31 December 2025, the share award plan has a remaining life of up to 27 August 2030, but may be terminated earlier as determined by the Board.

Subject to the share award plan, the trust deed and the fulfilment of the vesting conditions as set out in the grant notice to each selected participant, the awarded shares held by the trustee shall vest in the respective selected participant, and the trustee shall cause the awarded shares to be transferred to such selected participant on the vesting date.

The trustee shall not exercise the voting rights in respect of the awarded shares held under trust constituted by the trust deed. The selected participants shall not have any right to receive any awarded shares set aside for them unless and until the trustee has transferred and vested the legal and beneficial ownership of such awarded shares to and in the selected participants.

## REPORT OF THE DIRECTORS

Movements in the Company's awarded shares during the year are as follows:

Category	Date of grant	Number of awarded shares yet to be vested as at 1 January 2025	Number of awarded shares granted during the year	Number of awarded shares vested during the year	Number of awarded shares cancelled/lapsed during the year	Number of awarded shares yet to be vested as at 31 December 2025	Vesting date	Closing price of per awarded share at the dates of grant of awarded shares	Closing price of per awarded share immediately before the dates of awarded shares (Note 8)	Weighted average closing price of the awarded shares immediately before the dates on which the awarded shares were vested
<b>Directors</b>										
Su Ning	22 March 2023	12,400	-	12,400	-	0	(Note 1)	HK\$14.82	N/A	HK\$4.80
	22 March 2024	71,400	-	35,700	-	35,700	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	216,000	86,400	-	129,600	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
Ko Wing Yan, Samantha	22 March 2023	10,800	-	10,800	-	0	(Note 1)	HK\$14.82	N/A	HK\$4.80
	22 March 2024	14,400	-	7,200	-	7,200	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	43,000	17,200	-	25,800	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
Lo Pak Chi (Note 5)	22 March 2023	9,200	-	9,200	-	0	(Note 1)	HK\$14.82	N/A	HK\$4.80
	22 March 2024	33,000	-	16,500	-	16,500	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	74,000	29,600	-	44,400	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
Fung, Yuk Kan Peter	22 March 2024	18,000	-	9,000	-	9,000	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	30,000	12,000	-	18,000	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
Chu, Howard Ho Hwa	22 March 2024	18,000	-	9,000	-	9,000	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	30,000	12,000	-	18,000	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
Pang Chunlin	22 March 2024	18,000	-	9,000	-	9,000	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	30,000	12,000	-	18,000	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
<b>Employees</b>										
<b>(Note 6)</b>	21 December 2022	141,000	-	141,000	-	0	(Note 4)	HK\$13.86	N/A	HK\$6.45
	22 March 2023	212,000	-	212,000	-	0	(Note 1)	HK\$14.82	N/A	HK\$4.80
	22 March 2024	1,021,200	-	507,000	46,800	467,400	(Note 2)	HK\$5.18	N/A	HK\$5.45
	14 April 2025	-	2,916,000	1,164,800	171,400	1,579,800	(Note 3)	HK\$5.25	HK\$5.02	HK\$5.51
		1,579,400	3,339,000	2,312,800	218,200 (Note 7)	2,387,400				

## REPORT OF THE DIRECTORS

### Notes:

1. Vesting date:
  - (i) the first 30% of the awarded shares shall be vested on 12 April 2023;
  - (ii) the second 30% of the awarded shares shall be vested on 12 April 2024; and
  - (iii) the remaining 40% of the awarded shares shall be vested on 11 April 2025.
2. Vesting date:
  - (i) the first 40% of the awarded shares shall be vested on 2 May 2024;
  - (ii) the second 30% of the awarded shares shall be vested on 2 May 2025; and
  - (iii) the remaining 30% of the awarded shares shall be vested on 4 May 2026.
3. Vesting date:
  - (i) the first 40% of the awarded shares shall be vested on 8 May 2025;
  - (ii) the second 30% of the awarded shares shall be vested on 29 April 2026; and
  - (iii) the remaining 30% of the awarded shares shall be vested on 29 April 2027.
4. Vesting date:
  - (i) the first 40% of the awarded shares shall be vested on 27 March 2023;
  - (ii) the second 30% of the awarded shares shall be vested on 27 March 2024; and
  - (iii) the remaining 30% of the awarded shares shall be vested on 27 March 2025.
5. Mr. Lo Pak Chi was appointed as an executive Director with effect from 10 October 2025. His awarded shares are reclassified from the category "Employees" to "Director".
6. The total number of awarded shares granted to the 5 highest paid individuals during the financial year of 2025 was 429,000.
7. The awarded shares are lapsed.
8. During the year ended 31 December 2025, the closing price of per awarded share immediately before the date (14 April 2025) on which the awards were granted was HK\$5.02.
9. The purchase price of all awarded shares is nil.
10. All the interests disclosed above represent long positions.

No expected dividends were incorporated into the measurement of fair value. Information on the accounting policy for the grant of awarded shares is provided in the accounting policy for the grant of Note 2(r)(iv) on page 158 of this Annual Report.

Number of awarded shares	Date of grant	Closing price per awarded share on the date of grant	Fair value of awarded shares at the date of grant
500,000	21 December 2022	HK\$13.86	HK\$6,930,000
662,000	22 March 2023	HK\$14.82	HK\$9,810,840
2,047,000	22 March 2024	HK\$5.18	HK\$10,603,460
3,339,000	14 April 2025	HK\$5.25	HK\$17,529,750

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## REPORT OF THE DIRECTORS

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

As at 31 December 2025, other than the interests disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", so far as is known to the Directors and chief executives of the Company, the following companies and person had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity	Number of shares in the Company held	Number of underlying shares in the Company held	Total	Approximate percentage of the total issued share capital of the Company (Note 2)
BOE Technology Group Co., Ltd.	Interest of controlled corporation	419,730,000 (Note 1)	–	419,730,000	53.02%

Notes:

1. BOE is a joint stock company established in the PRC and the issued shares of which are listed on the Shenzhen Stock Exchange with stock code 000725 for its A shares and stock code 200725 for its B shares.
2. Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2025.
3. All the interests disclosed above represent long positions.

## REPORT OF THE DIRECTORS

Saved as disclosed above, as at 31 December 2025, there were no other companies nor persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

### DEBENTURE ISSUE

The Group has not issued any debenture during the year ended 31 December 2025.

### DIRECTORS' SERVICE CONTRACTS

Mr. Su Ning, Ms. Ko Wing Yan, Samantha and Mr. Lo Pak Chi have entered into a management agreement with the Company which may be terminated by either party to the agreement at one month's notice.

Non-executive Directors are appointed for a term of 3 years. Independent non-executive Directors are appointed for a term subject to re-appointment as required by Bye-law.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within 1 year without payment of compensation, other than normal statutory compensation.

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

Referring the section headed "Continuing Connected Transactions, Connected Transactions and Other Related Party Transactions" as disclosed, Mr. Su Ning ("Mr. Su") held 150,000 A shares of BOE, Mr. Shao Xibin ("Mr. Shao") held 342,820 A shares of BOE, Mr. Meng Chao ("Mr. Meng") held 537,500 issued A shares of BOE and Mr. Liu Jing ("Mr. Liu") held 425,920 A shares of BOE. In addition, Mr. Su is a senior vice president of BOE. Mr. Shao is the deputy person in

charge of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the person in charge of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE, senior vice president and co-chief technology officer of BOE. Mr. Meng is the CPIO of the performance management center of the back-desk of BOE (business support system), and the Vice Chief Financial Officer of Chief Financial Officer organisation. Mr. Liu is a member of the executive committee, a senior vice president and the head of the front-desk of the display device and IoT innovation business of BOE.

Mr. Su, Mr. Shao, Mr. Meng and Mr. Liu may be considered having interests in the above-mentioned transactions. They have been abstained from voting in respect of those transactions.

Except as disclosed above, there has been no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. There is no material interest of directors in contracts involving the Company.

### CONTINUING CONNECTED TRANSACTIONS, CONNECTED TRANSACTIONS AND OTHER RELATED PARTY TRANSACTIONS

A number of continuing connected transactions were entered into and between the Group and members of BOE. BOE Technology (HK) Limited ("BOE(HK)"), a wholly-owned subsidiary of BOE, is the controlling shareholder of the Company throughout the year under review, holding approximately 53.02% of the issued share capital of the Company as at 31 December 2025. Therefore, any subsidiary of BOE is an associate of BOE(HK) and thus a connected person of the Company.

## REPORT OF THE DIRECTORS

### (A) CONTINUING CONNECTED TRANSACTIONS

#### (1) Renewed Master Purchase Agreement

On 10 October 2024, in view of the expiration of the Master Purchase Agreement on 31 December 2024, the Company, after considered the benefit as mentioned in the announcement dated 10 October 2024, has entered into the Renewed Master Purchase Agreement (the "Renewed Master Purchase Agreement"), pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2027.

Pursuant to the Renewed Master Purchase Agreement, the Group has from time to time since 2016 engaged the BOE Group to purchase the TFT panels and other products including, but not limited to, raw materials for the manufacturing of its LCDs and related products, in particular TFT/TP modules, from the BOE Group.

Leveraging its competitive edges, such as panel research and automated manufacturing process, the BOE Group has supplied the Group with TFT panels with customized design and comprehensive quality support at prices considered to be fair and reasonable by the Company. With the stable supply of TFT panels and provision of technical support by the BOE Group, together with the availability of the BOE Group's full spectrum of state-of-the-art display products, the Group's TFT business expanded rapidly, especially in the PRC, even though the automotive display market faced keen competition.

Pursuant to the Renewed Master Purchase Agreement, the annual caps under the Renewed Master Purchase Agreement for the three years are as follows:

	For the year ended 31 December 2025 HK\$ million	For the year ending 31 December 2026 HK\$ million	For the year ending 31 December 2027 HK\$ million
Purchase Transactions	6,150	7,550	9,400

The total amount of the Purchase Transactions during the year of 2025 was HK\$5,138,765,000.

For details of the continuing connected transactions contemplated under the Renewed Master Purchase Agreement, please refer to the announcement of the Company dated 10 October 2024 and the circular of the Company dated 1 November 2024.

#### (2) Renewed Trademark Licence Agreement

On 30 December 2024, in view of the expiration of the Trademark Licence Agreement on 31 December 2024, the Company, after considered the benefit as mentioned in the announcement dated 30 December 2024, has entered into the Renewed Trademark Licence Agreement (the "Renewed Trademark Licence Agreement"), pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2026.

Since the Company has amended its name to BOE Varitronix Limited in 2017, the Company has been adopting the Trademark for all its businesses, corporate promotions and other business activities in the display products and services, which are generally known and recognised by the public. With the stable supply of TFT panels and the provision of technical support by the BOE Group, the Group's TFT business expanded rapidly, especially in the PRC. In view of the above, the Company entered into the Renewed Trademark Licence Agreement to continue to use the Trademark.

Pursuant to the Renewed Trademark Licence Agreement, the annual caps for the total annual payment for the relevant periods in 2025 and 2026 are as follows:

	For the year ended 31 December 2025 HK\$ million	For the year ending 31 December 2026 HK\$ million
Trademark Licence Fee	40	47

The total amounts of the Trademark Licence Fee during the year of 2025 was HK\$24,655,000.

For details of the continuing connected transactions contemplated under the Renewed Trademark Licence Agreement, please refer to the announcement of the Company dated 30 December 2024.

## REPORT OF THE DIRECTORS

### (3) Renewed Master Subcontracting Agreement

On 30 May 2025, the Company entered into the Renewed Master Subcontracting Agreement (the "Renewed Master Subcontracting Agreement") with Chengdu BOE Optoelectronics Technology Co., Ltd., Hefei Xinsheng Optoelectronics Technology Co., Ltd. and Ordos Yuansheng Optoelectronics Co., Ltd. (collectively known as the "Purchasers"), pursuant to which the Company has agreed to provide subcontracting services of manufacturing TFT/TP modules and other products on a non-exclusive basis to the Purchasers, for a term from 30 May 2025 to 31 December 2027.

The Group has its own plant and equipment and is engaged in the processing of TFT/TP modules and other products. The Subcontracting Transactions could provide benefits to the Group, among others, (i) generating additional revenue to the Group; (ii) utilising our production facilities more efficiently; (iii) allowing the Group to keep up-to-date knowledge to the development of technology and the industry; and (iv) allowing the Group to meet the production and quality requirement of the ultimate customers, and has a better chance to be a qualified supplier of them for other products and increase our market share and revenue in future.

Pursuant to the Renewed Master Subcontracting Agreement, the annual caps for the period from 30 May 2025 to 31 December 2025 and for the two years ending 31 December 2026 and 2027 are as follows:

	For the period from 30 May 2025 to 31 December 2025 HK\$ million	For the year ending 31 December 2026 HK\$ million	For the year ending 31 December 2027 HK\$ million
Subcontracting Transactions	52	76	79

The total amounts of the Subcontracting Transactions during the year of 2025 was HK\$4,923,000 .

For details of the continuing connected transactions contemplated under the Renewed Master Subcontracting Agreement, please refer to the announcement of the Company dated 30 May 2025.

### (4) Product Development Services Agreement

On 23 September 2025, the Company and Chengdu BOE entered into the Product Development Services Agreement (the "Product Development Services Agreement") pursuant to which the Group may engage Chengdu BOE Optoelectronics Technology Co., Ltd. to provide the Product Development Services from 23 September 2025 to 31 December 2026.

The Group would be benefited (but not an obligation) from the flexibility of obtaining the industry leading personnel and product development services from Chengdu BOE Optoelectronics Technology Co., Ltd. of the BOE Group with competitive cost that are more tailored to the Group's unique requirements and circumstances based on the long-standing cooperation and relationship among the Group and BOE, which can enable the Group to continue leveraging on BOE's competitive strength in the industry, experience and expertise in the relevant areas, enhancing synergy and supporting technology upgrade for the Group's products that in turn improves its competitiveness.

Pursuant to the Product Development Services Agreement, the annual caps for the period from 23 September 2025 to 31 December 2025 and for the year ending 31 December 2026 are as follows:

	For the period from 23 September 2025 to 31 December 2025 HK\$ million	For the year ending 31 December 2026 HK\$ million
Product Development Services	7	24

The total amounts of the Product Development Services during the year of 2025 was HK\$6,131,000.

For details of the continuing connected transactions contemplated under the Product Development Services Agreement, please refer to the announcement of the Company dated 23 September 2025.

## REPORT OF THE DIRECTORS

### (5) Master Product Processing Agreement

On 11 December 2025, the Company and BOE Vietnam entered into the Master Product Processing Agreement (the "Master Product Processing Agreement") pursuant to which the Group may engage BOE Vision-Electronic (Vietnam) Company Limited to provide the product processing services in respect of manufacturing TFT/TP modules and other products on a non-exclusive basis from 11 December 2025 to 31 December 2027.

The Group (i) to have flexibility to mitigate risks associated with setting up production capacities in other geographical locations which the Group could have less experience in; and (ii) to utilize the Group's asset effectively.

Pursuant to the Master Product Processing Agreement, the annual caps for the period from 11 December 2025 to 31 December 2025 and for the two years ending 31 December 2026 and 2027 are as follows:

	For the period from 11 December 2025 to 31 December 2025 HK\$ million	For the year ending 31 December 2026 HK\$ million	For the year ending 31 December 2027 HK\$ million
Product Processing Transactions	8	40	67

The total amounts of the Product Processing Transactions during the year of 2025 was HK\$7,127,000.

For details of the continuing connected transactions contemplated under the Master Product Processing Agreement, please refer to the announcement of the Company dated 11 December 2025.

### (6) New Master Framework Agreement and Renewed Master Framework Agreement — Equipment, Software, Construction and Engineering Services

On 29 May 2024, in view of the expected transaction amount under the Master Framework Agreement for the year ended 31 December 2024 will be higher than the approved annual amount in respect of the procurement transaction under the Master Framework Agreement, and the expiration of the agreement on 31 December 2024, the Company therefore revised the Existing Annual Cap for the year ended 31 December 2024 and entered into the New Master Framework Agreement (the "New Master Framework Agreement") , pursuant to which the Company and BOE have agreed to extend the terms of the agreements to 31 December 2025.

Pursuant to the New Master Framework Agreement, the revised annual cap for year ended 31 December 2024 and the annual caps for year ended 31 December 2025 are as follows:

	For the year ended 31 December 2024 (Revised) HK\$ million	For the year ended 31 December 2025 HK\$ million
Procurement Transactions	100	80

The total amounts of the Procurement Transactions during the year of 2025 was HK\$26,159,000.

For details of the continuing connected transactions contemplated under the New Master Framework Agreement, please refer to the announcement of the Company dated 29 May 2024.

On 23 December 2025, in view of the expiration of the New Master Framework Agreement on 31 December 2025, the Company, after considered the benefit as mentioned in the announcement dated 23 December 2025, has entered into the Renewed Master Framework Agreement (the "Renewed Master Framework Agreement") with BOE, pursuant to which the Group may (i) purchase and/or lease equipment and related software from the BOE Group; and (ii) engage the BOE Group to provide the construction and engineering services from time to time during the term from 1 January 2026 to 31 December 2027.

## REPORT OF THE DIRECTORS

The Group would be benefited with the flexibility to purchase and lease equipment and related software, and procure construction and engineering services from the BOE Group, which can improve the Group's production efficiency and effectiveness, achieve an overall lower marginal cost and ultimately reach optimal profitability.

Pursuant to the Renewed Master Framework Agreement, the annual caps for the two years ending 31 December 2026 and 2027 are as follows:

	For the year ending 31 December 2026 HK\$ million	For the year ending 31 December 2027 HK\$ million
Procurement Transactions	50	50

For details of the continuing connected transactions contemplated under the Renewed Master Framework Agreement, please refer to the announcement of the Company dated 23 December 2025.

### Governance

Pursuant to Listing Rules 14A.55, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these continuing connected transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Listing Rule 14A.56, the Company's auditor was engaged by the Board of Directors to report on the continuing connected transactions in relation to the above

continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "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 a letter advised that nothing has come to their attention that causes them to believe that above continuing connected transactions:

- i. have not been approved by the Company's Board of Directors;
- ii. the transactions (which involved provision of goods or services) were not, in all material respects, in accordance with the pricing policies of the Group;
- iii. were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing the continuing connected transactions; and
- iv. the relevant cap amounts have been exceeded during the financial year ended 31 December 2025.

### (B) OTHER RELATED PARTY TRANSACTIONS

Except as disclosed above, there was no related party transactions entered into by the Group during the year which (i) do not constitute connected transactions or continuing connected transactions or (ii) fall under the definition of a connected or continuing connected transaction under Chapter 14A of the Listing Rules, but are exempted from the reporting, annual review, announcement and independent shareholder's approval requirements under the Listing Rules. Related party transactions are disclosed in 29(b) to the financial statements.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions and connected transactions entered into by the Group during the year ended 31 December 2025.

## REPORT OF THE DIRECTORS

### EQUITY-LINKED AGREEMENTS

Other than the aforesaid and as disclosed under the section headed "Share Schemes and Directors' and Chief Executives' Rights to Acquire Shares or Debentures" above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

### 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.

### PERMITTED INDEMNITY PROVISION

The Company's Bye-law provides that the Directors shall be indemnified out of the assets of the Company against any actions, costs, charges, losses, damages and expenses as a result of any act or failure to act in carrying out their functions.

The Company has arranged directors' and officers' liability insurance during the year in respect of any possible legal action against the Directors and officers.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and the law of Bermuda.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, for the year under review, the Company has maintained the prescribed public float under the Listing Rules.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the five largest customers of the Group accounted for 50.0% of the Group's total revenue while the largest customer of the Group accounted for 22.8% of the Group's total revenue. In addition, for the year ended 31 December 2025, the five largest suppliers of the Group accounted for 46.4% of the Group's total purchases while the largest supplier of the Group accounted for 12.5% of the Group's total purchases. The largest supplier of the Group represents collectively a group of different subsidiaries of BOE which is an associate of BOE, the substantial shareholder of the Company.

Saved as disclosed above, at no time during the year have the Directors or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total issued share capital) had any interest in these major customers and suppliers.

### UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Su Ning is a senior vice president of BOE. With effect from 1 July 2025, Mr. Su is entitled to a basic salary of HK\$87,296.00 per month for 12 months per annum for serving as the chief executive officer of the Company (which is determined with reference to his experience, duties and responsibilities) with a discretionary bonus which is determined by the Board based on the Company's performance. Mr. Su is also entitled to HK\$1,047,552.00 (i.e. equivalent to 12 months of the basic salary) of guaranteed bonus per annum, upon completion of one year of service and the Company has met the performance target set by the Board. Mr. Su is not entitled to any director's fee or remuneration for his appointment as an executive Director.

Mr. Shao Xibin is currently the deputy person in charge of the mid-desk of the technology and product of the mid-desk of the display device and the IoT innovation business of BOE, the person in charge of the mid-desk of the technology and the product mid-desk terminal product and technology development of the display device and the IoT innovation business of BOE, senior vice president and co-chief technology officer of BOE.

## REPORT OF THE DIRECTORS

Upon expiry of term of office in August 2025, Mr. Chu, Howard Ho Hwa ceased to be an independent non-executive director of Guolian Minsheng Securities Co., Ltd., a company listed on the Main Board of the Stock Exchange, as he has served six years consecutively as of 26 June 2025.

Mr. Pang Chunlin is an independent non-executive director of PATEO CONNECT Technology (Shanghai) Corporation, the shares of which is listed on the Main Board of the Stock Exchange in September 2025.

With effect from 10 October 2025,

Mr. Gao Wenbao resigned as an executive Director and the chairman of the Board and, ceased to be the chairman of the Nomination Committee and the Investment Committee, and a member of the Remuneration Committee.

Mr. Jin Hao resigned as a non-executive Director.

Mr. Su Ning has been appointed as the chairman of the Board, the Nomination Committee and the Investment Committee, and a member of the Remuneration Committee. Mr. Su is not entitled to any director's fee or remuneration for his appointment as the Chairman and an executive Director but is entitled to remuneration to his appointment as the Chief Executive Officer.

Mr. Lo Pak Chi has been appointed as an executive Director and a member of the Investment Committee. Mr. Lo is not entitled to any director's fee or remuneration for his appointment as an executive Director.

Mr. Liu Jing has been appointed as a non-executive Director.

Ms. Ko Wing Yan, Samantha has been appointed as a member of the Nomination Committee.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES (INCLUDING SALE OF TREASURY SHARES)

As at 31 December 2025, total number of the shares of the Company held by the trustee is 7,856,700 (2024: 3,986,500).

During the year ended 31 December 2025, the trustee of the Company's share award plan (adopted on 28 August 2020) (the "Share Award Plan") purchased 6,183,000 shares of the Company (representing 0.78%\* of the issued share capital of the Company) on the Stock Exchange at a total consideration of approximately HK\$30,876,000 (including purchase price of HK\$30,821,000 and transaction costs of HK\$55,000). Total accumulated number of shares of the Company purchased is 20,356,000 (representing 2.57%\* of the issued shares capital of the Company) under the share award plan.

From 12 January 2026 to 10 April 2026 being the LPD prior to the issue of this annual report, the trustee purchased 1,204,000 shares of the Company (representing 0.15%\* of the issued share capital of the Company) on the Stock Exchange at a total consideration of approximately HK\$5,370,000 (including purchase price of HK\$5,360,000 and transaction costs of HK\$10,000). Total accumulated number of shares of the Company purchased is 21,560,000 (representing 2.72%\* of the issued share capital of the Company). During the blackout period (21 January 2026 to 23 March 2026) of the Company, it must not deal any shares of the Company.

On 14 April 2025, a total of 3,339,000 awarded shares (representing 0.42%\* of the issued shares capital of the Company) were granted to certain selected participants, comprising of 6 Directors and certain employees of the Group, pursuant to the Share Award Plan.

At the end of 2025, after deducting the 3,339,000 awarded shares granted on 14 April 2025, and considered share purchased and lapsed shares, the total number of awarded shares that can be granted was 5,469,300 (representing 0.69%\* of the issued share capital of the Company) calculated based on the accumulated 21,560,000 shares of the Company purchased in so far. The remaining shares that could be granted were 58,252,520 (representing 7.36%\* of the issued share capital of the Company) calculated based on the maximum number of awarded shares that can be granted at the Adoption Date (excluding treasury shares).

## REPORT OF THE DIRECTORS

At the LPD, after deducting the 3,339,000 awarded shares granted on 14 April 2025, and considered shares purchased and lapsed shares, the total number of awarded shares that can be granted were 6,696,400 (representing 0.85%\* of the issued share capital of the Company) calculated based on the accumulated 21,560,000 shares of the Company purchased in so far. The remaining shares that could be granted were 58,252,520 (representing 7.36%\* of the issued share capital of the Company) calculated based on the maximum number of awarded shares that can be granted at the Adoption Date (excluding treasury shares).

Other than the aforesaid, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

\* Calculated based on the Company's total number of issued share capital of 791,575,204 shares as at 31 December 2025 and the LPD.

## COMPETING INTEREST

None of the Directors has interest in any business which competes or its likely to compete, either directly or indirectly, which the business of the Group that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

## AUDITORS

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

### By order of the Board

**Su Ning**

*Chairman*

Hong Kong, 23 March 2026

# REPORT OF THE INDEPENDENT AUDITOR



## Independent auditor's report to the shareholders of BOE Varitronix Limited

(Incorporated in Bermuda with limited liability)

### OPINION

We have audited the consolidated financial statements of BOE Varitronix Limited ("the Company") and its subsidiaries ("the Group") set out on pages 142 to 198, 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

## REPORT OF THE INDEPENDENT AUDITOR

### VALUATION OF INVENTORIES

Refer to note 17 to the consolidated financial statements and the accounting policy note 2(l).

#### The Key Audit Matter

The Group held significant inventories as at 31 December 2025, which comprised raw materials, work-in-progress and finished goods in respect of LCD and related products.

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

The Group maintains its inventory levels based on customer orders and forecast demand. There is a risk that the net realisable value of inventories may fall below their costs 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 a customer experiences financial difficulty or there is a demand issue with a customer's product that includes products manufactured and held by the Group as inventories which may not be sold or may be sold at a price below their costs.

Management assesses the level of write-down of inventories required at each reporting date after considering inventory ageing, net realisable value and other relevant factors. Such assessment involves significant management judgement and estimation in determining the value of inventories which will not be recoverable at each reporting date.

We identified the valuation of inventories as a key audit matter because inventories are significant to the consolidated financial statements and because of the significant degree of management judgement involved in determining the write-down of inventories.

#### How the matter was addressed in our audit

Our audit procedures to assess the valuation of inventories included the following:

- obtaining an understanding of and assessing the design and implementation of the Group's key internal controls over the inventory write-down assessment process, including the Group's monitoring controls over slow-moving inventories;
- evaluating the Group's inventory write-down policy with reference to the requirements of the prevailing accounting standards;
- 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 percentages and other parameters in the Group's inventory write-down policy;
- assessing the classification of inventory items in the inventory ageing report by comparison with purchase invoices and other relevant underlying documentation, on a sample basis;
- selecting raw materials and work-in-progress items, on a sample basis, at the reporting date and comparing their usage subsequent to the reporting date;
- enquiring of the senior members of the production department whether there are any expected changes in production plans which may indicate that a write-down of inventories would be required;
- evaluating whether inventory items were stated at the lower of cost and net realisable value at the reporting date, on a sample basis, by comparing the sales price of those inventory items and the related selling costs subsequent to the reporting date with their carrying values; and
- assessing whether there is management's bias in the calculation of write-down of inventories by examining the utilisation or release of write-downs recorded at the end of the previous financial year during the current financial year.

## REPORT OF THE INDEPENDENT AUDITOR

### EXPECTED CREDIT LOSS ALLOWANCE FOR TRADE RECEIVABLES

Refer to notes 18 and 27(a) to the consolidated financial statements and the accounting policies notes 2(k) and 2(n).

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group held significant trade receivables as at 31 December 2025, which comprised a large number of individual balances.</p>	<p>Our audit procedures to assess the expected credit loss allowance for trade receivables included the following:</p>
<p>The Group has a wide range of customers with different individual characteristics which are exposed to their own risks. Therefore, there is a risk that certain of the Group's trade receivables may not be recoverable.</p>	<ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design and implementation of the Group's key internal controls over the processes of credit control, and estimate of expected credit losses;</li> </ul>
<p>Management has implemented internal controls to monitor credit control, collection of trade receivables and follow up of overdue balances.</p>	<ul style="list-style-type: none"> <li>evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard;</li> </ul>
<p>Management measures the expected credit loss allowance required at each reporting date at an amount equal to the lifetime expected credit losses based on estimated loss rates for each category of trade receivables grouped according to the shared credit risk characteristics. The estimated loss rates take into account the ageing of trade receivable balances, the repayment history of the Group's customers of different risk characteristics, current market conditions and forward-looking information. Such assessment involves significant management judgement and estimation.</p>	<ul style="list-style-type: none"> <li>obtaining an understanding of the key data and assumptions of the expected credit loss model adopted by the Group, including the basis of the segmentation of trade receivables based on shared credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rate;</li> </ul>
<p>We identified the credit loss allowance for trade receivables as a key audit matter because of the significance of trade receivables to the consolidated financial statements and because of the significant degree of management judgement involved in determining the expected credit losses.</p>	<ul style="list-style-type: none"> <li>assessing the appropriateness of the Group's estimates of expected credit loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;</li> </ul>
	<ul style="list-style-type: none"> <li>re-performing the calculation of the credit loss allowance as at 31 December 2025 based on the Group's credit loss allowance policies; and</li> </ul>
	<ul style="list-style-type: none"> <li>assessing whether items in the trade receivables ageing report were categorised in the appropriate ageing bracket by comparing a sample of individual items with the underlying goods delivery notes, sales invoices and other relevant underlying documentation.</li> </ul>

## REPORT OF THE INDEPENDENT AUDITOR

### 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.

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 HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors 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, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 HKSAAs 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 HKSAAs, 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.

## REPORT OF THE INDEPENDENT AUDITOR

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 Lee Ka Nang (practising certificate number: P05456).

KPMG

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

23 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	Notes	2025 \$'000	2024 \$'000
<b>Revenue</b>	4	<b>13,957,301</b>	13,448,506
Other operating income, net	5	<b>273,793</b>	199,046
Change in inventories of finished goods and work in progress		<b>123,333</b>	(279,040)
Raw materials and consumables used		<b>(11,597,681)</b>	(10,899,226)
Staff costs		<b>(1,344,619)</b>	(1,116,425)
Depreciation	12	<b>(267,683)</b>	(244,301)
Other operating expenses	6(c)	<b>(738,694)</b>	(671,107)
<b>Profit from operations</b>		<b>405,750</b>	437,453
Finance costs	6(a)	<b>(10,384)</b>	(15,362)
<b>Profit before taxation</b>	6	<b>395,366</b>	422,091
Income tax	7(a)	<b>(53,729)</b>	(20,506)
<b>Profit for the year</b>		<b>341,637</b>	401,585
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>345,368</b>	391,282
Non-controlling interests		<b>(3,731)</b>	10,303
		<b>341,637</b>	401,585
<b>Earnings per share for profit attributable to equity shareholders of the Company (in HK cents)</b>	10		
Basic		<b>43.9 cents</b>	49.6 cents
Diluted		<b>43.7 cents</b>	49.5 cents

The notes on pages 148 to 198 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26(b).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	2025 \$'000	2024 \$'000
<b>Profit for the year</b>	<b>341,637</b>	401,585
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>		
<b>Item that is or may be reclassified subsequently to profit or loss:</b>		
— Exchange translation adjustments: net movement in exchange reserve	79,814	(65,343)
<b>Total comprehensive income for the year</b>	<b>421,451</b>	336,242
<b>Attributable to:</b>		
Equity shareholders of the Company	423,718	327,149
Non-controlling interests	(2,267)	9,093
	<b>421,451</b>	336,242

The notes on pages 148 to 198 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025  
(Expressed in Hong Kong dollars)

	Notes	2025 \$'000	2024 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	2,306,033	2,060,385
Intangible assets	13	52,826	29,428
Other financial assets	16	1,900	40,186
Non-current deposits, prepayment and other contract costs	18	145,673	38,822
Restricted bank deposits	19(b)	-	41,101
Deferred tax assets	23(b)	60,586	59,718
		<b>2,567,018</b>	2,269,640
<b>Current assets</b>			
Inventories	17	1,878,366	1,778,379
Trade and other receivables, deposit, prepayment and other contract costs	18	3,380,659	3,325,957
Other financial assets	16	89,946	389,759
Current tax recoverable	23(a)	10,200	9,923
Fixed deposits with more than three months to maturity when placed	19(a)	1,159,258	843,817
Restricted bank deposits	19(b)	94,456	147,326
Cash and cash equivalents	19(a)	3,191,434	2,700,141
		<b>9,804,319</b>	9,195,302
<b>Current liabilities</b>			
Trade and other payables	20	6,902,089	6,228,142
Lease liabilities	22	13,901	14,793
Current tax payable	23(a)	2,538	23,272
Bank loans	21	63,966	205,322
Deferred income	24	36,022	28,072
		<b>7,018,516</b>	6,499,601
<b>Net current assets</b>		<b>2,785,803</b>	2,695,701

	Notes	2025 \$'000	2024 \$'000
<b>Total assets less current liabilities</b>			
		<b>5,352,821</b>	4,965,341
<b>Non-current liabilities</b>			
Lease liabilities	22	14,725	20,113
Deferred tax liabilities	23(b)	2,112	2,448
Deferred income	24	219,456	171,821
Bank loans	21	244,516	170,464
		<b>480,809</b>	364,846
<b>NET ASSETS</b>		<b>4,872,012</b>	4,600,495
<b>CAPITAL AND RESERVES</b>			
Share capital	26(c)	197,894	197,894
Reserves		4,611,176	4,337,392
Total equity attributable to equity shareholders of the Company			
		<b>4,809,070</b>	4,535,286
Non-controlling interests	15	62,942	65,209
<b>TOTAL EQUITY</b>		<b>4,872,012</b>	4,600,495

Approved and authorised for issue by the board of directors on 23 March 2026.

**Su Ning**  
Director

**Ko Wing Yan, Samantha**  
Director

The notes on pages 148 to 198 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

Attributable to equity shareholders of the Company											
	Share capital (note 26(c)(i)) \$'000	Share premium (note 26(d)(i)) \$'000	Awarded shares held under the Share Award Plan (note 26(d)(v)) \$'000	Exchange reserve (note 26(d)(iii)) \$'000	Capital reserve (note 26(d)(iv)) \$'000	Other reserves (note 26(d)(vii)) \$'000	Contributed surplus (note 26(d)(iii)) \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Notes											
<b>Balance at 1 January 2024</b>	197,894	2,101,856	(13,763)	(190,036)	11,781	27,921	429,943	1,787,999	4,353,595	56,116	4,409,711
<b>Changes in equity for 2024:</b>											
Profit for the year	-	-	-	-	-	-	-	391,282	391,282	10,303	401,585
Other comprehensive income	-	-	-	(64,133)	-	-	-	-	(64,133)	(1,210)	(65,343)
<b>Total comprehensive income</b>	-	-	-	(64,133)	-	-	-	391,282	327,149	9,093	336,242
Dividends approved in respect of the previous year	26(b)(ii)	-	-	-	-	-	(149,660)	-	(149,660)	-	(149,660)
Share purchase by the trustee under the Share Award Plan		-	-	(9,172)	-	-	-	-	(9,172)	-	(9,172)
Vesting of shares under the Share Award Plan		-	-	7,283	-	(17,358)	-	10,075	-	-	-
Transfer to surplus reserves		-	-	-	-	30,294	-	(30,294)	-	-	-
Equity settled share-based transactions	6(b)	-	-	-	13,374	-	-	-	13,374	-	13,374
		-	-	(1,889)	-	(3,984)	30,294	(149,660)	(20,219)	-	(145,458)
<b>Balance at 31 December 2024</b>	197,894	2,101,856	(15,652)	(254,169)	7,797	58,215	280,283	2,159,062	4,535,286	65,209	4,600,495

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company											
	Notes	Share capital	Share premium	Awarded shares held under the Share Award Plan	Exchange reserve	Capital reserve	Other reserves	Contributed surplus	Retained profits	Total	Non-controlling interests	Total equity
		(note 26(c)(i))	(note 26(d)(i))	(note 26(d)(v))	(note 26(d)(iii))	(note 26(d)(iv))	(note 26(d)(vii))	(note 26(d)(ii))				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2025</b>		197,894	2,101,856	(15,652)	(254,169)	7,797	58,215	280,283	2,159,062	4,535,286	65,209	4,600,495
<b>Changes in equity for 2025:</b>												
Profit for the year		-	-	-	-	-	-	-	345,368	345,368	(3,731)	341,637
Other comprehensive income		-	-	-	78,350	-	-	-	-	78,350	1,464	79,814
<b>Total comprehensive income</b>		-	-	-	78,350	-	-	-	345,368	423,718	(2,267)	421,451
Dividends approved in respect of the previous year	26(b)(ii)	-	-	-	-	-	-	(134,095)	-	(134,095)	-	(134,095)
Share purchase by the trustee under the Share Award Plan		-	-	(30,876)	-	-	-	-	-	(30,876)	-	(30,876)
Vesting of shares under the Share Award Plan		-	-	10,582	-	(16,037)	-	-	5,455	-	-	-
Transfer to surplus reserves		-	-	-	-	-	23,350	-	(23,350)	-	-	-
Equity settled share-based transactions	6(b)	-	-	-	-	15,037	-	-	-	15,037	-	15,037
		-	-	(20,294)	-	(1,000)	23,350	(134,095)	(17,895)	(149,934)	-	(149,934)
<b>Balance at 31 December 2025</b>		197,894	2,101,856	(35,946)	(175,819)	6,797	81,565	146,188	2,486,535	4,809,070	62,942	4,872,012

The notes on pages 148 to 198 form part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2025  
(Expressed in Hong Kong dollars)

	Notes	2025 \$'000	2024 \$'000		Notes	2025 \$'000	2024 \$'000
<b>Operating activities</b>				<b>Financing activities</b>			
<b>Cash generated from operations</b>	19(c)	<b>871,399</b>	1,518,531	Capital element of lease rentals paid	19(d)	<b>(15,548)</b>	(14,922)
<b>Tax paid</b>				Interest element of lease rentals paid	19(d)	<b>(1,430)</b>	(1,383)
— Hong Kong Profits Tax paid		<b>(37,012)</b>	(11,360)	Proceeds from new bank loans	19(d)	<b>138,192</b>	275,316
— Chinese Mainland income taxes paid		<b>(32,933)</b>	(44,186)	Repayment of bank loans	19(d)	<b>(214,038)</b>	(516,354)
— Tax paid in respect of jurisdictions outside Hong Kong and Chinese Mainland		<b>(3,505)</b>	(6,297)	Shares purchased under the Share Award Plan		<b>(30,876)</b>	(9,172)
<b>Net cash generated from operating activities</b>		<b>797,949</b>	1,456,688	Capital contribution from non-controlling interest		<b>11,984</b>	–
<b>Investing activities</b>				Interest paid		<b>(8,954)</b>	(13,979)
Proceeds from disposals of property, plant and equipment		<b>2,449</b>	347	Dividends paid		<b>(134,095)</b>	(149,660)
Payment for the purchase of property, plant and equipment		<b>(454,016)</b>	(567,721)	<b>Net cash used in financing activities</b>		<b>(254,765)</b>	(430,154)
Payment for the purchase of intangible assets		<b>(28,473)</b>	(8,659)	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>456,241</b>	(756,237)
Payment for purchase of other financial assets		<b>(7,575,288)</b>	(5,708,579)	<b>Cash and cash equivalents at 1 January</b>		<b>2,700,141</b>	3,500,760
Proceeds from disposals of other financial assets		<b>7,971,028</b>	5,344,280	<b>Effect of foreign exchange rates changes</b>		<b>35,052</b>	(44,382)
Proceeds from disposal of associates		–	26,765	<b>Cash and cash equivalents at 31 December</b>	19(a)	<b>3,191,434</b>	2,700,141
Increase in fixed deposits with more than three months to maturity when placed		<b>(287,789)</b>	(843,817)				
Decrease/(increase) in restricted bank deposits		<b>95,494</b>	(132,543)				
Government grants received relating to acquisition of property, plant and equipment		<b>90,179</b>	–				
Interest received		<b>99,473</b>	107,156				
<b>Net cash used in investing activities</b>		<b>(86,943)</b>	(1,782,771)				

The notes on pages 148 to 198 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 GENERAL

BOE Varitronix Limited (the “Company”) is incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The Company is a public limited company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The directors of the Company consider the ultimate controlling party of the Group to be BOE Technology Group Co., Ltd, which is incorporated in the People’s Republic of China (the “PRC”). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Units A-F, 35/F., Legend Tower, No.7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT module assembly capacity.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), 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 HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 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 the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in equity securities are stated at their fair values as explained in note 2(g).

The preparation of financial statements in conformity with HKFRS 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 HKFRS Accounting Standards that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (c) CHANGES IN ACCOUNTING POLICIES

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the HKICPA 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, CONTROLLED STRUCTURED ENTITIES AND NON-CONTROLLING INTERESTS

Subsidiaries are entities (including structured 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.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

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 and transactions 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 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 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.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(k)(iii)).

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (e) BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see note 2(d)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 2(k)(iii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note 2(g)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

#### (f) GOODWILL

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

#### (g) OTHER INVESTMENTS IN DEBT AND EQUITY SECURITIES

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associate, are set out below.

Investments in debt and equity securities are recognised or derecognised on the date the Group commits to purchase or sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

##### (i) Investments other than equity investments

Non-equity investments held by the Group are stated at amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(u)(ii)).

##### (ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (h) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(iii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

- Right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest are depreciated over the unexpired term of lease
- Interests in land and buildings 20 to 40 years
- Plant and machinery 2 to 15 years
- Tools and equipment 2 to 8 years
- Office equipment 2 to 10 years
- Others 2 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

#### (i) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets (other than goodwill) 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 2(k)(iii)).

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:

- Computer software 2–10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets 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.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (j) 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

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases of low-value assets which, for the Group are primarily office equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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 plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h) and 2(k)(iii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 2(g) and 2(k)(i)). Any difference between the initial fair value and the nominal 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 also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that 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.

#### (k) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

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

The Group recognises a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, other financial assets and amounts due from associates, which 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. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and 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.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (k) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (CONTINUED)

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower 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 (ii) the financial asset is 12 months past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates ;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (k) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (CONTINUED)

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

###### *Basis of calculation of interest income*

Interest income recognised in accordance with note 2(u)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

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

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 365 days past due or when the Group 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.

##### (ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(k)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (k) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (CONTINUED)

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

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position and interest in associates.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

##### — *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

##### — *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

##### — *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

##### (iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(k)(i), (ii) and (iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (l) INVENTORIES

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

Cost is calculated using the first-in first-out method 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 in which 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.

#### (m) CONTRACT ASSETS, CONTRACT LIABILITIES AND OTHER CONTRACT COSTS

##### (i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(n)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(u)(ii)).

##### (ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(l)), property, plant and equipment (see note 2(h)) or intangible assets (see note 2(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the performance obligations relate to the contract are satisfied. The accounting policy for revenue recognition is set out in note 2(u).

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (n) 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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(k)(i)).

#### (o) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(x).

#### (p) 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.

#### (q) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and 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. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(k)(i).

#### (r) EMPLOYEE BENEFITS

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 defined benefit plans of LSP under the Hong Kong Employment Ordinance.

The group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. 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.

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 reporting period to the then net 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.

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

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a 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 share options, the total estimated fair value of the share 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 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 share 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 for the shares issued) or the option expires (when it is released directly to retained profits).

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (r) EMPLOYEE BENEFITS (CONTINUED)

##### (iv) Share award plan

For the share award plan, the Group may purchase its own shares through the trustee of the share award plan from the open market for the shares to be granted under the share award plan. Shares held by a controlled structured entity of the Group (see note 2(d)) to meet obligations under share award plan (see note 25) are accounted for as treasury shares in the consolidated financial statements.

##### (v) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

#### (s) 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, associates 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
- 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.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (s) INCOME TAX (CONTINUED)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

#### (t) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (u) REVENUE AND OTHER INCOME

Income is classified by the Group as revenue when it arises from the sale of goods. Revenue is recognised when control over a product is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

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

##### (i) Sale of goods

Revenue is recognised at point in time when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

The Group offers warranties for its made-to-order products for one to three years from the date of sale. A related provision is recognised in accordance with note 2(t).

##### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(k)(i)).

##### (iii) Government grants

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

##### (iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

#### (v) RESEARCH AND DEVELOPMENT

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (w) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations with functional currency other than Hong Kong dollars are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than Hong Kong dollars, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

#### (x) 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.

#### (y) RELATED PARTIES

- (1) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (y) RELATED PARTIES (CONTINUED)

- (2) An entity is related to the Group if any of the following conditions applies:
- (i) 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).
  - (ii) 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).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (1).
  - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the 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.

#### (z) 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.

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 27 contains information about assumptions and their risk factors relating to fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

#### (a) EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

The Group maintains a loss allowance account measured at an amount equal to lifetime ECL of receivables stated at amortised cost. The loss allowance is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factor that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. If there is a change in the financial condition of the debtors, actual credit losses would be higher or lower than estimated.

#### (b) WRITE-DOWN OF INVENTORIES

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at lower of cost and net realisable value in accordance with the accounting policy set out in note 2(l). Management estimates net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversal of write-down made in prior years and affect the Group's net asset value and profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 4 REVENUE

The principal activity of the Company is investment holding. The principal activities of the Group are the design, manufacture and sale of liquid crystal displays and related products. The Group is principally engaged in the automotive and industrial display business and has monochrome display manufacturing capacity and TFT and touch panel display module assembly capacity.

Revenue represents the invoiced value of goods supplied to customer by the Group less returns and discounts within the scope of HKFRS 15.

The Group's customer base is diversified and includes one customer (2024: one) with whom transactions have exceeded 10% of the Group's revenues in 2025. In 2025, revenues from sales to this customer amounted to approximately \$3,176,791,000 (2024: \$3,206,835,000). Details of concentrations of credit risk are set out in note 27(a).

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts such that the above information does not include revenue that the Group will be entitled to when it satisfies the remaining performance obligations under contracts with customers that had an original expected duration of one year or less.

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 11.

### 5 OTHER OPERATING INCOME, NET

	2025 \$'000	2024 \$'000
Interest income from deposits with banks	106,598	115,440
Government grants (note)	96,123	34,617
Net realised and unrealised gains/(losses) on other financial assets — equity securities	50,713	(1,377)
Net gain on current other financial assets measured at fair value through profit or loss	15,354	9,721
Net gain on disposal of property, plant and equipment	1,646	535
Net exchange loss	(11,365)	(1,628)
Rental receivable from operating leases	-	25
Gain on disposal of investments in associates	-	26,765
Other income	14,724	14,948
	<b>273,793</b>	<b>199,046</b>

Note: The amount represents the incentives granted by the government to the Group for engaging in research and development of high technology manufacturing and other subsidies of \$7,369,000 (2024: \$9,795,000), amortisation of government grants received in relation to acquisitions of machineries of \$39,657,000 (2024: \$21,224,000), incentive related to production of \$43,823,000 (2024: \$811,000) and incentives granted in relation to staff retention of \$5,274,000 (2024: \$2,787,000). There are no unfulfilled conditions attaching to these government grants.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2025 \$'000	2024 \$'000
<b>(a) Finance costs</b>		
Interest on lease liabilities (note 19(d))	1,430	1,383
Interest on bank borrowings (note 19(d))	8,954	13,979
	<b>10,384</b>	15,362
<b>(b) Other items</b>		
Expected credit loss allowance in respect of trade receivables	27,505	10,855
Cost of inventories (note 17(b))	12,740,426	12,290,039
Research and development costs	327,088	284,160
Contributions to defined contribution retirement plans	90,451	74,359
Equity settled share-based payment expenses	15,037	13,374

	2025 \$'000	2024 \$'000
<b>(c) Other operating expenses</b>		
Amortisation of intangible assets	5,508	4,064
Auditors' remuneration		
— Audit services	3,312	3,232
— Assurance services	583	583
— Tax and other services	170	115
Bank charges	9,325	5,301
Building management fee	8,861	8,726
Provision of expected credit loss allowance on trade receivables	27,505	10,855
Factory consumables, cleaning and security service expenses	58,902	62,168
Freight charges	106,035	99,938
Insurance expenses	8,454	6,252
Legal and professional fees	22,982	18,784
Office expenses	13,211	12,651
Other taxes, surcharge & duties	40,466	38,971
Repair and maintenance	34,793	39,787
Sales, marketing, commission and quality assurance expenses	119,631	127,300
Subcontracting fees	104,543	77,771
Trademark licence fee	24,676	14,552
Travelling and entertainment expenses	49,651	41,229
Utilities expenses	84,067	86,273
Expense related to short term leases	10,174	11,127
Miscellaneous expenses	5,845	1,428
	<b>738,694</b>	671,107

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 7 INCOME TAX

#### (a) TAXATION 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	18,642	33,456
Over-provision in respect of prior years	(825)	(2,135)
	17,817	31,321
<b>Current tax — Chinese Mainland income taxes</b>		
Provision for the year	27,554	37,483
(Over)/under-provision in respect of prior years	(252)	1,311
	27,302	38,794
<b>Current tax — Jurisdictions outside Hong Kong and the Chinese Mainland</b>		
Provision for the year	5,646	4,621
Under/(over)-provision in respect of prior years	2,661	(2,509)
	8,307	2,112
<b>Deferred tax</b>		
Origination and reversal of temporary differences (note 23(b))	303	(51,721)
	53,729	20,506

#### (i) Hong Kong Profits Tax

The Group's operations in Hong Kong are subject to Hong Kong Profits Tax at a rate of 16.5%.

#### (ii) Chinese Mainland income taxes

The Group's operations in the Chinese Mainland are subject to Corporate Income Tax Law of the PRC. The standard Corporate Income Tax rate is 25%.

Varitronix (Heyuan) Display Technology Limited ("Varitronix Heyuan"), REHEO technology Co. Ltd. ("REHEO") and Varitronix Automobile Electronics (Huizhou) Co., Ltd ("Varitronix Huizhou"), subsidiaries of the Group, were designated as high and new technology enterprise, which qualified for a reduced Corporate Income Tax rate of 15%. Chengdu BOE Automotive Display Technology Co., Ltd. ("Chengdu Automotive"), subsidiary of the Group was entitled to preferential tax policy of the western development and was subject to the preferential Corporate Income Tax rate of 15%. Accordingly, Varitronix Heyuan, REHEO, Varitronix Huizhou and Chengdu Automotive's applicable tax rate is 15% for the years ended 31 December 2025 and 2024.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the Chinese Mainland, Varitronix Heyuan, Varitronix Huizhou, REHEO and Chengdu Automotive were entitled to the bonus deduction of certain research and development costs incurred as tax deductible expenses when determining their assessable profits for the years ended 31 December 2025 and 2024. The Group has made a best estimate of the bonus deduction to be claimed for Varitronix Heyuan, Varitronix Huizhou, REHEO and Chengdu Automotive in ascertaining its assessable profits for the years ended 31 December 2025 and 2024.

Other subsidiaries of the Group incorporated in the Chinese Mainland are subject to the standard Chinese Mainland Corporate Income Tax rate of 25%.

Withholding tax is levied on dividend distributions arising from profits of the Chinese Mainland entities of the Group earned after 1 January 2008 based on an applicable tax rate at 5%.

#### (iii) Jurisdictions outside Hong Kong and the Chinese Mainland

Taxation for subsidiaries with operations outside Hong Kong and the Chinese Mainland is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 7 INCOME TAX (CONTINUED)

#### (b) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT AT APPLICABLE TAX RATES:

	2025 \$'000	2024 \$'000
Profit before taxation	395,366	422,091
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	66,613	70,446
Tax effect of non-deductible expenses	6,063	10,456
Tax effect of non-taxable income	(20,900)	(22,455)
Effect on research and development bonus deduction	(30,117)	(29,669)
Tax effect of unused tax losses not recognised	26,438	8,009
Tax effect of derecognition of tax losses previously recognised	17,744	-
Tax effect of other temporary difference not recognised	1,887	1,413
Tax effect of previously unrecognised tax losses recognised this year	-	(13,129)
Tax effect of previously unrecognised temporary difference recognised this year	(15,203)	-
Utilisation of unused tax losses previously not recognised	(426)	(1,276)
Under/(over) provisions in prior years	1,584	(3,333)
Others	46	44
Actual tax expense	53,729	20,506

#### (c) PILLAR TWO INCOME TAX

The Company 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 also 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.

The Group has assessed its potential exposure and for the year ended 31 December 2025. Based on the assessment, the Group does not have a material exposure to Pillar Two income taxes.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 8 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 are as follows:

#### YEAR ENDED 31 DECEMBER 2025

	Directors' fees \$'000	Salary \$'000	Other benefit \$'000	Discretionary bonuses \$'000	Retirement scheme contributions \$'000	Sub-total \$'000	Share-based payments \$'000	Total \$'000
<b>Executive Directors</b>								
Gao Wenbao (note i)	-	-	-	-	-	-	-	-
Ko Wing Yan, Samantha	-	2,400	-	280	18	2,698	211	2,909
Su Ning	-	1,028	1	1,100	213	2,342	974	3,316
Lo Pak Chi (note ii)	-	232	14	94	12	352	47	399
<b>Non-executive Directors</b>								
Shao Xibin	-	-	-	-	-	-	-	-
Jin Hao (note iii)	-	-	-	-	-	-	-	-
Meng Chao	-	-	-	-	-	-	-	-
Liu Jing (note iv)	-	-	-	-	-	-	-	-
<b>Independent Non-executive Directors</b>								
Fung, Yuk Kan Peter	200	-	-	-	-	200	148	348
Chu, Howard Ho Hwa	200	-	-	-	-	200	148	348
Pang Chunlin	200	-	-	-	-	200	148	348
<b>Total</b>	<b>600</b>	<b>3,660</b>	<b>15</b>	<b>1,474</b>	<b>243</b>	<b>5,992</b>	<b>1,676</b>	<b>7,668</b>

#### YEAR ENDED 31 DECEMBER 2024

	Directors' fees \$'000	Salary \$'000	Other benefit \$'000	Discretionary bonuses \$'000	Retirement scheme contributions \$'000	Sub-total \$'000	Share-based payments \$'000	Total \$'000
<b>Executive Directors</b>								
Gao Wenbao (note i)	-	-	-	-	-	-	-	-
Ko Wing Yan, Samantha	-	2,400	-	210	18	2,628	352	2,980
Su Ning	-	1,008	-	1,058	238	2,304	722	3,026
<b>Non-executive Directors</b>								
Shao Xibin	-	-	-	-	-	-	-	-
Jin Hao (note iii)	-	-	-	-	-	-	-	-
Meng Chao	-	-	-	-	-	-	-	-
<b>Independent Non-executive Directors</b>								
Fung, Yuk Kan Peter	200	-	-	-	-	200	141	341
Chu, Howard Ho Hwa	200	-	-	-	-	200	141	341
Pang Chunlin	200	-	-	-	-	200	112	312
<b>Total</b>	<b>600</b>	<b>3,408</b>	<b>-</b>	<b>1,268</b>	<b>256</b>	<b>5,532</b>	<b>1,468</b>	<b>7,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 8 DIRECTORS' EMOLUMENTS (CONTINUED)

Note (i): Gao Wenbao has resigned as an executive director with effect from 10 October 2025.

Note (ii): Lo Pak Chi has been appointed as an executive director with effect from 10 October 2025.

Note (iii): Jin Hao has resigned as a non-executive director with effect from 10 October 2025.

Note (iv): Liu Jing has been appointed as a non-executive director with effect from 10 October 2025.

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are Directors, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	2025 \$'000	2024 \$'000
Salaries and other emoluments	3,850	4,440
Discretionary bonuses	1,451	923
Share-based payments	602	1,036
Retirement scheme contributions	366	88
	<b>6,269</b>	6,487

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

	2025 Number of individual	2024 Number of individual
\$1,500,001-\$2,000,000	1	1
\$2,000,001-\$2,500,000	2	2

### 10 EARNINGS PER SHARE

#### (a) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of \$345,368,000 (2024: \$391,282,000) and the weighted average of 787,515,983 ordinary shares (2024: 788,571,961 ordinary shares) in issue (excluding awarded shares held under the Share Award Plan) during the year.

#### (b) DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of \$345,368,000 (2024: \$391,282,000) and the weighted average of 789,862,826 ordinary shares (2024: 790,536,366 ordinary shares), calculated as follows:

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

	2025	2024
Weighted average number of ordinary shares at 31 December	787,515,983	788,571,961
Effect of Share Award Plan	2,346,843	1,964,405
Weighted average number of ordinary shares (diluted) at 31 December	<b>789,862,826</b>	790,536,366

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 11 SEGMENT REPORTING

#### (a) OPERATING SEGMENT RESULTS

The Group manages its business as a single unit and, accordingly, the design, manufacture and sale of liquid crystal displays and related products is the only reporting segment and virtually all of the revenue and operating profits are derived from this business segment. The consolidated financial statements are already presented 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. Accordingly, no separate business segment information is disclosed.

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined that a single operating segment exists based on this internal reporting.

The Board assesses the performance of the operating segments based on revenue which is consistent with that in the consolidated financial statements. Other information, being the total assets excluding deferred tax assets, other financial assets and current tax recoverable, all of which are managed on a central basis, is provided to the Board to assess the performance of the operating segment.

#### (b) GEOGRAPHIC INFORMATION

The following tables set out information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of revenue from external customers is determined by the location where the customer's sourcing decision is made. The geographical location of the specified non-current assets is determined by the physical locations of the asset in the case of property, plant and equipment, and by the location of the operation to which they are allocated in the case of intangible assets.

##### (i) Group's revenues from external customers

	2025 \$'000	2024 \$'000
The PRC	8,895,915	8,349,868
Europe	2,971,396	2,444,354
America	712,206	837,619
Japan	770,388	1,156,877
Korea	331,065	375,989
Others	276,331	283,799
	5,061,386	5,098,638
Consolidated revenue	13,957,301	13,448,506

##### (ii) Group's specified non-current assets

	2025 \$'000	2024 \$'000
Property, plant and equipment and intangible assets		
The PRC (place of domicile)	2,345,689	2,074,262
Others	13,170	15,551
	2,358,859	2,089,813

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 12 PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in leasehold land and buildings held for own use \$'000	Other properties leased for own use and other leases \$'000	Plant, machinery, tools and equipment \$'000	Construction in progress \$'000	Office equipment \$'000	Others (note) \$'000	Sub-total \$'000	Interest in leasehold land held for own use \$'000	Total \$'000
<b>Cost</b>									
At 1 January 2024	658,648	37,385	2,483,752	22,035	154,930	172,567	3,529,317	61,747	3,591,064
Exchange adjustments	(14,081)	(748)	(48,614)	(3,991)	(7,406)	(2,791)	(77,631)	(1,320)	(78,951)
Additions	15,529	28,413	115,622	396,847	30,150	9,573	596,134	-	596,134
Transfer	37,858	-	244,538	(290,313)	7,913	4	-	-	-
Disposals	-	(13,222)	(250,288)	-	(7,736)	(6,612)	(277,858)	-	(277,858)
At 31 December 2024	697,954	51,828	2,545,010	124,578	177,851	172,741	3,769,962	60,427	3,830,389
At 1 January 2025	697,954	51,828	2,545,010	124,578	177,851	172,741	3,769,962	60,427	3,830,389
Exchange adjustments	17,377	963	59,885	3,756	4,835	2,434	89,250	705	89,955
Additions	-	10,974	49,410	357,401	19,065	13,011	449,861	15,129	464,990
Transfer	24,313	-	181,775	(215,348)	7,614	710	(936)	936	-
Disposals	-	(11,405)	(235,525)	-	(2,610)	(22,156)	(271,696)	-	(271,696)
At 31 December 2025	739,644	52,360	2,600,555	270,387	206,755	166,740	4,036,441	77,197	4,113,638

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Ownership interests in leasehold land and buildings held for own use \$'000	Other properties leased for own use and other leases \$'000	Plant, machinery, tools and equipment \$'000	Construction in progress \$'000	Office equipment \$'000	Others (note) \$'000	Sub-total \$'000	Interest in leasehold land held for own use \$'000	Total \$'000
<b>Accumulated depreciation:</b>									
At 1 January 2024	116,614	16,189	1,499,639	-	51,643	132,101	1,816,186	15,298	1,831,484
Exchange adjustments	(3,211)	(284)	(22,286)	-	(961)	(1,812)	(28,554)	284	(28,270)
Charge for the year	19,946	15,385	178,536	-	17,361	10,762	241,990	2,311	244,301
Written back on disposals	-	(13,222)	(250,260)	-	(7,417)	(6,612)	(277,511)	-	(277,511)
At 31 December 2024	133,349	18,068	1,405,629	-	60,626	134,439	1,752,111	17,893	1,770,004
At 1 January 2025	133,349	18,068	1,405,629	-	60,626	134,439	1,752,111	17,893	1,770,004
Exchange adjustments	2,934	520	29,884	-	1,747	3,393	38,478	519	38,997
Charge for the year	21,267	15,058	194,377	-	21,874	12,104	264,680	3,003	267,683
Written back on disposals	-	(9,591)	(234,840)	-	(2,503)	(22,145)	(269,079)	-	(269,079)
At 31 December 2025	157,550	24,055	1,395,050	-	81,744	127,791	1,786,190	21,415	1,807,605
<b>Net book value:</b>									
At 31 December 2025	582,094	28,305	1,205,505	270,387	125,011	38,949	2,250,251	55,782	2,306,033
At 31 December 2024	564,605	33,760	1,139,381	124,578	117,225	38,302	2,017,851	42,534	2,060,385

Note: Other property, plant and equipment comprise mainly leasehold improvements, furniture, fixtures and motor vehicles.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (a) RIGHT-OF-USE ASSETS:

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

	Notes	2025 \$'000	2024 \$'000
Ownership interests in leasehold land and buildings held for own use	(i)		
— in Hong Kong		167	175
— outside Hong Kong		581,927	564,430
		582,094	564,605
Interest in leasehold land held for own use outside Hong Kong	(i)	55,782	42,534
Other properties leased for own use and other leases	(ii)	28,305	33,760
		666,181	640,899

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:		
Ownership interests in leasehold land and buildings held for own use	21,267	19,946
Interest in leasehold land held for own use	3,003	2,311
Other properties leased for own use and other leases	15,058	15,385
	39,328	37,642
Interest on lease liabilities (note 6(a))	1,430	1,383
Expense relating to short term leases	10,174	11,127

During the year, additions to right-of-use assets were \$10,974,000 (2024: \$28,413,000).

Details of the maturity analysis of lease liabilities are set out in note 22.

#### (i) Ownership interests in leasehold land and buildings held for own use

The Group holds several buildings for its manufacturing plants and a property as staff quarter. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

#### (ii) Other properties leased for own use and other leases

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

The Group leases motor vehicles under leases expiring within two years. None of the leases includes variable lease payments.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 13 INTANGIBLE ASSETS

	Computer software \$'000
<b>Cost:</b>	
At 1 January 2024	33,808
Exchange adjustments	(274)
Additions	8,659
At 31 December 2024 and 1 January 2025	<b>42,193</b>
Exchange adjustments	<b>537</b>
Additions	<b>28,473</b>
Disposals	<b>(90)</b>
At 31 December 2025	<b>71,113</b>
<b>Accumulated amortisation:</b>	
At 1 January 2024	8,747
Exchange adjustments	(46)
Charge for the year	4,064
At 31 December 2024 and 1 January 2025	<b>12,765</b>
Exchange adjustments	<b>44</b>
Charge for the year	<b>5,508</b>
Disposals	<b>(30)</b>
At 31 December 2025	<b>18,287</b>
<b>Net book value:</b>	
At 31 December 2025	<b>52,826</b>
At 31 December 2024	29,428

The amortisation charge for the year is included in "other operating expenses" in the consolidated statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 14 INVESTMENTS IN SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY

#### (a) INVESTMENTS IN SUBSIDIARIES

The following list contains only particulars of 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/operation	Particulars of issued share capital/registered capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Chengdu BOE Automotive Display Technology Co., Ltd <sup>#</sup>	The People's Republic of China	Paid up registered capital of RMB1,500,000,000	100%	-	100%	Manufacture and sales of LCDs and related products
Varitronix (Chengdu) Display Technology Co., Ltd. ("Chengdu Vx") <sup>#</sup>	The People's Republic of China	Paid-up registered capital of RMB305,145,455	100%	-	100%	Sales of LCDs and related products
Hefei BOE Vehicle Display Technology Co., Ltd. <sup>#</sup>	The People's Republic of China	Paid-up registered capital of RMB387,714,246	100%	-	100%	Sales of LCDs and related products
Link Score Investment Limited	Hong Kong	100 ordinary shares	100%	-	100%	Investment holding
Varitronix Limited	Hong Kong	2 ordinary shares 1,848 non-voting deferred ordinary shares	100%	-	100%	Design and sale of LCDs and related products
Varitronix France SAS	France	2,500 ordinary shares of €15.25 each	100%	-	100%	Marketing and sales consultants
Varitronix GmbH	Germany	100,000 shares of €0.51 each	100%	-	100%	Marketing and sales consultants
Varitronix (Heyuan) Display Technology Limited <sup>#</sup>	The People's Republic of China	Paid-up registered capital of RMB1,354,353,144	100%	-	100%	Manufacture and sales of LCDs and related products
Varitronix Italy s.r.l.	Italy	12,000 ordinary shares of €1 each	100%	-	100%	Marketing and sales consultants
Varitronix (Shenzhen) Automobile Technology Co., Ltd <sup>#</sup>	The People's Republic of China	Paid-up registered capital of RMB50,000,000	100%	-	100%	Design and sale of LCDs and related products
Varitronix (Switzerland) GmbH	Switzerland	Registered capital CHF30,000	100%	-	100%	Marketing and sales consultants
Varitronix (U.K.) Limited	United Kingdom	100 ordinary shares of GBP10 each	100%	-	100%	Marketing and sales consultants
VL Electronics, Inc.	United States	5,000 common stock of US\$10 each	100%	-	100%	Marketing and sales consultants

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 14 INVESTMENTS IN SUBSIDIARIES AND A CONTROLLED STRUCTURED ENTITY (CONTINUED)

#### (a) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/operation	Particulars of issued share capital/registered capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Varitronix (Japan) Limited	Japan	1,000 ordinary stock of JPY10,000 each	100%	–	100%	Marketing and sales consultants
睿合科技有限公司 <sup>#</sup>	The People's Republic of China	Paid up registered capital of RMB100,000,000	50.1%	–	50.1%	Manufacture and sales of LCDs and related products
Varitronix Automobile Electronics (Huizhou) Co., Ltd. <sup>#</sup>	The People's Republic of China	Paid up registered capital of RMB50,000,000	100%	–	100%	Design and sales of LCDs and related products

#Name of company	Type of legal entity
Chengdu BOE Automotive Display Technology Co., Ltd	Wholly-owned foreign enterprise
Varitronix (Chengdu) Display Technology Co., Ltd.	Wholly-owned foreign enterprise
Hefei BOE Vehicle Display Technology Co., Ltd.	Wholly-owned foreign enterprise
Varitronix (Heyuan) Display Technology Limited	Wholly-owned foreign enterprise
Varitronix (Shenzhen) Automobile Technology Co., Ltd	Wholly-owned foreign enterprise
睿合科技有限公司	Non-wholly-owned foreign enterprise
Varitronix Automobile Electronics (Huizhou) Co., Ltd	Wholly-owned foreign enterprise

#### (b) INVESTMENT IN A CONTROLLED STRUCTURED ENTITY

The Company directly controlled a trust (the "Share Award Plan Trust") that was set up in relation to the Group's Share Award Plan adopted on 28 August 2020 (the "Share Award Plan"). The sole purpose of the Share Award Plan Trust is the purchasing, administering and holding the Company's shares under the Share Award Plan for the benefit of eligible employees (see note 25). The Company has the power to direct the relevant activities of the Share Award Plan Trust and it has the ability to use its power over the trust to affect its exposure to returns. Therefore, the Share Award Plan Trust is considered as a controlled structured entity of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 15 NON-CONTROLLING INTERESTS

The following table lists out the information in a subsidiary which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	睿合科技有限公司	
	2025 \$'000	2024 \$'000
NCI percentage	49.9%	49.9%
Non-current assets	94,915	73,639
Current assets	234,884	277,820
Current liabilities	(104,802)	(142,069)
Non-current liabilities	(98,861)	(78,711)
Net assets	126,136	130,679
Carrying amount of NCI	62,942	65,209
Revenue	840,095	729,243
(Loss)/profit for the year	(7,476)	20,647
Total comprehensive (loss)/income	(7,476)	20,647
(Loss)/profit allocated to NCI	(3,731)	10,303
Cash inflows/(outflows) from operating activities	40,584	(5,968)
Cash outflows from investing activities	(20,703)	(20,122)
Cash (outflows)/inflows from financing activities	(13,601)	18,306

### 16 OTHER FINANCIAL ASSETS

	2025 \$'000	2024 \$'000
<b>Non-current portion</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
— Listed equity securities in Hong Kong	—	38,486
— Unlisted equity securities outside Hong Kong	1,900	1,700
	1,900	40,186
<b>Current portion</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
— Listed equity securities in Hong Kong	73,304	—
— Issued by financial institutions outside Hong Kong (note)	16,642	389,759
	89,946	389,759

Note: The balances as at 31 December 2025 represent the investments in the structured deposit products which were issued by the Company's principal banker with a guaranteed principal and a floating return.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 17 INVENTORIES

#### (a) INVENTORIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION COMPRISE:

	2025 \$'000	2024 \$'000
Raw materials	554,586	577,932
Work in progress	301,618	409,565
Finished goods	1,022,162	790,882
	<b>1,878,366</b>	1,778,379

#### (b) THE ANALYSIS OF THE AMOUNT OF INVENTORIES RECOGNISED AS AN EXPENSE IS AS FOLLOWS:

	2025 \$'000	2024 \$'000
Carrying amount of inventories sold	12,590,744	12,178,832
Write-down of inventories	155,909	149,413
Reversal of write-down of inventories	(6,227)	(38,206)
	<b>12,740,426</b>	12,290,039

The reversal of write-down of inventories made in prior years arose due to subsequent utilisation of certain inventories as a result of a change in customers' specifications on the products.

### 18 TRADE AND OTHER RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER CONTRACT COSTS

	2025 \$'000	2024 \$'000
Trade debtors and bills receivable, net of expected credit loss allowance	2,973,023	2,895,566
Other tax recoverable	206,203	219,431
Other receivables	58,169	45,603
Amount due from non-controlling interest	-	11,984
Deposits and prepayments	226,593	143,478
Other contract costs	62,344	48,717
	<b>3,526,332</b>	3,364,779
Non-current deposits, prepayment and other contract costs	(145,673)	(38,822)
	<b>3,380,659</b>	3,325,957

Non-current deposits and prepayments were paid for the TFT tooling costs and purchases of plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 18 TRADE AND OTHER RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER CONTRACT COSTS

(CONTINUED)

#### (a) AGEING ANALYSIS

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables, deposits, prepayments and other contract costs), based on the invoice date and net of expected credit loss allowance and allowance for sales return, is as follows:

	2025 \$'000	2024 \$'000
Within 60 days of the invoice issue date	2,359,906	2,140,687
61 to 90 days after the invoice issue date	218,166	435,973
91 to 120 days after the invoice issue date	124,467	183,870
More than 120 days but less than 12 months after the invoice issue date	270,484	135,036
	<b>2,973,023</b>	<b>2,895,566</b>

Trade debtors and bills receivable are generally due within 60 to 120 days from the date of billing. Further details on the Group's credit policy are set out in note 27(a).

#### (b) CONTRACT COSTS

Contract costs capitalised relate to the incremental costs of obtaining contracts relating to the sale of goods. Contract costs are recognised in the statement of profit or loss in the period in which revenue from the related sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was \$6,118,000 (2024: \$7,058,000). There was no impairment in relation to the capitalised contract costs during the year ended 31 December 2025 and 2024.

The Group applies the practical expedient in HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of goods as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

The amount of capitalised contract costs that is expected to be recognised after more than one year is \$58,892,000 (2024: \$42,184,000).

### 19 CASH AND CASH EQUIVALENTS, FIXED DEPOSITS WITH BANKS AND RESTRICTED BANK DEPOSITS

#### (a) CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS WITH BANKS COMPRISE:

	2025 \$'000	2024 \$'000
Fixed deposits with banks with more than three months to maturity when placed	1,159,258	843,817
Fixed deposits with banks with three months or less to maturity when placed	1,104,358	671,473
Cash at banks and on hand	2,087,076	2,028,668
Cash and cash equivalents	<b>3,191,434</b>	<b>2,700,141</b>

- (i) At 31 December 2025, included in cash and cash equivalents were amounts of approximately \$5,318,000 (2024: \$3,779,000) placed at the Share Award Plan Trust for purchasing its own shares through the trustee from the open market for the shares to be granted under the Share Award Plan.
- (ii) As at 31 December 2025, cash and cash equivalents and fixed deposits situated in Chinese Mainland amounted to \$1,810,874,000 (2024: \$1,154,336,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

#### (b) RESTRICTED BANK DEPOSITS:

	2025 \$'000	2024 \$'000
Restricted bank deposits	94,456	188,427
Non-current restricted bank deposits	-	(41,101)
	<b>94,456</b>	<b>147,326</b>

As at 31 December 2025, the amount of \$94,456,000 (2024: \$147,326,000) are deposits at bank which are restricted under conditions.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 19 CASH AND CASH EQUIVALENTS, FIXED DEPOSITS WITH BANKS AND RESTRICTED BANK DEPOSITS

(CONTINUED)

#### (c) RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS:

	Notes	2025 \$'000	2024 \$'000
Profit before taxation		395,366	422,091
Adjustments for:			
Depreciation	12	267,683	244,301
Amortisation	13	5,508	4,064
Finance costs	6(a)	10,384	15,362
Interest income	5	(106,598)	(115,440)
Net gain on disposal of property, plant and equipment	5	(1,646)	(535)
Loss on disposal of intangible asset		60	-
Gain on early termination of leases		(64)	-
Equity settled share-based payment expenses	6(b)	15,037	13,374
Amortisation of government grants		(39,657)	(21,224)
Changes in fair value of other financial assets		(66,067)	(8,344)
Gain on disposal of investments in an associate	5	-	(26,765)
Foreign exchange loss		31,638	144,033
		511,644	670,917
Changes in working capital: (Increase)/decrease in inventories		(56,865)	135,717
Increase in trade and receivables, deposits, prepayment and other contract costs		(99,939)	(719,215)
Increase in trade and other payables		516,559	1,431,112
Cash generated from operations		871,399	1,518,531

#### (d) 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 \$'000 (note 21)	Lease liabilities \$'000 (note 22)	Total \$'000
<b>At 1 January 2024</b>	619,936	22,066	642,002
<b>Changes from financing cash flows:</b>			
Capital element of lease rentals paid	-	(14,922)	(14,922)
Interest element of lease rentals paid	-	(1,383)	(1,383)
Proceeds from new bank loans	275,316	-	275,316
Repayment of bank loans	(516,354)	-	(516,354)
Interest paid	(13,979)	-	(13,979)
Total changes from financing cash flows	(255,017)	(16,305)	(271,322)
Exchange Adjustment:	(3,112)	(651)	(3,763)
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the period	-	28,413	28,413
Finance costs (note 6(a))	13,979	1,383	15,362
Total other changes	13,979	29,796	43,775
<b>At 31 December 2024 and 1 January 2025</b>	375,786	34,906	410,692
<b>Changes from financing cash flows:</b>			
Capital element of lease rentals paid	-	(15,548)	(15,548)
Interest element of lease rentals paid	-	(1,430)	(1,430)
Proceeds from new bank loans	138,192	-	138,192
Repayment of bank loans	(214,038)	-	(214,038)
Interest paid	(8,954)	-	(8,954)
Total changes from financing cash flows	(84,800)	(16,978)	(101,778)
Exchange Adjustment:	8,542	262	8,804
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the period	-	10,974	10,974
Lease termination during the year	-	(1,968)	(1,968)
Finance costs (note 6(a))	8,954	1,430	10,384
Total other changes	8,954	10,436	19,390
<b>At 31 December 2025</b>	308,482	28,626	337,108

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 19 CASH AND CASH EQUIVALENTS, FIXED DEPOSITS WITH BANKS AND RESTRICTED BANK DEPOSITS (CONTINUED)

#### (e) TOTAL CASH OUTFLOW FOR LEASES

Amounts included in the cash flow statements for leases comprise the following:

	2025 \$'000	2024 \$'000
Within operating cash flows	10,174	11,127
Within financing cash flows	16,978	16,305
	<b>27,152</b>	27,432

### 20 TRADE AND OTHER PAYABLES

	2025 \$'000	2024 \$'000
Trade and bills payable	5,966,400	5,367,226
Accrued charges, provisions and other payables	638,053	558,795
Tooling fees received in advance	215,279	223,059
Contract liabilities	82,357	79,062
	<b>6,902,089</b>	6,228,142

All creditors and accrued charges are expected to be settled or recognised as income within one year or are repayable on demand. During the year ended 31 December 2025, \$58,902,000 of tooling fees received in advance has been recognised as revenue in the profit or loss (2024: \$64,345,000) and advanced payments of \$51,122,000 has been received from customers (2024: \$71,689,000). As of 31 December 2025, the amount of tooling fees received in advance which are expected to be recognised as income after more than one year is \$68,177,000 (2024: \$97,763,000).

#### (a) AGEING ANALYSIS:

As at the end of the reporting period, the ageing analysis of trade and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 \$'000	2024 \$'000
Within 60 days of supplier invoice date	5,080,489	4,386,214
61 to 120 days after supplier invoice date	680,312	477,513
More than 120 days but within 12 months after supplier invoice date	154,303	297,842
More than 12 months after supplier invoice date	51,296	205,657
	<b>5,966,400</b>	5,367,226

#### (b) MOVEMENTS IN CONTRACT LIABILITIES

	2025 \$'000	2024 \$'000
Balance at 1 January	79,062	49,517
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(79,062)	(49,517)
Increase in contract liabilities as a result of receiving advances from customers during the year	82,357	79,062
Balance at 31 December	<b>82,357</b>	79,062

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of deposit is negotiated on a case by case basis with customers. All contract liabilities are expected to be recognised as income within one year.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 20 TRADE AND OTHER PAYABLES

(CONTINUED)

#### (c) PROVISIONS

Provision for product warranties

	2025 \$'000
Balance at 1 January	107,470
Additional provisions made	81,807
Provisions utilised	(45,692)
Exchange differences	3,167
<b>Balance at 31 December</b>	<b>146,752</b>

Under the terms of the Group's sales agreements, the Group offers warranties for its goods (see note 2(u)(i)). Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

### 21 BANK LOANS

The analysis of the repayment schedule of bank loans is as follows:

	2025 \$'000	2024 \$'000
Within 1 year or on demand	63,966	205,322
After 1 year but within 2 years	131,219	30,238
After 2 years but within 5 years	113,297	140,226
	<b>308,482</b>	<b>375,786</b>

At 31 December 2025, except for the loan amounting to \$Nil (2024: \$30,236,000) which bear fixed interest rates, all other bank loans bear interest at floating interest rates which approximate to market rates of interest.

As at 31 December 2025, the loan amount of \$193,013,000 (2024: \$196,382,000) is secured by certain land use right, buildings, machinery and equipment of a subsidiary of the Group with the carrying amount of \$760,510,000 to match its long-term development. And the remaining bank loans are unsecured as at 31 December 2025 and 2024.

### 22 LEASE LIABILITIES

At 31 December 2025 and 2024, the Group had lease liabilities as follows:

	2025 \$'000	2024 \$'000
Within 1 year	13,901	14,793
After 1 year but within 2 years	11,145	9,968
After 2 years but within 5 years	3,580	10,145
	<b>14,725</b>	<b>20,113</b>
	<b>28,626</b>	<b>34,906</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### (a) CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENTS:

	2025 \$'000	2024 \$'000
Tax (recoverable)/payable in respect of Hong Kong Profits Tax	(5,834)	13,361
Tax (recoverable)/payable in respect of Chinese Mainland income taxes	(1,252)	4,530
Tax recoverable in respect of jurisdictions outside Hong Kong and the Chinese Mainland	(576)	(4,542)
	<b>(7,662)</b>	13,349
Representing:		
Current tax recoverable	(10,200)	(9,923)
Current tax payable	2,538	23,272
	<b>(7,662)</b>	13,349

#### (b) DEFERRED TAX ASSETS AND LIABILITIES RECOGNISED:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation \$'000	Provisions \$'000	Deferred income \$'000	Future benefits of tax losses \$'000	Others \$'000	Total \$'000
Deferred tax arising from:						
At 1 January 2024	71,739	(24,557)	(35,215)	(20,610)	3,268	(5,375)
(Credited)/charged to profit or loss (note 7(a))	(22,255)	(16,260)	4,634	(17,589)	(251)	(51,721)
Exchange difference	(1,745)	427	806	338	-	(174)
At 31 December 2024	47,739	(40,390)	(29,775)	(37,861)	3,017	(57,270)
At 1 January 2025	47,739	(40,390)	(29,775)	(37,861)	3,017	(57,270)
Charged/(credited) to profit or loss (note 7(a))	8,541	(27,292)	(7,208)	26,262	-	303
Exchange difference	1,314	(1,137)	(870)	(814)	-	(1,507)
At 31 December 2025	57,594	(68,819)	(37,853)	(12,413)	3,017	(58,474)

The reconciliation to the consolidated statement of financial position is as follows:

	2025 \$'000	2024 \$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(60,586)	(59,718)
Net deferred tax liabilities recognised in the consolidated statement of financial position	2,112	2,448
	<b>(58,474)</b>	(57,270)

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 23 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 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of \$415,013,000 (2024: \$148,441,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities for the foreseeable future. The Group has not recognised deferred tax assets in respect of tax losses, whose expiry dates are:

	2025 \$'000	2024 \$'000
In December 2027	–	447
In December 2028	1,116	2,190
In December 2029	1,035	1,035
After 2030	335,758	75,254
Do not expire under current tax legislation	77,104	69,515
	<b>415,013</b>	148,441

### 24 DEFERRED INCOME

	2025 \$'000	2024 \$'000
Current portion	36,022	28,072
Non-current portion	219,456	171,821
	<b>255,478</b>	199,893

During the year ended 31 December 2025, the Group received government grants of \$90,179,000 (2024: \$12,428,000) from the PRC authorities as incentives for acquiring machineries. The amount received is to be amortised and released to profit or loss over the useful lives of the relevant assets. During the year ended 31 December 2025, \$39,657,000 (2024: \$24,882,000) of the grants are credited to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 25 EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### SHARE AWARD PLAN

The Company has adopted the Share Award Plan on 28 August 2020 (the "Adoption Date") for the purpose of retaining participants for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the rules of the Share Award Plan, the Directors may grant an award to eligible participants (excluding any excluded participant) who is an employee, director, adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity for participation in the Share Award Plan and determine the terms of the award.

The Share Award Plan is subject to the administration of the Board and the trustee in accordance with the terms of the Share Award Plan and the terms of the trust deed which entered between the Company and the trustee on 28 August 2020. The Share Award Plan will be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board.

The Trustee may purchase the Shares on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board), or off the market. In the event that the trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange. The maximum number of Shares to be subscribed for and/or purchased by the trustee for the purpose of the share award plan shall not exceed 10% of the total number of issued shares as at the Adoption Date. The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the share award plan when such subscription and/or purchase will result in such threshold being exceeded.

As at 31 December 2025, total numbers of treasury shares held by the Trust are 7,856,700 (2024: 3,986,500).

During the year ended 31 December 2025, the trustee of the Company's share award plan purchased 6,183,000 (2024: 1,800,000) shares of the Company on the Stock Exchange at a total consideration of approximately \$30,876,000 (including purchase price of \$30,821,000 and transaction costs of \$55,000). During the year ended 31 December 2025, the trustee transferred 2,312,800 (2024: 1,854,900) ordinary shares of the Company to the share awardees upon vesting of the awards.

On 22 March 2024, the Company awarded a total of 2,047,000 ordinary shares to the eligible persons including its directors and employees. Among the 2,047,000 awarded shares, the first 40% of the awarded shares were vested to the eligible persons on 2 May 2024, the second 30% of the awarded shares were vested on 2 May 2025, and the remaining 30% shall be vested on 4 May 2026. Further details are set out in the Company's announcement dated 24 March 2024.

On 14 April 2025, the Company awarded a total of 3,339,000 ordinary shares to the eligible persons including its directors and employees. Among the 3,339,000 awarded shares, the first 40% of the awarded shares were vested to the eligible persons on 8 May 2025, the second 30% of the awarded shares were vested on 29 April 2026, and the remaining 30% shall be vested on 29 April 2027. Further details are set out in the Company's announcement dated 14 April 2025.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS

#### (a) MOVEMENTS IN COMPONENTS OF EQUITY OF THE COMPANY

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 components of equity between the beginning and the end of the year are set out below:

	Notes	Share capital (note 26(c)(i)) \$'000	Share premium (note 26(d)(i)) \$'000	Awarded shares held under share award plan (note 26(d)(v)) \$'000	Contributed surplus (note 26(d)(ii)) \$'000	Capital reserve (note 26(d)(iv)) \$'000	(Accumulated losses)/ retained profits \$'000	Total \$'000
<b>Balance at 1 January 2024</b>		197,894	2,101,856	(13,763)	481,579	11,781	(2,466)	2,776,881
<b>Changes in equity for 2024:</b>								
Final dividends approved in respect of the previous year	26(b)(ii)	-	-	-	(149,660)	-	-	(149,660)
Share purchase by the trustee under the Share Award Plan		-	-	(9,172)	-	-	-	(9,172)
Vesting of shares under the Share Award Plan		-	-	7,283	-	(17,358)	10,075	-
Equity settled share-based transaction	6(b)	-	-	-	-	13,374	-	13,374
Loss and total comprehensive income for the year		-	-	-	-	-	(4,675)	(4,675)
<b>Balance at 31 December 2024 and 1 January 2025</b>		<b>197,894</b>	<b>2,101,856</b>	<b>(15,652)</b>	<b>331,919</b>	<b>7,797</b>	<b>2,934</b>	<b>2,626,748</b>
<b>Changes in equity for 2025:</b>								
Final dividends approved in respect of the previous year	26(b)(ii)	-	-	-	(134,095)	-	-	(134,095)
Share purchase by the trustee under the Share Award Plan		-	-	(30,876)	-	-	-	(30,876)
Vesting of shares under the Share Award Plan		-	-	10,582	-	(16,037)	5,455	-
Equity settled share-based transaction	6(b)	-	-	-	-	15,037	-	15,037
Loss and total comprehensive income for the year		-	-	-	-	-	(2,624)	(2,624)
<b>Balance at 31 December 2025</b>		<b>197,894</b>	<b>2,101,856</b>	<b>(35,946)</b>	<b>197,824</b>	<b>6,797</b>	<b>5,765</b>	<b>2,474,190</b>

#### (b) DIVIDENDS

##### (i) Dividends payable to equity shareholders of the Company attributable to the year

	2025 \$'000	2024 \$'000
Final dividend proposed after the end of reporting period of 15.3 HK cents (2024: 17.0 HK cents) per share	120,879	134,568

The final dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (b) DIVIDENDS (CONTINUED)

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 \$'000	2024 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 17.0 HK cent (2024: 19.0 HK cent) per share	134,095	149,660

#### (c) SHARE CAPITAL

- (i) Authorised and issued share capital

	2025		2024	
	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
<b>Authorised:</b>				
Ordinary shares of \$0.25 each	5,000,000	1,250,000	5,000,000	1,250,000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January and at 31 December	791,575	197,894	791,575	197,894

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.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (d) NATURE AND PURPOSE OF RESERVES

##### (i) Share premium

The application of the share premium account is governed by sections 150 and 157 of the Company's Articles of Association and the Companies Act 1981 of Bermuda.

##### (ii) Contributed surplus

Contributed surplus comprises the capital reduction transferred from the share premium account and the excess value of the shares of the subsidiaries acquired pursuant to the Group reorganisation scheme in 1991 over the nominal value of the new shares of the Company issued in exchange is credited to the contributed surplus account. Under the Companies Act 1981 of Bermuda (as amended) and the By-laws of the Company, the contributed surplus is distributable to shareholders.

##### (iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(w).

##### (iv) Capital reserve

The capital reserve comprises of the Company's equity settled share-based payments recognised in accordance with the accounting policy adopted for share-based payments in notes 2(r)(iii) and 2(r)(iv).

##### (v) Awarded shares held under the Share Award Plan

Treasury shares held under the Share Award Plan represents the shares purchased by the Group that are not yet granted to directors and employees of the Company under the Share Award Plan (see note 25). The consideration paid for the purchase of the Company's shares is reflected as a decrease in the equity of the Company.

##### (vi) Other reserves

Other reserves comprise statutory reserves required in respect of a subsidiary in accordance with the relevant rules and regulations in the PRC and the consideration in excess of carrying amount of non-controlling interests acquired.

##### (vii) Distributability of reserves

At 31 December 2025 the aggregate amount of reserves available for distribution to shareholders of the Company was \$203,589,000 (2024: \$334,853,000).

#### (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 and services 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-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes lease liabilities and trade and other payables), less fixed deposits with banks and cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (e) CAPITAL MANAGEMENT (CONTINUED)

The Group's adjusted net debt-to-capital ratio at 31 December 2025 and 2024 was as follows:

	Notes	2025 \$'000	2024 \$'000
<b>Current liabilities</b>			
Trade and other payables	20	6,902,089	6,228,142
Lease liabilities	22	13,901	14,793
Bank loans	21	63,966	205,322
		<b>6,979,956</b>	6,448,257
<b>Non-current liabilities</b>			
Lease liabilities	22	14,725	20,113
Bank loans	21	244,516	170,464
		<b>259,241</b>	190,577
<b>Total debt</b>		<b>7,239,197</b>	6,638,834
Fixed deposits with banks with more than three months to maturity when placed	19(a)	(1,159,258)	(843,817)
Cash and cash equivalents	19(a)	(3,191,434)	(2,700,141)
<b>Net debt</b>		<b>2,888,505</b>	3,094,876
Total equity		<b>4,872,012</b>	4,600,495
<b>Adjusted capital</b>		<b>4,872,012</b>	4,600,495
<b>Adjusted net debt-to-capital ratio</b>		<b>0.59</b>	0.67

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 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 bills receivable is limited because the counterparties are banks and financial institutions for which the Group consider the credit risk is low.

The Group does not provide any guarantees which would expose the Group to credit risk.

#### Trade 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, 3% (2024: 5%) and 13% (2024: 24%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. 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 60 to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns based on individual characteristics of customers, the loss allowance based on past due status is further distinguished between the Group's individual credit evaluations of customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2025		
	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	0.5	2,321,928	11,005
Less than 1 month past due	0.4	484,839	1,753
1 to 12 months past due	12.2	203,853	24,839
More than 12 months past due	100.0	44,863	44,863
		<b>3,055,483</b>	<b>82,460</b>

	2024		
	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	0.3	2,396,308	7,464
Less than 1 month past due	0.6	316,775	1,782
1 to 12 months past due	5.3	202,561	10,832
More than 12 months past due	100.0	34,877	34,877
		<b>2,950,521</b>	<b>54,955</b>

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (a) CREDIT RISK (CONTINUED)

##### Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 \$'000	2024 \$'000
Balance at 1 January	54,955	44,100
Increase in ECL allowance during the year	27,505	10,855
Balance at 31 December	82,460	54,955

#### (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 approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and cash equivalents and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates currently applicable at the end of reporting period) and the earliest date that the Group can be required to pay:

	2025						2024					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand \$'000	More than 1 year but less than 2 years \$'000	More than 2 years but less than 5 years \$'000	More than 5 years \$'000	Total \$'000	Carrying amount at 31 December \$'000	Within 1 year or on demand \$'000	More than 1 year but less than 2 years \$'000	More than 2 years but less than 5 years \$'000	More than 5 years \$'000	Total \$'000	Carrying amount at 31 December \$'000
Trade and bills payable, accrued charges and other payables	6,604,453	-	-	-	6,604,453	6,604,453	5,926,021	-	-	-	5,926,021	5,926,021
Bank loans	65,113	134,522	117,274	-	316,909	308,482	210,559	31,009	143,803	-	385,371	375,786
Lease liabilities	14,871	11,534	3,685	-	30,090	28,626	16,072	10,701	10,293	220	37,286	34,906
	6,684,437	146,056	120,959	-	6,951,452	6,941,561	6,152,652	41,710	154,096	220	6,348,678	6,336,713

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (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 Group is also exposed to currency risk through other financial assets acquired which are denominated in a foreign currency. The currencies giving rise to these risks are primarily United States dollars, Euros, Japanese Yen and Renminbi.

There is currently no hedging policy adopted by the Group with respect to its foreign exchange exposure. Most of the sales and purchases are made in the respective functional currency of each group entity, except for group entities whose functional currency is Hong Kong dollars, certain transactions are denominated in United States dollars, Euros and Japanese Yen. Given the Hong Kong dollar is pegged to the United States dollar, the Group does not expect that there will be any significant currency risk associated with such United States dollars denominated transactions. In respect of balances denominated in other currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

#### (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 Hong Kong dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency are excluded.

	2025				2024			
	Exposure to foreign currencies (expressed in Hong Kong dollars)				Exposure to foreign currencies (expressed in Hong Kong dollars)			
	United States Dollars \$'000	Euros \$'000	Japanese Yen \$'000	Renminbi \$'000	United States Dollars \$'000	Euros \$'000	Japanese Yen \$'000	Renminbi \$'000
Trade and other receivables	543,968	22,322	-	-	454,024	-	-	-
Cash and cash equivalents	1,948,924	528	-	321,917	1,293,012	13	-	417,676
Fixed deposit with more than three months to maturity when placed	329,872	-	-	-	558,720	-	-	-
Trade and other payables	(430,932)	(2,498)	(13,159)	(144,830)	(630,833)	(428)	(14,307)	(126)
	<b>2,391,832</b>	<b>20,352</b>	<b>(13,159)</b>	<b>177,087</b>	<b>1,674,923</b>	<b>(415)</b>	<b>(14,307)</b>	<b>417,550</b>

In addition, the Group is exposed to currency risk arising from inter-company receivables and payables denominated in currency other than the functional currency of either the lender or the borrower. The net inter-company receivables amounted to United States dollars 29,981,000 and payables amounted to Renminbi 1,679,720,000 (2024: receivables amounted to United States dollars 30,029,000 and Renminbi 9,681,000 respectively).

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (c) CURRENCY RISK (CONTINUED)

##### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after taxation (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 for group entities whose functional currency is Hong Kong dollars.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after taxation and retained profits \$'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after taxation and retained profits \$'000
United States dollars	10% (10%)	199,718 (199,718)	10% (10%)	139,856 (139,856)
Euros	10% (10%)	1,699 (1,699)	10% (10%)	(35) 35
Japanese Yen	10% (10%)	(1,099) 1,099	10% (10%)	(1,195) 1,195
Renminbi	10% (10%)	14,787 (14,787)	10% (10%)	34,865 (34,865)

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 taxation and equity measured in the respective functional currencies, translated into Hong Kong 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 currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis has been performed on the same basis for 2024.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (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 bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate risk profile as monitored by management is set out below.

#### (i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notes	2025 \$'000	2024 \$'000
<b>Fixed rate borrowings:</b>			
Lease liabilities	22	28,626	34,906
Bank loans	21	-	30,236
		28,626	65,142
<b>Variable rate borrowings:</b>			
Bank loans	21	308,482	345,550

#### (ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately \$13,111,000 (2024: \$14,686,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (e) FAIR VALUES

##### (i) Financial assets measured at fair value

###### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at	Fair value measurements as at			Fair value at	Fair value measurements as at		
	31 December	31 December 2025 categorised into			31 December	31 December 2024 categorised into		
	2025	Level 1	Level 2	Level 3	2024	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Recurring fair value measurements</b>								
Structured products	16,642	-	16,642	-	389,759	-	389,759	-
Listed equity securities	73,304	73,304	-	-	38,486	38,486	-	-
Unlisted equity securities	1,900	-	-	1,900	1,700	-	-	1,700
	<b>91,846</b>	<b>73,304</b>	<b>16,642</b>	<b>1,900</b>	<b>429,945</b>	<b>38,486</b>	<b>389,759</b>	<b>1,700</b>

During the years ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

During the year ended 31 December 2024, an unlisted equity investment amounted to \$38,486,000 has been transferred out of Level 3 to listed equity investments upon its listing as a public company.

###### *Valuation techniques and inputs used in Level 3 fair value measurements*

As at 31 December 2025, the fair value of unlisted equity instruments is determined using the enterprise value/sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 3% would have increased/decreased the Group's profit after taxation and retained profits by \$48,000 (2024: \$43,000).

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (e) FAIR VALUES (CONTINUED)

#### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024 and 2025.

### 28 COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements were as follows:

	2025 \$'000	2024 \$'000
Contracted for	262,137	203,666

The capital commitments contracted for outstanding at the end of the reporting period are mainly for the new production base for automotive display, manufacturing facilities in Heyuan and Chengdu, PRC.

### 29 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration for key management personnel, including amounts paid to the Directors is disclosed in note 8 and certain of the highest paid employees is disclosed in note 9.

#### (b) RECURRING TRANSACTIONS

The following transactions were carried out with related parties, including BOE Technology Group Co., Ltd. ("BOE"), the parent of the Company, and its subsidiaries other than the Group (collectively "BOE Group"), except for disclosed elsewhere in the annual financial report.

	2025 \$'000	2024 \$'000
<i>BOE Group:</i>		
Purchase of goods from BOE Group (note (1))	5,138,765	5,386,318
Purchase of PPE and intangible assets from BOE Group (note (4))	26,066	58,413
Lease of PPE from BOE Group (note (4))	93	5,575
Rental, management fee, utilities service fees and computer integrated manufacturing system fee charged by BOE Group (note (2)) — Tenancy Agreements	-	92
Trademark licence fee paid to BOE Group (note (3))	24,655	14,352
Subcontracting fee charged to BOE Group (note (5))	4,923	994
Product development service fee paid to BOE Group (note (6))	6,131	-
Product processing service fee paid to BOE Group (note (7))	7,127	-

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) RECURRING TRANSACTIONS (CONTINUED)

Notes:

- (1) The transactions were conducted based on the terms as governed by the master purchase agreement entered into between the Company and BOE on 6 September 2021. The renewed master purchase agreement ("Renewed Master Purchase Agreement") was entered on 10 October 2024 and extended the terms to 31 December 2027. Further details are set out in the Company's announcement dated 10 October 2024. The transactions as contemplated under the Renewed Master Purchase Agreement constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules.
- (2) The transactions were conducted based on the terms as governed by the tenancy agreement ("Tenancy Agreement") for a term commencing from 1 January 2021 to 31 December 2024. The transactions as contemplated under the Tenancy Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.
- (3) The transactions were conducted based on the terms as governed by the trademark licence agreement on 21 December 2022 to extend the terms to 31 December 2024. The renewed trademark licence agreement ("Renewed Trademark Licence Agreement") was entered on 30 December 2024 and extended the terms to 31 December 2026. Further details are set out in the Company's announcement dated 30 December 2024. The transactions as contemplated under the Renewed Trademark Licence Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.
- (4) The transactions were conducted based on the terms as governed by the master framework agreement entered into between the Company and BOE on 22 July 2022 and renewed on 29 May 2024. The renewed master framework agreement ("Renewed Master Framework Agreement") was entered on 23 December 2025 and extended the terms to 31 December 2027. Further details are set out in the Company's announcement dated 23 December 2025. The transactions as contemplated under the Renewed Master Framework Agreement constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules.
- (5) The transactions were conducted based on the terms as governed by the master subcontracting agreement entered into between the Company and BOE on 29 April 2022. The renewed master subcontracting agreement ("Renewed Master Subcontracting Agreement") was entered on 30 May 2025 and extended the terms to 31 December 2027. Further details are set out in the Company's announcement dated 30 May 2025. The transactions as contemplated under the Renewed Master Subcontracting Agreement constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules.

- (6) The transactions were conducted based on the terms as governed by the product development services agreement ("Product Development Service Agreement") entered into between the Company and BOE on 23 September 2025. Further details are set out in the Company's announcement dated 23 September 2025. The transactions as contemplated under the Product Development Service Agreement constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules.
- (7) The transactions were conducted based on the terms as governed by the master product processing agreement ("Master Product Processing Agreement") entered into between the Company and BOE on 11 December 2025. Further details are set out in the Company's announcement dated 11 December 2025. The transactions as contemplated under the Master Product Processing Agreement constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules.

The above transactions are presented net of value-added tax.

#### (c) BALANCES WITH RELATED PARTIES

At 31 December 2025, included in trade and other payables were amounts due to BOE Group for the purchase cost and other expenses payable of \$1,012,497,000 (2024: \$953,777,000). Non-current deposits of \$26,263,000 (2024: \$48,757,000) were paid to BOE Group for the purchase of TFT panels toolings for manufacturing TFT modules. Prepayment of \$5,693,000 (2024: \$862,000) made to BOE Group were included in trade and other receivables, deposits, prepayments and other contract costs in the consolidated statement of financial position.

Other than non-current deposits, balances with related parties are unsecured, interest-free and are recoverable within one year.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	2025 \$'000	2024 \$'000
<b>Non-current asset</b>			
Investments in subsidiaries	14	2,471,464	2,626,183
<b>Current assets</b>			
Other receivables		255	426
Cash and cash equivalents		6,728	4,767
		6,983	5,193
<b>Current liabilities</b>			
Other payables		4,257	4,628
		4,257	4,628
<b>Net current assets</b>			
		2,726	565
<b>NET ASSETS</b>			
		2,474,190	2,626,748
<b>CAPITAL AND RESERVES</b>			
Share capital	26(c)	197,894	197,894
Reserves	26(a)	2,276,296	2,428,854
<b>TOTAL EQUITY</b>			
		2,474,190	2,626,748

Approved and authorised for issue by the board of directors on 23 March 2026.

**Su Ning**  
Director

**Ko Wing Yan, Samantha**  
Director

### 31 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the immediate parent and the ultimate controlling party of the Group to be BOE Technology (HK) Limited, which is incorporated in Hong Kong, and BOE Technology Group Co., Ltd., which is incorporated in the PRC, respectively. BOE Technology Group Co., Ltd. produces financial statements available for public use.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

### 32 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 HKICPA 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.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 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:

#### HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 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 HKFRS 18 and is still in the process of assessing the impact of the adoption.

## FIVE YEAR SUMMARY

	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
<b>Results:</b>					
Revenue	7,737,943	10,722,361	10,760,416	13,448,506	<b>13,957,301</b>
Profit from operations	350,084	670,464	569,723	437,453	<b>405,750</b>
Finance costs	(915)	(12,361)	(25,220)	(15,362)	<b>(10,384)</b>
Share of losses of associate	(490)	(456)	(4,471)	-	<b>-</b>
Profit before taxation	348,679	657,647	540,032	422,091	<b>395,366</b>
Income tax	(38,960)	(98,077)	(58,951)	(20,506)	<b>(53,729)</b>
Profit for the year	309,719	559,570	481,081	401,585	<b>341,637</b>
Profit attributable to:					
Equity shareholders of the Company	327,798	582,451	475,260	391,282	<b>345,368</b>
Non-controlling interests	(18,079)	(22,881)	5,821	10,303	<b>(3,731)</b>
Profit for the year	309,719	559,570	481,081	401,585	<b>341,637</b>
<b>Assets and liabilities:</b>					
Property, plant and equipment	583,434	1,490,300	1,759,580	2,060,385	<b>2,306,033</b>
Interest in associates	-	7,922	-	-	<b>-</b>
Intangible assets	38,457	22,173	25,061	29,428	<b>52,826</b>
Goodwill	11,487	-	-	-	<b>-</b>
Other financial assets	40,614	42,588	41,897	40,186	<b>1,900</b>
Non-current deposits, prepayment and other contract costs	15,332	98,265	101,264	38,822	<b>145,673</b>
Restricted bank deposits	-	-	-	41,101	<b>60,586</b>
Deferred tax assets	654	11,286	8,843	59,718	<b>-</b>
Net current assets	2,685,133	2,507,439	3,074,434	2,695,701	<b>2,785,803</b>
Total assets less current liabilities	3,375,111	4,179,975	5,011,079	4,965,341	<b>5,352,821</b>
Lease liabilities	(11,042)	(4,402)	(13,907)	(20,113)	<b>(14,725)</b>
Deferred tax liabilities	(13,165)	(9,977)	(3,468)	(2,448)	<b>(2,112)</b>
Deferred income	(5,279)	(18,911)	(200,496)	(171,821)	<b>(219,456)</b>
Non-current bank loans	-	(30,912)	(383,497)	(170,464)	<b>(244,516)</b>
<b>Net assets</b>	<b>3,345,625</b>	<b>4,115,773</b>	<b>4,409,711</b>	<b>4,600,495</b>	<b>4,872,012</b>
<b>Capital and reserves</b>					
Share capital	184,039	197,853	197,894	197,894	<b>197,894</b>
Reserves	2,848,385	3,866,845	4,155,701	4,337,392	<b>4,611,176</b>
Total equity attributable to equity shareholders of the Company	3,032,424	4,064,698	4,353,595	4,535,286	<b>4,809,070</b>
Non-controlling interests	313,201	51,075	56,116	65,209	<b>62,942</b>
<b>Total equity</b>	<b>3,345,625</b>	<b>4,115,773</b>	<b>4,409,711</b>	<b>4,600,495</b>	<b>4,872,012</b>
<b>Earnings per share (in HK cents)</b>					
Basic	45.1	78.4	60.4	49.6	<b>43.9</b>
Diluted	44.8	77.8	60.2	49.5	<b>43.7</b>

## PROPERTIES HELD BY THE GROUP

	Location	Existing use	Percentage holding
1.	Flat G, 22nd Floor, Tower 1, Yue Man Centre, Nos. 300 and 302 Ngau Tau Kok Road, Kwun Tong, Kowloon	Staff quarters	100%
2.	128 Heyuan Road, Yuancheng District Heyuan City, Guangdong, The People's Republic of China	Industrial	100%
3.	Unit 3 Milbanke Court, Milbanke Way, Bracknell, Berkshire, United Kingdom	Office	100%
4.	No.1188 Hexin Rd, (West Zone), Hi-Tech Zone, Chengdu, Sichuan	Industrial	100%

Note: The above properties are either freehold, held on long or medium-term leases or have no specified lease term.

# BOE Varitronix Limited

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