

Fibocom 广和通

深圳市廣和通無線股份有限公司 Fibocom Wireless Inc.

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

Stock Code : 0638

2025 ANNUAL REPORT



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This annual report is prepared in both Chinese and English. In case of any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

Section I Important Notice, Table of Contents, and Definitions

The Company's Board of Directors, its directors, and senior management hereby warrant that the contents of this annual report are true, accurate, and complete, free of false records, misleading statements, or material omissions, and they shall bear joint and several legal liabilities.

Zhang Tianyu, the principal of the Company, and Wang Hongyan, the person in charge of accounting and head of the accounting department (chief accounting officer) hereby warrant the truthfulness, accuracy, and completeness of the financial statements in this annual report.

All directors attended the Board meeting held to review this report.

Forward-looking statements in this report, including development strategies and future plans, do not constitute material commitments by the Company to investors. Investors and other stakeholders should maintain sufficient risk awareness in this regard and should understand the differences between plans, forecasts, and commitments.

1. RISK OF INTENSIFIED MARKET COMPETITION

In recent years, the IoT industry has experienced continuous growth, attracting an increasing number of competitors into the sector. As wireless communication modules serve as the bridge enabling machine-to-machine (M2M) connectivity, the level of market competition is expected to intensify further. The Company's product prices, gross profit margins and market share may be adversely affected, leading to a decline in its operating results. In response to the evolving market landscape, the Company will, on one hand, accelerate its expansion into new industries to create additional revenue sources; on the other hand, it will expedite the research and development progress of new products and their market penetration, gradually increasing their industry coverage. At the same time, the Company will continue to invest in research and development to rapidly achieve generational technology upgrades and enhance product competitiveness.

2. RISK OF INTEGRATED CHIPS BEING PROMOTED AND MASS-PRODUCED AS SUBSTITUTES FOR THE COMPANY'S CORE PRODUCT, WIRELESS COMMUNICATION MODULES

With the rapid advancement of semiconductor chip manufacturing processes, the performance of integrated circuits has significantly improved, enabling a single microprocessor to perform an increasing number of functions. Consequently, the integration level and functionality of intelligent terminal devices have also been increasing. However, some semiconductor chip manufacturers have already launched integrated chips with wireless communication capabilities. If such integrated chips are widely adopted in IoT end devices, the Company may suffer adverse impact on its existing core business product sales, wireless communication modules. In response to the above risks, the Company introduced a series of SoC solutions based on platforms such as Qualcomm and MTK, and developed smart modules to better meet customer needs and fully tap into the significant potential of the edge computing market, thereby effectively mitigating potential risks.

Section I Important Notice, Table of Contents, and Definitions

3. RISK OF LOSS OF KEY TECHNICAL PERSONNEL AND DISCLOSURE OF CORE TECHNOLOGY

The research, development, design, and upgrades of wireless communication modules place high demands on key technical personnel. The stability of such personnel has a significant impact on the Company's normal operations and sustainable development. In addition, the Company's products are manufactured by outsourced manufacturers. Although the Company has entered into Confidentiality Agreements with its key technical personnel and contract manufacturers, it still faces risks such as the loss of key technical personnel and the leakage of core technology. If a significant loss of key technical personnel or leakage of core technology occurs in the future, it could adversely affect the Company's product research and development progress, leading position in technology, and production operations. In response to the above risks, the Company has implemented a series of measures. First, since 2013, the Company has granted share incentives to key technical personnel on multiple occasions. Following the Company's listing, such share incentives will continue to be effectively implemented for key employees. Second, all existing key technical personnel have signed Confidentiality Agreements and Non-compete Agreements, which not only strictly stipulate their confidentiality obligations but also impose strict non-competition restrictions following their resignation from the Company. In addition, the Company continuously optimizes its IT technical measures and strengthens the communication of confidentiality policies and day-to-day confidentiality management to effectively mitigate the risk of technology leakage. At the same time, the Company promptly files patent applications to strengthen intellectual property protection.

4. RISK OF OUTSOURCED MANUFACTURING

The Company's products are primarily manufactured through outsourcing arrangements. If there is a significant change in the supply quality or price of outsourced manufacturers, particularly if they fail to deliver products on time and in full, the Company's production plans may be disrupted. In the event of disputes with outsourced manufacturers in the future, the Company may face risks of production reduction or suspension, which would adversely affect its continuous operations. In response to the above risks, the Company has taken the following measures: on the one hand, it has strengthened the management of outsourced manufacturers, deepened cooperation, advanced systematic management and enhanced process control; on the other hand, it has strengthened its production capacity and mitigated the risks associated with outsourced manufacturing by expanding the self-operated production lines through leasing and constructing manufacturing base.

5. RISK OF FOREIGN EXCHANGE FLUCTUATION

As China further opens up its financial market, the floating range of the Renminbi exchange rate has widened. With the expansion of the Company's business, particularly the rapid growth of its overseas operations, the Company will adopt a multi-currency settlement method involving various foreign currencies. Fluctuations in the Renminbi exchange rate may have certain impact on the Company's operating results.

Section I Important Notice, Table of Contents, and Definitions

6. RISK OF ACCOUNTS RECEIVABLE

As at the end of the Reporting Period, the Book Value of the Company's accounts receivable was RMB1,662,676,569.07, accounting for 17.16% of total assets. In recent years, the Company has adhered to a large customer strategy, and with bulk shipments to such customers, the balance of accounts receivable will continue to increase as the Company's operating revenue grows rapidly. In response to the above risks, the Company has established a comprehensive accounts receivable management system and collection control measures. In addition, the Company's major customers are primarily reputable leading enterprises in domestic and overseas. Therefore, the overall accounts receivable risk is considered manageable. However, given the significant amount of accounts receivable, the Company's financial condition could be materially affected if any of its customers encounter solvency issues.

7. RISK ARISING FROM INTERNATIONAL TRADE FRICTIONS

The Company is subject to the effects of deteriorating political and economic relations between nations, sanctions, export controls and other geopolitical challenges, including but not limited to economic conditions, tariffs and other cost increases, and political instability. The United States government has imposed economic and trade sanctions that directly or indirectly affect Chinese technology companies. Changes in the Sino-US trade situation and US policies regarding economic and trade sanctions against China may have impacts on the Company. If the Company exports its products and solutions to other countries or regions that are currently or may in the future be subject to sanctions or export controls, or if the export sales of the final-end products and solutions of its downstream customers are restricted, prohibited or subject to any trade conditions due to any international policies, international export controls or economic sanctions imposed by any jurisdiction, the Company's business, financial condition and results of operations could be affected. In response to the risks arising from international trade frictions, the Company will closely monitor changes in the situation, strengthen risk early warning and assessment, and adopt a series of measures to address these risks to ensure the Company's steady development.

8. RISK OF FLUCTUATIONS IN PRICES OF KEY RAW MATERIALS

The Company's wireless communication modules require the procurement of key components such as memory chips. The prices of raw materials are subject to significant fluctuations due to factors such as industry cycles and market supply and demand. If the prices of relevant raw materials increase significantly and the Company fails to effectively pass on the cost pressure in a timely manner, it could lead to a decrease in the Company's gross profit margin and adversely affect its operating results.

The proposed profit distribution plan considered and approved by the Board is as follows: based on the total share capital of the Company as at the record date specified in the implementation announcement of the dividend distribution for the year 2025, after deducting the number of Shares held in the Company's A-share repurchase special account, a cash dividend of RMB2.34 (tax inclusive) for every 10 Shares will be distributed to all Shareholders. No bonus Shares (tax inclusive) will be issued, and no capital reserve will be converted into share capital for every 10 Shares. The aforesaid proposed profit distribution plan is subject to the consideration and approval by the general meeting of the Company before it becomes effective.

Section I Important Notice, Table of Contents, and Definitions

DEFINITIONS

Term	Definition
the Company, Fibocom	Fibocom Wireless Inc., a PRC company established on November 11, 1999, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300638), and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0638)
Fibocom Software	Fibocom Wireless Software Inc., a wholly-owned subsidiary of the Company
Hong Kong Fibocom	Fibocom Wireless (H.K.) Limited, a wholly-owned subsidiary of the Company
U.S. Fibocom	Fibocom Wireless USA Inc., a wholly-owned subsidiary of the Company
Zhejiang Nodecom	Zhejiang Nodecom Technology Co., Ltd., formerly a wholly-owned subsidiary of the Company, deregistered on October 24, 2025
EU Fibocom	Fibocom Wireless EU GmbH, a wholly-owned subsidiary of the Company
Fibocom Investment	Shenzhen Fibocom Investment Development Co., Ltd., a wholly-owned subsidiary of the Company
Xi'an Fibocom Software, Xi'an Software	Xi'an Fibocom Wireless Software Inc., a wholly-owned subsidiary of the Company
Xi'an Fibocom Communications, Xi'an Communications	Xi'an Fibocom Wireless Communication Co., Ltd., a wholly-owned subsidiary of the Company
FIA	FIA Inc., a wholly-owned subsidiary of the Company
Fibocom Technology	Shenzhen Fibocom Technology Co., Ltd., a wholly-owned subsidiary of the Company
Favalon Technology	Shenzhen Favalon Technology Co., Ltd., a controlled subsidiary of the Company
Shanghai Favalon	Shanghai Favalon Technology Co., Ltd., a controlled subsidiary of the Company
Favalon Software	Shenzhen Favalon Software Co., Ltd., a controlled subsidiary of the Company

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Term	Definition
Guangtong Yilian	Shenzhen Guangtong Yilian Technology Co., Ltd., a wholly-owned subsidiary of the Company
Shanghai Faiot	FAIOT Co., Ltd., a controlled subsidiary of the Company
Shanghai Faiot Software	Shanghai Faiot Software Co., Ltd., a controlled subsidiary of the Company
Fibocom Technology (Jiangxi)	Fibocom Technology (Jiangxi) Co., Ltd., a wholly-owned subsidiary of the Company
Guanghe Chuanghong	Xinyu Guanghe Chuanghong Venture Capital Partnership (Limited Partnership), formerly a shareholder holding more than 5% of the Company's shares
Bogesi	Shenzhen Bogesi Communication Technology Co., Ltd., an associate of the Company
Shenzhen Link, Rolling Wireless	Shenzhen Link Future Wireless Technology Co., Ltd. (formerly Shenzhen Rolling Wireless Technology Co., Ltd.), a wholly owned subsidiary of the Company
Hong Kong LINK	LINK FUTURE WIRELESS (H.K.) LIMITED (formerly Rolling Wireless (H.K.) Limited), a wholly owned subsidiary of Shenzhen Link
Hubei Link Sci	Hubei Link Sci Intelligent Technology Co., Ltd. (formerly Xi'an Link Sci Intelligent Technology Co., Ltd.), an associate of the Company
Taiwan Fibocom	Fibocom Wireless Taiwan Co., Ltd., a wholly-owned subsidiary of the Company
Sevenfold Universe	Shanghai Sevenfold Universe Digital Technology Co., Ltd., a controlled subsidiary of the Company
Yaboda	Shenzhen Yaboda Technology Co., Ltd., a wholly-owned subsidiary of the Company
Shenzhen Chiyao	Shenzhen Chiyao Enterprise Management Consulting Partnership (Limited Partnership), an employee incentive platform of Favalon Technology

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Term	Definition
Shenzhen Chishang	Shenzhen Chishang Enterprise Management Consulting Partnership (Limited Partnership), an employee incentive platform of Favalon Technology
Shenzhen Chisheng	Shenzhen Chisheng Enterprise Management Consulting Partnership (Limited Partnership), an employee incentive platform of Favalon Technology
Shenzhen Chiqing	Shenzhen Chiqing Enterprise Management Consulting Partnership (Limited Partnership), an employee incentive platform of Favalon Technology
Guangtong Chuangyuan	Shenzhen Guangtong Chuangyuan Enterprise Management Center (Limited Partnership), an employee incentive platform of Favalon Technology
Shenzhen Chijun	Shenzhen Chijun Enterprise Management Consulting Partnership (Limited Partnership), an employee incentive platform of Favalon Technology
Ningbo Guangxing	Ningbo Guangxing Enterprise Management Partnership (Limited Partnership), an employee incentive platform of Shanghai Faiot
Ningbo FAIOT	Ningbo FAIOT Enterprise Management Partnership (Limited Partnership), an employee incentive platform of Shanghai Faiot
Ningbo Guangyi	Ningbo Guangyi Enterprise Management Partnership (Limited Partnership), an employee incentive platform of Shanghai Faiot
FAIOT Gongying	Shenzhen FAIOT Gongying Enterprise Management Partnership (Limited Partnership), an employee incentive platform of Shanghai Faiot
A Shares	domestic ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
H Shares	overseas listed foreign ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s)
Articles of Association	Articles of Association of the Company

Section I Important Notice, Table of Contents, and Definitions

Term	Definition
CG Code	the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
Prospectus	the prospectus of the Company dated October 14, 2025 in relation to the Global Offering
CASBE	China Accounting Standards for Business Enterprises
IFRS	International Financial Reporting Standards, including the standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and Interpretation issued by International Accounting Standards Committee
Global Offering	the offer of H Shares by the Company for subscription, as detailed in the Prospectus
CSRC	the China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
Domestic China or Chinese mainland	Chinese mainland, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan
China or the PRC	the People's Republic of China
HK or Hong Kong	the Hong Kong Special Administrative Region of the PRC

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Term	Definition
RMB or Renminbi	Renminbi, the lawful currency of the PRC
Australian dollars or AUD	the lawful currency of the Commonwealth of Australia
British pounds or GBP	British pounds sterling, the lawful currency of the United Kingdom
EUR or Euro	Euros, the lawful currency of the European Union
HK\$ or HKD or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
Japanese yen or JPY	Japanese yen, the lawful currency of Japan
Indian rupees or INR	Indian rupees, the lawful currency of the Republic of India
New Taiwan dollars or NTD	New Taiwan dollars, the lawful currency of Taiwan
South Korean won or KRW	the lawful currency of the Republic of Korea
U.S. dollars or US\$ or USD	the lawful currency of the United States
Listing Date	October 22, 2025, the date on which the H Shares of the Company were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange
Independent Directors	independent non-executive Directors
Audit Committee	the audit committee under the Board
Board or Board of Directors	the board of Directors of the Company
Director(s)	the director(s) of the Company
Supervisor(s)	the former supervisor(s) of the Company (dismissed on December 22, 2025 and no longer has board of Supervisors)
Treasury Shares	has the meaning under the Hong Kong Listing Rules
Controlling shareholder, actual controller	Zhang Tianyu, the Company's largest shareholder, who directly holds 281,512,495 shares of the Company, representing 31.30% of the Company's total shares
the Group or our Group	the Company and its consolidated subsidiaries

Section I Important Notice, Table of Contents, and Definitions

Term	Definition
IoT	Internet of Things, a network that connects any item to the Internet via information sensing devices, in accordance with agreed protocols, to enable information exchange and communication, thereby achieving intelligent identification, localization, tracking, monitoring, and management
IoV	Internet of Vehicles, a vehicle-centric form of the IoT, that uses wireless communication or radio frequency technologies to enable connectivity between vehicles and information network platforms, among vehicles, between vehicles and other devices, and between vehicles and people, thereby supporting various services such as vehicle monitoring, shared big data analytics, and even autonomous driving
Smart Grid	a next-generation power system formed through the deep integration of the traditional power grid with modern sensing and measurement, communication, computer, control, and new material technologies
Mobile Payment	an electronic system based on wireless communication technology, widely used in retail, food service, hotels, and other industries to aggregate point-of-sale sales information and record the movement of funds and goods, and is connected to the transaction platform's settlement system
FWA	Fixed Wireless Access, a method of providing wireless connectivity through a radio link between two fixed points. It does not require laying fiber-optic or cable lines for last-mile connectivity and provides broadband access services for businesses and households
2G	second-generation mobile communication technology, including technologies such as GSM, GPRS, and EDGE
3G	third-generation mobile communication technology, including technologies such as WCDMA, CDMA 2000, TDSCDMA, HSPA, and HSPA+
4G	fourth-generation mobile communication technology, including technologies such as TDD-LTE, FDD-LTE, WIMAX, and UMB
5G	fifth-generation mobile communications technology and standards, an extension of 4G technology, with key technologies including massive antenna arrays, ultra-dense networking, new multiple access schemes, full-spectrum access, and new network architectures

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Term	Definition
NB-IoT	Narrow Band Internet of Things, a cellular-based narrowband IoT
LPWAN	Low-Power Wide-Area Network, a communication technology optimized for IoT applications. It features a low data rate, ultra-low power consumption, and a low duty cycle, supporting long-distance cellular aggregation gateways for remote wireless network communication
eMTC	enhanced Machine Type Communications, an IoT application scenario characterized by ultra-reliable, low-latency performance, with its primary focus on communication between devices
LTE	Long Term Evolution, a fourth-generation mobile communications technology that offers higher data rates, lower network latency, wider coverage, and backward compatibility compared to 3G technology
V2X	Vehicle-to-Everything, i.e. direct communication between vehicles, and between vehicles and other traffic elements, representing a key technology for future intelligent transportation systems. It enables communication between vehicles, between vehicles and base stations, and between base stations. This enables the acquisition of a range of real-time traffic data – such as road conditions, traffic information, and pedestrian information – thereby improving driving safety, reducing congestion, enhancing traffic efficiency, and providing in-vehicle infotainment information
AI	Artificial Intelligence, a field of technical science dedicated to researching and developing theories, methods, technologies, and application systems that simulate, extend, and augment human Intelligence
year-on-year	compared with the same period last year
%	percent
Reporting Period or this Year or the Period	year ended from January 1, 2025 to December 31, 2025

Section II Company Profile and Key Financial Indicators

I. COMPANY INFORMATION

H Share Stock Abbreviation	Fibocom	H Share Stock Code	0638
A Share Stock Abbreviation	Fibocom	A Share Stock Code	300638
Chinese Name	深圳市廣和通無線股份有限公司		
Chinese Name Abbreviation	廣和通		
English Name (if any)	FIBOCOM WIRELESS INC.		
English Name Abbreviation (if any)	FIBOCOM		
Legal Representative	Zhang Tianyu		
Authorized Representative	Zhang Tianyu Chen Shijiang		
Joint Company Secretaries	Chen Shijiang Yung Mei Yee		
Registered Address	Room 1101, Tower A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen		
Postal Code of the Registered Address	518055		
Changes to the Registered Address	In October 2020, the registered address was changed from “Room 501A, Block A, Phase II, Technology Building, No. 1057 Nanhai Avenue, Nanshan District, Shenzhen” to the current registered address		
Headquarters and Principal Place of Business in the PRC	Floor 10-14, Tower A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen		
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong		
Company Website	www.fibocom.com		
Email	zqb@fibocom.com		

Section II Company Profile and Key Financial Indicators

Legal Advisors to our Company (Hong Kong law)	Paul Hastings (Hong Kong) LLP 22/F, Bank of China Tower 1 Garden Road Central Hong Kong
Compliance Advisor	Somerley Capital Limited 20th Floor China Building 29 Queen's Road Central Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Auditor	Grant Thornton Zhitong Certified Public Accountants LLP 5/F, Scitech Plaza, No. 22 Jianguomenwai Avenue, Chaoyang District, Beijing Signing CPA: Zhao Juanjuan, Zhou Yilan

II. CONTACT PERSONS AND CONTACT INFORMATION

	Secretary to the Board	Securities Affairs Representative
Name	Chen Shijiang	Cao Rui
Contact Address	11/F, Tower A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen	11/F, Tower A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen
Telephone	0755-26520587	0755-26520587
Fax	0755-26887626	0755-26887626
Email	zqb@fibocom.com	zqb@fibocom.com

Section II Company Profile and Key Financial Indicators

III. INFORMATION DISCLOSURE AND DOCUMENT INSPECTION LOCATIONS

Stock exchange websites where the Company discloses its annual report	Shenzhen Stock Exchange (www.szse.cn) Hong Kong Stock Exchange (www.hkexnews.hk)
Names and websites of media outlets where the Company discloses its annual report	Media name: Securities Times CNINFO: www.cninfo.com.cn Company website: www.fibocom.com
Location where the Company's annual report is kept for inspection	Securities Department, 11/F, Tower A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen

IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

The Company is required to make retrospective adjustments to or restate the accounting data of prior years

☐ Yes ☒ No

The financial statements for 2021 to 2025 were prepared in accordance with the PRC Accounting Standards for Business Enterprises and relevant regulations:

Unit: RMB

	2025	2024	Increase/decrease in current year as compared to prior year	2023	2022	2021
Operating revenue (RMB)	6,987,612,096.68	8,188,852,494.50	-14.67%	7,715,828,997.07	5,646,415,531.98	4,109,313,122.41
Total profit	367,936,721.35	670,483,541.23	-45.12%	623,093,880.81	355,196,282.57	413,173,568.70
Net profit attributable to shareholders of the listed company (RMB)	347,040,640.51	667,964,222.42	-48.05%	563,554,950.37	364,833,281.78	401,533,494.49
Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss (RMB)	313,355,310.16	504,401,155.78	-37.88%	535,701,737.60	316,515,011.52	373,317,621.70
Net cash flow from operating activities (RMB)	353,307,653.06	439,885,620.76	-19.68%	653,984,206.24	299,548,880.72	-422,002,028.42
Basic earnings per share (RMB/share)	0.44	0.88	-50.00%	0.74	0.49	0.54
Diluted earnings per share (RMB/share)	0.44	0.87	-49.43%	0.74	0.49	0.54
Weighted average return on net assets	8.50%	20.17%	-11.67%	20.23%	16.45%	21.76%

Section II Company Profile and Key Financial Indicators

	At the end of 2025	At the end of 2024	Increase/decrease at the end of current year as compared to the end of prior year	At the end of 2023	At the end of 2022	At the end of 2021
Total assets (RMB)	9,689,464,050.15	7,549,055,309.29	28.35%	7,095,286,100.16	6,397,729,987.24	4,208,700,047.97
Total liabilities (RMB)	3,421,973,821.49	3,936,094,418.37	-13.06%	3,966,677,243.02	3,969,481,596.27	2,255,424,041.82
Net assets attributable to shareholders of the listed company (RMB)	6,259,682,361.11	3,604,335,176.04	73.67%	3,133,080,942.60	2,428,248,390.97	1,953,276,006.15
Total share capital at the end of the period (RMB)	899,265,844.00	765,564,863.00	17.46%	765,805,784.00	631,721,135.00	414,188,321.00

Going concern operations: During the Reporting Period, the Company achieved operating revenue of RMB6,987,612,096.68, a YoY decrease of 14.67%. Excluding the impact of Rolling Wireless' in-vehicle front-fit wireless communication module business, operating revenue increased by 0.24% YoY. Net profit attributable to shareholders of the listed company was RMB347,040,640.51, a YoY decrease of 48.05%. Excluding the impact of Rolling Wireless' in-vehicle front-fit wireless communication module business, net profit attributable to the parent company of the listed company decreased by 16.23% YoY.

The Company was listed on the Main Board of the Stock Exchange on October 22, 2025. As the Company has disclosed its financial information under the China Accounting Standards for Business Enterprises (CASBE) on the Shenzhen Stock Exchange since 2017, the above table sets out a financial summary for the five accounting years commencing from 2021.

Pursuant to Rules 4.11(c) and 19A.31(4) of the Hong Kong Listing Rules, an issuer (the "PRC issuer") duly incorporated in the PRC as a joint stock company with limited liability and listed on the Hong Kong Stock Exchange may adopt the CASBE to prepare their financial statements, and the annual accounts of the PRC issuer, the primary listing of which is on the Hong Kong Stock Exchange, may be audited by a domestic PRC accounting firm which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong and is a Recognised PIE Auditor (as defined in the Hong Kong Listing Rules) under section 20ZT of the Accounting and Financial Reporting Council Ordinance (Chapter 588, Laws of Hong Kong) (the "Recognised PIE Auditor Requirement") on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements.

Meanwhile, pursuant to Articles 156 and 157 of the Articles of Association, the Company shall formulate its financial and accounting systems pursuant to the laws, administrative regulations and the requirements of the competent authorities in the PRC, and the Company's annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, departmental rules and the stock exchange(s) where the Company's shares are listed.

Section II Company Profile and Key Financial Indicators

Accordingly, in compliance with the aforesaid legal and regulatory requirements, as well as the resolution(s) at the 2025 fourth extraordinary general meeting of the Company held on December 22, 2025 and the requirements under the Articles of Association, the FY2025 financial statements will be prepared in accordance with the CASBE and audited by Grant Thornton Zhitong Certified Public Accountants LLP, which has confirmed that it satisfies the Recognised PIE Auditor Requirement.

The Board considers that the unified adoption and disclosure of financial statements prepared in accordance with the CASBE will, in addition to ensure compliance with the aforesaid requirements, improve work efficiency, reduce compliance costs and audit expenses for the listing of the A Shares and the H Shares on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange respectively, and align the financial information disclosure in both markets, and is in the best interest of the Company and its shareholders as a whole.

Taking into account of the above and in light of the continuing convergence between the CASBE and the IFRS, the Company is of the view that the adoption of the CASBE, when compared to adoption of the IFRS, to prepare its financial statements will not have a material effect on the financial position, operating results and cash flows of the Group.

The Company's net profit before and after excluding non-recurring profit and loss for the past three fiscal years has been negative, and the audit report for the most recent year indicates uncertainty about the Company's ability to continue as a going concern

☐ Yes ☒ No

The lowest of the Company's audited total profit, net profit, and net profit excluding non-recurring profit and loss during the Reporting Period was negative

☐ Yes ☒ No

Preferred share dividends paid	0.00
Interest paid on perpetual bonds (RMB)	0.00
Fully diluted earnings per share (RMB/share) calculated based on the most recent share capital	0.3859

Section II Company Profile and Key Financial Indicators

V. KEY FINANCIAL INDICATORS BY QUARTER

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	1,855,618,486.60	1,851,358,030.67	1,658,702,272.49	1,621,933,306.92
Net profit attributable to shareholders of the listed company	117,791,138.47	100,110,539.24	98,284,224.12	30,854,738.68
Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss	115,081,267.11	87,224,999.63	94,688,771.26	16,360,272.16
Net cash flows from operating activities	-148,593,671.30	129,821,945.08	316,369,286.13	55,710,093.15

VI. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

1. Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with Chinese Accounting Standards

☒ Applicable ☐ Not applicable

Reference is made to the announcement of the Company dated March 18, 2026 in relation to, among other things, the Company's adoption and disclosure of the financial statements of the Group for the year ended December 31, 2025 prepared in accordance with the CASBE, pursuant to Rules 4.11(c) and 19A.31(4) of the Hong Kong Listing Rules. As stated in the aforesaid announcement, in order to meet the potential needs of certain Shareholders and public investors for the Company's financial information prepared in accordance with the IFRS, the Company has prepared the following reconciliation table to illustrate the differences between the financial statements of the Group for the year ended December 31, 2025 prepared under the CASBE and those prepared under the IFRS.

Unit: RMB

	Net profit attributable to shareholders of the listed company		Net assets attributable to shareholders of the listed company	
	Current period amount	Prior period amount	Ending balance	Beginning balance
Chinese Accounting Standards	347,040,640.51	667,964,222.42	6,259,682,361.11	3,604,335,176.04
Items and amounts adjusted according to International Accounting Standards				
International Accounting Standards	347,040,640.51	667,964,222.42	6,259,682,361.11	3,604,335,176.04

Section II Company Profile and Key Financial Indicators

2. Differences in net profit and net assets between financial reports disclosed in accordance with Foreign Accounting Standards and those disclosed in accordance with Chinese Accounting Standards

☐ Applicable ☒ Not applicable

There were no differences in net profit and net assets between the financial reports disclosed in accordance with foreign accounting standards and those disclosed in accordance with Chinese accounting standards during the Reporting Period.

Taking into account the above and in light of the continuing convergence between the CASBE and the IFRS, the Board is of the view that, as compared to the adoption of the IFRS, the adoption of the CASBE to prepare and disclose financial statements will not have a material effect on the financial position, operating results, and cash flows of the Group.

VII. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for 2025	Amount for 2024	Amount for 2023	Remarks
Gains or losses from disposal of non-current assets (including the reversal of provisions for impairment of assets)	-713,353.00	-676,381.77	307,323.83	
Government grants recognized in current profit or loss (excluding government grants that are closely related to the Company's normal operations, comply with national policy requirements, are granted according to prescribed standards, and have a continuing impact on the Company's profit or loss)	15,168,157.18	23,303,124.34	26,612,750.09	
Except for effective hedging business related to the Company's normal operations, gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses from disposal of financial assets and financial liabilities	29,189,563.36	6,177,097.41	3,048,498.83	
Capital occupation fees charged to non-financial enterprises and recognized in current profit or loss			101,133.33	
Reversal of impairment provisions for receivables that were individually tested for impairment			4,795,862.95	
Other non-operating income and expenses other than the items above	-2,215,206.12	950,177.94	-584,456.23	
Investment income generated from disposal of businesses		162,610,863.73		
Less: Income tax effect	7,658,571.21	28,525,144.84	6,127,207.47	
Effect of minority interests (after tax)	85,259.86	276,670.17	300,692.56	
Total	33,685,330.35	163,563,066.64	27,853,212.77	—

Section II Company Profile and Key Financial Indicators

Details of other profit or loss items that meet the definition of non-recurring profit and loss:

☐ Applicable ☒ Not applicable

The Company has no specific circumstances of other profit or loss items that meet the definition of non-recurring profit and loss.

Section III Report of the Board of Directors and Management Discussion and Analysis

I. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business Activities and Product Overview



Figure 1: IOT Industry Chain and Architecture

Since its establishment, the Company has been committed to promoting wireless communication technologies and applications in the Internet of Things (“IoT”) and mobile Internet sectors, as well as expanding the application of related solutions. It has developed strong research and development capabilities in communication technology, radio frequency technology, data transmission technology and signal processing technology, and is a professional provider of products and solutions with proprietary intellectual property rights in the field of wireless communication technology. Within the IoT industry chain, the Company is positioned at the network layer and is also involved in areas overlapping with the perception layer. It is principally engaged in the design, research and development, and sales services of wireless communication modules and communication solutions for their application industries.

Section III Report of the Board of Directors and Management Discussion and Analysis



Figure 2: Matrix of the Company's Principal Products

Leveraging wireless communication and artificial intelligence as its core technological foundation, the Company provides full-stack solutions integrating software and hardware to empower industry applications. The Company's module products include data transmission modules, smart modules and AI modules. At the same time, building on its module products and drawing on its deep understanding of downstream application scenarios, the Company provides customers with customized solutions, including edge AI solutions, robotics solutions and other solutions. The Company's module products and solutions are widely applied in industries undergoing digital and intelligent upgrading, including automotive electronics, smart homes, consumer electronics, smart retail, the low-altitude economy and robotics. Over the past two years, there has been no material change in the Company's principal business.

(II) The Company's Principal Business Model

1. Procurement Model

The Company organizes and carries out its procurement activities by taking into account a combination of factors, including order status, safety stock levels, products under research and development, and market expansion. Its procurement channels include direct purchases from original suppliers and purchases from distributors of suppliers. The Company has established a stringent procurement process control system, covering, among other things, supplier selection and evaluation and quality control of procured materials. In terms of supplier management, the Company strictly follows the Supplier Development Management Procedures《供應商開發管理程序》. In addition, the Ad Hoc Procurement Management Procedures《零星採購管理程序》 and the Bulk Procurement Management Procedures《批量採購管理程序》 set out the procurement processes for the two respective categories of materials: (1) Ad hoc procurement: the Marketing Centre, the R&D Centre, the Quality Management Department, the Supply Chain Centre and other relevant departments submit purchase requisition forms or material request forms when needs arise. Upon receipt of duly approved request forms, the procurement department determines the suppliers in accordance with the relevant procedures and carries out the procurement. Products procured on an ad hoc basis may only be put into storage after passing inspection by the

Section III Report of the Board of Directors and Management Discussion and Analysis

Quality Management Department or the requesting department;(2) Bulk procurement: the Order and Planning Department provides the material requirements plan, and the procurement department carries out procurement based on the detailed demand plan. Before materials are put into storage, they are inspected by the Quality Management Department. Qualified materials are warehoused and managed accordingly, while unqualified materials are handled by the procurement department in consultation with the Quality Management Department. The Company's raw materials procured, primarily baseband chips, RF chips and memory chips, are mainly sourced from the original manufacturer Qualcomm (高通) and distributors such as Silicon Application Corp. (品佳), Sanet Electronic (湘海電子), South Base (南基) and WPI (世平), whose logistics centres are located in Hong Kong. The principal place of delivery for raw materials purchased by the Company is Hong Kong, after which the Company engages supply chain companies to arrange customs declaration and importation.

2. *Production Model*

In order to focus on product research and development and market expansion, the Company adopts both outsourced processing and in-house manufacturing models for the production of its products, with in-house manufacturing currently carried out by leasing production lines from external sources. Wireless communication modules are one of the core components enabling terminal devices to access the Internet of Things, and determine the stability and reliability of information transmission quality. Accordingly, the Company has long entrusted capable manufacturers such as BYD (比亞迪), Meichen (美晨) and Higer (海格) to undertake its production and processing, and progressively expand leased in-house production lines, adopt a self-operated manufacturing model, and develop proprietary manufacturing facilities.

3. *Sales Model*

The Company's business mainly comprises wireless communication module and solutions, which are principally applied in industries undergoing digital and intelligent upgrading, including automotive electronics, smart homes, consumer electronics, smart retail, the low-altitude economy and robotics.

The Company adopts a sales model primarily based on direct sales, supplemented by distribution. In the PRC, the Company has established four major business regions, namely South China, East China, North China and Southwest China, and has set up branches or representative offices in Beijing, Nanjing, Hangzhou, Fuzhou, Shanghai, Guangzhou and Chengdu, which are specifically responsible for sales management in their respective regions and for providing customers with technical service support. In overseas markets, the Company has established subsidiaries or representative offices in Hong Kong, Taiwan, the United States, Germany, France and South Korea to undertake overseas market expansion, with business coverage extending to major overseas countries and regions.

The Company possesses and manages key customer resources, enabling it to obtain customer needs and feedback in a timely manner, establish and maintain stable relationships with customers, and thereby ensure revenue stability. While maintaining stable relationships with existing customers, the Company also continues to expand into new customers and new industries, enabling its sales revenue to grow steadily.

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(III) Principal Performance Drivers

During the Reporting Period, the Company recorded operating revenue of RMB6,987,612,096.68, representing a year-on-year decrease of 14.67%. Excluding the impact of the automotive OEM wireless communication module business of Rolling Wireless(銳凌無線), operating revenue increased by 0.24% year on year. The Company recorded net profit attributable to shareholders of the listed company of RMB347,040,640.51, representing a year-on-year decrease of 48.05%. Excluding the impact of the automotive OEM wireless communication module business of Rolling Wireless(銳凌無線), net profit attributable to shareholders of the listed company decreased by 16.23% year on year. During the Reporting Period, the Company's revenue remained stable overall, with revenue from the smart home and smart retail businesses recording solid growth, while revenue from the consumer electronics and automotive electronics businesses declined. During the Reporting Period, the Company vigorously developed integrated "communication + computing" solutions, edge AI, robotics and other businesses. The revenue contribution from smart modules and solutions businesses continued to increase. The principal factors contributing to the changes in performance are as follows:

1. Continuing to adhere to R&D investment to enhance core competitiveness

During the Reporting Period, the Company continued to adhere to independent research and development, continuously optimized and enriched its product lines, and further improved its presence in emerging fields such as AI, edge computing power and intelligent robotics. The Company's R&D investment amounted to RMB509 million, accounting for 7.28% of its 2025 operating revenue. As of the end of 2025, the Company had 389 valid authorised invention patents, 165 utility model patents and 199 software copyrights, mainly relating to cellular wireless communication modules and their application technologies, including system upgrades, RF technology, data transmission, system testing and hardware design. The Company has fully leveraged its intellectual property strengths, established a sustainable innovation mechanism, and enhanced its core competitiveness.

2. Continuously Optimising and Enriching the Product Matrix

During the Reporting Period, the Company continued to focus on vertical sectors within the Internet of Things industry, and launched a number of new products and solutions, thereby enriching its product matrix to meet the IoT needs of different customers and market regions around the world.

The Company launched the MQ771-GL, a compact Cat.M module based on Qualcomm modem and RF solutions, which has entered the engineering sample stage; launched the L610-IN, a Cat.1 bis module supporting multimode dual-band positioning technologies including both GPS and NavIC; and launched the FG390 series, a 5G module based on the MediaTek T930 platform. The Company also launched modules and solutions based on Qualcomm's(高通) latest-generation 5G modem and RF system, and introduced the "Nebula" series, a full-matrix lineup of AI modules and solutions covering 1T to 50T. Fibocom Auto launched the new-generation R17 automotive-grade 5G communication module AN970 series; introduced the AN762S and AN782S series, being high-computing-power 5G AI intelligent cockpit modules, providing new solutions for AI intelligent cockpits; and Fibocom, in joint research and co-creation with OFILM(歐菲光), launched the industry's first ToF + binocular sensing and positioning module.

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The Company launched the Fibocom AI Stack edge AI solution, empowering edge applications across a wide range of industries; introduced a multi-functional AI infrared camera solution; launched an AI toy large-model solution; introduced the QuickTaste AI intelligent solution; launched a new low-power Tracker solution; introduced a 5G AI MiFi solution integrating 5G communication and AI voice technology; launched the new-generation AI voice agent FiboVista, which has taken the lead in being applied in the Internet of Vehicles; introduced the Company's self-developed automatic speech recognition large model, FiboASR; launched the new-generation embodied intelligence development platform, FiboT; introduced the Company's self-developed edge-side emotional dialogue large model, FiboEmo-LLM; and developed FiboDet, an edge-side object detection model, which provides high-performance, low-power-consumption and cost-effective visual inspection solutions for multiple industries such as industrial, transportation and retail sectors. The Company also launched a home smart integrated CPE solution; introduced the 5G FWA series solutions based on the MediaTek T930 platform; launched the newly upgraded MagiCore 2.0, which has already entered the customer sample delivery stage; and introduced the AI Dongle solution, providing mobile AI computing support for devices such as personal PCs and NAS.

3. *Strengthening close cooperation with industry ecosystem partners*

The Company has strengthened its close cooperation with industry ecosystem partners. Targeting a broader range of industry edge AI applications, it has actively promoted the deployment of numerous high-quality large models in AI modules and solutions, thereby enabling a wider range of IoT devices to become AI-powered. Together with partner organisations, the Company has organised and participated in industry seminars to promote the deep integration of "IP + AI applications" and inject new momentum into the high-quality development of the AI toy industry. It has also promoted strategic cooperation with leading enterprises in niche sectors and engaged in joint research and co-creation with industry partners, with a view to optimising product performance and accelerating innovation and development of new products. Fibocom Auto has maintained close cooperation with industry ecosystem partners based on the Qualcomm(高通) platform, focusing on the innovation and rapid commercialisation of chip technology platforms. It has worked closely with industry partners in areas such as 5G application scenarios, platform performance enhancement, software platformisation and software function innovation, jointly setting new benchmarks for intelligent connected SIP applications. In respect of AI large models, it has, together with industry partners and leveraging the Company's accumulated expertise in AI agents and AI in AIoT, introduced AI large-model applications into 5G and intelligent cockpit SIP. Initial results have been achieved in areas such as 5G signal optimisation and AI multimodal application scenarios, thereby accelerating the digital development of intelligent vehicles and promoting cost reduction and efficiency enhancement in the automotive industry.

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4. *Enhancing the Breadth and Depth of Market Expansion and Building a Global Marketing System*

During the Reporting Period, the Company continued to allocate resources to deepen its expansion into key industries and achieved favourable market results in multiple sectors, including FWA for smart homes, smart retail and domestic IoT vertical industries, while continuing to explore applications in edge AI and embodied intelligence industries. The Company strengthened the development of its marketing organisation and continuously improved its globally covering marketing management system. Targeting communications professionals, it created in-depth live-streaming programmes covering the entire chain from technology to products, and from products to industry applications, with a focus on accelerating the broader adoption and implementation of wireless communication modules in the IoT market, while systematically building sales capabilities for the edge AI and embodied intelligence sectors. In addition, the Company made frequent appearances at major global IoT and communications conferences to discuss industry development trends and how 5G + AI can promote high-quality industrial development. The Company also actively carried out various marketing and promotional activities, jointly organised technology open day events with industry partners, and strengthened the promotion of its products through its official website and WeChat official account, all of which generated favourable market response.

1. *Key technical or performance indicators applicable to products or business*

Key technical or performance indicators applicable to the manufacture of communications transmission equipment or its components

☐ Applicable ☒ Not applicable

Key technical or performance indicators applicable to the manufacture of communications switching equipment or its components

☐ Applicable ☒ Not applicable

Key technical or performance indicators applicable to the manufacture of communications access equipment or its components

☒ Applicable ☐ Not applicable

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Product Name	Access Network Type	Transmission Rate	Bandwidth Utilization	Performance Indicators of Control and Management Software
Wireless Communication Modules	Wireless Access	DL: 250K-10Gbps UL: 250K-3Gbps	100.00%	LWM2M/MQTT/HTTP (S)/FTP (S)/TCP/ UDP/TLS/IPV4/IPV6, PPP/ECM/ RNDIS/NDIS/MBIM, LoF/Android/ FiboFramework/OpenCPU/ OpenWRT, AT, FOTA, PCIoT, LPWA, IOTAPPStore

Key technical or performance indicators applicable to communication supporting services

☐ Applicable ☒ Not applicable

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2. Production, Operations, and Investment Projects

Product Name	Current Period					Prior Period				
	Production Capacity	Output	Sales Volume	Operating Revenue RMB	Gross Margin	Production Capacity	Output	Sales Volume	Operating Revenue RMB	Gross Margin
Wireless Communication Modules and Solutions	11,500,000.00	51,182,928.00	49,688,533.00	6,922,105,724.21	16.28%	50,175,097.00	49,740,191.00	7,908,874,595.94	19.42%	

Changes

1. The YoY decrease in sales volume and operating revenue was mainly due to the disposal of Rolling Wireless' in-vehicle front-fit wireless communication module business in 2024; the YoY decline in gross margin was mainly attributable to changes in product sales mix and fluctuations in material procurement prices.
2. The significant difference between production capacity and output is mainly because production capacity includes only self-operated manufacturing capacity, while outsourced production is not included in the statistics.
3. Solutions are one of the businesses the Company began to focus heavily on in 2024, and the business has been gradually expanding. Starting from 2025, data related to solutions will be added here. On a comparable basis, in the same period last year, output of wireless communication modules and solutions was 50,676,020.00 units; sales volume was 50,201,029.00 units; operating revenue was RMB8,112,788,593.75; and gross margin was 19.42%.

Order Acquisition Through Tendering and Bidding

☐ Applicable ☒ Not applicable

Construction Status of Major Investment Projects

☐ Applicable ☒ Not applicable

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II. INDUSTRY CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD

The Company is principally engaged in the design, research and development, and sales services of communication solutions for the wireless communication module and its application industry. Positioned at the network layer in the Internet of Things (IoT) industrial chain, the Company also operates in intersecting fields that overlap with the perception layer. Its products are widely used in industries undergoing digital transformation, such as automotive electronics, smart home, consumer electronics, smart retail, the low-altitude economy, robotics, and other sectors. The conditions and development trends of the wireless communication module and application industry in which the Company operates are as follows:

(I) Continuous growth in global IoT connections

Driven by the rapid advancement of communication technologies, the IoT is witnessing global growth. According to a statistical report released by IoT Analytic in October 2025, the number of global IoT endpoints is projected to reach 21.1 billion in 2025, representing a 13% year-on-year increase, and is expected to hit 55.0 billion by 2035, indicating sustained growth in global IoT connectivity demand. Among these, cellular IoT connections (including 2G, 3G, 4G, 5G, LTE-M and NB-IoT) account for 22% of total global IoT connections. According to the 2025 Statistical Bulletin on the Communications Industry issued by the MIIT, by the end of 2025, the total number of mobile network terminal connections in China reached approximately 4.7 billion. Of this total, mobile IoT terminal users numbered 2.888 billion, accounting for about 61.3% of all mobile terminal connections, an 8.7% year-on-year increase, signaling that the sector remains in a phase of rapid, large-scale expansion. Mobile IoT terminals are widely used in fields such as public services, the IoV, smart retail, and smart homes, with user bases reaching 1.164 billion, 529 million, 365 million, and 323 million, respectively. Among them, the IoV and public services have demonstrated robust growth, achieving double-digit increases in user scale and becoming major drivers of development.

Global IoT terminal connections (in hundred million)

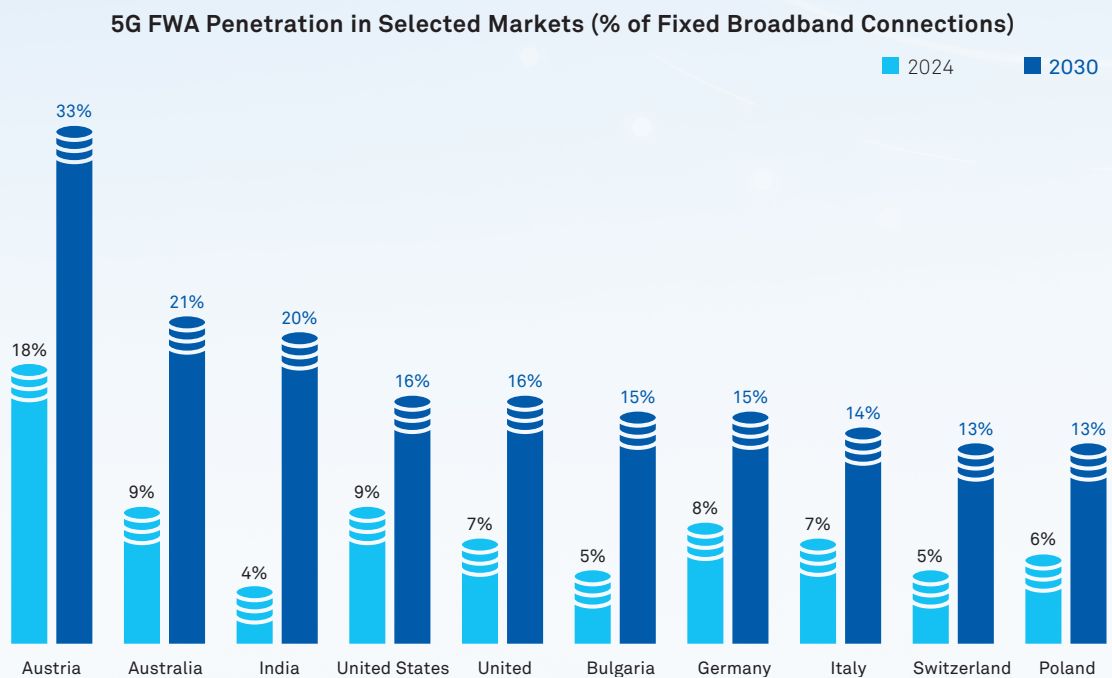


Source: IoT Analytic

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(II) Accelerated Industrialization of 5G Technology

Global 5G connections continue to rise steadily. As the foundation of the Internet of Everything, communication modules, along with technologies such as 5G, are accelerating the process of universal connectivity. 2025 marks the seventh year of 5G commercialization. Countries worldwide are actively promoting the construction and deployment of 5G networks. By the end of 2025, the total number of global 5G base stations reached approximately 7.8 million, up 22% year on year. According to the Mobile Economy Report 2026 released by the Global System for Mobile Communications Association (the “GSMA”), global 5G connections surpassed 3.05 billion in 2025, accounting for 38% of total connections. 5G is projected to surpass 4G as the mainstream technology by 2028 and is expected to account for 57% of total connections by 2030. 5G Fixed Wireless Access (FWA) has become an important use case in both consumer and enterprise sectors. By the end of 2025, the 5G FWA connections in the United States reached 15 million (a market penetration rate of 11%), making it the world’s largest 5G FWA market, followed by India with over 10 million connections (a penetration rate of 10%). The 5G FWA penetration rates in selected global markets are shown in the figure below:



Source: GSMA

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5G integration with industries is deepening and delivering tangible outcomes. 5G and gigabit optical networks are extensively empowering digital transformation across sectors, with the penetration of applications in key areas continuing to advance. According to the 2025 Statistical Bulletin on the Communications Industry released by the Ministry of Industry and Information Technology (MIIT), a total of 75,000 5G virtual private networks for industries have been built, including 19,000 newly added in 2025. 5G applications have been integrated into 91 major categories of the national economy, and the industrial Internet covers all 41 major industrial categories, acting as a key engine driving digital transformation and intelligent upgrading across all industries. Innovative applications have been deployed on a large scale, accelerating digital progress in the industrial sector. The number of “5G + Industrial Internet” projects has exceeded 23,000, and the number of connected devices on key industrial Internet platforms has surpassed 100 million, with its enabling effect becoming increasingly evident. New models and business forms such as “unmanned mines”, “lights-out factories” and “smart ports” are booming, showing strong vitality in the deep integration of digital and real economies.

Commercial deployment of 5G RedCap networks is accelerating. At the end of 2022, China’s IMT-2020 (5G) Promotion Group completed trials of key 5G RedCap technologies. Since 2023, various industry stakeholders have actively promoted the launch of 5G RedCap chips, modules, and terminals, and jointly completed pilot commercial field verifications with enterprises in key sectors including electric power, industrial manufacturing, and video surveillance. According to the 2025 Statistical Bulletin on the Communications Industry released by the MIIT, by the end of 2025, the number of base stations with 5G RedCap access capability in China reached 2.064 million, accounting for 42.7% of the total 5G base stations (4.838 million). This marks China’s official entry into a new stage of large-scale commercial deployment for 5G RedCap, far exceeding previous industry expectations.

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(III) Smart Modules and AI Modules have become New Growth Directions

Compared to traditional cellular communication modules, smart modules feature built-in main control chips and memory, capable of running operating systems such as Android and Linux. They have powerful real-time data processing capabilities and a rich array of interfaces. As edge-side products that integrate computing and communication functions, smart modules have become a new carrier of edge computing needs and are already applied in various fields such as the IoV and consumer electronics. Their high cost-effectiveness and highly customizable features are expected to become the core force driving edge computing of smart terminals, representing a new growth direction for the industry. According to the Frost & Sullivan Report, the global smart module market segment is expected to grow from RMB8.4 billion in 2024 to RMB14.5 billion in 2029, representing a CAGR of 10.9%, fueled by advancements in secure transaction technologies and IoT-enabled payment solutions.

As we enter the AI era, demand for low-latency and efficient on-device inference surged, leading to the emergence of the “cloud-edge-device” architecture. AI modules, the next evolution of smart modules, integrate NPUs and advanced computing units to deliver powerful heterogeneous computing for local AI inference in industrial, urban, and home scenarios. Combining communication and AI processing, AI modules are ideal drivers of Edge AI, with significant potential across AIoT applications — such as real-time image recognition in smart homes or ADAS in vehicles. Their high integration and adaptability position them as a cornerstone of future Edge AI. According to the Frost & Sullivan Report, as an emerging high-growth segment, AI modules are poised for explosive expansion amid accelerated AI technology commercialization. The market is expected to surge to RMB8.1 billion by 2029, delivering a remarkable CAGR of 49.3% from 2025 to 2029, driven by AI-powered edge computing, intelligent automation, and industrial digitization applications.

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(IV) Edge AI Brings New Development Opportunities to the Industry

Through deep learning and big data analysis, AI technology enables IoT terminals to collect and process large amounts of data in real time, thereby providing precise decision-making support for the industry. The combination of AI and IoT allows downstream industries to offer more personalized services and experiences. The integration of wireless communication with Edge AI applications presents significant opportunities. As a key application terminal, Edge AI is expected to see robust demand. According to the Frost & Sullivan Report, the global Edge AI market has demonstrated explosive growth, expanding from RMB90.2 billion in 2020 to RMB251.7 billion in 2024, achieving a CAGR of 29.3%. This momentum is projected to accelerate further, with the market size expected to surge from RMB321.9 billion in 2025 to RMB1,223.0 billion by 2029, reflecting an even higher CAGR of 39.6%. To seize the new industry opportunities brought by Edge AI, the Company established the AIS (AI Solution) business department in 2025, focusing on the commercialization of AI hardware solutions. Since its inception, AIS has successively launched AI buddy solutions and AI meeting solutions. In terms of product forms, besides providing wireless communication modules, the Company also delivers PCBAs and end products to customers. Downstream applications cover consumer electronics, automotive electronics, smart retail, and industrial inspection, and other fields.

Robotics is a crucial application direction for Edge AI. To capture development opportunities in the robotics industry, the Company established a Robotics Product Line in 2023. Taking the smart lawn mower niche as a breakthrough point, we focus on R&D of technologies related to “perception mechanisms” and “decision mechanisms.” We provide visual perception positioning modules, decision algorithms, and edge computing modules with integrated communication capabilities. By highly integrating technologies such as AI, autonomous driving, machine vision, and high-precision differential GPS positioning (RTK), we offer full-stack solutions for the smart lawn mower industry, enabling comprehensive functions including environmental perception, positioning, mapping, path planning, obstacle avoidance, navigation, and application. In 2025, the Company maintained continuous shipments to leading domestic and overseas customers in the lawn mower robot sector and expanded its range of solutions, achieving mass production and delivery of flagship binocular solutions. Furthermore, the Company continues to explore the embodied intelligence segment. The embodied intelligence development platform, Fibot, has successfully deployed a customer’s next-generation robotic large model for Edge AI applications, enabling dual-arm manipulation of flexible objects. In the field of low-speed autonomous driving for robots, the Company’s newly developed AI Vision + RTK integrated positioning box has achieved batch shipments to leading customers in the quadruped robot industry.

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III. CORE COMPETITIVENESS ANALYSIS

(I) R&D and Technical Advantages

The Company focuses on the promotion of wireless communication technologies and applications for the IoT, as well as the expansion of related solutions. Relying on years of accumulated industry experience and a growing R&D team, the Company has developed strong R&D capabilities and technological advantages in communication technology, radio frequency technology, data transmission technology, and signal processing technology, which are primarily reflected in:

1. Continuous Improvement and Refinement of the R&D System

During the Reporting Period, R&D personnel accounted for more than 60% of the total workforce. Most of the Company's R&D backbone possess years of industry experience and have worked for Fortune Global 500 companies or leading domestic scientific research institutes. Meanwhile, the Company actively recruits talent directly from major universities every year to build a reserve of new strength for the R&D team. Over the years, the R&D team has actively engaged in exchanges and cooperation with companies such as Intel, Qualcomm, UNISOC, and MTK. In addition to continuous innovation in technology and products, the R&D process has been constantly enhanced to align with international advanced product development management workflows. The R&D center has constructed a complete R&D system and established a management system tailored to the Company's characteristics, ensuring R&D quality through standardized processes while refining the performance evaluation system through systematic data analysis.

2. Technological Advantages in Adapting Products to Complex IoT Application Scenarios

(1) Technological advantages related to wireless communication modules:

- ① Stable Software Performance. The various wireless communication modules developed by the Company in different standards effectively meet the reliability and timeliness requirements essential for IoT data access and transmission. The products can handle various complex communication network environments and achieve intelligent network switching and optimization;
- ② Establishment of Enterprise Product Standards Higher than 3GPP Specifications. These include a receiving sensitivity of -110 dBm, transmission power of 23 dB, optimized algorithms for network cell selection, and optimized sliding window designs for wireless network data transmission;
- ③ Adaptability to Complex Application Scenarios. In response to the highly diversified application environments of the IoT industry, the Company's designs include: an ultra-wide temperature range of -40°C to 85°C, ESD interference resistance of 8KV/15KV, radiated spurious margins of over 3 dB, 1,000-hour reliability tests, and a quality control system with a CPK greater than 1.33 during the design and production process. These features allow the products to function in various harsh IoT working environments while ensuring continuous operation and an ultra-long lifespan;
- ④ In-depth Development. Addressing the special requirements of different IoT industry applications, the Company has conducted in-depth development of specialized functions, such as: ultra-low power consumption design, PCIe high-speed interface driving capability, software technology platform sharing for RoF & LoF and FWA, system integration environments for Windows & Chrome, as well as Jamming, Cell-Lock, RFcoexist, Remote-SIM, AGPS, LBS, and high-precision positioning technologies.

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(2) *Leading Industry Position in Edge AI Technological Layout.*

The Company continues to deepen its expertise in AI technology, focusing on AI toolchains and Edge AI models while expanding cloud-side portals and large model technical capabilities, gradually forming a full-stack AI technical capability. The Fibocom AI Stack technology platform has been upgraded to version 2.0, covering chip platforms such as Qualcomm, Axera, and MTK. It has added compatibility for several mainstream cutting-edge models and completed iterative upgrades for model conversion, evaluation, and deployment tools, further improving ease of use. The Fibocom AI Cloud platform was launched, achieving connections with mainstream large models and agent platforms, including Doubao, Qwen, Coze, DeepSeek, and OpenAI, providing more efficient and convenient IoT management and large model invocation support for smart hardware. In terms of Edge AI models, for the Company's AI industry solutions, we have independently developed sector-specific models in areas such as emotional perception, intent understanding, speech recognition, and machine vision to provide technical assurance for commercial success. Regarding frontier Edge AI technologies, the AI Research Institute continues to invest in model lightweighting, efficient model inference, and embodied intelligence VLA (Vision-Language-Action) model technology. Following the release of the Qwen3 open-source models, the Institute quickly adapted the entire series of its Edge AI models to the Company's AI modules, becoming among the first in the industry to provide such support.

(3) *Deep Technical Accumulation in Machine Vision and Motion Control for Robotics.*

The Company's robotic lawn mower solutions enable intelligent and autonomous mowing operations in residential and commercial outdoor environments. Our solutions overcome the key limitations of traditional mowers through the following features: ① Wire-free Operation: We achieve wireless operation through RTK positioning and vision-based technology, eliminating the dependence of traditional robotic mowers on pre-buried boundary wires, thereby reducing installation costs and time. ② Scalable Perception: We offer both monocular ("2D") and binocular ("3D") vision configurations. The 3D models achieve a high-angle field of view (FOV), helping our solutions adapt to complex lawn environments, outperforming fixed single-mode systems. ③ Industry-leading Positioning and Obstacle Avoidance: Utilizing self-developed vision-based algorithms, we achieve precise navigation and sensitive obstacle detection, with positioning accuracy reaching the centimeter level. ④ Cost-optimized Design: By optimizing algorithms to reduce reliance on sensors, we have achieved the lowest cost among similar solutions. In the field of embodied intelligence, the Fibot project, developed based on Qualcomm's high computing power platforms, has established strategic partnerships with world-leading embodied AI robotic companies. Meanwhile, our RTK-vision fusion positioning solution has reached collaborations with leading manufacturers in the multi-legged robotics sector, resolving the positioning blind spot issues of quadruped robots in dynamic environments. Its open architecture further saves customers significant low-level development resources and time.

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3. *Customized Services and Collaborative Development with Customers*

As the IoT industry continues to evolve, customers are no longer satisfied with wireless communication modules merely serving as an entry point to the IoT. Customers now require integrated modules that combine compound functions such as perception, front-end data processing and analysis, and data access and transmission. The integration of these functions and technologies is more conducive to reducing product costs, enhancing the timeliness and effectiveness of data processing and transmission, lowering power consumption, and improving product stability. This trend requires the Company's R&D team to analyze and categorize industry specifications and customer requirements. This ensures we can meet individual customer needs while continuously expanding to other industry applications, creating a new positioning and landscape for our products. On one hand, the Company actively provides customers with "turnkey" complete products and solutions to help them accelerate their time-to-market. On the other hand, the Company continuously develops new R&D technologies to increase the stickiness of our collaborations with customers.

4. *Product Differentiation and Innovation Advantages*

In IoT transmission technology, a variety of wireless communication technologies and standards exist. Although users can choose communication network mode during the data transmission based on their needs, many different wireless communication standards are mutually incompatible, causing users to invest significant development time and cost into integrating multiple access technologies. During the design process, the Company's products utilize shared processors, memory, and interfaces, with data exchange and routing functions between different standards added to the software. Meanwhile, we maintain a unified communication protocol for customers, enabling their devices to achieve switching, data sharing, and data routing between various communication technologies. Furthermore, with the advancement of CPU processing power and the development of intelligent operating systems, the Company will further promote the R&D of intelligent open integrated modules based on Linux, Android, and WIN 8/10, as well as their applications in the future IoT.

5. *Rich R&D Achievements*

As of December 31, 2025, in the R&D of wireless communication modules and communications solutions for their application industries, covering 2G/3G/4G/5G communication protocol stack software development technology, technology enabling product performance under industrial-grade conditions of -40°C to +85°C, RF calibration control technology, integrated product development and design technology, interface expansion technology, and integrated application technology, the Company has accumulated 389 effectively authorized invention patents, 165 utility model patents and 199 software copyrights. The mastery of these related technologies enables the Company's products to meet application requirements in various fields such as automotive electronics, smart home, consumer electronics, smart retail, low-altitude economy, and robotics, laying a solid foundation for the Company to explore more IoT application sectors.

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(II) First-mover Advantage in the Industry

Wireless communication modules must ensure compatibility with other components in customers' practical applications. Achieving the final functional performance requires an extensive phase of development and testing. Should a customer choose to switch suppliers, it would involve significant costs in terms of both time and capital, potentially compromising the continuity and stability of the customer's production and operations. Having been engaged in the R&D of wireless communication modules for many years, the Company has established a comprehensive product line. Currently, we have developed a high-quality customer base across multiple sectors, including automotive electronics, smart home, consumer electronics, smart retail, low-altitude economy, and robotics, thereby forming a distinct first-mover advantage in the wireless communication module industry.

(III) Customer Advantage

With over twenty years of deep cultivation in the wireless communication module sector, the Company has accumulated a vast number of premium domestic and international customers in fields such as automotive electronics, smart home, consumer electronics, smart retail, low-altitude economy, and robotics. These robust customer resources provide a strong guarantee for the Company's continuous and stable development.

(IV) Regional Advantage

The Pearl River Delta region, where the Company is located, is one of the four major hubs for the IoT industry in China. It serves as a vital production base for finished electronic machines, featuring a mature development across all segments of the electronic information industry chain. Regarding the development of the IoT industry, the Pearl River Delta focuses on breakthroughs in core and key technologies and the building of innovation capabilities within the fields of IoT equipment manufacturing, software and system integration, network operation services, and application demonstrations. The region's strategic focus encompasses innovative IoT applications, infrastructure construction, and the enhancement of urban management informatization. This favorable regional development environment allows the Company to concentrate on improving its R&D strength and consolidating its core competitive advantages.

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IV. ANALYSIS OF PRINCIPAL BUSINESS ACTIVITIES

1. Overview

Please refer to the relevant content in “I. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD.”

2. Revenue and Costs

(1) Composition of Operating Revenue

Overall Operating Revenue

	2025		2024		Unit: RMB
	Amount	As a percentage of operating revenue	Amount	As a percentage of operating revenue	YoY change
Total operating revenue	6,987,612,096.68	100%	8,188,852,494.50	100%	-14.67%
By industry					
Wireless communication modules and applications	6,969,440,592.15	99.74%	8,162,118,852.08	99.67%	-14.61%
Others	18,171,504.53	0.26%	26,733,642.42	0.33%	-32.03%
By product					
Wireless Communication Modules	6,446,246,456.86	92.25%	7,908,874,595.94	96.58%	-18.49%
Solutions	475,859,267.36	6.81%	203,913,997.81	2.49%	133.36%
Others	65,506,372.46	0.94%	76,063,900.75	0.93%	-13.88%
By region					
Overseas	4,264,256,715.79	61.03%	4,972,094,998.98	60.72%	-14.24%
South China	1,178,776,607.21	16.87%	1,884,516,334.41	23.01%	-37.45%
East China	914,616,474.86	13.09%	1,019,725,276.29	12.45%	-10.31%
Others	629,962,298.82	9.02%	312,515,884.82	3.82%	101.58%
By sales model					
Direct sales	6,137,219,900.19	87.83%	7,591,110,240.67	92.70%	-19.15%
Distribution	850,392,196.49	12.17%	597,742,253.83	7.30%	42.27%

By segment, revenue from module products amounted to RMB6,446,246,456.86, representing a year-on-year decrease of 18.49%, primarily attributable to the disposal of the Rolling Wireless automotive OEM business in 2024. Excluding the contribution from the Rolling Wireless automotive OEM business, revenue from module products for 2024 was RMB6,704,471,068.08, and decreased by 3.85% year-on-year in 2025, mainly due to weaker demand in the automotive electronics and consumer electronics segments. Revenue from solutions amounted to RMB475,859,267.36, representing a year-on-year increase of 133.36%, primarily driven by increased contributions from the smart retail and consumer electronics sectors.

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By geography, revenue from the domestic market amounted to RMB2,723,355,380.89 in 2025, representing a year-on-year decrease of 15.34%. On a comparable basis, compared with the domestic revenue for 2024 excluding the Rolling Wireless automotive OEM business (RMB2,831,446,526.77), it decreased by 3.82% year-on-year, primarily due to weaker demand in the automotive electronics sector. Revenue from overseas markets amounted to RMB4,264,256,715.79, representing a year-on-year decrease of 14.24%. On a comparable basis, compared with the overseas revenue for 2024 excluding the Rolling Wireless automotive OEM business (RMB4,139,742,722.71), it increased by 3.01% year-on-year, mainly driven by growth in the smart home business.

Sales in major revenue-generating regions

Product name	Major revenue-generating regions	Sales volume	Sales revenue		Collection status
			RMB		
Wireless Communication Modules	Overseas, South China, and East China	40,083,364.00	5,827,977,288.73		Collection status is good

Major changes in local exchange rates or trade policies and their impact on the Company's production and operations;

During the Reporting Period, the Company's overseas sales revenue accounted for 61.03% of operating revenue for the same period, and fluctuations in the USD exchange rate exerted a certain impact on the Company's production and operations.

(2) Gross profit and gross profit margin

Key Product Categories	2025	Gross profit margin	2024	Gross profit margin
	Gross profit RMB		Gross profit RMB	
Principal Activities:				
Module products	1,042,260,668.75	16.17%	1,535,992,856.63	19.42%
Solutions	84,983,361.11	17.86%	39,558,185.12	19.40%
Others ⁽¹⁾	17,828,011.78	27.22%	7,371,641.88	9.69%
Total	1,145,072,041.64	16.39%	1,582,922,683.64	19.33%

Notes:

(1) Primarily include (i) sales of complementary electronic components and (ii) IoT data connection services

The Group's gross profit margin was 16.39% in 2025, representing a year-on-year decrease of 2.94 percentage points. Excluding the Rolling Wireless automotive OEM business, the gross profit margin for 2024 was 18.17%, representing a year-on-year decrease of 1.78 percentage points. The decline was primarily due to changes in the product mix of annual sales and higher material procurement costs in 2025.

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(3) **Industries, products, regions, and sales models accounting for more than 10% of the Company's operating revenue or operating profit**

☒ Applicable ☐ Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross margin	YoY change in operating revenue	YoY change in operating cost	YoY change in gross margin
By industry						
Wireless communication modules and applications	6,969,440,592.15	5,830,000,168.86	16.35%	-14.61%	-11.41%	-3.02%
By product						
Wireless Communication Modules	6,446,246,456.86	5,403,985,788.11	16.17%	-18.49%	-15.20%	-3.25%
By region						
Overseas	4,264,256,715.79	3,554,519,874.55	16.64%	-14.24%	-11.15%	-2.89%
South China	1,178,776,607.21	997,035,525.97	15.42%	-37.45%	-33.98%	-4.45%
East China	914,616,474.86	784,364,393.00	14.24%	-10.31%	-6.62%	-3.38%
By sales model						
Direct sales	6,137,219,900.19	5,118,111,394.96	16.61%	-19.15%	-15.24%	-3.84%

Where the statistical basis of the Company's main business data changed during the Reporting Period, the Company's main business data for the most recent year as adjusted based on the basis at the end of the Reporting Period

☐ Applicable ☒ Not applicable

(4) **Revenue from sales of goods is greater than service revenue**

☒ Yes ☐ No

Industry category	Item	Unit	2025	2024	YoY change
Wireless communication modules and solutions	Sales volume	units	49,688,533.00	49,740,191.00	-0.10%
	Production volume	units	51,182,928.00	50,175,097.00	2.01%
	Inventory volume	units	4,828,734.00	3,491,760.00	38.29%

Reasons for YoY changes of more than 30% in the relevant data

☒ Applicable ☐ Not applicable

Solutions are one of the businesses the Company began to focus heavily on in 2024, and the business has been gradually expanding. Starting from 2025, data related to solutions will be added here. On a comparable basis, in the same period last year, sales volume of wireless communication modules and solutions was 50,201,029.00 units; production volume was 50,676,020.00 units; and inventory volume was 3,530,483.00 units, representing YoY changes of -1.02%, 1.00%, and 36.77%, respectively.

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(5) **Performance of major sales contracts and major procurement contracts signed by the Company as of the end of the Reporting Period**

☐ Applicable ☒ Not applicable

(6) **Composition of operating costs**

Product category

Unit: RMB

Product category	Item	2025	As a percentage of operating costs	2024	As a percentage of operating costs	YoY change
		Amount		Amount		
Wireless communication modules and solutions	Direct materials	5,559,972,008.47	95.95%	6,009,936,867.92	94.30%	-7.49%
	Labor and processing					
Wireless communication modules and solutions	fees	118,475,408.01	2.04%	275,126,720.63	4.32%	-56.94%
Wireless communication modules and solutions	Indirect expenses	116,414,277.88	2.01%	87,818,150.76	1.38%	32.56%

Remarks

Raw materials procured by the Company from overseas companies mainly include baseband chips, RF chips, memory chips, and other semiconductor components, and are primarily purchased from foreign manufacturers or their authorized agents.

To align with the newly added self-operated model of leasing self-owned production lines in the current period, and to match the cost structure of the outsourced production model, operating cost items in the current period have been adjusted to direct materials, labor and processing fees, and indirect expenses, whereas those disclosed in the prior period comprised direct materials, processing fees, testing and transportation fees, among others. This adjustment does not affect prior-period data.

Solutions are one of the businesses the Company began to focus heavily on in 2024, and the business has been gradually expanding. Starting from 2025, data related to solutions will be added here. On a comparable basis, in the same period last year, direct materials, labor and processing fees, and indirect expenses for wireless communication modules and solutions were RMB6,164,615,011.54, RMB282,408,662.25, and RMB90,213,878.21, representing YoY changes of -9.81%, -58.05%, and 29.04%, respectively.

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(7) There were changes in the scope of consolidation during the Reporting Period

☒ Yes ☐ No

1. Newly established subsidiaries

On February 13, 2025, the Company established Faiot Limited, a wholly owned sub-subsidiary, in the Cayman Islands, with a registered capital of USD50,000.

On February 25, 2025, the Company established Ginkgo Solution Inc., a wholly owned sub-subsidiary, in the United States, with a registered capital of USD50,000.

On December 19, 2025, the Company established Fibocom Technology (Jiangxi) Co., Ltd., a wholly owned subsidiary, in Pingxiang City, Jiangxi Province, China, with a registered capital of RMB50 million and Unified Social Credit Code 91360322MAK4D23G3W.

2. Deregistered subsidiaries

On February 27, 2025, the Company deregistered Thingsmatrix INC, a wholly owned subsidiary. This subsidiary was established in the United States on July 16, 2018, with a registered capital of USD20,000.

On October 24, 2025, the Company deregistered Zhejiang Nodecom Technology Co., Ltd., a wholly owned subsidiary. This subsidiary was acquired by the Company in 2017 and was registered in Hangzhou, Zhejiang Province, China, with a registered capital of RMB10 million.

(8) Information on any material changes or adjustments to the Company's business, products, or services during the Reporting Period

☐ Applicable ☒ Not applicable

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(9) Information on major customers and major suppliers

Details of the Company's five largest suppliers, five largest customers, the largest supplier and the largest customer are set out in the table below. All transactions between the Company and the relevant customers and suppliers were conducted on normal commercial terms.

To the best knowledge of the Directors, none of the Directors, Supervisors or their close associates (as defined under the Hong Kong Listing Rules), or any Shareholder holding more than 5% of the Company's shares (excluding treasury shares), had any interest in any of the above five largest suppliers and customers during the Reporting Period.

Information on the Company's major sales customers

Total sales to the top five customers (RMB)	3,603,398,349.74
Total sales to the top five customers as a percentage of total annual sales	51.57%
Sales to related parties among the top five customers as a percentage of total annual sales	0.00%

Information on the Company's top five customers

No.	Customer Name	Sales (RMB)	As a percentage of total annual sales
1	Customer 1	1,210,410,840.10	17.32%
2	Customer 2	746,512,650.83	10.68%
3	Customer 3	609,265,698.19	8.72%
4	Customer 4	546,278,823.87	7.82%
5	Customer 5	490,930,336.76	7.03%
Total	—	3,603,398,349.74	51.57%

Other information on major customers

☐ Applicable ☒ Not applicable

Information on the Company's major suppliers

Total purchases from the top five suppliers (RMB)	4,831,782,755.56
Total purchases from the top five suppliers as a percentage of total annual purchases	71.70%
Purchases from related parties among the top five suppliers as a percentage of total annual purchases	0.00%

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Information on the Company's top five suppliers

No.	Supplier Name	Purchase Amount (RMB)	As a percentage of total annual purchases
1	Supplier 1	2,759,738,939.34	40.95%
2	Supplier 2	1,218,708,331.28	18.08%
3	Supplier 3	464,027,585.34	6.89%
4	Supplier 4	227,383,141.71	3.37%
5	Supplier 5	161,924,757.89	2.40%
Total	—	4,831,782,755.56	71.70%

Other information on major suppliers

☐ Applicable ☒ Not applicable

During the Reporting Period, revenue from the Company's trading business accounted for more than 10% of operating revenue

☐ Applicable ☒ Not applicable

3. Expenses

Unit: RMB

	2025	2024	YoY change	Reasons for material changes
Selling expenses	159,290,727.17	192,504,236.85	-17.25%	Mainly due to the YoY decrease in selling expenses resulting from the disposal of Rolling Wireless' in-vehicle front-fit business in 2024
Administrative expenses	148,250,734.22	178,251,547.82	-16.83%	Mainly due to the YoY decrease in administrative expenses resulting from the disposal of Rolling Wireless' in-vehicle front-fit business in 2024
Finance costs	12,403,423.49	27,574,611.01	-55.02%	Mainly due to a decrease in interest expenses during the current period
R&D expenses	480,299,890.58	686,892,797.08	-30.08%	Mainly due to the YoY decrease in R&D expenses resulting from the disposal of Rolling Wireless' in-vehicle front-fit business in 2024 and the reduction in employee compensation

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4. R&D INVESTMENT

☒ Applicable ☐ Not applicable

Name of major R&D project	Project objective	Project progress	Target to be achieved	Expected impact on the Company's future development
New development and optimization project for intelligent modules	To enrich intelligent modules for AI and high-computing-power industry applications	Already shipped in volume	Already shipped in volume, with expansion into more industries in 2026	Positive impact
AI module development project	To embed algorithms and computing power into wireless communication modules to enable real-time processing and inference, multimodal perception, and localized decision-making, meeting customer demand for AI modules	Already shipped in volume	Already shipped in volume, with expansion into more industries in 2026	Positive impact
New product development and optimization project for 4G, 5G, and 5G Redcap series wireless communication modules	To continue to enrich and improve 4G, 5G, and 5G Redcap product models, and provide domestic and overseas customers with 4G, 5G, and 5G Redcap wireless communication modules and solutions	On track, with some products already in mass production and shipping	Related products already in mass production and shipping	Positive impact
5G domestic high-quality project	To promote the commercialization of domestically developed 5G chips	On track, with some products already in small-volume shipping	Some products already in mass production and shipping	Positive impact
5G AI large-model intelligent cockpit platform project	To provide competitive connectivity + intelligent cockpit solutions for intelligent vehicles	On track, with some products already in mass production and shipping	Related products already in mass production and shipping	Positive impact
Mobile handheld solutions and intelligent edge computing terminal development project	To provide customers with intelligent solutions and terminals	Already shipped in volume	Already shipped in volume, with expansion into more industries in 2026	Positive impact

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Name of major R&D project	Project objective	Project progress	Target to be achieved	Expected impact on the Company's future development
AI smart lawn mower solution project	To leverage fused visual and RTK positioning to achieve fully autonomous mowing and charging operations, replacing traditional boundary-wire lawn-mowing robots, and provide lawn-mowing robots with main control, algorithms, visual solutions, and PCBAs	On track, with multiple solutions already in mass production and shipping	Multiple solutions already in mass production and shipping	Positive impact
On-device AI solution product development project	To provide industry terminals with on-device models, cloud-based AI services, and vertical industry models	Progressing as planned, with some products shipped in volume	Some products have been shipped in volume	Positive impact
AI toy solutions	To meet a wide range of intelligent interaction needs, bringing a brand-new interactive experience and intelligent upgrade to the AI toy market	MagiCore 2.0 solution launched, with some customers already in small-batch use	Commercial deployment with more customers in 2026	Positive impact
Fibot embodied AI robot development platform project	To meet customer needs for validating Mobile ALOHA collaborative learning and simple demonstration-operation data, thereby learning advanced Mobile manipulation algorithm capabilities for robotic arms and helping robot manufacturers carry out secondary development of software and algorithms	On track, with the product upgraded and samples sent to customers	Already in small-volume shipping	Positive impact
RV-BOT positioning module for multi-legged robot development project	To provide stable centimeter-level positioning for robots in outdoor open and semi-open environments through deep multi-sensor fusion and algorithm innovation (vision, RTK, etc.), and enable the Jueying X30 to operate efficiently in demanding scenarios such as power inspection and emergency rescue	On track, with some products already in volume shipping	Already in volume shipping	Positive impact

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R&D personnel

	2025	2024	Percentage change
Number of R&D personnel	1,183	1,249	-5.28%
Proportion of R&D personnel	63.50%	66.61%	-3.11%
Educational background of R&D personnel			
Bachelor's degree	963	1,033	-6.78%
Master's degree	187	171	9.36%
Associate degree or below	33	45	-26.67%
Age composition of R&D personnel			
Under 30 years old	394	503	-21.67%
30-40 years old	584	576	1.39%
Over 40 years old	205	170	20.59%

R&D investment amount and its proportion of operating revenue in the past three years

	2025	2024	2023
R&D investment amount (RMB)	508,854,798.43	718,703,964.01	716,074,359.63
R&D investment as a percentage of operating revenue	7.28%	8.78%	9.28%
Amount of capitalized R&D expenditure (RMB)	41,404,414.01	39,836,089.70	15,017,144.65
Capitalized R&D expenditure as a percentage of total R&D investment	8.14%	5.54%	2.10%
Capitalized R&D expenditure as a percentage of current-period net profit	11.97%	5.00%	2.26%

Reasons for and impact of material changes in the composition of the R&D personnel

☐ Applicable ☒ Not applicable

Reasons for a material YoY change in R&D investment as a percentage of operating revenue

☐ Applicable ☒ Not applicable

Reasons for and reasonableness of material changes in the R&D capitalization rate

☐ Applicable ☒ Not applicable

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The Company has always emphasized R&D investment, closely following market trends and continuously advancing technological innovation and research and development to ensure it maintains a leading position amid increasingly intense market competition, while improving its product portfolio to meet customer needs across industries. During the Reporting Period, the Company's R&D model was primarily in-house development, with total R&D investment of RMB508,854,798.43, representing 7.28% of the Company's operating revenue for the same period. As of the end of the Reporting Period, the Company had a total of 1,863 employees, of which R&D personnel accounted for more than 60%; personnel with a bachelor's degree or above accounted for more than 90%. As of the end of 2025, the Company held 389 valid granted invention patents, 165 utility model patents, and 199 software copyrights, laying a solid foundation for expanding into more IoT application areas. The Company's main R&D progress during the Reporting Period is as follows:

1. *Patent grants*

During the Reporting Period, the Company continued to invest in R&D and was granted 52 invention patents, 24 utility model patents, and 40 software copyrights, mainly involving technologies related to cellular wireless communication modules and their applications, including system updates, RF technology, data transmission, network connectivity, and hardware design. These patented technologies have been applied in the Company's products or in customer products. The grant of these patents will not have a material impact on the Company's current operations, but it helps the Company fully leverage its intellectual property advantages, establish a sustained innovation mechanism, and enhance its core competitiveness.

2. *Main progress in product R&D*

- (1) During the Reporting Period, the Company continued to enrich and optimize its product mix and launched multiple solutions and modules.

In January 2025, the Company released Fibocom AI Stack, an on-device AI solution integrating high-performance modules, an AI toolchain, a high-performance inference engine, a broad model library, and integrated support and services. It can effectively meet customers' tiered computing power requirements, shorten terminal development cycles, reduce the difficulty of on-device AI development, and help smart devices rapidly commercialize AI capabilities. The Company also launched an AI toy large-model solution that integrates relevant domestic and international AI large models and features a built-in Fibocom Cat.1 module, enabling smart toys to achieve AI upgrades.

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In March 2025, the Company launched the “Nebula” series, a full-matrix lineup of AI modules and solutions covering 1T-50T, with Fibocom’s self-developed Fibocom AI Stack built in. Leveraging on-device AI deployment capabilities and AI application technologies, it provides efficient, secure, and low-latency intelligent solutions for terminal devices such as companion robots. The launch of the Nebula series marks Fibocom’s comprehensive high-, mid-, and low-compute portfolio of AI modules and solutions, enabling precisely matched solutions for different scenarios; the Company also released the compact Cat.M module MQ771-GL based on Qualcomm modem and RF solutions, delivering a highly cost-effective IoT connectivity solution for smart metering, asset tracking, smart city, and related scenarios; released a new Tracker solution designed specifically for vehicle tracking, asset tracking, and two-wheeler applications, providing customers with full-stack technical enablement of “hardware reference design + open-source SDK + end-to-end support” to help them rapidly develop and deploy smart tracking devices; and released the Cat.1 bis module L610-IN, which supports multimode dual-frequency positioning technologies including GPS and NavIC. With precise positioning, high compatibility, and adaptability across multiple scenarios, it provides efficient, low-cost connectivity solutions for the IoT industry in India, fully complies with India’s AIS140 standards, and supports intelligent transformation in key local sectors such as fleet management and electronic toll collection (eToll).

In April 2025, the Company launched a 5G AI MiFi solution that deeply integrates 5G communications and AI voice technologies, accelerating the large-scale adoption of communications and AI technologies across consumer and industry applications and providing an efficient, secure, and intelligent connectivity foundation for the era of ubiquitous intelligent connectivity.

In May 2025, the Company launched the FG390 series of 5G modules based on the MediaTek T930 platform. Designed for MBB (mobile broadband) terminal products represented by 5G Fixed Wireless Access (FWA), the series will accelerate the development of the FWA industry across applications such as CPE, ODU, MiFi, enterprise gateways, and industrial gateways through advanced wireless communication technologies.

In June 2025, the Company launched FiboVista, a next-generation AI voice agent integrated with Volcano Engine’s Doubao large model, enabling ASR (automatic speech recognition) and TTS (text-to-speech), supporting natural-language interaction and command control. It has already been first deployed in Internet of Vehicles (IoV) applications, serving as both a “driving companion” and a “travel companion” for intelligent driving; the Company also completed on-device adaptation and deployment of the Tongyi Qwen3 series hybrid reasoning models on Qualcomm’s QCS8550 platform, and through a customized mixed-precision quantization scheme and innovative hardware acceleration algorithms, successfully advanced the edge-side implementation of Qwen3’s new architecture, providing industry-leading on-device large-model support for AIoT devices.

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In July 2025, Fibocom launched FiboASR, its self-developed on-device large speech recognition model. Deeply optimized for face-to-face real-time conversations and multi-participant meeting scenarios on edge devices, it achieved major technological breakthroughs in key areas such as low-latency voice interaction, real-time speech transcription, efficient meeting note-taking, and instant multilingual translation, aiming to deliver a more natural, efficient, and privacy-preserving voice interaction experience for end users.

In August 2025, Fibocom launched Fibot, a next-generation embodied intelligence development platform. The new Fibot is equipped with Fibocom's self-developed high-computing-power robot domain controller and has been comprehensively upgraded from the previous generation, with core capabilities focused on improving robots' interaction, mobility, and manipulation in complex physical environments.

In September 2025, Fibocom officially launched FiboEmo-LLM, its self-developed on-device emotional dialogue large model. This model focuses on integrating affective computing with natural language interaction, aiming to deliver an end-to-end "emotion understanding-emotion response" capability for AI toys, smart companion devices, and other terminal scenarios, and to drive terminal AI toward more humanized and emotionally aware experiences. To enhance the visual perception and decision-making capabilities of edge devices, Fibocom developed FiboDet, a fully in-house on-device object detection model. Built on Fibocom's deep expertise in edge computing and artificial intelligence, FiboDet provides high-performance, low-power, and cost-effective visual detection solutions for industries including manufacturing, transportation, and retail.

In October 2025, Fibocom launched its Home Smart Converged CPE solution, leveraging integrated innovation around "5G + AI + scenarios" to deliver AI solutions for the global 5G FWA industry and unlock the vast potential of AI agents and large AI models. It also introduced a 5G FWA solution portfolio based on the MediaTek T930, including the FG390-NA module, which adopts a leading RF design and fully meets North American carrier requirements, as well as multi-terminal solutions covering indoor IDUs and outdoor ODU. Fibocom further released the newly upgraded MagiCore 2.0, bringing personalized AI interactive experiences to AI plush bag charm applications with its compact form factor, portability, ease of use, low power consumption, and custom IP Agent capabilities.

In November 2025, Fibocom and OFILM jointly developed and launched the industry's first ToF + binocular perception and localization module, integrating machine-vision sensing with on-device AI models to deliver a comprehensive leap in depth estimation and positioning performance for next-generation robotic lawn mowers, injecting new momentum into their intelligent upgrade. Fibocom also introduced its innovative AI Dongle solution, providing mobile AI computing support for personal PCs, NAS devices, and more. The solution features a high-performance, low-power NPU, enabling terminals to perform real-time inference for LLMs at the edge and deliver AI capabilities for edge applications in collaborative work, such as Q&A assistants, text-based image search, and meeting-minutes summarization.

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- (2) Fibocom Auto centers on two core product lines – 5G vehicle connectivity modules and AI intelligent cockpit SIP products. By honing its products and technologies against a full set of automotive-grade standards (including ISO 16949, ASPICE 4.0 L3, and AEC-Q104), it has established a complete platform portfolio spanning flagship (AN862 series), high-end (AN762S/AN693S/AN701S series), and mid-range (AL656S series) tiers, delivering highly cost-effective solutions. It has built “full-scenario” vehicle connectivity products and solutions covering everything from in-cabin to out-of-vehicle applications, and from cellular to satellite communications. In line with automotive industry cycles and demand, it has also launched innovative Qualcomm-platform connectivity + cockpit products and solutions across the full chain – from hardware to software, from R&D to manufacturing, and from automotive-grade reliability to low-PPM quality. In respect of large AI models, Fibocom Auto has partnered with other industry players and, leveraging its parent company Fibocom’s expertise in AI Agents and AIOT applications, has integrated large-model AI into 5G and intelligent cockpit SIP, achieving initial results in solutions such as 5G signal optimization and AI multimodal use cases.
- (3) FAIOT launched the FV04 AI BOX, powered by the Qualcomm Dragonwing™ QCS8550 platform. Its edge computing unit delivers 48 TOPS of total performance and offers a wide range of industrial interfaces, making it suitable for applications such as smart logistics, smart retail, traffic security, smart factories, and smart healthcare.

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5. Cash Flow

Unit: RMB

Item	2025	2024	YoY change
Subtotal of cash inflows from operating activities	8,139,333,134.27	8,123,030,460.07	0.20%
Subtotal of cash outflows from operating activities	7,786,025,481.21	7,683,144,839.31	1.34%
Net cash flows from operating activities	353,307,653.06	439,885,620.76	-19.68%
Subtotal of cash inflows from investing activities	4,530,191,009.40	779,452,163.26	481.20%
Subtotal of cash outflows from investing activities	6,503,317,244.27	1,258,720,413.24	416.66%
Net cash flows from investing activities	-1,973,126,234.87	-479,268,249.98	Decreased by 311.70%
Subtotal of cash inflows from financing activities	3,852,085,987.50	1,428,110,856.05	169.73%
Subtotal of cash outflows from financing activities	1,657,577,584.71	1,672,301,258.82	-0.88%
Net cash flows from financing activities	2,194,508,402.79	-244,190,402.77	Not applicable
Net increase in cash and cash equivalents	572,279,957.91	-268,426,751.26	Not applicable

Main factors behind material YoY changes in relevant data

☒ Applicable ☐ Not applicable

The change in net cash flows from operating activities was mainly due to an increase in cash paid for purchases of goods in the current period;

The change in net cash flows from investing activities was mainly due to an increase in cash paid for purchases of wealth management products during the Reporting Period;

The change in net cash flows from financing activities was mainly due to the receipt of H-share proceeds during the Reporting Period.

Reasons for the material difference between the Company's net cash flows from operating activities and net profit for the year during the Reporting Period

☐ Applicable ☒ Not applicable

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V. NON-PRINCIPAL BUSINESS ACTIVITIES

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	As a percentage of total profit	Reasons	Sustainable
Investment income	3,275,206.36	0.89%	Mainly due to investment income generated from wealth management products	No
Gains/losses from changes in fair value	20,766,737.17	5.64%	Mainly due to fair value changes arising from equity instrument investments and contingent consideration from the disposal of Rolling Wireless' in-vehicle front-fit wireless communication module business	No
Asset impairment	-24,593,688.85	-6.68%	Mainly due to inventory write-down losses provided for in the current period	Yes
Non-operating income	1,414,533.75	0.38%	Mainly due to the recognition of non-refundable advance receipts	No
Non-operating expenses	4,345,125.33	1.18%	Mainly due to donation expenses and losses from the scrapping of fixed assets	No

VI. ANALYSIS OF ASSETS AND LIABILITIES

1. Material changes in asset composition

Unit: RMB

	At the end of 2025		At the beginning of 2025		Change in percentage	Reasons for material changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Cash at bank and on hand	3,423,803,670.00	35.34%	1,119,659,068.00	14.83%	20.51%	Mainly due to the receipt of proceeds from issuance of H Shares
Accounts receivable	1,662,676,569.07	17.16%	1,946,402,151.46	25.78%	-8.62%	
Contract assets	0.00	0.00%	0.00	0.00%	0.00%	
Inventories	1,347,574,914.21	13.91%	979,719,060.55	12.98%	0.93%	Mainly due to increased stocking of raw materials
Investment properties	0.00	0.00%	0.00	0.00%	0.00%	
Long-term equity investments	59,468,608.32	0.61%	57,273,546.65	0.76%	-0.15%	
Fixed assets	71,793,771.55	0.74%	78,971,527.95	1.05%	-0.31%	
Construction in progress	211,487,187.73	2.18%	92,850,902.58	1.23%	0.95%	Mainly due to increased investment in the Liuxiandong Headquarters Joint Development Building - R&D Office Building and the construction of the Longhua Intelligent Manufacturing Base
Right-of-use assets	86,995,197.29	0.90%	21,061,701.85	0.28%	0.62%	Mainly due to new leased self-operated manufacturing production lines during the Reporting Period
Short-term borrowings	622,289,392.88	6.42%	671,617,344.27	8.90%	-2.48%	
Contract liabilities	50,996,166.99	0.53%	27,943,121.57	0.37%	0.16%	Mainly due to an increase in advances from customers

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	At the end of 2025		At the beginning of 2025		Change in	Reasons for material changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets	percentage	
Long-term borrowings	48,750,000.00	0.50%	189,970,000.00	2.52%	-2.02%	Mainly due to the reclassification of long-term borrowings to long-term borrowings due within one year in the current period
Lease liabilities	23,964,548.59	0.25%	10,682,803.14	0.14%	0.11%	Mainly due to new leased self-operated manufacturing production lines during the Reporting Period
Prepayments	21,422,754.17	0.22%	34,156,864.88	0.45%	-0.23%	Mainly due to decreases in prepayments and expenses
Other receivables	58,184,183.78	0.60%	479,188,634.28	6.35%	-5.75%	Mainly due to a decrease in the balance of amounts collected and paid on behalf of Rolling Wireless
Development expenses	11,365,687.76	0.12%	28,363,638.04	0.38%	-0.26%	Mainly due to transfers to intangible assets in the current period
Receivables financing	82,589,635.78	0.85%	363,684,763.71	4.82%	-3.97%	Mainly due to a decrease in receivables certificates
Other current assets	1,136,475,432.41	11.73%	783,483,054.37	10.38%	1.35%	Mainly due to increases in input VAT to be deducted and treasury bond reverse repos
Other non-current assets	43,499,113.10	0.45%	88,414,098.07	1.17%	-0.72%	Mainly due to redemption upon maturity of large-denomination certificates of deposit with maturities over one year
Trading financial liabilities	6,537,931.64	0.07%	11,117,066.76	0.15%	-0.08%	Mainly due to payment of trading financial liabilities arising from the disposal of Rolling Wireless' in-vehicle front-fit business in the current period
Employee compensation payable	76,117,368.65	0.79%	136,864,207.07	1.81%	-1.02%	Mainly due to a decrease in accrued compensation at the end of the current period
Taxes and surcharges payable	47,599,392.56	0.49%	158,697,033.03	2.10%	-1.61%	Mainly due to payment of accrued taxes payable in the current period and a decrease in accrued corporate income tax in the current period
Non-current liabilities due within one year	269,017,859.04	2.78%	420,258,251.43	5.57%	-2.79%	Mainly due to the payment of long-term borrowings due within one year in the current period
Other current liabilities	7,407,397.87	0.08%	39,451,435.79	0.52%	-0.44%	Mainly due to a decrease in notes receivable not derecognized
Deferred income	6,597,747.67	0.07%	11,337,969.12	0.15%	-0.08%	Mainly due to amortization of deferred income in the current period

A relatively high proportion of overseas assets

☐ Applicable ☒ Not applicable

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Liquidity and Financial Resources

The Group maintains sufficient cash and cash equivalents to ensure capital flexibility. The Company's cash and cash equivalents mainly comprise cash at banks, cash in hand, and short-term bank deposits with initial terms within three months. The table below sets forth the absolute amounts of cash and cash equivalents of the Company as of December 31, 2025 and December 31, 2024:

	As at December 31, 2025 RMB	As at December 31, 2024 RMB
Cash at bank and in hand	1,282,115,632.59	709,835,674.68
Short-term bank deposits with initial terms within three months	—	—
Other deposits at financial institutions	—	—
Total	1,282,115,632.59	709,835,674.68

The Group's cash and cash equivalents increased from RMB709,835,674.68 as at December 31, 2024 to RMB1,282,115,632.59 as at December 31, 2025, primarily attributable to the receipt of proceeds from the issuance of H Shares, which mainly consist of deposits in RMB and USD.

The Group obtains financing based on market interest rates and its capital operation plans. The Group's bank loans and bonds are sourced from commercial banks in Chinese mainland and overseas. The table below sets forth the absolute amounts of bank loans and debentures of the Group as of December 31, 2025 and December 31, 2024:

	As at December 31, 2025 RMB	As at December 31, 2024 RMB
Long-term borrowings	48,750,000.00	189,970,000.00
Bonds	—	—
Subtotal of non-current	48,750,000.00	189,970,000.00
Short-term borrowings	622,289,392.88	671,617,344.27
Long-term borrowings due within one year	190,113,003.56	409,274,567.34
Subtotal of current	812,402,396.44	1,080,891,911.61
Total	861,152,396.44	1,270,861,911.61

The Group's non-current borrowings decreased from RMB189,970,000.00 as at December 31, 2024 to RMB48,750,000.00 as at December 31, 2025, primarily attributable to the reclassification of long-term borrowings to non-current liabilities due within one year.

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The Group's current borrowings decreased from RMB1,080,891,911.61 as at December 31, 2024 to RMB812,402,396.44 as at December 31, 2025, primarily attributable to the repayment of long-term borrowings due within one year.

As at December 31, 2025, the total borrowings of the Group amounted to RMB861,152,396.44 (as at December 31, 2024: RMB1,270,861,911.61), of which RMB812,402,396.44 was repayable within one year (as at December 31, 2024: RMB1,080,891,911.61). As at December 31, 2025, the Group's outstanding loans mainly comprised RMB-denominated loans and USD-denominated loans. Approximately 36.95% of such outstanding loans bore interest at fixed rates, with the remainder bearing interest at floating rates.

The Group expects that there will be no material changes in the financing available to support its operations in the future.

The Group maintains a prudent capital ratio to support its business and manages its asset structure through asset-liability ratio. The table below sets forth the absolute amounts of total assets, total liabilities, and the asset-liability ratio of the Group as of December 31, 2025 and December 31, 2024:

	As at December 31, 2025	As at December 31, 2024
Total assets (RMB)	9,689,464,050.15	7,549,055,309.29
Total liabilities (RMB)	3,421,973,821.49	3,936,094,418.37
Asset-liability ratio	35.32%	52.14%

The Company's asset-liability ratio (defined as the proportion of total liabilities to total assets), decreased from 52.14% as of December 31, 2024 to 35.32% as of December 31, 2025. This decrease was primarily due to the increase in monetary funds resulting from the issuance of H shares during the Reporting Period.

The Group maintains a healthy cash flow level. In 2025, the Group's operating cash conversion ratio (defined as net cash generated from operating activities divided by annual profit) was 1.02 times. The cash generated from operating activities of the Group was used to support business operations. As of December 31, 2025, monetary assets accounted for more than 40.00% of the Group's total current assets. Considering the Group's available financial resources, including cash and cash equivalents, available bank financing, cash flows from operating activities, and net proceeds from Global Offerings of H Shares, the Group has sufficient working capital to operate for at least the next 12 months.

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Funding and Financial Policies

The goal of the Group is to maintain a balance between the sustainability and flexibility of funds. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure the maintenance of sufficient cash reserves to meet short-term and long-term liquidity needs. The financing activities of the Group include bank and financial institution deposits and other financial instruments.

Capital Commitment

The table below sets forth the amount of the Group's capital commitments as of December 31, 2025 and December 31, 2024:

Capital commitments contracted for but not yet provided for in the financial statements	Closing balance (RMB0'000)	Balance at end of prior year (RMB0'000)
Commitments for the acquisition of long-term assets	23,370.52	7,263.29
Commitments for external investments	8,786.19	4,346.80

Capital Expenditure

The table below sets forth the amounts of the Group's capital expenditure for 2025 and 2024:

	2025 RMB0'000	2024 RMB0'000
Capital expenditure	21,792.29	12,410.29

During the Reporting Period, the Group's capital expenditures amounted to RMB217.92 million, primarily comprising purchases of equipment, construction of premises and facilities, and acquisition of long-term assets. The Group primarily funded its capital expenditure with cash generated from operating activities. The Group intends to finance its future capital expenditure and long-term investments using its existing cash balances, bank and other borrowings, and the net proceeds from the Global Offering of H Shares. The Group may reallocate the funding for capital expenditure and long-term investments in accordance with ongoing business needs.

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2. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Beginning balance	Gains/losses from fair value changes in the current period	Accumulated fair value changes recognized in equity	Impairment provision made in the current period	Purchases in the current period	Disposals in the current period	Other changes	Ending balance
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	373,688,765.35	21,495,782.77	0.00	0.00	119,801,088.70	120,037,260.27	-78,845,743.58	316,102,632.97
4. Investments in other equity instruments	329,578,094.58	26,397,926.80	237,789,354.38	0.00	0.00	0.00	0.00	355,976,021.38
Subtotal of financial assets	703,266,859.93	47,893,709.57	237,789,354.38	0.00	119,801,088.70	120,037,260.27	-78,845,743.58	672,078,654.35
Receivables financing	363,684,763.71	0.00	0.00	0.00	82,589,635.78	363,684,763.71	0.00	82,589,635.78
Total above	1,066,951,623.64	47,893,709.57	237,789,354.38	0.00	202,390,724.48	483,722,023.98	-78,845,743.58	754,668,290.13
Financial liabilities	11,117,066.76	-729,045.60	0.00	0.00	0.00	0.00	3,850,089.52	6,537,931.64

Reasons for other changes

- Other changes in trading financial assets during the current period were due to contingent consideration received.
- Other changes in financial liabilities during the current period were due to contingent consideration paid.

There were material changes in the measurement basis of the Company's major assets during the Reporting Period

☐ Yes ☒ No

3. Assets with restricted rights as of the end of the Reporting Period

Item	Ending carrying amount RMB	Reason for restriction
Cash at bank and on hand	44,963,152.13	Notes and deposits
Cash at bank and on hand	9,645,523.65	Judicial freeze
Cash at bank and on hand	245.03	Intelligent account freeze (no inbound or outbound transactions)
Notes receivable	7,318,982.88	Pledge of notes
Receivables financing	8,676,612.24	Pledge of notes
Trading financial assets	32,578,512.16	Share lock-up period
Total	103,183,028.09	

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VII. ANALYSIS OF INVESTMENTS

1. Overview

☒ Applicable ☐ Not applicable

Investment amount during the Reporting Period (RMB)	Investment amount in the prior period (RMB)	Percentage change
20,999,990.00	120,409,600.00	-82.56%

During the Reporting Period, the Company had no material investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. As of December 31, 2025, the Company did not have any plans for material investments or the acquisition of capital assets in the future.

2. Significant equity investments acquired during the Reporting Period

☐ Applicable ☒ Not applicable

3. Significant non-equity investments in progress during the Reporting Period

☐ Applicable ☒ Not applicable

4. Financial asset investments

(1) Securities investments

☒ Applicable ☐ Not applicable

Unit: RMB

Type of security	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Beginning carrying amount	Gains/losses from fair value changes in the current period	Accumulated fair value changes recognized in equity	Purchases in the current period	Disposals in the current period	Gain/Loss in reporting period	Ending carrying amount	Accounting subject	Source of funds
Domestic and overseas stocks	688790	OnMicro	19,801,088.70	Fair value measurement	0.00	12,777,423.46		19,801,088.70		12,777,423.46	32,578,512.16	Trading financial assets	Own funds
Total			19,801,088.70	-	0.00	12,777,423.46	0.00	19,801,088.70	0.00	12,777,423.46	32,578,512.16	-	-

(2) Derivative investments

☐ Applicable ☒ Not applicable

The Company had no derivative investments during the Reporting Period.

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VIII. MAJOR ASSET AND EQUITY DISPOSALS

1. Major asset disposals

☐ Applicable ☒ Not applicable

The Company did not dispose of any major assets during the Reporting Period.

2. Major equity disposals

☐ Applicable ☒ Not applicable

IX. ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

☒ Applicable ☐ Not applicable

Major subsidiaries and associates that contributed more than 10% to the Company's net profit

Unit: RMB

Company name	Company type	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Xi'an Fibocom Wireless Software Co., Ltd.	Subsidiary	Sales of wireless communication module software	RMB30 million	205,633,151.55	185,613,716.17	116,160,872.28	43,047,119.58	42,177,660.95
Shenzhen Fibocom Technology Co., Ltd.	Subsidiary	Technology development	RMB100 million	2,730,026,687.58	199,280,607.50	1,414,924,110.45	51,426,533.71	49,875,940.86

Acquisition and disposal of subsidiaries during the Reporting Period

☒ Applicable ☐ Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the Reporting Period	Impact on overall production, operations, and performance
Faiot Limited	Newly established	No material impact
Ginkgo Solution Inc.	Newly established	No material impact
Fibocom Technology (Jiangxi) Co., Ltd.	Newly established	No material impact
Thingsmatrix INC	Deregistered	No material impact
Zhejiang Nodecom Communication Technology Co., Ltd.	Deregistered	No material impact

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X. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

☐ Applicable ☒ Not applicable

XI. OUTLOOK FOR FUTURE DEVELOPMENT

Looking ahead, the Company will remain committed to long-termism, anchoring its strategy in three core tracks: communications, edge AI (including robotics), and intelligent vehicles. We will continue to deliver high-value solutions to global customers. Adhering to a customer-centric philosophy, the Company will deepen technological innovation and product breakthroughs. We will comprehensively advance our full-stack layout of AI technologies, steadily expand our global market presence, and continuously optimize internal controls, governance, and operational synergy. By fortifying our core competitive advantages through a dual-engine drive of “internal competence enhancement + systematic innovation,” we aim to achieve high-quality, sustainable performance growth. Key focus areas are as follows:

1. Continue to deepen our footprint in the wireless communications sector and strengthen our market leading position.

Driven by artificial intelligence, ongoing digital transformation, and the growing adoption of next-generation wireless communication modules such as 5G RedCap, the global wireless communication module market is expected to maintain steady growth. As a leading global provider of wireless communication modules, the Company will follow industry trends, continue to conduct research on cutting-edge technologies including 5G RedCap, satellite communications, and vehicle-road coordination, and work closely with telecom operators, chip suppliers, and downstream customers to foster the development of a new technology ecosystem. The Company also plans to iterate and upgrade its existing technologies to further enhance product performance and reduce power consumption. This will enable the Company to provide more cost-effective, secure, and reliable wireless communication module products to customers across a wide range of sectors, including automotive electronics, smart home, consumer electronics, smart retail, the low-altitude economy, and robotics, thereby strengthening its leading position in the wireless communication module industry.

2. Step up investment in edge AI and robotics to seize development opportunities driven by the trend of ubiquitous intelligent connectivity

Amidst the trends of ubiquitous intelligent connectivity and AI advancement, the Company has launched a suite of products including AI modules, edge AI and robotic lawn mower solutions, the Fibot embodied intelligent robot development platform, and RTK visual fusion positioning solutions. Looking ahead, the Company will intensify its R&D efforts in edge AI and robotics to enhance its competitiveness. In the realm of edge AI, the Company will optimize architectures and enablement platforms, utilizing a one-stop toolchain to streamline end-to-end model operations and cross-platform inference. It will develop scenario-specific AI models and agents, integrate them into modules and cloud platforms, and expand applications in smart terminals. The Company will also build a cloud-side AI platform to provide “brain” services for intelligent hardware. In the robotics sector, leveraging core technologies, the Company will develop low-speed intelligent robot solutions and launch robot solutions for various scenarios. It will step up R&D in embodied robots, research key models and algorithms, develop general intelligent systems, build a “perception-decision-execution” ecosystem, and launch embodied robots for multiple scenarios. Meanwhile, the Company will develop AI computing all-in-one machines, achieve data collaboration and algorithm upgrades through reinforcement learning, and build an ecosystem of “Robot Body + AI All-in-One Machine + Industry Cloud Platform”.

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3. Focus on the intelligent vehicle sector to build core competitive strengths

Intelligent connected vehicles represent the core direction of the transformation and upgrading of the global automotive industry. With continuously rising industry penetration and accelerated rollout of high-level intelligent driving, the sector boasts broad development prospects. Looking ahead, the Company will continue to deepen its presence in the core intelligent vehicle segment. Leveraging its strengths in automotive-grade communication technologies, full-stack AI capabilities, and a globalized automotive platform, the Company will focus on 5G, C-V2X, and intelligent cockpits, and further deepen cooperation with leading domestic and international automakers and Tier 1 customers. It will continuously enhance the per-vehicle value and market share, support the evolution of software-defined vehicles and intelligent driving, and build the intelligent vehicle business into a core engine for the Company's long-term growth.

4. Continuously deepen our global presence across the entire value chain

The Company has always adhered to a global development strategy. It has currently established a sales system covering over 30 countries and regions and maintains deep cooperation with multiple Fortune Global 500 enterprises. In the future, relying on its branches established in the United States, France, Germany, India, and other countries, the Company will continue to build sales and service teams composed mainly of local employees and adapted to local cultures, further expanding its global sales network. In addition, regarding production layout, besides building self-owned production bases domestically, the Company will further leverage the EMS contract manufacturing supply chain to accelerate expansion into South America, Southeast Asia, South Asia, and other regions. This will help build overseas production capacity, enhance overseas delivery capabilities, and form a global manufacturing layout with flexible supply capabilities. In the future, the Company will also establish R&D centers overseas, introduce top global talent, and carry out localized innovative R&D targeting global markets and customers to meet the needs of various global market regions and customers. By building a full-chain international layout covering R&D, production, and sales, the Company continuously provides high value-added products and solutions to world-class customers to seize huge global growth opportunities.

5. Continuously strengthen organizational capabilities to enhance management and operational efficiency

Efficient management and operational efficiency are key factors in our continued success in business expansion, and this efficiency depends on a robust organizational construction system and a dynamic management team. In the future, taking "talent as the foundation, culture for cohesion, and mechanisms for empowerment" as the core, we will further optimize organizational and talent development mechanisms, establish a long-term incentive system, and inject strong momentum into sustainable development. In addition, we will continue to advance the development strategy of systematic, process-oriented, digital, and intelligent management. We will connect the full-process data chains across R&D, sales, supply chain, finance, and human resources to achieve full-process visibility of cash flow, product flow, and information flow. We will also leverage our leading AI technology to empower production, operations, and management decision-making, thereby enhancing management and operational efficiency.

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XII. RESEARCH VISITS, COMMUNICATIONS, AND INTERVIEWS RECEIVED DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company conducted research visits, communications and interviews, details of which are set out in the table below:

Date	Venue	Method	Type of Participant	Name of Participant	Main Topics Discussed and Materials Provided	Index of Basic Information on Research Visits
April 20, 2025	Conference call Value Online (https://www.ir-online.cn/) Listing Hall, 8/F, Shenzhen Stock Exchange	Telephone communication	Institution	Bosera Funds, AXA- SPDB Investment Managers, Shanxi Securities, etc.	Investor concerns such as the Company's operating performance, R&D investment, and future plans	CNINFO
May 9, 2025	Easy Interaction Platform (http://irm.cninfo.com.cn)	Online communication via web platform	Others	Investors participating in the annual performance briefing	Investor concerns such as the Company's operating performance, dividend plan, business layout, and planning	CNINFO
August 26, 2025	Conference call	Telephone communication	Institution	Manulife, Shanghai Life Insurance, Pleiad Investment Advisors Limited, etc.	Investor concerns such as the Company's operating performance, business progress, and future plans	CNINFO
October 29, 2025	Conference call	Telephone communication	Institution	Willing Capital, Seastar Asset, Anjie Asset Management, etc.	Investor concerns such as the development of each business segment, competitive advantages, and customer cooperation	CNINFO

Section III Report of the Board of Directors and Management Discussion and Analysis

XIII. FORMULATION AND IMPLEMENTATION OF THE MARKET VALUE MANAGEMENT POLICY AND VALUATION ENHANCEMENT PLAN

The Company has established a market value management policy

☒ Yes ☐ No

The Company has disclosed a valuation enhancement plan

☐ Yes ☒ No

To strengthen listed company market value management, further standardize the Company's market value management practices, and safeguard the lawful rights and interests of the Company, investors, and other stakeholders, the Board of Directors formulated the Market Value Management Policy of Shenzhen Fibocom Wireless Inc. in accordance with the Company Law of the People's Republic of China 《中華人民共和國公司法》, the Securities Law of the People's Republic of China 《中華人民共和國證券法》, the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange 《深圳證券交易所創業板股票上市規則》, the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 2 – Standardized Operation of ChiNext-Listed Companies 《深圳證券交易所上市公司自律監管指引第 2 號——創業板上市公司規範運作》, the Regulatory Guidelines for Listed Companies No. 10 – Market Value Management 《上市公司監管指引第 10 號——市值管理》, other relevant laws and regulations, and the Articles of Association of Shenzhen Fibocom Wireless Inc., in light of the Company's actual circumstances. On March 21, 2025, the Company convened the 11th meeting of the 4th Board of Directors, which reviewed and approved the Proposal on Formulating the Company's Market Value Management Policy. The policy came into effect as of the date it was reviewed and approved by the Board.

XIV. IMPLEMENTATION OF THE “DUAL IMPROVEMENT IN QUALITY AND RETURNS” ACTION PLAN

The Company has disclosed an announcement on the “Dual Improvement in Quality and Returns” action plan

☒ Yes ☐ No

To implement the guiding principles put forward at the Political Bureau meeting—“invigorate the capital market and boost investor confidence”—and at the State Council executive meeting—“substantially improve the quality and investment value of listed companies, and adopt stronger, more effective measures to stabilize the market and confidence”—the Company has formulated the “Dual Improvement in Quality and Returns” Action Plan in order to protect the interests of all shareholders, strengthen investor confidence, and promote the Company's long-term, sound, and sustainable development. For details, please refer to the Announcement on the “Dual Improvement in Quality and Returns” Action Plan (Announcement No. 2024-029) disclosed by the Company on March 26, 2024 on CNINFO (www.cninfo.com.cn).

In 2025, the implementation of the Company's “Dual Improvement in Quality and Returns” action plan is as follows:

Section III Report of the Board of Directors and Management Discussion and Analysis

I. Continued Focus on Niche Segments and Sustained R&D Investment

The Company maintained a strong focus on wireless communication modules and industry-specific communication solutions, becoming the first wireless communication module company to achieve an “A+H” dual listing. The Company, driven by a culture of innovation and technology, continues to invest in R&D and product innovation across its core focus areas – communications, on-device AI (including robotics), and intelligent vehicles – launching and optimizing a range of wireless communication modules and solutions while steadily improving its product and business mix. The Company also remains committed to R&D investment and has effectively implemented mechanisms to protect its innovation outcomes. In 2025, the Company’s R&D investment reached RMB509 million, accounting for 7.28% of its operating revenue. The Company continued to strengthen its R&D talent base, with R&D personnel representing over 60% of the workforce, of whom more than 90% held a bachelor’s degree or higher. As of December 31, 2025, the Company had accumulated 389 invention patents, 165 utility model patents, and 199 software copyrights in R&D processes such as 2G/3G/4G/5G protocol stack software development, product performance achieving industrial-grade temperatures from -40°C to +85°C, RF calibration control, integrated product development and design, interface expansion, and integrated application technologies for wireless communication modules and industry-specific communication solutions. These achievements laid a solid foundation for the Company to expand into more IoT applications.

II. Strengthened Corporate Governance and Improved Standardized Operations

The Company strictly complied with regulatory requirements including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and effectively enhanced its standardized operations by implementing various corporate governance requirements. In 2025, the Company successfully completed the reform of the Board of Supervisors and elected one independent non-executive director and one employee representative director, further clarifying the roles and responsibilities of each special committee and establishing a sound governance system that complies with regulatory rules in both Shenzhen and Hong Kong. In light of updates and amendments to relevant laws and regulations, the Company formulated and revised a series of corporate rules and systems, clarifying corporate governance requirements and fully safeguarding the legitimate rights and interests of the Company and all its shareholders.

III. Strengthened Information Disclosure to Communicate Corporate Value

Following the principles of “truthfulness, accuracy, completeness, timeliness, and fairness,” the Company diligently fulfilled its information disclosure obligations, improved information transparency, and effectively enhanced the readability of announcements through data, charts, and other formats, thereby fully protecting investors’ right to know. In 2025, the Company received an A rating in the Shenzhen Stock Exchange’s information disclosure assessment for the eighth consecutive year, with further improvement in its disclosure quality. The Company continued to strengthen investor relations management by further improving its long-term communication mechanism with investors through multiple channels, including the investor hotline, email, the Shenzhen Stock Exchange’s Easy Interaction platform, investment strategy conferences, earnings briefings, and investor research communication meetings, thereby enhancing investor recognition and reinforcing market confidence.

Section III Report of the Board of Directors and Management Discussion and Analysis

IV. Investor-Centric Approach and Proactive Shareholder Returns

The Company has consistently adhered to an investor-centric approach and implemented its Shareholder Return Plan for the Next Three Years (2024-2026). In July 2025, the Company successfully completed the 2024 annual dividend distribution, paying cash dividends totaling RMB266,988,953.70 (tax inclusive).

The Company continued to reward shareholders and share the development results with all shareholders. The Company's 2025 profit distribution proposal is as follows: Based on the total number of shares outstanding on the record date determined in the 2025 dividend distribution implementation announcement, after deducting shares held in the Company's A-share repurchase special account, the Company will distribute a cash dividend of RMB2.34 (tax inclusive) for every 10 shares held by all Shareholders, with no share dividend (tax inclusive) and no conversion from capital reserve. The aforesaid proposed profit distribution plan is subject to the consideration and approval by the general meeting of the Company before it becomes effective.

Looking ahead, the Company will continue to focus on its primary business, maintain R&D investment, continuously enhance its core competitiveness, promote high-quality development, actively reward investors, and continue advancing the "dual enhancement of quality and returns," so as to deliver long-term investment returns to shareholders and duly fulfill its responsibilities as a listed company.

Section IV Corporate Governance, Environmental and Social Responsibility

I. BASIC SITUATION OF CORPORATE GOVERNANCE

The Company strictly complies with the requirements of laws and regulations such as the Company Law and the Securities Law, continuously optimizes its corporate governance system, establishes standard governance structures and rules of procedure, and clarifies the responsibilities and authorities in decision-making, execution, and supervision. It has established a corporate governance structure comprising the general meeting, the Board of Directors, specialized committees of the Board of Directors, and senior management. The responsibilities and authorities in decision-making, execution, and supervision have been clarified, and the Company's corporate governance structure is reasonable and sound. The Company has formulated corporate governance documents such as the Articles of Association, Rules of Procedure for the General Meeting, and Rules of Procedure for the Board of Directors. The Company's organs of power, decision-making bodies, operating bodies, and supervisory bodies divide their work scientifically and perform their respective duties strictly in accordance with the Company's systems.

- (I) Shareholders and General Meeting: The general meeting is the highest organ of power of the Company, which manages and supervises the Company through the Board of Directors. During the Reporting Period, the Company strictly followed the requirements of the Company Law, the Articles of Association, and the Rules of Procedure for the General Meeting to execute the convening, holding, and voting procedures of the general meetings, ensuring the equal status of all shareholders, especially small and medium shareholders. The resolutions of the general meetings formed at the meetings comply with the provisions of laws and regulations and the legitimate rights and interests of all shareholders, particularly small and medium shareholders.
- (II) Directors and Board of Directors: The Board of Directors is the standing organ of the Company and is accountable to the general meeting. As of the end of the Reporting Period, the Board of Directors of the Company consisted of seven directors, including one employee representative director and three independent directors. The number and composition of the Board of Directors comply with the requirements of laws and regulations. During the Reporting Period, the Board of Directors of the Company strictly implemented relevant regulations such as the Company Law, the Articles of Association, and the Rules of Procedure for the Board of Directors. The convening, holding, and voting procedures of the Board of Directors complied with relevant regulations. All Directors faithfully, honestly, and diligently performed their respective duties. The Board of Directors of the Company has established a Strategy and Investment Committee, a Nomination Committee, a Remuneration and Appraisal Committee, and an Audit Committee, which play important roles in the Company's operation and management. On December 22, 2025, upon deliberation and approval at the Company's fourth extraordinary general meeting in 2025, the Company canceled the Supervisory Committee, and the Audit Committee of the Board of Directors exercises the duties of the Supervisory Committee stipulated in the Company Law. The Rules of Procedure for the Supervisory Committee were correspondingly abolished.

Section IV Corporate Governance, Environmental and Social Responsibility

- (III) Controlling Shareholders and Listed Company: The controlling shareholders of the Company strictly regulate their behaviors and have not directly or indirectly intervened in the Company's decision-making and production and operation activities beyond the general meeting. The Company's major decisions are made legally by the general meeting and the Board of Directors. The Company and its controlling shareholders and their related parties are completely independent in terms of business, personnel, assets, finance, and institutions. The Board of Directors, specialized committees of the Board of Directors, and internal organizational structures of the Company can operate independently.

The Board of Directors is committed to maintaining high standards of corporate governance and assumes responsibility for the Company's corporate governance. The Board considers this to be essential to the development of the Group and to the safeguarding of Shareholders' interests.

From the date of the H Share Listing to December 31, 2025, we have focused on and reviewed the following areas: the Company's corporate governance policies and practices; the training and professional development of Directors and senior management; the Company's policies and practices in complying with applicable laws and regulations; and the Company's compliance with the Corporate Governance Code and the relevant disclosures in this annual report.

The Company has adopted the code provisions of the Corporate Governance Code as the basis for its corporate governance practices.

The Board of Directors is of the view that, from the date of the H Share Listing to December 31, 2025, the corporate governance functions have been effectively discharged and the relevant mechanisms have operated effectively.

The Board of Directors is of the view that, from the date of the H Share Listing to December 31, 2025, the Company has complied with all applicable code provisions set out in the Corporate Governance Code.

Section IV Corporate Governance, Environmental and Social Responsibility

II. INDEPENDENCE OF THE COMPANY RELATIVE TO CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS IN ENSURING COMPANY ASSETS, PERSONNEL, FINANCE, INSTITUTIONS, AND BUSINESSES

Since its establishment, the Company has been operating in a standard manner in strict accordance with the requirements of relevant laws and regulations such as the Company Law and the Securities Law, as well as the Articles of Association. It is completely separated from the Company's shareholders in terms of business, assets, personnel, institutions, and finance, and possesses an independent and complete asset and business system, as well as the ability to operate autonomously in the market.

1. **Asset Integrity:** The Company is primarily engaged in the promotion of wireless communication technologies and applications for the Internet of Things (IoT) and mobile Internet, as well as the application expansion of its solutions. It provides professional products and solutions in the field of wireless communication technology, with its main products being wireless communication modules. The Company legally owns the ownership or use rights of equipment, trademarks, patents, and non-patented technologies related to production and operation. It has independent raw material procurement and product sales systems. The Company's assets are strictly separated from the shareholders' assets and operate completely independently.
2. **Personnel Independence:** The Company's labor, personnel, and payroll management are completely independent of the shareholder entities. The Company's senior management, including the General Manager, Deputy General Managers, Chief Financial Officer, and Secretary to the Board of Directors, do not hold any positions other than director or supervisor in the controlling shareholders, actual controllers, and other enterprises controlled by them, nor do they receive remuneration from the controlling shareholders, actual controllers, and other enterprises controlled by them. The Company's financial personnel do not hold part-time positions in the controlling shareholders, actual controllers, and other enterprises controlled by them.
3. **Financial Independence:** The Company has established an independent financial accounting system, is capable of making independent financial decisions, and has standard financial systems and financial management systems for its subsidiaries. The Company does not share bank accounts with the controlling shareholders, actual controllers, and other enterprises controlled by them.

Section IV Corporate Governance, Environmental and Social Responsibility

4. Institutional Independence: The Company has established and perfected its internal operation and management institutions, exercises its operation and management powers independently, and there is no institutional mixing with the controlling shareholders, actual controllers, and other enterprises controlled by them.
5. Business Independence: The Company's business is independent of the controlling shareholders, actual controllers, and other enterprises controlled by them. There is no horizontal competition or manifestly unfair related-party transactions between the Company and the controlling shareholders, actual controllers, and other enterprises controlled by them.

III. HORIZONTAL COMPETITION SITUATION

☐ Applicable ☒ Not applicable

IV. ARRANGEMENTS FOR DIFFERENCES IN VOTING RIGHTS OF THE COMPANY

☐ Applicable ☒ Not applicable

V. CORPORATE GOVERNANCE OF RED-CHIP STRUCTURE COMPANIES

☐ Applicable ☒ Not applicable

VI. SITUATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Basic Information

- (1) The table below sets out key information of the Directors of the Company for 2025.

Name	Gender	Age	Position	Incumbency Status	Time of Joining the Group	Time of Appointment as Director	Term End Date
Zhang Tianyu	Male	58	Executive Director, Chairman	Incumbent	November 1999	December 10, 2014	
Ying Lingpeng	Male	51	Executive Director, General Manager	Incumbent	November 1999	December 10, 2014	
Xu Ning	Male	52	Executive Director, Deputy General Manager	Incumbent	October 2006	December 10, 2014	
Chen Qihua	Female	46	Employee Representative Director	Incumbent	March 2008	December 22, 2025	
Wang Ning	Male	70	Independent Non-executive Director	Incumbent	December 2014	June 21, 2024	
Zhao Jing	Female	39	Independent Non-executive Director	Incumbent	June 2024	June 21, 2024	
Wu Chenggang	Male	46	Independent Non-executive Director	Incumbent	October 2025	October 22, 2025	

Note: Based on the announcement and circular of the Company dated November 28, 2025, and the poll results announcement dated December 22, 2025. The Supervisory Committee of the Company was abolished with effect from December 22, 2025 and Ms. Chen Qihua has served as an employee representative Director of the Company since December 22, 2025.

Section IV Corporate Governance, Environmental and Social Responsibility

Zhang Tianyu, male, aged 58, Chinese nationality, holds a master's degree. He obtained a bachelor's degree from Xidian University, a Master of Business Administration from Cheung Kong Graduate School of Business, and a Master of Business Administration from Tsinghua University. From 1988 to 1994, he served as the Sales Department Manager of China Electronics Equipment Xiamen Company. In 1994, he founded Xiamen Rixin to engage in the purchase and sale of electronic components. In 1999, he founded Fibocom. He currently serves as the Executive Director and Chairman of the Company, Executive Director of Shenzhen Guangyu Communication Technology Co., Ltd., Vice President of the China Electronics Chamber of Commerce (CECC), Director of Fibocom Wireless (H.K.), Executive Director of Fibocom Wireless Communication Software, Director of U.S. Fibocom, and Executive Director of Fibocom Investment.

Ying Lingpeng, male, aged 51, Chinese nationality, holds a master's degree. He obtained a Master of Business Administration from Xiamen University and a Master of Business Administration from China Europe International Business School. From 1995 to 1998, he served as the Sales Manager of Xiamen Rixin. In 1999, he joined Fibocom as the Sales Manager. He currently serves as the Executive Director and General Manager of the Company, General Manager of Fibocom Wireless Communication Software, Director of Shenzhen Bogesi Communication Technology Co., Ltd., Director of U.S. Fibocom, Director of EU Fibocom, Executive Director of Xi'an Fibocom Wireless Software Co., Ltd., Executive Director of Shenzhen Fibocom Investment Development Co., Ltd., Executive Director of Xi'an Fibocom Wireless Communication Co., Ltd., Executive Director of Fibocom Technology, Executive Director of FIA, Executive Director of Fibocom Auto, Executive Director of Guangtong Yilian, Chairman of Shanghai Faiot, Chairman and General Manager of Shanghai Faiot Software, and Executive Director and General Manager of Shenzhen Chuanglian Future Wireless Technology Co., Ltd..

Xu Ning, male, aged 52, Chinese nationality, holds a bachelor's degree. He obtained a Bachelor of Engineering from Guilin Institute of Electronic Technology (now Guilin University of Electronic Technology). From 1994 to 1998, he served as an Engineer at Caihong Group. From 1998 to 2000, he served as an Engineer at Shenzhen Samsung SDI Co., Ltd. From 2000 to 2003, he served as an Engineer at Shenzhen Winhap Communications Inc. From 2003 to 2006, he served as the Technical Director of Shenzhen Guangyu Communication Technology Co., Ltd. In 2006, he joined Fibocom as the R&D Director. He currently serves as the Executive Director and Deputy General Manager of the Company, General Manager of Xi'an Fibocom Wireless Software Inc., and General Manager of Xi'an Fibocom Wireless Communication Co., Ltd.

Chen Qihua, female, aged 46, Chinese nationality, holds a master's degree. From 1999 to 2005, she served as an ERP Construction Specialist at Shenzhen TELLING Technology Development Co., Ltd. From 2005 to 2008, she served as the After-sales Manager at Zhongguang Tiancheng. Since 2009, she has successively served as the Assistant to the General Manager of the Company, General Manager of the China IoT Sales Department, and Vice President of the China Sales Department. From 2014 to 2025, she served as a Supervisor of the Company. She currently serves as the Vice President of the Strategic Marketing Department and Employee Representative Director of the Company.

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Wang Ning, male, aged 70, Chinese nationality, holds a bachelor's degree. He obtained a Bachelor of Economics from Renmin University of China and is a Senior Economist. From 1971 to 1978, he worked at State-owned Factory No. 797 under the Fourth Ministry of Machine-Building. From 1978 to 1982, he studied Political Economy at the First Branch of Renmin University of China. From 1983 to 1990, he worked at the Sales Bureau of the former Ministry of Electronics Industry, serving as the Deputy Director of the Office. From 1990 to 1992, he worked at the National Home Appliance Management Center, serving as the Director of the Management Division. Since 1993, he has been working at the China Electronics Chamber of Commerce (CECC), serving successively as Deputy Secretary-General, Secretary-General, Executive Vice President, and currently President. From 2014 to 2020, he served as an Independent Director of the Company. Since 2016, he has been engaged as a Visiting Professor at Jiangxi University of Finance and Economics. He currently serves as an Independent Director of Shenzhen Keanda Electronic Technology Corp., Ltd., an Independent Director of WG Tech (JiangXi) Co., Ltd., and an Independent Non-executive Director of the Company.

Zhao Jing, female, aged 39, Chinese nationality, is an Associate Professor of Accounting and holds a Ph.D. in Accounting. From 2014 to 2016, she was a Visiting Scholar at Columbia University in the United States. Since 2018, she has successively served as an Assistant Professor and a Tenured Associate Professor at Shenzhen University. She currently serves as an Independent Director of Hengdong Optical Communication Technology (Shenzhen) Co., Ltd., an Independent Director of Anfu Haineng Industrial Co., Ltd., and an Independent Non-executive Director of the Company.

Wu Chenggang, male, aged 46, Chinese nationality, holds a master's degree and is a Certified Public Accountant in China and a Certified Internal Auditor. From 2004 to 2010, he served as the Senior Audit Manager of Shanghai Industrial Development Co., Ltd. From 2010 to 2014, he served as the Audit Director of Anzheng Fashion Group Co., Ltd. From 2014 to 2015, he served as the Audit Director of Luolai Lifestyle Technology Co., Ltd. From 2015 to 2016, he served as the Audit Director of IPS Information Technology Co., Ltd. From 2016 to 2017, he served as the Audit Director/Internal Control Director of Shanghai STEP Electric Corporation. From 2017 to 2019, he served as the Audit Director of Ribo Group. From 2020 to 2022, he served as the Audit Director of Shanghai Zongdan Information Technology Co., Ltd. From 2022 to 2024, he served as the Audit Director of ASD Corporation. He currently serves as an Independent Non-executive Director of the Company.

Section IV Corporate Governance, Environmental and Social Responsibility

- (2) The table below sets out key information on the Supervisors of the Company for 2025

Name	Gender	Age	Position	Incumbency Status	Time of Joining the Group	Time of Appointment as Supervisor	Term End Date
Chen QiHua	Female	46	Chairperson of the Board of Supervisors	Resignation	March 2008	December 10, 2014	December 22, 2025
Sun Xiaojing	Female	41	Supervisor	Resignation	September 2006	March 19, 2021	December 22, 2025
Du Yingying	Female	32	Supervisor	Resignation	June 2023	June 21, 2024	December 22, 2025

For the biography of Chen Qihua, please refer to the key information of the Directors.

Sun Xiaojing, female, aged 41, Chinese nationality, holds a college diploma. Since 2006, she has served as a Supervisor of the Company and is currently the Head of the IOT China Sales Management Department of the Marketing Center.

Du Yingying, female, aged 32, Chinese nationality, holds a bachelor's degree. From 2020 to 2021, she served as a Department Secretary at Tencent Technology (Shenzhen) Co., Ltd., and from 2021 to 2022, she served as an Assistant to the Vice President at LexinFintech Holdings Ltd. She served as a Supervisor of the Company and is currently a Senior Secretary of the President's Office.

- (3) The table below sets out key information on the senior management of the Company for 2025.

Name	Gender	Age	Position	Incumbency Status	Time of Joining the Group	Time of Appointment as senior management	Term End Date
Ying Lingpeng	Male	51	Executive Director, General Manager	Incumbent	November 1999	December 10, 2014	
Xu Ning	Male	52	Executive Director, Deputy General Manager	Incumbent	October 2006	December 10, 2014	
Chen Shijiang	Male	44	Deputy General Manager, Secretary to the Board of Directors	Incumbent	March, 2015	March 26, 2015	
Wang Hongyan	Female	50	Deputy General Manager, Chief Financial Officer	Incumbent	January 2019	August 27, 2019	

For the biography of Ying Lingpeng, please refer to the key information of the Directors.

For the biography of Xu Ning, please refer to the key information of the Directors.

Section IV Corporate Governance, Environmental and Social Responsibility

Chen Shijiang, male, aged 44, Chinese nationality, holds a doctoral degree. From 2007 to 2011, he served as a Project Manager at Shenzhen High-tech Investment Group Co., Ltd. From 2011 to 2014, he served as the Deputy General Manager of Shenzhen Wangxin Precision Industry Co., Ltd. From 2014 to September 2015, he served as a Supervisor of Huiguan Shares (300282). From March 2015 to August 2019, he served as the Deputy General Manager, Chief Financial Officer, and Secretary to the Board of Directors of the Company. He currently serves as the Deputy General Manager and Secretary to the Board of Directors of the Company, Director of FAIOT Co., Ltd., and Director and Manager of Fibocom Technology (Jiangxi) Co., Ltd.

Wang Hongyan, female, aged 50, Chinese nationality, holds a bachelor's degree. From 1998 to 1999, she served as an Accountant at Shenzhen SEG Co., Ltd. From 1999 to 2003, she served as an Accountant at Hytera Communications Corporation Limited. From 2003 to 2018, she served as the Deputy Chief Financial Officer of Hytera Communications Corporation Limited. From January to August 2019, she served as the Deputy Chief Financial Officer of the Company. Since August 2019, she has been serving as the Chief Financial Officer of the Company. She currently serves as the Deputy General Manager and Chief Financial Officer of the Company.

(4) Joint Company Secretaries

Chen Shijiang was appointed as one of the Joint Company Secretaries on April 11, 2025, with effect from the Listing Date. For details of Mr. Chen's biography, please refer to "the key information of the senior management" in this section.

Ms. Yung Mei Yee was appointed as one of the Joint Company Secretaries on April 11, 2025, with effect from the Listing Date. She serves as a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider focusing on corporate services, and has extensive experience in company secretarial, corporate governance and compliance matters for listed companies. Ms. Yung is a Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Section IV Corporate Governance, Environmental and Social Responsibility

2. Changes in Information of Directors, Supervisors and Senior Management

☒ Applicable ☐ Not applicable

This section headed “Directors, Supervisors and Senior Management” sets out the latest information of the Directors, Supervisors and senior management.

From the H Share listing date to December 31, 2025, the changes of the Directors, Supervisors and senior management are as follows:

Name	Position	Type	Date	Reason
Wu Chenggang	Independent Non-executive Director	Election	October 22, 2025	Elected as Independent Non-executive Director
Chen Qihua	Employee Representative Director	Election	December 22, 2025	Elected as Employee Representative Director
Chen Qihua	Chairman of the Supervisory Committee	Cessation	December 22, 2025	Adjustment of corporate governance structure and abolition of the Supervisory Committee
Sun Xiaojing	Supervisor	Cessation	December 22, 2025	Adjustment of corporate governance structure and abolition of the Supervisory Committee
Du Yingying	Supervisor	Cessation	December 22, 2025	Adjustment of corporate governance structure and abolition of the Supervisory Committee

Save as set out in the table above regarding changes of Directors, Supervisors and senior management and the latest information of Directors, Supervisors and senior management set out in this section, there were no other changes in information of Directors and Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Section IV Corporate Governance, Environmental and Social Responsibility

3. Remuneration of Directors and Supervisors and Five Highest Paid Individuals

The remuneration of Directors is determined by the general meeting of shareholders, while the remuneration of senior management is determined by the Board. For the year ended December 31, 2025, the remuneration of Directors (excluding independent Directors) and senior management comprised basic salaries and year-end bonuses. Basic salaries are determined based on factors such as job responsibilities, workload, years of service and individual capabilities, while year-end bonuses are determined based on performance evaluations. Directors who hold specific management positions within the Company receive remuneration based on their respective management roles and do not receive additional remuneration for serving as Directors. Independent Directors receive director's fees.

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals are set out in Note XVII.1 to the financial statements in this report.

For the year ended December 31, 2025, no Director waived or agreed to waive his/her remuneration. Save for the Directors' remuneration as set out in Note XVII.1 to the financial statements in this report, no remuneration was paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

4. Interests and Short Positions of Directors and Chief Executive

As of December 31, 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance); or (b) were required to be entered in the register referred to therein pursuant to Section 352 of the Securities and Futures Ordinance; or (c) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Section IV Corporate Governance, Environmental and Social Responsibility

(i) Interests in the Company

Name of Director or Chief Executive	Position	Nature of Interest ⁽¹⁾	Number and Class of Shares/ Underlying Shares Hold	Percentage of Number and Class of Shares/ Underlying Shares Hold	Percentage of Total Issued Share Capital ⁽²⁾
Zhang Tianyu ⁽³⁾	Chairman and Executive Director	Beneficial owner	281,512,495 A Shares	36.84%	31.30%
		Interest in controlled corporation	2,627,960 A Shares	0.34%	0.29%
Ying Lingpeng ⁽⁴⁾	Executive Director	Beneficial owner	25,526,106 A Shares	3.34%	2.84%
		Interest in controlled corporation	19,281,816 A Shares	2.52%	2.14%
Xu Ning ⁽⁵⁾	Executive Director	Beneficial owner	149,881 A Shares	0.02%	0.02%

(1) All interests stated are long positions.

(2) The calculation is based on a total of 135,080,200 H Shares and 764,185,644 A Shares in issue as of December 31, 2025 (including 2,627,960 treasury A Shares).

(3) As of December 31, 2025, (i) Mr. Zhang directly held 281,512,495 A Shares; and (ii) by virtue of his control over the Company, he was deemed under the Securities and Futures Ordinance to be interested in 2,627,960 treasury shares held by the Company. As of December 31, 2025, an aggregate of 56,569,300 A Shares held by Mr. Zhang Tianyu had been pledged. Among these, 31,669,300 A Shares were pledged to an investment institution as security for certain cooperative investment obligations (the "Share Pledge") and will mature in three tranches in 2027, 2028 and 2029, respectively, while 24,900,000 A Shares were pledged to a PRC securities company regulated by the China Securities Regulatory Commission and will mature on December 8, 2026.

(4) As of December 31, 2025, (i) Mr. Ying directly held 25,526,106 A Shares; and (ii) Xinyu Guanghe Chuanghong Venture Capital Partnership (Limited Partnership) ("**Guanghe Chuanghong**") directly held 19,281,816 A Shares. Under the Securities and Futures Ordinance, Mr. Ying, as the general partner of Guanghe Chuanghong, is deemed to be interested in the A Shares held by it.

(5) As of December 31, 2025, Mr. Xu directly held 149,881 A Shares, including 53,880 A Shares that had been granted but were subject to lock-up under the 2023 Restricted Share Incentive Plan.

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(ii) *Interests in Associated Corporations*

Save as disclosed in the table below, so far as the Directors are aware, as of December 31, 2025, none of the Directors or the chief executive of the Company had any direct or indirect interests in the shares or underlying shares of the associated corporations of the Company.

Name of Director or Chief Executive	Nature of Interest	Member Company of the Group	Approximate Shareholding Percentage
Mr. Ying Lingpeng	Beneficial owner	Fibocom Auto	4.5%
	Beneficial owner	Shenzhen FAIOT Gongying Enterprise Management Partnership (Limited Partnership)	5.0%

Save as disclosed above, as of December 31, 2025, none of the Directors and the chief executive of the Company, or any of their associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance) which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance, or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

None of the Directors, Supervisors or the chief executive of the Company, nor their spouses or children under the age of 18, had any rights to subscribe for shares, underlying shares or debentures of the Company, or had exercised any such rights.

Save as disclosed in this report, at no time during the Reporting Period was the Company or its holding company or any of its subsidiaries a party to any arrangement that would enable the Directors, Supervisors or the chief executive of the Company to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company or any other body corporate.

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5. Other Information

Each of the Directors confirms that (i) Director Chen Qihua and the other Directors obtained legal advice as referred to in Rule 3.09D of the Listing Rules on December 22, 2025 and April 20, 2025, respectively, and (ii) he/she is aware of his/her responsibilities as a director of a listed issuer under the Listing Rules. Each of the independent non-executive Directors confirms that (i) he/she is independent with respect to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries, nor any connection with any core connected person of the Company, and (iii) there are no other factors that may affect his/her independence at the time of his/her appointment.

Each of the Directors confirms that, for the year ended December 31, 2025, none of them had any interest in any business, apart from the Group's business, which competes or is likely to compete, directly or indirectly, with the Group's business and which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

The Board possesses a balanced mix of skills, experience and diversity of perspectives appropriate for the requirements of the Company's business. The Board comprises a balanced composition of executive Directors and independent non-executive Directors, ensuring a strong independent element capable of exercising effective independent judgment.

For the year ended December 31, 2025, none of the Directors of the Company had been subject to any penalties imposed by regulatory authorities.

Save as disclosed above, having made all reasonable inquiries, the Directors confirm that, to the best of their knowledge, information and belief, there is no information relating to any Director that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters relating to the Directors that need to be brought to the attention of the Shareholders.

Save as disclosed in this report, there were no other relationships (including financial, business, family or other material/relevant relationships) among the members of the Board.

Independent Non-executive Directors

From the H Share listing date to December 31, 2025, the Board has complied with the requirements under the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors, representing not less than one-third of the Board, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations from each of the independent non-executive Directors that (i) he/she is independent with respect to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries, nor any connection with any core connected person of the Company, and (iii) there are no other factors that may affect his/her independence. The Company considers that all independent non-executive Directors are independent.

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Company Secretaries

Mr. Chen Shijiang and Ms. Yung Mei Yee have served as the Joint Company Secretaries of the Company since the Listing Date. Ms. Yung Mei Yee serves as a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider focusing on corporate services, and has extensive experience in company secretarial, corporate governance and compliance matters for listed companies. Since the Listing Date, Mr. Chen Shijiang has been designated as the primary contact person of the Company and has been responsible for liaising and coordinating with Ms. Yung Mei Yee on corporate governance, company secretarial and administrative matters of the Company. Details of the biographies of Mr. Chen Shijiang and Ms. Yung Mei Yee are set out in the subsection headed “Joint Company Secretaries” under the section “Directors, Supervisors and Senior Management” in this report.

For the year ended December 31, 2025, Mr. Chen Shijiang and Ms. Yung Mei Yee have each undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Hong Kong Listing Rules.

All Directors have access to the advice and services of the Joint Company Secretaries in respect of corporate governance, Board procedures and related matters.

Board Independence Assessment

To promote objective and effective decision-making by the Board, the Company has adopted internal policies such as the Rules of Procedure for the Board of Directors and the Working Rules for Independent Directors to ensure that the independent views and opinions of all Directors are properly communicated to the Board.

- (1) The Rules of Procedure for the Board of Directors, the Working Rules for Independent Directors and other relevant policies provide guidance for the performance of Directors’ duties, ensure standardized operation and scientific decision-making of the Board, and set out the actions to be taken by Directors to avoid any conflicts of interest;
- (2) The Board of the Company comprises seven members, including three non-executive Directors, in compliance with the requirements of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange under the Listing Rules. The composition is balanced and maintains a strong independent element;
- (3) Prior to nominating new candidates for independent non-executive Directors, the Nomination Committee conducts a comprehensive assessment of their independence, work experience and professional expertise. The Nomination Committee also assesses annually the continuing independence of the existing independent non-executive Directors and the time they devote to the performance of their duties. Pursuant to Article 6 of the Administrative Measures for Independent Directors of Listed Companies and the Hong Kong Listing Rules, all independent non-executive Directors are required to confirm in writing their compliance with independence requirements on an annual basis; and

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- (4) In the course of performing their duties, each Board committee may engage intermediary institutions to provide professional advice, with the relevant costs borne by the Company.

The Board has reviewed the implementation of the above mechanisms and confirmed that they effectively ensure that independent views are communicated to the Board. Accordingly, the Company considers that the above measures and policies were effectively implemented during the Reporting Period.

Appointment and Re-election of Directors

The term of office of our Directors is three years and is subject to re-election upon expiry. Pursuant to relevant PRC laws and regulations, independent non-executive Directors may not serve for more than six consecutive years.

Directors' Service Contracts and Letters of Appointment

We have entered into service contracts or letters of appointment with each of our Directors. The principal terms of such service contracts and letters of appointment include (a) term of service; (b) termination in accordance with their respective terms; and (c) dispute resolution provisions. These service contracts and letters of appointment may be renewed from time to time in accordance with our Articles of Association and applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, any service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

Directors' Continuous Professional Development

Directors should keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and ensure that they continue to contribute to the Board in a fully informed and relevant manner.

All Directors receive a formal and comprehensive induction upon their first appointment to ensure that they have a proper understanding of the Company's business and operations and are fully aware of their responsibilities and obligations under the Hong Kong Listing Rules and relevant legal requirements.

Directors are encouraged to participate in appropriate continuous professional development to develop and refresh their knowledge and skills. The Company arranges internal briefings for Directors and provides them with relevant reading materials on appropriate topics.

The Company encourages all Directors to attend relevant training courses, and the costs are borne by the Company.

For the year ended December 31, 2025, all Directors participated in training programs. The training programs covered various relevant topics under Rule 3.09G of the Hong Kong Listing Rules, including Directors' duties and responsibilities, corporate governance, compliance with the Hong Kong Listing Rules, and regulatory requirements, as well as updates on business trends and strategies. In addition, the Company provided Directors with relevant reading materials (including legal and regulatory updates) for reference and learning.

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A summary of Directors' training records from the Listing Date to December 31, 2025 is set out below:

Directors	Types of Training ^{Note}
Executive Directors	
Mr. Zhang Tianyu	A (1 hour)/B (3 hours)
Mr. Ying Lingpeng	A (1 hour)/B (3 hours)
Mr. Xu Ning	A (1 hour)/B (3 hours)
Ms. Chen Qihua	A (1 hour)/B (3 hours)
Independent Non-executive Directors	
Mr. Wang Ning	A (2 hours)/B (2 hours)
Ms. Zhao Jing	A (2 hours)/B (2 hours)
Mr. Wu Chenggang	A (1 hour)/B (3 hours)

Notes:

Types of training

- A. Attending training sessions, including but not limited to briefings, seminars, conferences and workshops
 B. Reading relevant newsletters, newspapers, journals, magazines and other publications

Training hours

Among the training records set out in the above table, one hour of the training was conducted prior to the H Share Listing Date in relation to the Listing Rules governing H Shares

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules.

Specific inquiry has been made of all the Directors and Supervisors, and all Directors and Supervisors have confirmed that they have complied with the Model Code throughout the period from the H Share listing date to December 31, 2025.

The Company has also established Measures on Registration of Insiders 《内幕信息知情人登記管理制度》 no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. As the H Shares of the Company were listed on the Hong Kong Stock Exchange on October 22, 2025, the Model Code is only applicable to the Company since the Listing Date of the H Shares. To the best knowledge of the Company, no incident of non-compliance of the regulations on information disclosure by the employees was noted by the Company from the Listing Date to December 31, 2025.

Directors' Service Contracts

None of the Directors has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

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Management Contracts

Save for the Directors' service contracts, the Company has not entered into any contract with any individual, company or corporate entity during the Reporting Period for the management and administration of the whole or any substantial part of the Company's business.

Permitted Indemnity Provisions

The Company has purchased directors' and officers' liability insurance for its Directors and senior management. Save for the foregoing, at no time during the Reporting Period and up to the date of this report has there been any permitted indemnity provision in force for the benefit of any Director of the Company or its associated companies (whether made by the Company or otherwise).

Directors' and Supervisors' Interests in Material Transactions, Arrangements or Contracts

Save for the Directors' and Supervisors' service contracts disclosed above, neither the Company nor its holding company nor any of its subsidiaries had entered into any material transactions, arrangements or contracts subsisting at the end of the Reporting Period or at any time during the Reporting Period in which any Director, Supervisor or any entity connected with a Director or Supervisor had a material interest, whether directly or indirectly.

Competing Business

As of the date of this report, none of the Directors or Supervisors has any interest in any business, other than the Group's business, which competes or may compete, directly or indirectly, with the Group's business.

Situations where the controlling shareholder and actual controller concurrently serve as the chairman and general manager of the listed company

☐ Applicable ☒ Not applicable

Employment situation in shareholder entities

☐ Applicable ☒ Not applicable

Position held in other entity

☒ Applicable ☐ Not applicable

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Name of Incumbent	Name of Other Entity	Position Held in Other Entity	Term Start Date	Term End Date	Whether Remuneration or Allowances are Received from Other Entity
Zhang Tianyu	Shenzhen Fibocom Wireless Communication Software Co., Ltd.	Executive Director	March 13, 2012		No
Zhang Tianyu	Fibocom Wireless (H.K.) Limited	Director	May 20, 2014		No
Zhang Tianyu	Fibocom Wireless USA Inc.	Director	October 28, 2015		No
Zhang Tianyu	Shenzhen Guangyu Communication Technology Co., Ltd.	Executive Director	April 20, 2002		No
Zhang Tianyu	Shenzhen Fibocom Investment Development Co., Ltd.	Executive Director	March 26, 2018		No
Zhang Tianyu	Shenzhen Guangsida Venture Capital Co., Ltd.	Executive Director, General Manager	October 26, 2020		No
Zhang Tianyu	China Electronics Chamber of Commerce (CECC)	Vice President	March 28, 2007		No
Ying Lingpeng	Shenzhen Fibocom Wireless Communication Software Co., Ltd.	General Manager	March 13, 2012		No
Ying Lingpeng	Fibocom Wireless USA Inc.	Director	October 28, 2015		No
Ying Lingpeng	Shenzhen Bogesi Communication Technology Co., Ltd.	Director	August 29, 2014		No
Ying Lingpeng	Fibocom Wireless EU GmbH	Director	February 9, 2018		No
Ying Lingpeng	Shenzhen Fibocom Investment Development Co., Ltd.	General Manager	March 26, 2018		No
Ying Lingpeng	Xi'an Fibocom Wireless Software Co., Ltd.	Executive Director	May 14, 2018		No
Ying Lingpeng	Xi'an Fibocom Wireless Communication Co., Ltd.	Executive Director	May 11, 2018		No
Ying Lingpeng	FIA Inc.	Executive Director	July 4, 2018		No
Ying Lingpeng	Fibocom Auto Inc.	Executive Director	August 22, 2018		No
Ying Lingpeng	Shenzhen Favalon Software Co., Ltd.	Executive Director	December 2, 2022		No
Ying Lingpeng	THINGSMATRIX INC.	Director	July 17, 2018	February 27, 2025	No
Ying Lingpeng	Shenzhen Chuanglian Future Wireless Technology Co., Ltd.	Executive Director, General Manager	November 17, 2022		No
Ying Lingpeng	Shenzhen Fibocom Technology Co., Ltd.	Executive Director, General Manager	June 2, 2022		No
Ying Lingpeng	Shenzhen Guangtong Yilian Technology Co., Ltd.	Executive Director	August 5, 2019		No
Ying Lingpeng	FAIOT Co., Ltd.	Chairman	January 2, 2020		No
Ying Lingpeng	Shanghai Faiot Software Co., Ltd.	Chairman, General Manager	July 29, 2021		No

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Name of Incumbent	Name of Other Entity	Position Held in Other Entity	Term Start Date	Term End Date	Whether Remuneration or Allowances are Received from Other Entity
Ying Lingpeng	Zhejiang Nodecom Technology Co., Ltd.	Executive Director, General Manager	December 24, 2019	October 24, 2025	No
Ying Lingpeng	Shenzhen Zhuozhiran Technology Co., Ltd.	Supervisor	September 13, 2018		No
Xu Ning	Shenzhen Yongheshun Hardware Co., Ltd.	Executive Director, General Manager	May 12, 2015		No
Xu Ning	Xi'an Fibocom Wireless Software Co., Ltd.	General Manager	May 14, 2018		No
Xu Ning	Xi'an Fibocom Wireless Communication Co., Ltd.	General Manager	May 11, 2018		No
Chen Shijiang	FAIOT Co., Ltd.	Director	January 2, 2020		No
Chen Shijiang	Fibocom Technology (Jiangxi) Co., Ltd.	Director, Manager	December 19, 2025		No
Chen Shijiang	Shenzhen Lianke Technology Co., Ltd.	Executive Director, General Manager	April 28, 2023		No
Zhao Jing	Shenzhen University	Tenured Associate Professor	July 1, 2018		Yes
Zhao Jing	Hengdong Optical Communication Technology (Shenzhen) Co., Ltd.	Independent Director	August 1, 2024		Yes
Zhao Jing	Anfu Haineng Industrial Co., Ltd.	Independent Director	November 13, 2025		Yes
Wang Ning	Shenzhen Keanda Electronic Technology Corp., Ltd.	Independent Director	April 11, 2023		Yes
Wang Ning	China Electronics Chamber of Commerce (CECC) (and its subsidiaries)	President (Director or General Manager of subsidiaries)	January 1, 1993		Yes
Wang Ning	WG Tech (JiangXi) Co., Ltd.	Independent Director	November 17, 2025		Yes

Punishments by securities regulatory authorities on current directors and senior management, and those who left office during the Reporting Period, in the past three years

☐ Applicable ☒ Not applicable

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VII. PERFORMANCE OF DUTIES BY DIRECTORS DURING THE REPORTING PERIOD

Board Meetings

The Board conducts regular meetings at least four times a year involving active participation, either in person or through electronic means of communication, of Directors.

Responsibilities and Contributions of the Board and the Management

The Board should assume responsibility for leadership and monitoring of the Company, and is collectively responsible for managing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that the Group has sound internal control and risk management systems in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought valuable business experience, knowledge and professionalism from diverse backgrounds to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and bringing effective independent judgement on corporate actions and operations so as to maintain a balance on the Board.

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

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

During the period from the Listing Date of the H Shares to December 31 2025, the Board convened three meetings to consider and approve, among other things, the 2025 Third Quarterly Report, the use of certain idle self-owned funds for entrusted wealth management, the conduct of foreign exchange hedging activities, amendments to the Articles of Association and certain corporate governance policies, changes in registered capital, and the abolition of the Supervisory Committee, as well as to consider and propose the convening of general meetings. Board meetings of the Company were permitted to be held via telephone or other electronic communication means.

During the period from the Listing Date of the H Shares to December 31 2025, the Chairman also held one meeting with the independent non-executive Directors in the absence of the other Directors.

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The table below sets out the attendance rates of the Directors at Board meetings and general meetings in 2025:

1. Attendance of Directors at the Board of Directors Meetings and General Meetings

Attendance of Directors at the Board of Directors Meetings and General Meetings							
Name of Director	Number of Board Meetings Required to Attend During the Reporting Period	Number of Board Meetings Attended in Person	Number of Board Meetings Attended via Communication Methods	Number of Board Meetings Attended by Proxy	Number of Board Meetings Absent	Whether Failed to Attend Board Meetings in Person Twice Consecutively	Number of General Meetings Attended
Zhang Tianyu	10	8	2	0	0	No	4
Ying Lingpeng	10	10	0	0	0	No	5
Xu Ning	10	8	2	0	0	No	5
Chen Qihua	0	0	0	0	0	No	4
Wang Ning	10	8	2	0	0	No	4
Zhao Jing	10	10	0	0	0	No	5
Wu Chenggang	3	1	2	0	0	No	1

Explanation for failure to attend Board meetings in person twice consecutively

Not applicable

2. Objections Raised by Directors on Relevant Matters of the Company

Whether directors raised objections on relevant matters of the Company

☐ Yes ☒ No

During the Reporting Period, no directors raised objections on relevant matters of the Company.

3. Other Explanations on the Performance of Duties by Directors

Whether relevant suggestions from directors were adopted by the Company

☒ Yes ☐ No

Explanation on the adoption or not adopted of relevant suggestions from directors

During the Reporting Period, the Directors of the Company strictly carried out their work in accordance with the relevant regulations of CSRC and the Shenzhen Stock Exchange, as well as the Articles of Association and the Rules of Procedure for the Board of Directors. They were diligent and responsible, fully utilized their professional knowledge, and provided constructive opinions and suggestions to the Company. The Company reasonably adopted the professional and constructive suggestions provided by the Directors.

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VIII. SITUATION OF SPECIALIZED COMMITTEES UNDER THE BOARD OF DIRECTORS DURING THE REPORTING PERIOD

The Board of Directors has established four board committees in accordance with relevant Chinese laws and regulations, the Company's Articles of Association, and the Corporate Governance Code under the Hong Kong Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy and Investment Committee.

The establishment of all Board committees of the Company has been documented with clearly defined terms of reference, outlining the powers and responsibilities of each committee. Information regarding the terms of reference of the Board committees has been published on the Company's website and the HKEX's website and is available for inspection upon shareholders' request.

Audit Committee

We have established the Audit Committee in accordance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code, and have documented its terms of reference in writing. The primary responsibilities of the Audit Committee are to review and oversee the Group's financial reporting process and internal control system, and to provide recommendations and advice to the Board of Directors. Details of the Company's risk management and internal control are set out in Section IV "XVIII. RISK MANAGEMENT AND DEVELOPMENT & IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD" of this report. The Audit Committee consists of three members, namely Ms. Zhao Jing, Mr. Wang Ning, and Mr. Wu Chenggang, all of whom are independent non-executive directors. Ms. Zhao Jing serves as the chairperson of the Audit Committee, and Mr. Wu Chenggang is a suitably qualified director as required by Rules 3.10 (2) and 3.21 of the Hong Kong Listing Rules.

The Audit Committee held two meetings from the H Share listing date to December 31, 2025.

During the 2025 audit period, the Audit Committee also met with the external auditors twice without the presence of executive directors.

The following table shows the attendance rates of Audit Committee members from the H Share listing date to December 31, 2025:

Audit Committee Member	Number of Audit Committee Meetings Attended/Held
Independent Non-Executive Director	
Ms. Zhao Jing (Chairperson)	2/2
Mr. Wang Ning	2/2
Mr. Wu Chenggang	2/2

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Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee in accordance with Rule 3.25 of the Hong Kong Listing Rules and the Corporate Governance Code, and have documented its terms of reference in writing. The primary responsibilities of the Remuneration and Appraisal Committee are to review and provide recommendations to the Board of Directors on remuneration terms, bonuses, and other remuneration payable to directors and other senior management. The Remuneration and Appraisal Committee consists of three members, namely Mr. Zhang Tianyu, Ms. Zhao Jing, and Mr. Wang Ning. Mr. Zhang Tianyu is an executive director, while Ms. Zhao Jing and Mr. Wang Ning are independent non-executive directors. Ms. Zhao Jing serves as the chairperson of the Remuneration and Appraisal Committee.

From the H Share listing date to December 31, 2025, the Company did not convene any meeting of the Remuneration and Appraisal Committee.

The remuneration range of senior management (excluding executive Directors) for the period from the Listing Date to December 31, 2025 during the Reporting Period is as follows:

Remuneration (RMB)	Number of individuals
Nil to RMB1,000,000	0
RMB1,000,000 to RMB2,000,000	2
RMB2,000,000 to RMB3,000,000	2
Above RMB3,000,000	0

The remuneration of each director and the top five highest paid individuals is set out in Note XVII.1 to the Consolidated Financial Statements.

For the year ended December 31, 2025, the Remuneration and Appraisal Committee recommended the remuneration packages for individual executive directors and senior management to the Board of Directors.

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Remuneration Policy for Directors and Senior Management

The remuneration policy for the Directors and senior management of the Company is set out in “VI. SITUATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” of this section.

Employee Remuneration Policy

The employee remuneration policy of the Company is set out in “X. INFORMATION ON EMPLOYEES OF THE COMPANY” of this section.

Nomination Committee

We have established the Nomination Committee in accordance with Rule 3.27A of the Hong Kong Listing Rules and the Corporate Governance Code, and have documented its terms of reference in writing. The primary responsibilities of the Nomination Committee are to provide recommendations to the Board of Directors on the appointment of Directors and the succession planning of the Board, and to assess the time commitment and contribution of each Director to the Board as well as the independence of the independent non-executive Directors. The Nomination Committee consists of three members, namely Mr. Zhang Tianyu, Ms. Zhao Jing, and Mr. Wang Ning. Mr. Zhang Tianyu is an executive director, while Ms. Zhao Jing and Mr. Wang Ning are independent non-executive directors. Ms. Zhao Jing serves as the chairperson of the Nomination Committee.

No Nomination Committee meetings were held from the H Share listing date to December 31, 2025.

When assessing the composition of the Board of Directors, the Nomination Committee will consider several aspects and factors of Board member diversity as outlined in the Company’s Board Member Diversity Policy.

When identifying and selecting suitable director candidates, the Nomination Committee will consider the relevant criteria set out in the director nomination policy before making recommendations to the Board of Directors, to align with the Company’s strategy and achieve board member diversity (if applicable).

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Strategy and Investment Committee

We have established the Strategy and Investment Committee and have documented its terms of reference in writing. The primary responsibilities of the Strategy and Investment Committee are to conduct research on the Company's long-term development strategy and major investment decisions and provide recommendations to the Board of Directors. The Strategy and Investment Committee consists of three members, namely Mr. Zhang Tianyu, Mr. Ying Lingpeng, and Mr. Wang Ning. Mr. Zhang Tianyu and Mr. Ying Lingpeng are executive directors, while Mr. Wang Ning is an independent non-executive director. Mr. Zhang Tianyu serves as the chairperson of the Strategy and Investment Committee.

The Strategy and Investment Committee held 2 meetings from the H Share listing date to December 31, 2025. Details of the work of the Strategy and Investment Committee are set out in the table below regarding the convening of the Special Committees of the Company's Board of Directors in 2025.

The following table shows the attendance rates of Strategy and Investment Committee members from the Listing Date to December 31, 2025:

Strategy and Investment Committee Member	Number of Meetings Attended/ Held by the Strategy and Investment Committee
Executive Director	
Mr. Zhang Tianyu (Chairperson)	2/2
Mr. Ying Lingpeng	2/2
Independent Non-executive Director	
Mr. Wang Ning	2/2

The following table sets forth the convening of the Special Committees of the Company's Board of Directors in 2025:

Committee Name	Members	Number of Meetings	Date	Meeting Content	Important Opinions and Suggestions Provided	Other Performance of Duties	Specific Details of Objections (if any)
Nomination Committee	Zhao Jing (Chair), Wang Ning, Zhang Tianyu	1	March 21, 2025	- Proposal on Adding Independent Non-executive Directors to the Company - Proposal on Determining the Roles of Directors of the Company - Proposal on Adjusting the Composition of Specialized Committees of the Board of Directors of the Company	After full communication and discussion, all proposals were unanimously approved.		

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Committee Name	Members	Number of Meetings	Date	Meeting Content	Important Opinions and Suggestions Provided	Other Performance of Duties	Specific Details of Objections (if any)
Remuneration and Appraisal Committee	Zhao Jing (Chair), Wang Ning, Zhang Tianyu	2	April 17, 2025	1. Proposal on the Remuneration of Directors of the Company 2. Proposal on the Remuneration of Senior Management of the Company	After full communication and discussion, all proposals were unanimously approved.		
			August 11, 2025	1. Proposal on Adjusting the Repurchase Price of Restricted Shares for the 2022 Restricted Share Incentive Plan 2. Proposal on Adjusting the Repurchase Price of Restricted Shares for the 2023 Restricted Share Incentive Plan 3. Proposal on Repurchasing and Canceling Part of Restricted Shares 4. Proposal on Canceling Part of Stock Options 5. Proposal on Purchasing Liability Insurance for Directors, Supervisors, and Senior Management			
Audit Committee	Zhao Jing (Chair), Wang Ning, Zhang Tianyu	4	March 21, 2025	1. Proposal on the Plan for Distribution of Undistributed Profits before the Company's Issuance of H Shares 2. Proposal on Appointing Audit Institutions for the Issuance and Listing of H Shares	After full communication and discussion, all proposals were unanimously approved.		

Section IV Corporate Governance, Environmental and Social Responsibility

Committee Name	Members	Number of Meetings	Date	Meeting Content	Important Opinions and Suggestions Provided	Other Performance of Duties	Specific Details of Objections (if any)
			April 17, 2025	1. Proposal on the 2024 Annual Financial Final Accounts Report of the Company 2. Proposal on the 2025 Annual Financial Budget Report of the Company 3. Proposal on the 2024 Annual Profit Distribution Plan of the Company 4. Proposal on Confirmation of Daily Related-party Transactions in 2024 and Estimation of Daily Related-party Transactions in 2025 5. Proposal on the 2024 Annual Financial Statements and Audit Report of the Company 6. Proposal on the Full Text of the 2024 Annual Report and Summary of the Company 7. Proposal on the 2024 Annual Internal Control Self-Evaluation Report of the Company 8. Special Explanation on the Occupation of Funds by the Controlling Shareholder and Other Related Parties 9. Proposal on the Work Evaluation of the External Audit Institution of the Company for 2024 10. Proposal on the Implementation of the Internal Audit System of the Company 11. Proposal on the Work Evaluation of the Finance and Audit Departments of the Company for 2024 12. Proposal on Provision for Asset Impairment of the Company for 2024 13. Proposal on the Summary of Audit Work for 2024 and Audit Work Plan for 2025 14. Proposal on the Report on Assessing the Performance of Duties of the Accounting Firm for 2024	After full communication and discussion, all proposals were unanimously approved.		

Section IV Corporate Governance, Environmental and Social Responsibility

Committee Name	Members	Number of Meetings	Date	Meeting Content	Important Opinions and Suggestions Provided	Other Performance of Duties	Specific Details of Objections (if any)
Audit Committee	Zhao Jing (Chair), Wang Ning, Wu Chenggang	2	April 28, 2025	1. Proposal on the 2025 First Quarter Report of the Company 2. Proposal on the Summary of Audit Work for the First Quarter of 2025	After full communication and discussion, all proposals were unanimously approved.		
			August 25, 2025	1. Proposal on the 2025 Interim Report and Summary of the Company 2. Proposal on the Summary of Audit Work for the Second Quarter of 2025			
			October 29, 2025	1. Proposal on the Summary of Audit Work for the Third Quarter of 2025 2. Proposal on the 2025 Third Quarter Report of the Company			
			November 28, 2025	1. Proposal on Reappointing the Audit Institution for 2025			
Strategy and Investment Committee	Zhang Tianyu (Chair), Wang Ning, Ying Lingpeng	4	March 21, 2025	1. Proposal on the Issuance of H Shares by the Company and Listing on the Main Board of The Stock Exchange of Hong Kong Limited 2. Proposal on the Plan for the Issuance of H Shares by the Company and Listing on the Main Board of The Stock Exchange of Hong Kong Limited 3. Proposal on the Conversion of the Company into a Joint Stock Limited Company Offering Shares Abroad 4. Proposal on the Use Plan of Funds Raised from the Issuance of H Shares by the Company 5. Proposal on Formulating the Market Value Management System of the Company	After full communication and discussion, all proposals were unanimously approved.		

Section IV Corporate Governance, Environmental and Social Responsibility

Committee Name	Members	Number of Meetings	Date	Meeting Content	Important Opinions and Suggestions Provided	Other Performance of Duties	Specific Details of Objections (if any)
			April 2, 2025	1. Proposal on Using Part of the Idle Raised Funds to Temporarily Supplement Working Capital	After full communication and discussion, all proposals were unanimously approved.		
			November 17, 2025	1. Proposal on Using Part of the Idle Self-owned Funds for Entrusted Wealth Management	After full communication and discussion, all proposals were unanimously approved.		
			November 28, 2025	1. Proposal on Carrying Out Foreign Exchange Hedging Business 2. Proposal on Signing an Investment Agreement and Establishing a Wholly-owned Subsidiary for Industrial Park Investment	After full communication and discussion, all proposals were unanimously approved.		

Note: On October 22, 2025, following the listing of the Company's H Shares, Mr. Wu Chenggang became a member of the Audit Committee of the Company, and Mr. Zhang Tianyu ceased to be a member of the Audit Committee.

IX. WORK OF THE AUDIT COMMITTEE

Whether the Audit Committee found any risks in the Company during the supervision activities in the Reporting Period

☐ Yes ☒ No

The Audit Committee had no objection to the supervisory matters during the Reporting Period.

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X. INFORMATION ON EMPLOYEES OF THE COMPANY

1. Number of employees, professional composition, and educational attainment

Number of active employees of the parent company as at the end of the Reporting Period (persons)	747
Number of active employees of major subsidiaries as at the end of the Reporting Period (persons)	1,116
Total number of active employees as at the end of the Reporting Period (persons)	1,863
Total number of employees who received remuneration during the Reporting Period (persons)	1,909
Number of retired employees whose expenses are borne by the parent company and its major subsidiaries (persons)	0

Professional Composition

Category	Number of Employees (persons)
Production Personnel	153
Sales Personnel	243
Technical Personnel	1,183
Financial Personnel	31
Administrative Personnel	160
Management Personnel	93
Total	1,863

Educational Attainment

Category	Number of Employees (persons)
Master's Degree or Above	303
Bachelor's Degree	1,434
Associate Degree	111
Below Associate Degree	15
Total	1,863

2. Compensation Policy

The Company regards talent as its primary productive force. The Company strictly complies with national labor laws and regulations as well as relevant local rules and policies. The Company enters into labor contracts with employees, and arranges for the registration and makes contributions to social insurance and housing provident fund.

To ensure the external market competitiveness of its compensation and the effectiveness of employee incentives, the Company has established a diversified compensation policy based on its job and grading structure and benchmarked against market compensation in the high-tech industry. This policy reflects the principles of “more pay for more work, more pay for more contribution, and more pay for long-term commitment”. Employees’ fixed salaries are determined by their job level, which reflects their responsibilities and competency requirements. Variable bonuses are linked to organizational performance and individual performance outcomes, reflecting a results-oriented approach to accountability. In addition, the Company has implemented equity incentive plans for key backbone personnel, embodying a long-term incentive philosophy of “shared responsibility, shared creation and shared benefits”. This approach fully motivates key backbone personnel by aligning their interests with those of the shareholders and the Company, thereby promoting the joint development of both employees and the enterprise. In 2025, the Company’s staff costs amounted to RMB 622,821,089.70.

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3. Training Programs

To support talent development and drive business growth, Fibocom is committed to building a sustainable talent acceleration system that enables the synchronized development of both talent and business. In terms of leadership development, to implement the Company's new requirements for its management team, a unified leadership competency standard has been established and applied across multiple dimensions, including recruitment, talent review, development and selection. The Company has also made dedicated efforts to build its own "Whampoa Military Academy", establishing a tiered empowerment system and launching three flagship programs (namely the Qingyun Program (青雲計劃), Xingyun Program (星雲計劃), and Lingyun Program (凌雲計劃)). The Lingyun Program focuses on cultivating senior management's "steering capability", recognizing that decisive victory from a thousand miles away requires systematic thinking and a global perspective; the Xingyun Program develops middle management's "breakthrough capability", emphasizing cross-functional thinking and collaborative awareness to overcome challenges; and the Qingyun Program enhances frontline managers' "execution capability", positioning them as the "last mile" in translating strategy into effective implementation. Strong leadership drives strong teams, and strong teams enable successful strategy execution.

In terms of general capability enhancement, the Eaglet Program (雛鷹計劃) for campus recruits has been upgraded with three innovative components, delivering 27 offline courses and five related activities. In addition, an accelerated development program has been established to support a smooth transition from students to workplace professionals and ultimately to become valued members of Fibocom. Training programs for new hires, both domestic and overseas, have been comprehensively upgraded with 23 courses. Through "high-quality content, excellent instructors and effective formats", the Company enables new employees to quickly integrate, collaborate and contribute. At the level of professional competencies, 10 premium bilingual (Chinese and English) courses have been developed, alongside a special learning initiative in celebration of the Company's 26th anniversary, to enhance professional standards across the workforce. Meanwhile, 30 sessions of the Zhihui Planet (智匯星球) Program (Phase II) have been conducted for all employees to further foster a strong organizational learning culture of "excellent learning". For professional capability development, we have established specialized academies covering product, R&D, delivery, quality and functional disciplines, supporting the rapid growth of professional talent. In addition, in terms of institutional development and process mechanisms, we have introduced a training credit system and an internal mentor management system. We continue to operate the online academy learning platform, which in 2025 added 78 self-developed courses, 10 learning pathways and 395 assessment questions. We have also built a pool of 92 instructors and 499 mentors. Through enhanced process-driven and standardized management, we continue to improve our SOP repository and strengthen the accumulation of organizational assets and resource pools. In 2025, Fibocom headquarters and its secondary training system conducted a total of 645 training sessions, covering 11,000 participants. Through comprehensive and multi-layered talent development initiatives, the Company has further strengthened its talent foundation and enhanced overall organizational capabilities, providing solid support for business growth and the effective implementation of its strategies.

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4. Labor Outsourcing

☒ Applicable ☐ Not applicable

Total work hours of labor outsourcing	472,975
Total remuneration paid for labor outsourcing (RMB)	10,592,966.67

XI. BOARD MEMBER DIVERSITY POLICY

Board Member Diversity

The Company has adopted a Board Member Diversity Policy, which outlines the approaches to achieving board member diversity. We understand and firmly believe in the benefits of having a diverse board. We consider greater member diversity at the board level, including gender diversity, to be a crucial factor in maintaining a competitive edge and enhancing our ability to attract, retain, and motivate talented individuals. When reviewing and evaluating suitable candidates for director positions, the Nomination Committee will consider various aspects, including but not limited to gender, age, cultural and educational backgrounds, professional qualifications, skills, knowledge, as well as industry and regional experience.

The Board of Directors consists of two female directors and five male directors, with ages ranging from 39 to 70. They will possess a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, accounting and corporate governance, as well as industry experience relevant to the Group's operations and business in the wireless communication module and Internet of Things (IoT) solutions sectors. They hold degrees in various disciplines such as electronics technology, engineering, economics, accounting, and business management. Taking into account our existing business model, specific needs, and the diverse backgrounds of our Directors, the composition of the Board of Directors complies with the Board Member Diversity Policy.

Our Nomination Committee will regularly discuss and, if necessary, agree on measurable objectives to achieve board member diversity (including gender diversity) and recommend their adoption by the Board of Directors.

Gender Diversity

The Company values gender diversity at all levels within the Group. The following table presents the gender ratio of the Group's employees (including the Board of Directors and senior management, excluding independent non-executive Directors) as of December 31, 2025: 566/1297.

	Female	Male
Board of Directors	28.6%	71.4%
Senior management	25%	75%
Other employees	30.37%	69.63%

The Group is committed to increasing the proportion of female members in senior management and across the entire workforce. The Board of Directors believes that the current gender diversity at the senior management level and across the entire workforce meets the business requirements.

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Based on business development and operational needs, the Company will fully consider factors including skills, age, and gender diversity when recruiting employees and strive to achieve a balance among employees in terms of skills, age, and gender.

The Company is not aware of any factors or circumstances that would make achieving gender diversity among all employees (including senior management) more challenging or less relevant.

XII. DIRECTOR NOMINATION POLICY

According to the Company's nomination policy, the Nomination Committee will consider candidates from a wide range of backgrounds and based on objective criteria, giving preference to the most qualified individuals. When reviewing and recommending any new director appointments to the Board of Directors, the Nomination Committee will consider the following non-exhaustive factors:

- (1) The required structure, size, and composition of the Board of Directors (including skills, knowledge, experience);
- (2) The relevant requirements of the Company's Board Member Diversity Policy, including any measurable objectives set for implementing the policy and the progress made towards achieving those objectives (where applicable and appropriate);
- (3) The director's succession plan, taking into account the challenges and opportunities faced by the Company and the skills and experience that the Board of Directors will therefore require in the future;
- (4) The independence of independent non-executive Directors;
- (5) The Group's need for leaders (including executive and non-executive Directors) to ensure the Group's continued ability to compete effectively in the market;
- (6) The time and commitment required for the director's role and whether the Director can devote sufficient time to fulfilling their duties; and
- (7) The ability of the Board of Directors to obtain independent perspectives and opinions through its Directors.

From the Listing Date to December 31, 2025, Ms. Chen Qihua was appointed as the employee representative director of the fourth session of the Board of Directors of the Company through democratic election by the Employee Representative Congress, effective from December 22, 2025.

The Nomination Committee will review the Director Nomination Policy (if applicable) to ensure its effectiveness. When considering the time commitment of candidates during the selection process, all Directors have also confirmed that they have sufficient time and energy to fulfill their director duties.

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XIII. CORPORATE GOVERNANCE FUNCTIONS

The Board of Directors is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code.

During the Year, the Board of Directors reviewed the Company's corporate governance policies and practices, the training and continuous professional development of directors and senior management, the Company's policies and practices regarding compliance with laws and regulations, compliance with the Model Code and information disclosure regulations, as well as the Company's compliance with the Corporate Governance Code and the disclosures in this Corporate Governance Report.

XIV. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the Consolidated Financial Statements in accordance with the Chinese Accounting Standards for Business Enterprises issued by the China Accounting Standards Committee under the Ministry of Finance of China. In addition to adopting revised standards, standard amendments, and interpretations, the Group has consistently applied appropriate accounting policies.

The Company's Consolidated Financial Statements have been prepared on a going concern basis. The Directors believe that they truly and fairly reflect the Group's financial position, operating results, and cash flows for the year ended December 31, 2025, and that the other financial information and disclosures in the report comply with relevant statutory requirements.

The external auditor's reporting responsibilities regarding the Company's Consolidated Financial Statements for the year ended December 31, 2025, are set out in the Independent Auditor's Report in this Annual Report.

External Auditor and Its Remuneration

Except for the preparation of the Consolidated Financial Statements for the three years ended December 31, 2024, and the four months ended April 30, 2025, as set out in the Prospectus, which were prepared in accordance with International Financial Reporting Standards for the Global Offering, and the appointment of Grant Thornton Hong Kong Limited as the auditor and reporting accountant for the listing of the Company's H Shares, the Company has not changed its auditor in any of the past three years.

The Company appointed Grant Thornton (Special General Partnership) as its domestic and overseas auditor for 2025.

The remuneration paid/payable to the Company's external auditor for the year ended December 31, 2025, has been disclosed in Note VII.42 to the Consolidated Financial Statements. Audit services include the audit of the Company's Consolidated Financial Statements for 2025 and audit-related services provided by the Company's domestic and overseas auditors (remuneration: RMB1.88 million), as well as statutory audit services for certain subsidiaries of the Group; non-audit services mainly include internal control audit services for certain subsidiaries (remuneration: RMB300,000).

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XV. SHAREHOLDERS' RIGHTS

Convening of General Meetings

Shareholders who individually or jointly hold more than 10% of the Company's shares have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Company's Articles of Association, provide written feedback within ten days after receiving the request, indicating whether it agrees or disagrees with convening an extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five days after making the Board resolution. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Directors disagrees with convening an extraordinary general meeting or fails to provide feedback within ten days after receiving the request, shareholders who individually or jointly hold more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary general meeting and shall submit the proposal in writing to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be agreed upon by the relevant shareholders.

If the Audit Committee fails to issue a notice of the general meeting within the specified time limit, it shall be deemed that the Audit Committee will not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

Where the Audit Committee or shareholders decide to convene a general meeting on their own, they shall notify the Board of Directors in writing and file a record with the securities exchange where the Company's Shares are listed.

Before the announcement of the general meeting resolution, the proportion of shares held by the convening shareholders shall not be less than 10%.

The Audit Committee or the convening shareholders shall submit relevant supporting materials to the securities exchange where the Company's shares are listed when issuing the notice of the general meeting and announcing the general meeting resolution.

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The Board of Directors and the Board secretary shall provide cooperation for the general meetings convened by the Audit Committee or shareholders on their own. The Board of Directors shall provide the register of shareholders as of the record date for equity. If the Board of Directors fails to provide the register of shareholders, the conveners may apply to the securities registration and settlement institution for the register by presenting the relevant announcement regarding the notice of convening the general meeting. The register of shareholders obtained by the conveners shall not be used for any purpose other than convening the general meeting.

The necessary expenses for the meeting convened by the Audit Committee or shareholders on their own shall be borne by the Company.

Proposals at General Meetings

When the Company convenes a general meeting, the Board of Directors, the Audit Committee, and shareholders who individually or jointly hold more than 1% of the Company's shares have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may submit interim proposals in writing to the conveners ten days before the general meeting. The conveners shall issue a supplementary notice of the general meeting within two days after receiving the proposals, notifying the content of the interim proposals. If, in accordance with the securities regulatory rules of the place where the Company's shares are listed, the general meeting needs to be postponed due to the issuance of a supplementary notice of the general meeting, the convening of the general meeting shall be postponed in accordance with the securities regulatory rules of the place where the Company's shares are listed.

Inquiries to the Board of Directors

If shareholders wish to make any inquiries to the Board of Directors, they may send written inquiries to the Company. The Company generally does not handle oral or anonymous inquiries.

Contact Details

Shareholders can send their inquiries or requests as mentioned above through the following means:

Address:

Floors 10-14, Block A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Street, Nanshan District, Shenzhen (indicate the recipient as Board Secretary/ Company Secretary)

Email:

zqb@fibocom.com

For the avoidance of doubt, shareholders must submit and send the original copies of formally signed written requests, notices, statements, or inquiries (as appropriate) to the aforementioned address, providing their full names, contact details, and identification documents for the purpose of validation. Shareholder information may be disclosed in accordance with legal provisions.

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Investor Relations

The Company believes that effective communication with shareholders is crucial for strengthening investor relations and enhancing investors' understanding of the Group's business performance and strategies. The Company is committed to maintaining ongoing dialog with shareholders, particularly through annual general meetings and other general meetings. At the annual general meetings, directors (or their appointed representatives, if applicable) can meet with shareholders and answer their inquiries.

To safeguard the interests and rights of shareholders, the Company will propose separate resolutions for each material and independent matter (including the election of directors) at general meetings. All resolutions proposed at general meetings will be voted on by way of poll in accordance with the Hong Kong Listing Rules, and the voting results will be published on the websites of the Company and the HKEX after the conclusion of each general meeting.

Investor Relations Management System

The Company has established an investor relations management system and a dedicated department for investor relations management. This department aims to facilitate effective communication with Shareholders and other stakeholders, encourage Shareholders to actively participate in the Company's affairs, and enable Shareholders to effectively exercise their rights as shareholders. The Board of Directors has reviewed the implementation and effectiveness of the investor relations management system from the Listing Date to December 31, 2025, and the results were satisfactory.

The Company has established the following multiple channels for ongoing communication with shareholders:

(1) *Corporate Communications*

"Corporate communications", as defined by the Hong Kong Listing Rules, refer to any documents issued or to be issued by the Company for the reference or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) reports of the Board of Directors, annual accounts together with the auditor's report, and financial summary reports (if applicable); (b) interim reports and interim summary reports (if applicable); (c) quarterly reports; (d) meeting notices; (e) listing documents; (f) circulars; and (g) proxy forms. The Company's corporate communications will be promptly published on the website of the HKEX (www.hkexnews.hk) in accordance with the Hong Kong Listing Rules. Corporate communications will be provided to shareholders and non-registered holders of the Company's securities in both Chinese and English versions or, if permitted, in a single language in a timely manner in accordance with the Hong Kong Listing Rules. Shareholders and non-registered holders of the Company's securities have the right to choose the language version (English or Chinese) or the method of receipt (printed copy or electronic form) of corporate communications.

(2) *Announcements and Other Documents under the Hong Kong Listing Rules*

The Company will promptly post announcements (regarding inside information, corporate actions, transactions, etc.) and other documents (such as the Company's Articles of Association) on the website of the HKEX in accordance with the Hong Kong Listing Rules.

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(3) *Company Website*

Any information or documents of the Company published on the website of the HKEX will also be published on the Company's website (www.fibocom.com). Other corporate information regarding the Company's business development, objectives and strategies, corporate governance, and risk management will also be posted on the Company's website.

(4) *General Meetings*

The Company's annual general meeting and other general meetings are the primary platforms for communication between the Company and its shareholders. The Company will promptly provide shareholders with relevant information regarding resolutions proposed at general meetings in accordance with the Hong Kong Listing Rules. The information provided should be reasonably necessary to enable shareholders to make informed decisions regarding the proposed resolutions. The Company encourages shareholders to participate in general meetings or appoint proxies to attend and vote on their behalf if they are unable to attend the meetings. Where appropriate or necessary, the Chairman and other members of the Board of Directors, chairmen of Board committees or their representatives, and external auditors should attend the Company's general meetings and answer shareholders' questions (if any).

From the Listing Date to December 31, 2025, the Company held one extraordinary general meeting but did not hold any annual general meetings. The resolutions proposed at the extraordinary general meeting held on December 22, 2025, were duly passed.

Independent non-executive Directors and executive Directors attended the Company's extraordinary general meeting to obtain and fairly understand shareholders' opinions.

The following table shows the attendance rates of Directors at general meetings from the Listing Date to December 31, 2025:

Director	Number of General Meetings Attended/Held
<i>Executive Directors</i>	
Mr. Zhang Tianyu	1/1
Mr. Ying Lingpeng	1/1
Mr. Xu Ning	1/1
Ms. Chen Qihua	0/0
<i>Independent Non-executive Directors</i>	
Mr. Wang Ning	1/1
Ms. Zhao Jing	1/1
Mr. Wu Chenggang	1/1

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(5) *Shareholder Inquiries*

Inquiries Regarding Shareholdings

Shareholders can inquire about their shareholdings by calling the hotline of Computershare Hong Kong Investor Services Limited, the Company's H-Share registrar, at +852 2862 8555, or by visiting its public counter located at Shop 1712-16, Floor 17, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong.

Inquiries Regarding Corporate Governance or Other Matters to be Submitted to the Board of Directors and the Company

The Company generally does not handle oral or anonymous inquiries. Shareholders can send any written inquiries to the Board of Directors by email or mail in accordance with the contact details provided in the relevant section.

(6) *Other Investor Relations Communication Platforms*

The Company will, when necessary, conduct investor and analyst briefings, local and international roadshows, media interviews, investor promotion activities and thematic forums. Details of the Company's investor relations activities are set out in Section III "XII. RESEARCH VISITS, COMMUNICATIONS, AND INTERVIEWS RECEIVED DURING THE REPORTING PERIOD" of this report.

Amendments to Constitutional Documents

From the Listing Date to December 31, 2025, the Company has made amendments to its Articles of Association. Details of these amendments are set out in the circular to shareholders of the Company dated November 28, 2025. The latest version of the Articles of Association is also available on the Company's website and the website of the HKEX.

XVI. COMPANY'S PROFIT DISTRIBUTION AND CAPITAL RESERVE CONVERSION INTO SHARE CAPITAL

We do not have a fixed dividend payout ratio. In accordance with the Company Law of the People's Republic of China 《中華人民共和國公司法》, the Regulatory Guidelines for Listed Companies No. 3 – Distribution of Cash Dividends of Listed Companies (2023 Revision)《上市公司監管指引第 3 號 – 上市公司現金分紅(2023 年修訂)》, and the Company's Articles of Association, our dividend policy stipulates that cash dividends for any fiscal year (accounting for no less than 15% of the distributable net profit for that fiscal year) must be paid, and the cumulative cash dividends paid over any three fiscal years must not be less than 30% of the average distributable net profit for those three fiscal years (calculated in accordance with Chinese Generally Accepted Accounting Principles), provided that (i) the Group records net profit for the year and maintains a positive balance of accumulated undistributed profits, (ii) it does not affect the Company's sustainable operation and long-term development, and (iii) there are no major capital expenditure plans. Future profit distributions may take the form of cash dividends, stock dividends, or a combination of both. Cash dividends shall take precedence over stock dividends. If the conditions for cash dividends are met, profit distribution shall be made in the form of cash dividends. Any proposed distribution of dividends is at the discretion of the Board of Directors and subject to approval by the general meeting. The Board of Directors may recommend the distribution of future dividends after considering the Company's operating results, financial position, operational requirements, capital needs, shareholders' interests, industry characteristics, development stage, business model, whether there are major capital expenditure arrangements, and any other circumstances that the Board of Directors may deem relevant.

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Formulation, implementation, or adjustment of profit distribution policies, especially cash dividend policies, during the Reporting Period

☒ Applicable ☐ Not applicable

The Company's cash dividend policy complies with the regulations of CSRC on cash dividends, and the provisions of the Articles of Association and the Company's Future Three-Year Shareholder Dividend Return Plan. The deliberation procedures are legal and compliant, meeting regulatory requirements.

Special Explanation of Cash Dividend Policy

Whether it complies with the provisions of the Articles of Association or the requirements of the resolutions of the general meetings:	Yes
Whether the dividend standards and proportions are clear and explicit:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors have performed their duties and played their due roles:	Yes
If the Company does not conduct cash dividends, the specific reasons should be disclosed, as well as the next steps proposed to enhance investor returns:	Not applicable
Whether minority shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Not applicable

The Company's profit distribution plan and capital reserve conversion plan during the Reporting Period are consistent with relevant provisions of the Articles of Association and dividend management methods

☒ Yes ☐ No ☐ Not Applicable

The Company's profit distribution plan and capital reserve conversion plan during the Reporting Period comply with relevant provisions of the Articles of Association.

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Profit Distribution and Capital Reserve to Share Capital Conversion for the Current Year

Number of bonus shares per 10 shares	0
Cash dividend per 10 shares (RMB) (tax inclusive)	2.34
Number of shares converted from capital reserve per 10 shares	0
Share capital base for the distribution plan (shares)	896,637,884
Total amount of cash dividends (RMB) (tax inclusive)	209,813,264.86
Amount of cash dividends in other ways (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (including other ways) (RMB)	0.00
Distributable profit (RMB)	1,291,507,019.37
Proportion of total cash dividends (including other ways) to the total amount of profit distribution	100.00%

Cash Dividend for the Current Period

Other

Detailed Explanation of the Profit Distribution or Capital Reserve Conversion Plan

The profit distribution plan for 2025 is: based on the total share capital of the Company as of the equity registration date determined in the 2025 dividend distribution announcement, deducting the number of shares held in the Company's A-share repurchase specialized account, as the share capital base, a cash dividend of RMB2.34 (tax inclusive) per 10 shares will be distributed to all Shareholders; nil bonus shares (tax inclusive) will be given, and nil shares per 10 shares will be converted from the capital reserve to all Shareholders. The aforesaid proposed profit distribution plan is subject to the consideration and approval by the general meeting of the Company before it becomes effective. If the total share capital of the Company changes due to reasons such as conversion of convertible bonds, share repurchases, exercise of equity incentives, and listing of new shares from refinancing after the announcement of this plan and before its implementation, the Company will adjust the total amount of cash dividends accordingly based on the principle of keeping the distribution proportion per share unchanged.

As of the disclosure date of this report, the total share capital of the Company was 899,265,844 shares, the number of shares held in the A-share repurchase specialized account was 2,627,960 shares, and the share capital base for the profit distribution of the Company on the disclosure date of this report was 896,637,884 shares.

The Company made a profit during the Reporting Period and the parent company's distributable profit to shareholders was positive, but no cash dividend distribution plan was proposed

☐ Applicable ☒ Not applicable

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Dividend Tax Relief

Holders of A Shares

Pursuant to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) 《財政部、國家稅務總局、中國證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號) jointly issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission, for dividends and bonuses derived by individuals from shares of listed companies obtained from the public offering and secondary market: where the shareholding period exceeds one year, such dividend income is temporarily exempt from individual income tax; where the shareholding period is more than one month but not exceeding one year (inclusive), such dividend income is subject to individual income tax at a rate of 10%; and where the shareholding period is within one month (inclusive), such dividend income is subject to individual income tax at a rate of 20%. When a listed company distributes dividends, for individual shareholders whose holding period is within one year (inclusive), the listed company will temporarily not withhold individual income tax. Upon the transfer of the shares by such individuals, the China Securities Depository and Clearing Corporation Limited will calculate the tax payable based on the holding period, and the tax will be withheld and remitted by securities companies and other share custodians from the individuals' capital accounts to the China Securities Depository and Clearing Corporation Limited. The China Securities Depository and Clearing Corporation Limited shall, within five working days of the following month, remit the tax to the listed company, which shall, within the statutory filing period of the month in which the tax is received, declare and pay the tax to the competent tax authorities.

For resident enterprise shareholders holding A shares, enterprise income tax on dividends received shall be declared and paid by themselves.

For qualified foreign institutional investors (QFII), pursuant to the provisions of Notice on Relevant Issues Concerning the Payment of Dividends, Bonuses and Interests and Withholding the Enterprise Income Tax by Chinese Resident Enterprises to QFIIs (Guo Shui Han [2009] No. 47) 《國家稅務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函2009[47]號)) issued by the State Administration of Taxation, the listed company shall withhold and remit enterprise income tax on a consolidated basis at a rate of 10%. Where QFII shareholders are entitled to treaty benefits in respect of dividend income, they may, after receipt of such dividends, apply directly to the competent tax authorities for a tax refund in accordance with the relevant provisions. Upon verification, the competent tax authorities shall implement the relevant provisions of the applicable tax treaty.

For non-PRC resident enterprise shareholders holding A shares other than QFIIs, pursuant to the Announcement of the State Administration of Taxation on Issues Concerning Withholding and Payment of Enterprise Income Tax on Income of Non-resident Enterprises (SAT Announcement [2017] No. 37) 《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》(國家稅務總局公告2017年第37號)), the Reply of the State Administration of Taxation on Issues Concerning the Levy of Enterprise Income Tax on Dividends of B Shares and Other Shares Derived by Non-resident Enterprises (Guo Shui Han [2009] No. 394) 《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)), and other relevant regulations, the listed company shall withhold and remit enterprise income tax on a consolidated basis at a rate of 10%. Where non-PRC resident enterprise shareholders are entitled to treaty benefits, the relevant procedures shall be carried out in accordance with the applicable provisions of the relevant tax treaty.

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Pursuant to the Notice on Tax Policies Concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (Cai Shui [2016] No. 127) 《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission, in respect of dividend income derived by Hong Kong market investors (including enterprises and individuals) from A shares listed on the Shenzhen Stock Exchange, where Hong Kong Securities Clearing Company Limited is not able to provide China Securities Depository and Clearing Corporation Limited with detailed information regarding investors' identities and shareholding periods, the differentiated tax treatment based on the length of shareholding shall not be implemented for the time being. Instead, listed companies shall withhold income tax at a rate of 10% and file the withholding tax returns with the competent tax authorities. For taxpayers who are tax residents of other countries and whose jurisdictions have entered into tax treaties with China providing a dividend withholding tax rate lower than 10%, enterprises or individuals may, either on their own or through the withholding agent, apply to the competent tax authorities of the listed company for treaty benefits. Upon review and approval by the competent tax authorities, a tax refund shall be granted for the difference between the tax already paid and the tax payable calculated at the treaty tax rate.

Holders of H Shares

Pursuant to the Notice on Issues Concerning the Administration of Individual Income Tax Following the Abolition of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) 《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), overseas resident individual H shareholders may enjoy tax concessions in respect of dividend distributions in accordance with the tax treaties entered into between China and their respective jurisdictions, as well as the tax arrangements between Chinese Mainland and Hong Kong. To simplify tax administration, dividends paid to overseas resident individual H shareholders are generally subject to individual income tax withholding at a rate of 10%. Where the jurisdiction in which an overseas resident individual shareholder is located has not entered into a tax treaty with China, individual income tax shall be withheld at a rate of 20%. Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding and Payment of Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas H Share Non-resident Enterprise Shareholders (Guo Shui Han [2008] No. 897) 《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), Chinese resident enterprises shall, when distributing dividends for 2008 and subsequent years to overseas H Share non-resident enterprise shareholders, uniformly withhold and remit enterprise income tax at a rate of 10%. After receiving dividends, overseas non-PRC resident enterprise shareholders may, either on their own, through an authorised agent, or via the withholding agent, apply to the competent tax authorities for treaty benefits, and submit documentation evidencing that they are the beneficial owner as defined under the relevant tax treaty or arrangement. Upon review and approval by the competent tax authorities, a tax refund shall be granted for the difference between the tax already paid and the tax payable calculated at the tax rate specified under the relevant tax treaty or arrangement. Pursuant to the Notice on Tax Policies Concerning the Pilot Programme of the Shanghai-Hong Kong Stock Market Trading Interconnection Mechanism (Cai Shui [2014] No. 81) 《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on Tax Policies Concerning the Pilot Programme of the Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (Cai Shui [2016] No. 127) 《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly issued by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission, in respect of dividend income derived by mainland individual investors from H shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, listed companies shall withhold individual income tax at a rate of 20%. In respect of dividend income derived by mainland securities investment funds from investments in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the above-mentioned provisions. For dividend income derived by mainland enterprise investors from investments in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H share companies shall not withhold dividend income tax, and the tax payable shall be declared and paid by the mainland enterprise investors on their own. In particular, dividend income derived by mainland resident enterprises from continuously holding H shares for 12 months or more shall be exempt from enterprise income tax in accordance with the law. Except as disclosed above, the Directors are not aware of any tax relief available to shareholders by virtue of their holding of the Company's listed securities.

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XVII. IMPLEMENTATION OF EQUITY INCENTIVE PLANS, EMPLOYEE STOCK OWNERSHIP PLANS, OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY

☒ Applicable ☐ Not applicable

From the H Share listing date to December 31, 2025, the Company did not grant or agree to grant any share options and/or restricted shares to any of its Directors, chief executive, substantial Shareholders or their associates or employees of the Company or its subsidiaries.

1. Equity Incentive

The Company had two share incentive schemes during the period from the H Share Listing Date to December 31, 2025, namely the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan. As of December 31, 2025, all restricted shares granted under the 2022 Restricted Share Incentive Plan had been either fully vested or repurchased and cancelled by the Company. As the 2021 Stock Option and Restricted Share Incentive Plan, the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan did not involve any grant of restricted shares by the Company after its H Share listing, their terms are not subject to the provisions of Chapter 17 of the Listing Rules.

(1) 2021 Stock Option and Restricted Share Incentive Plan

The Company adopted the 2021 Stock Option and Restricted Share Incentive Plan (hereinafter referred to as the “2021 Equity Incentive Plan”) on April 13, 2021. According to the 2021 Equity Incentive Plan, directors, senior management, middle management, and core technical personnel of the Company could be granted up to 1,120,000 A-share stock options and 1,600,000 A-share restricted shares, with a view to enhancing its long-term incentive mechanism and attracting and retaining outstanding talent. As of December 31, 2025, an aggregate of 1,747,018 A shares had been allotted and issued under the 2021 Equity Incentive Plan. As of December 31, 2025, there were no outstanding exercisable A-share options or unvested restricted A shares, and no further A-share options or restricted A shares were available for grant under the terms of the 2021 Equity Incentive Plan.

In 2025, the implementation progress of the 2021 Equity Incentive Plan was as follows:

On February 12, 2025, as verified and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (CSDC), the Company completed the repurchase and cancellation of some restricted shares under the 2021 Equity Incentive Plan, involving 140 incentive objects, and the number of repurchased and canceled restricted shares was 139,792 shares. Upon the completion of this repurchase and cancellation, all restricted shares granted under the 2021 Equity Incentive Plan have been unlocked or repurchased and canceled by the Company.

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On February 24, 2025, the stock options exercisable in the third exercise period of the 2021 Equity Incentive Plan were exercised and listed via centralized exercise, with 84 actual incentive objects exercising and the actual number of exercised stock options being 481,263.

On September 2, 2025, as verified and confirmed by the Shenzhen Branch of CSDC, the Company completed the cancellation of some stock options under the 2021 Equity Incentive Plan, involving 266,335 stock options of 103 incentive objects. Upon the completion of this cancellation, all stock options granted under the 2021 Equity Incentive Plan have been exercised or canceled by the Company.

(2) **2022 Restricted Share Incentive Plan**

The Company adopted the 2022 Restricted Share Incentive Plan on July 8, 2022. According to the 2022 Restricted Share Incentive Plan, senior management, middle management, and core technical (business) personnel of the Company could be granted up to 2,394,200 A-share restricted shares. As of December 31, 2025, all restricted shares granted under the 2022 Restricted Stock Incentive Plan have been unlocked or repurchased and canceled by the Company.

In 2025, the implementation progress of the 2022 Restricted Share Incentive Plan was as follows:

On February 12, 2025, as verified and confirmed by the Shenzhen Branch of CSDC, the Company completed the repurchase and cancellation of some restricted shares under the 2022 Restricted Share Incentive Plan, involving 172 incentive objects, and the number of repurchased and canceled restricted shares was 201,502 shares.

On December 29, 2025, as verified and confirmed by the Shenzhen Branch of CSDC, the Company completed the repurchase and cancellation of some restricted shares under the 2022 Restricted Share Incentive Plan, involving 657,168 restricted shares of 156 incentive objects. Upon the completion of this repurchase and cancellation, all restricted shares granted under the 2022 Restricted Share Incentive Plan have been unlocked or repurchased and canceled by the Company.

(3) **2023 Restricted Share Incentive Plan**

The Company adopted the 2023 Restricted Share Incentive Plan on July 31, 2023. According to the 2023 Restricted Share Incentive Plan, directors, senior management, middle management, and core technical (business) personnel of the Company could be granted up to 2,100,000 A-share restricted shares. A summary of the principal terms of the 2023 Restricted Share Incentive Plan which remains in force as of 31 December 2025 is set out in the section headed “D. Share Incentive Plan” in Appendix IV to the Prospectus. As of December 31, 2025, the Company actually granted 2,061,600 Restricted A Shares to 241 incentive participants under the 2023 Restricted Share Incentive Plan on September 2023 and completed the registration of the relevant share certificates. As of December 31, 2025, there were no restricted share certificates outstanding under the Restricted Share Incentive Plans.

As of the disclosure date of this report, all restricted shares under the Company’s 2023 Restricted Share Incentive Plan have either been unlocked or repurchased and canceled by the Company. Notably, the performance assessment for the final unlocking period was not met. Upon approval by the Company’s 2025 general meeting and completion of the necessary capital reduction procedures, these shares will be repurchased and canceled by the Company. Following such repurchase and cancellation, the 2023 Restricted Share Incentive Plan will cease to be effective.

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(4) *Summary of the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan*

(a) *Purpose*

To further enhance the Company's long-term incentive mechanism, attract and retain outstanding talent, fully motivate senior management, middle management and core technical (business) personnel, and align the interests of our Shareholders with those of the Company and its core team members.

(b) *Participants*

The participants of the 2022 Restricted Share Incentive Plan include ,senior management, middle management and core technical (business) personnel of the Company, excluding (i) Directors, independent Directors, Supervisors, and Shareholders or actual controllers who individually or in aggregate hold 5% or more of Shares of the Company, and (ii) the spouses, parents and children of the foregoing persons.

Participants of the 2023 Restricted Share Incentive Plan Directors, senior management, middle management and core technical (business) personnel of the Company, excluding (i) independent Directors, Supervisors, and Shareholders or actual controllers who individually or in aggregate hold 5% or more of our Shares, and (ii) the spouses, parents and children of the foregoing persons.

(c) *Source of Shares and maximum number*

The maximum number of A-share restricted shares issuable under the 2022 Restricted Share Incentive Plan is 2,394,200 Shares, representing 0.27% of the total share capital of the Company as of December 31, 2025. A total of 1,820,900 restricted Shares had been granted as of August 31, 2022, and there are currently no restricted shares available for grant.

The maximum number of A-share restricted shares issuable under the 2023 Restricted Share Incentive Plan is 2,100,000 Shares, representing 0.23% of the total share capital of the Company as of December 31, 2025. A total of 2,061,600 restricted Shares had been granted as of September 20, 2023, and there are currently no restricted shares available for grant.

(d) *Maximum entitlements that may be granted*

Under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, the total number of Shares granted to any participant under all effective equity incentive plans of the Company does not exceed 1% of the Company's total share capital.

(e) *Lock-up and vesting arrangements*

The 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan shall take effect from the date of completion of the grant of restricted shares thereunder and shall remain valid until the restricted shares granted under the plan are fully vested or have been repurchased and cancelled, provided that the term of the Restricted Share Incentive Plan shall not exceed 60 months.

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Regarding the 2022 initial grant of restricted shares under the 2022 Restricted Share Incentive Plan, the restricted shares shall be released from lock-up after the lock-up period in accordance with the unlocking schedule set forth in the 2022 Restricted Share Incentive Plan as follows:

- (i) 30% may be released in tranches during the period commencing from the first trading day after the expiry of 12 months from the date of grant and ending on the last trading day upon the expiry of 24 months from the date of grant;
- (ii) 30% may be released in tranches during the period commencing from the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day upon the expiry of 36 months from the date of grant; and
- (iii) 40% may be released in tranches during the period commencing from the first trading day after the expiry of 36 months from the date of grant and ending on the last trading day upon the expiry of 48 months from the date of grant.

Regarding the 2022 reserved restricted shares under the 2022 Restricted Share Incentive Plan, if the grant and registration of 2022 reserved restricted shares were completed in 2022, its unlocking schedule shall be consistent with that of the 2022 initial grant of restricted shares as set out above. If the grant and registration of such shares were completed in 2023, the unlocking schedule shall be as set out in the 2022 Restricted Share Incentive Plan:

- (i) 50% may be released in tranches during the period commencing from the first trading day after the expiry of 12 months from the date of grant and ending on the last trading day upon the expiry of 24 months from the date of grant; and
- (ii) 50% may be released in tranches during the period commencing from the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day upon the expiry of 36 months from the date of grant.

Under the 2023 Restricted Share Incentive Plan, the restricted shares shall be released from lock-up after the lock-up period in accordance with the unlocking schedule set forth in the 2023 Restricted Share Incentive Plan as follows:

- (i) 30% may be released in tranches during the period commencing from the first trading day after the expiry of 12 months from the date of grant and ending on the last trading day upon the expiry of 24 months from the date of grant;
- (ii) 30% may be released in tranches during the period commencing from the first trading day after the expiry of 24 months from the date of grant and ending on the last trading day upon the expiry of 36 months from the date of grant; and
- (iii) 40% may be released in tranches during the period commencing from the first trading day after the expiry of 36 months from the date of grant and ending on the last trading day upon the expiry of 48 months from the date of grant.

(f) *Consideration for restricted shares granted*

Upon the grant of restricted shares, the participants are required to pay the subscription funds for the restricted shares at the grant price into the designated account of the Company, which shall be verified by a certified public accountant; otherwise, the participant shall be deemed to have waived the subscription of the restricted shares so granted.

Upon the unlocking of the restricted shares under the Restricted Share Incentive Plan, participants are not required to pay any consideration.

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(g) *Determination of the grant price*

Each grantee shall, upon satisfaction of all conditions attached to the relevant restricted shares, pay the grant price to purchase A Shares from the Company. The grant price payable per restricted share shall not be lower than the par value per A Share and, in principle, shall not be less than the following (as applicable):

(i) Regarding the 2022 Restricted Share Incentive Plan:

- For the 2022 initial grant of restricted shares, (i) 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan; and (ii) 50% of the average trading price of the A Shares over the 20 trading days immediately preceding the announcement of the draft plan (whichever is higher);
- For the 2022 reserved restricted shares, (i) 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the Board resolution approving the grant of the reserved restricted shares; and (ii) 50% of the average trading price of the A Shares over the 20, 60 or 120 trading days immediately preceding the announcement of the Board resolution approving the grant of the reserved restricted shares (whichever is higher); and

(ii) Regarding the 2023 Restricted Share Incentive Plan: (i) 50% of the average trading price of the A Shares on the trading day immediately preceding the announcement of the draft plan; and (ii) 50% of the average trading price of the A Shares over the 120 trading days immediately preceding the announcement of the draft plan (whichever is higher).

In 2025, the implementation progress of the 2023 Restricted Share Incentive Plan was as follows:

On February 12, 2025, as verified and confirmed by the Shenzhen Branch of CSDC, the Company completed the repurchase and cancellation of some restricted shares under the 2023 Restricted Share Incentive Plan, involving 230 incentive objects, and the number of repurchased and canceled restricted shares was 251,290 shares.

On December 29, 2025, as verified and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed the repurchase and cancellation of some restricted shares under the 2023 Restricted Share Incentive Plan, involving 610,730 restricted shares of 213 incentive objects. Upon the completion of this repurchase and cancellation, all restricted shares granted under the 2023 Restricted Share Incentive Plan have been unlocked or repurchased and canceled by the Company.

Since the aforementioned equity incentive plan does not involve the granting of any restricted shares by the Company after the listing of its H shares, its terms are not subject to the provisions of Chapter 17 of the Listing Rules.

Equity incentives granted to directors and senior management

☒ Applicable ☐ Not applicable

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Unit: Shares

Names and categories of participants	Number of restricted shares held at the beginning of the period (share)	Number of shares vested during the reporting period (share)	Number of shares cancelled during the reporting period (share)	Grant price of restricted shares (RMB/share)	Number of restricted shares held at the end of the period (share)	Grant (Completion) date	Validity period
Director							
Xu Ning – 2023 Restricted Share Incentive Plan	109,447	0	55,567	RMB11.13/share	53,880	September 20, 2023	September 20, 2023 to September 19, 2028, or the date of completion of the repurchase and cancellation of the remaining restricted shares, whichever is earlier
Non-director employees							
2022 Restricted Share Incentive Plan	858,670	0	858,670	RMB11.82/share	0	August 31, 2022	August 31, 2022 to December 29, 2025
2023 Restricted Share Incentive Plan	1,435,373	0	806,453	RMB11.13/share	628,920	September 20, 2023	September 20, 2023 to September 19, 2028, or the date of completion of the repurchase and cancellation of the remaining restricted shares, whichever is earlier
The five highest-paid individuals during the Reporting Period (in total)							
2022 Restricted Share Incentive Plan	46,810	0	46,810	RMB11.82/share	0	August 31, 2022	August 31, 2022 to December 29, 2025
2023 Restricted Share Incentive Plan	68,248	0	32,328	RMB11.13/share	35,920	September 20, 2023	September 20, 2023 to September 19, 2028, or the date of completion of the repurchase and cancellation of the remaining restricted shares, whichever is earlier

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Appraisal mechanism and incentives for senior management

The senior management of the Company is appointed by the Board of Directors of the Company. The relevant appointment procedures are open and transparent, complying with the requirements of laws and regulations. The Company has formulated the Remuneration System for Directors and Senior Management. The Remuneration and Appraisal Committee of the Board of Directors is the specialized agency for determining the remuneration plans of the Company's senior management and responsible for remuneration management, appraisal, and supervision. The above Remuneration System of the Company follows the principles of: competitiveness, remuneration determined by position, linkage with performance, combination of short-term and long-term incentives, and combination of incentive and constraint. The performance bonus of the Company's senior management is linked to the Company's business objectives, and the Remuneration and Appraisal Committee of the Board of Directors conducts appraisals based on the Company's business objectives and actual completion. During the Reporting Period, the Company's senior management strictly performed their duties in accordance with the Company Law, the Articles of Association, and relevant laws, regulations, and internal rules and regulations of the Company, and successfully completed the various tasks for the current year.

2. Implementation of Employee Stock Ownership Plans

☐ Applicable ☒ Not applicable

3. Other Employee Incentive Measures

☐ Applicable ☒ Not applicable

XVIII. RISK MANAGEMENT AND DEVELOPMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Risk Management and Internal Control

We have established a comprehensive risk management and internal control system to facilitate compliance, operational efficiency, and financial integrity. Our risk management policies cover various critical aspects of our operations, including financial reporting, information system and data security, compliance, intellectual property, capital management, audit mechanisms and human resources management. Our Board of Directors is responsible for overseeing risk management and internal controls to ensure they are adequate, effective and aligned with our strategic objectives. Our senior management is responsible for overseeing the daily implementation of these internal control procedures to ensure compliance across all subsidiaries and functional departments. We also conduct periodic reviews of our policies and procedures to mitigate risks and ensure compliance with regulatory requirements and business objectives.

Risk Management System

To ensure the effective implementation of risk management, we have established a comprehensive and hierarchical risk management system, which the Board of Directors considers appropriate and effective:

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(1) Financial Reporting Risk Management

We maintain stringent controls over financial reporting to ensure accuracy, completeness and compliance with applicable accounting standards and regulatory requirements. To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation. Our financial reporting processes are designed to prevent material misstatements and ensure timely disclosure. We have implemented a multi-level review mechanism for financial statements, including segregation of duties, approval hierarchies and automated accounting systems such as SAP, to enhance the integrity of financial data.

To safeguard against fraudulent reporting, our finance department conducts regular internal audits and independent external audits to assess financial reporting risks. Our finance department evaluates financial controls, monitors compliance with accounting policies, and ensures transparency in financial disclosures. Additionally, we have employed advanced data security measures to protect financial data from unauthorized access and cyber threats.

(2) Information System and Data Security Risk Management

To safeguard against data breaches and loss, we have implemented a structured IT governance framework to manage cybersecurity risks, data privacy and system reliability. Our core business systems include SAP, PLM, CRM, SRM, JIRA and MES, which are integrated to ensure seamless data flow and operational efficiency. Our data protection policies are designed to prevent unauthorized access and ensure the security of our sensitive information.

We have enforced stringent access controls, including role-based permissions and regular audits of system usage. To mitigate cybersecurity risks, we conduct periodic security assessments, implement multi-factor authentication, and ensure timely updates to software and security protocols. Data encryption and regular backup procedures are in place to prevent data breaches and ensure business continuity in case of system failures or cyber incidents.

(3) Compliance Risk Management

We have implemented stringent internal procedures to facilitate the compliance of our operations with relevant laws and regulations. Our legal team is responsible for monitoring changes in regulatory frameworks and implementing necessary adjustments to our policies and procedures. We would conduct comprehensive due diligence before entering into contracts with customers, suppliers and third parties. Our compliance risk management framework includes regular training programs, internal audits and monitoring mechanisms to ensure adherence to relevant laws and corporate policies. We conduct regular compliance training programs to enhance employees' awareness of regulatory obligations and ethical standards. We have also established an internal reporting mechanism that allows employees to report potential compliance violations anonymously. Our compliance team would evaluate reported cases and take corrective actions as necessary to prevent compliance breaches.

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(4) Intellectual Property Risk Management

We have established a robust intellectual property management system and implemented various internal policies to safeguard proprietary technologies, patents, trade secrets, trademarks and copyrights. We have developed and implemented structured policies for patent applications and maintenance to secure and safeguard our innovations. We would conduct regular intellectual property searches to assess potential infringement risks and ensure compliance with intellectual property laws. We would require employees handling sensitive information to sign confidentiality agreements and non-compete clauses to protect our proprietary technologies.

We have established a dedicated legal team responsible for monitoring potential intellectual property disputes and taking necessary legal action to enforce our rights. We continuously review and enhance our intellectual property policies to strengthen protection of our technology assets and maintain our competitive edge.

(5) Treasury Management and Investment Risk Management

We have implemented stringent policies for managing corporate funds to improve liquidity, optimize capital allocation and mitigate financial risks. Our capital management framework is designed to ensure efficient use of funds while maintaining financial stability.

We have established a centralized cash management system to optimize cash flow and ensure efficient allocation of funds. We have implemented rigorous approval procedures for capital expenditures, investments and financial transactions to strengthen financial oversight and promote the compliance of our financial transactions with internal policies and regulatory requirements. We conduct regular audits and reconciliations to safeguard corporate funds and prevent financial irregularities. We also actively manage foreign exchange risks through hedging strategies to minimize exposure to exchange rate fluctuations.

(6) Human Resources Risk Management

We recognize that human capital is fundamental to our success and have implemented a structured HR management framework to support talent acquisition, employee development, performance evaluation, training work ethics, and compliance with labor laws.

We have established a digital HR management system to streamline recruitment, payroll and performance assessments, improving the efficiency and accuracy of HR management. We have developed and implemented structured recruitment and assessment processes to ensure talent remains aligned with the Company's objectives. We conduct performance evaluations on a regular basis, with remuneration tied to performance outcomes. We also provide employees with regular training on ethics, compliance, cybersecurity and technical skills to enhance their capabilities. Our legal team also closely monitors the implementation of internal risk management policies to address potential noncompliance with our code of conduct, work ethics, or internal policies. We have formulated HR policies in accordance with national laws and regulations to ensure compliant operations. We regularly update our policies to reflect changes in laws and regulatory requirements (such as statutory holidays), ensuring our management practices remain aligned with national standards.

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(7) Internal Audit

We have established an Audit Department which, under the guidance of the Audit Committee of the Board of Directors, exercises its audit authority independently and is not subject to interference from any other departments or individuals. Additionally, the Company's Internal Audit System (《內部審計制度》) clearly defines the responsibilities and authorities of the internal audit function and other internal departments in the context of internal oversight, and standardizes the procedures and requirements for internal oversight. Aligned with the Company's overall objectives, the Audit Department adjusts its audit priorities with a focus on risks and identified issues, and conducts audits in accordance with compliance and internal control management requirements. For issues identified during supervision and inspections, the Audit Department promptly sets out management and control requirements and urges relevant departments to implement corrective actions in a timely manner, while conducting regular follow-up reviews of remediation results, so as to strengthen our internal controls and ensure compliant and well-regulated operations. During the Reporting Period, the Audit Department diligently fulfilled its audit oversight responsibilities. By combining ongoing supervision and inspection with targeted inspections, it supervised and assessed the soundness, reasonableness and effectiveness of our internal control systems, effectively preventing operational risks and enhancing overall management efficiency and standards of compliant operations.

Insider Information Disclosure Policy

We have formulated and implemented the Registration and Management System for Persons with Access to Insider Information (《內幕信息知情人登記管理制度》), which provides that: (a) prior to disclosure, the Company, relevant information disclosure obligors and other insiders shall restrict access to such information to the minimum necessary, and shall not disclose any material non-public information, engage in insider dealing, or assist others in manipulating the trading price of the Company's shares or related derivatives; and (b) without the approval of the Board of Directors, no department or individual of the Company may disclose, report or transmit any insider information or information subject to disclosure to external parties, and any documents for external release or transmission must be reviewed and approved by the Board Secretary.

Our Information Disclosure Management System (《信息披露管理制度》) further specifies that: (i) any shareholder holding more than 5% of the Company's shares or the actual controller shall, in the event of any material change in its shareholding or control over the Company, promptly notify the Board of Directors and cooperate with the Company in fulfilling its information disclosure obligations; and (ii) the Company's directors, senior management, and other personnel who, by virtue of their roles, have access to information subject to disclosure shall bear strict confidentiality obligations with respect to any undisclosed information that may have a significant impact on the price of the Company's shares.

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Internal Control Construction and Implementation

The Company determines the main units, businesses, matters, and high-risk areas included in the evaluation scope based on the risk-oriented principle. Main units included in the evaluation scope include the Company and its holding subsidiaries. Main businesses and matters included in the evaluation scope include: corporate governance, organizational structure, human resources, corporate culture, social responsibility, fund activities, procurement business, asset management, sales business, research and development, outsourced processing, financial reporting, information systems, internal audit, etc. Key areas of focus mainly include sales business, procurement business, outsourced processing business, and research and development business.

(I) Corporate Governance and Organizational Structure

The Company strictly follows the requirements of the Company Law, the Articles of Association, and other relevant laws and regulations for listed companies, continuously improves its corporate governance structure, and has established a corporate governance structure of general meetings, the Board of Directors, and the General Manager. It carries out work in accordance with the Articles of Association and rules of procedure, forming a working mechanism of scientific division of labor, respective responsibilities, and mutual coordination, ensuring that the Company's decision-making, execution, and supervision are standardized and effective. The Board of Directors has set up four specialized committees: the Strategy and Investment Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Audit Committee. Within the scope of the Articles of Association and rules for work implementation, each committee operates well and effectively performs its duties, providing professional support for the Board of Directors' decision-making. In accordance with its development strategies, business, and process needs, the Company has established and improved internal management and internal control systems to further standardize operations and continuously improve the level of corporate governance. It regularly evaluates the setting and operation efficiency and effectiveness of the organizational structure and adjusts it according to relevant processes when necessary to ensure that the organizational structure is reasonably set and operates efficiently.

(II) Human Resources

The Company attaches great importance to the development and construction of human resources. "Contributor-based" philosophy is the Company's persistent attitude towards employees. The Company always believes that contributors are the main body of Fibocom's value creation and the most valuable wealth of Fibocom. Based on its strategic and business objectives, the Company continuously optimizes its organizational form and builds organizational capability. Through different modules of recruitment, cadre management, and talent cultivation, organizational capability is comprehensively enhanced; through remuneration performance and culture construction, organizational motivation is enhanced. The Company re-established the leadership development system this year, carried out

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leadership, general capability, and professional talent cultivation work and system construction to respond to business cultivation needs and help long-term development of talents; it set up the “Feiying Plan,” “Qingyun Plan,” “Xingyun Plan,” and “Lingyun Plan” to improve the comprehensive capability of talents and support sustainable development of the Company; it continued to optimize the HR three-pillar architecture, focused on the all-round construction of HR organizational capability, built a highland for talent management, and constructed an efficient E-HR system to provide a solid backup for HR digital reform and comprehensively enhance talent management efficiency. At the same time, the Company attaches great importance to employee quality, taking professional ethics and professional competence as important standards for selecting and employing employees, and actively promoting the performance appraisal system. The Company’s strategic goals are decomposed from top to bottom and reflected in the form of performance goals, ensuring the realization of the Company’s strategic goals.

(III) Corporate Culture

Corporate culture is the soul of an enterprise and an inexhaustible driving force for enterprise development. The Company adheres to the core values of “customer-oriented, contributor-based, mutual trust and synergy, innovation and enterprising” to better support business development, inspire every Fibocommer to become a continuous contributor on the Company’s platform, climb up together, and create value for customers and society; it adheres to the mission and vision of “building the foundation of the digital world, enriching wisdom life, and being a trustworthy enterprise,” and is committed to popularizing reliable, convenient, safe, and intelligent wireless communication solutions to every IoT scene, bringing perfect wireless experience to users, enriching wisdom life, taking root in the industry, creating value, and continuously winning the trust of customers, employees, shareholders, and society. Closely focusing on the Company’s core strategy and core competitiveness, the Company does what it should do and does not do what it should not do, focuses on IoT, promotes the development of the IoT industry, develops together with employees, shares benefits, and adheres to deep business and customer first; being a struggling Fibocommer, adhering to synergy and cooperation, mutual respect and trust, and continuous innovation, and striving to realize the mission and vision of the Company.

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(IV) Social Responsibility

The Company always focuses on the coordinated development of the enterprise with society and environment. While striving to create profits and being responsible for shareholders' interests, the Company actively fulfills social responsibilities and participates in social public welfare undertakings. Through campus practice teaching, teacher-student internship cooperation, and school-enterprise cooperative competitions, the Company builds a comprehensive and systematic understanding of the IoT industry and communication modules for students, and enables students to understand the requirements of leading industry enterprises for the capabilities and quality of college graduates in advance. As a vice-president unit of the Council of Shenzhen Nanshan Charity Association, the Company established the "Shenzhen Nanshan Charity Association • Fibocom Fund" in accordance with the Management Measures for Specialized Funds of Shenzhen Nanshan Charity Association. Focusing on the fields of educational support, public welfare assistance, and social care, the fund has continuously carried out various forms of public welfare activities; established the "Fibocom Pearl Class" in Guangxi to help poor students complete their studies; and established the "Fibocom Employee Mutual Aid Fund" to help employees respond to emergencies and enhance employee cohesion. In terms of environmental protection, the Company actively responds to the national "carbon neutrality" strategy, uses innovative designs to reduce product energy consumption, and optimizes production processes to effectively reduce carbon emissions. Through the professional promotion of ISO9001, ISO14001, ISO45001, ISO27001, CNAS ISO17025, and IEC62443-4-1 systems, and taking list management as a handle, the Company promotes long-term stable development in quality management, environmental protection, occupational health and safety, information security, laboratory management, and network security.

(V) Fund Activities

The Company has established strict authorization and approval procedures for the use and storage of monetary funds. Through the requirements of systems such as the Monetary Fund Management Standards, Entrusted Wealth Management System, Management System for Providing External Financial Assistance, and Foreign Exchange Hedging Business Management System, and focusing on business such as fund settlement, financing, foreign exchange, and wealth management, the Company adopts the "principle of centralized management and unified deployment" and "principle of budget control" to improve the Company's fund utilization efficiency, and effectively controls and manages fund use. The Company continuously optimizes the fund management process, continuously enhances financial operation efficiency, strengthens internal control, and ensures the compliance and safety of fund use. Through the separation of incompatible positions and monitoring of the execution process, the Company regularly or irregularly inspects and evaluates fund activities, prevents and controls fund risks, and strengthens safety management of the Company's monetary funds.

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In accordance with regulatory requirements and the internal Raised Fund Management System, the Company clarifies management requirements for storage, use, approval procedures, changes, and supervision of raised funds to ensure that raised funds are used for specific purposes. The Company's Audit Department regularly audits the use of raised funds to prevent risks in the use of raised funds. At the same time, external sponsoring institutions regularly check the storage and use of raised funds to ensure the safety of raised funds.

(VI) Procurement Business

The Company has reasonably planned and established institutions and positions for procurement business, and formulated a series of systems for procurement business management and supplier management. This year, the Company established a Procurement Process Committee, focusing on end-to-end review and optimization from the perspective of process, to promote standardized management of procurement business. At the same time, based on the principle of separation of demand, procurement, acceptance, and request for payment, the Company has built a systematic independent process and system to promote informatization of the procurement process and improve procurement efficiency. In terms of supplier management, a supplier entry and evaluation mechanism has been established; in terms of procurement acceptance, management requirements of the Company are strictly implemented for the acceptance of incoming materials; in terms of procurement payment, different procurement payment approval processes are implemented for different procurement amounts, and payments are executed in accordance with the relevant terms and conditions of procurement agreements. To ensure the accuracy of accounts payable records, the Procurement Department and the Finance Department check the balances of accounts payable every month, forming a mutual supervision mechanism and regularly reconciling with suppliers to prevent fraud risks. Through standardized management of procurement business and suppliers, while reducing procurement risks, the Company forms a benign interaction mechanism with suppliers and a benign competition mechanism for suppliers, promoting sustainable development of the supply chain.

(VII) Asset Management

Through asset management related systems, the Company clarifies the responsibilities of asset management and use departments, and standardizes asset management processes. In terms of asset purchase management, demand personnel or asset administrators of designated management departments submit asset purchase applications based on business development and implement the asset application approval process; in terms of asset inventory management, the Company regularly inventories assets to ensure that accounts match physical assets; in terms of asset disposal management, asset administrators of designated management departments prepare disposal opinions for scrapped or idle assets, and implement corresponding disposal after approval by authorized persons. At the same time, the Company attaches importance to the management of intangible assets such as trademarks and patents, and continuously invests in research and development to maintain the competitiveness of core technologies.

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(VIII) Sales Business

The Company has formulated a series of sales-related systems to standardize and manage sales-related credit policies, channel management, pricing principles, order management, payment methods, and business audit authorization. This year, the LTC process was reconstructed, and standard systems for sales-related clues, business opportunities, contract execution, customer relations, and channel management were updated to build efficient marketing competitiveness. By reasonably setting up institutions and positions for sales and collection business, the Company has established complete control procedures for sales and collection, strengthened control over links such as contract signing, review, shipping, and collection, blocked loopholes in sales links, and reduced risks in sales and collection links through appropriate separation of duties and authorization approval. At the same time, the Company comprehensively evaluates customer risk and fully utilizes credit insurance companies to transfer collection risks. The Company attaches importance to customer service quality, implements customer satisfaction surveys, adopts a customer management system, responds to problems raised by customers in a timely manner through process review and operation guidance, and continuously improves customer satisfaction and loyalty; the Company continuously strengthens brand construction and marketing management services to enhance its reputation in the market and industry influence.

(IX) Research and Development

The Company focuses on innovative research and development, actively integrates resources, and continuously develops and uses new technologies to optimize the research and development system, including project initiation, implementation, completion, acceptance, maintenance, as well as project life cycle management, project accounting, project expenses, etc. In order to standardize research and development project management, improve research and development efficiency, and reduce project risk, the Company's PDT team focuses on product management. Adopting a "heavy matrix structure" mode, it ensures efficient communication, coordination, and decision-making during the entire product life cycle of product development, design, testing, and production manufacturing, and is responsible for product success; and it continues to deepen the research and development management system centered on IPD, strengthens research and development process management, and standardizes research and development behavior, improving and ensuring research and development quality through process solidification. At the same time, the Company attaches great importance to the protection of intellectual property rights and research and development results, continuously improves patent approval processes and intellectual property management related systems, protects the Company's intellectual property rights, continuously utilizes intellectual property advantages, forms a continuous innovation mechanism, and enhances the Company's core competitiveness.

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(X) Outsourced Processing

The Company adopts a production model of outsourced processing, outsourcing production links to external manufacturers with scientific management technology and advanced equipment, and has signed documents such as outsourced processing agreements, quality assurance agreements, confidentiality agreements, and anti-commercial bribery agreements to ensure continuous and stable delivery of the Company's products. The Company actively promotes the use of advanced equipment and automated production lines, adopts the MES system, and achieves controllable, visible, and traceable visualized digital control of the production process. In addition, the Company arranges resident personnel to be stationed at external factories for a long time, responsible for controlling links such as planned production scheduling, quality assurance, and work order management, handling related emergencies in a timely and effective manner, improving production efficiency and quality, reducing time costs, and ensuring that the Company's product quality and production delivery remain stable.

(XI) Financial Reporting

The Company attaches great importance to the truthfulness and completeness of financial report data. To avoid false information and major omissions in financial reports, it has strictly controlled and managed the links of the Company's accounting, financial report preparation, review, and disclosure, so that the division of labor of accounting personnel is clear, responsibilities are clear, and they restrict each other. The Company applies the SAP system to the field of accounting to improve the completeness, accuracy, and timeliness of accounting information, and has formulated corresponding control procedures to ensure the safe operation of the system, and taken necessary protective measures for network security, to achieve standardized financial management, improve work efficiency, and output financial-related reports to the management and other stakeholders in a timely manner.

(XII) Information Systems

The Company's current information systems mainly include OA/CRM/SAP/PLM/JIRA/MES/SRM, etc. Based on factors such as organizational structure, business scope, and technical capability, the Company has formulated an overall plan for information system construction, continuously updated related management systems, clarified operation processes for software management, server management, information system management, and internet behavior management, and standardized behaviors such as password use, operating system use, and data and document use. At the same time, the Company strengthens the access authority management of application systems, regularly performs information backup and authority checks, and regularly updates software and prevents viruses to ensure the normal and effective operation of application systems.

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(XIII) Internal Audit

The Company has established an Audit Department, which, under the guidance of the Audit Committee of the Board of Directors, independently exercises audit powers and is not interfered with by other departments and individuals. At the same time, the Company's Internal Audit System clarifies the responsibilities and powers of the internal audit institution and other internal institutions in internal supervision, and standardizes the procedures and requirements of internal supervision. The Audit Department adjusts audit focus based on the Company's overall goals and risk and problem orientation, and carries out audit work according to compliance and internal control management requirements. For problems found during supervision and inspection, the Audit Department will timely put forward management control requirements and urge relevant departments to rectify them in a timely manner, and regularly track and check the rectification results to strengthen internal control and ensure standardized operations of the Company. During the Reporting Period, the Company's Audit Department conscientiously performed its audit supervision duties. Through a combination of continuous supervision and inspection and special supervision and inspection, it supervised and evaluated the soundness, rationality, and effectiveness of the Company's internal control systems, effectively preventing enterprise operation risks and improving the Company's overall management efficiency and standardized operation level.

2. Specific Details of Significant Internal Control Deficiencies Found During the Reporting Period

☐ Yes ☒ No

XIX. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Subsidiary Name	Integration Plan	Integration Progress	Problems	Resolution Measures Taken	Progress of Resolution	Follow-up Resolution Plan
			Encountered during Integration			
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Abnormalities in the management and control of subsidiaries

☐ Yes ☒ No

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XX. INTERNAL CONTROL EVALUATION REPORT AND INTERNAL CONTROL AUDIT REPORT

1. Internal Control Evaluation Report

Disclosure date of the full text of the internal control evaluation report	March 30, 2026
Disclosure index of the full text of the internal control evaluation report	CNINFO (www.cninfo.com.cn)
Proportion of the total assets of units included in the evaluation scope to the total assets in the Company's consolidated financial statements	100.00%
Proportion of the operating income of units included in the evaluation scope to the operating income in the Company's consolidated financial statements	100.00%

Category	Deficiency Identification Standards	
	Financial Reporting	Non-financial Reporting
Qualitative Standards	Significant deficiency: Fraud by directors and senior management causing significant impact; ineffective control environment; ineffective internal supervision; major misstatements found by external audit but not discovered during internal control.	Significant deficiency: Major decisions not executed according to company policy, leading to decision-making errors and significant economic losses; violation of international laws and regulations; leakage of important technical materials or confidential inside information causing major losses or adverse social impact; lack of control systems for important businesses or failure of system; other significant impacts.
	Important deficiency: Lack or failure of important financial control procedures; important misstatements found by external audit but not discovered during internal control; frequent errors in submitted financial reports; other important deficiencies affecting users' correct judgment.	Important deficiency: Not constituting a significant deficiency, but whose severity is lower than significant deficiency and may cause certain losses or impact.
	General deficiency: Internal control deficiencies other than significant and important deficiencies.	General deficiency: Other control deficiencies not constituting significant or important deficiencies.

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Quantitative Standards	Criteria for identifying a Significant deficiency: May result in direct losses greater than or equal to 2% of total assets; accounting errors involving revenue are greater than or equal to 2% of operating revenue; accounting errors involving profit are greater than or equal to 2% of net profit.	Important deficiency: May result in direct losses less than 2% of total assets but greater than or equal to 1% of total assets.	General deficiency: May result in direct losses less than 1% of total assets.	Financial indicators refer to data in the most recent audited consolidated financial statements.
	Criteria for identifying an important defect: accounting errors involving assets are less than 2% but greater than or equal to 1% of operating revenue; accounting errors involving profit are less than 2% but greater than or equal to 1% of net profit.			
	General deficiency: Other deficiencies not reaching significant or important levels.			
	Financial indicators refer to data in the most recent audited consolidated financial statements.			
	Number of significant deficiencies in financial reporting			0
	Number of significant deficiencies in non-financial reporting			0
	Number of important deficiencies in financial reporting			0
	Number of important deficiencies in non-financial reporting			0

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2. Internal Control Audit Report

☒ Applicable ☐ Not applicable

Opinion Paragraph in the Internal Control Audit Report

In our opinion, Fibocom maintained effective internal control over financial reporting in all material respects as of December 31, 2025, in accordance with the Basic Norms for Enterprise Internal Control and related regulations.

Disclosure status of internal control audit report	Disclosed
Disclosure date of the full text of the internal control audit report	March 30, 2026
Disclosure index of the full text of the internal control audit report	CNINFO (www.cninfo.com.cn)
Type of opinion in the internal control audit report	Standard unqualified opinion
Whether there are significant deficiencies in non-financial reporting	No

Whether the accounting firm issued a non-standard opinion internal control audit report

☐ Yes ☒ No

Whether the internal control audit report issued by the accounting firm is consistent with the Board of Directors' self-evaluation report

☒ Yes ☐ No

Whether a non-standard internal control audit opinion was issued in the current Reporting Period or the previous year

☐ Yes ☒ No

XXI. RECTIFICATION OF SELF-INSPECTION PROBLEMS IN THE SPECIAL ACTION FOR CORPORATE GOVERNANCE OF LISTED COMPANIES

Not applicable

XXII. DISCLOSURE OF ENVIRONMENTAL INFORMATION

Whether the Company and its major subsidiaries are included in the list of enterprises subject to mandatory disclosure of environmental information

☐ Yes ☒ No

XXIII. SOCIAL RESPONSIBILITY

The Company always focuses on the coordinated development of the enterprise with society and environment, actively fulfills social responsibilities, and participates in social public welfare. For specific details of the Company's social responsibility, please refer to the 2025 Environmental, Social, and Governance (ESG) Report of the Company.

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XXIV. CONSOLIDATION AND EXPANSION OF POVERTY ALLEVIATION RESULTS AND RURAL REVITALIZATION

During the Reporting Period, the Company did not carry out work on poverty alleviation or rural revitalization.

XXV. OTHER MATTERS

Material Contracts

During the Reporting Period, neither the Company nor any of its subsidiaries had entered into any material contracts with the controlling shareholder or its subsidiaries, nor were there any material contracts under which the controlling shareholder or its subsidiaries provided services to the Company or its subsidiaries.

Equity-Linked Agreement

The Company did not enter into any equity-linked agreements during the Reporting Period.

Bonds

The Company did not issue any bonds during the Reporting Period.

Undistributed Profits

As at 31 December 2025, details of the Company's undistributed profits are set out in the Note VII.39 to the financial statements.

Off-Balance Sheet Arrangements

As at 31 December 2025, the Company had no material off-balance sheet arrangements.

Currency and Interest Rate Hedging Policy

Foreign Exchange Risk

Our subsidiaries primarily operate in China and the United States, and most transactions are settled in RMB and U.S. dollars. As a result, foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not our functional currency.

The Group does not have a formal currency hedging policy, nor has it entered into any material foreign exchange contracts or derivative instruments to hedge its currency and interest rate risks.

Fixed Assets

The details of changes in the Group's fixed assets during the year ended December 31, 2025, are set out in the Note VII.13 to the financial statements.

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Distributable Reserves

Pursuant to the relevant laws and regulations, the Company's distributable reserves as at December 31, 2025 were RMB1,291,507,019.37 (as at December 31, 2024: RMB1,112,692,792.51).

Bank Loans and Other Loans

The details of the Group's bank loans, financial liabilities at fair value through profit or loss, and other loans are set out in the Note XI.1 to the financial statements.

Debt-to-equity Ratio

The debt-to-equity ratio is calculated as total debt at the end of the period divided by total equity. The total debt comprises short-term borrowings, the current portion of long-term borrowings, and long-term borrowings (all of which are interest-bearing). As at December 31, 2025, the Group's debt-to-equity ratio was 13.74% (as at December 31, 2024: 35.18%).

Taxes

The details of the Group's taxes are set out in the Note VI to the financial statements.

Donations

During the Reporting Period, the Group's total charitable and other donations amounted to approximately RMB3,309,200 (2024: RMB580,000).

Public Float

Rule 8.08(1) of the Hong Kong Listing Rules (as amended and replaced by Rule 19A.13A) provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000. So far as our Directors are aware, all 135,080,200 H Shares to be issued pursuant to the Global Offering, representing approximately 15.04% of our total issued share capital immediately upon Listing (assuming the Over-allotment Option is not exercised and excluding the 2,627,960 A Shares held by the Company as treasury Shares as of the latest practicable date of the Prospectus), will be held by the public and counted towards the public float for the purpose of Rule 19A.13A of the Hong Kong Listing Rules at the time of the Listing. Accordingly, at the time of Listing, we have maintained a sufficient public float as required under Rule 19A.13A(2) of the Listing Rules where at least 10% of the Company's total number of issued shares (excluding the 2,627,960 A Shares held by the Company as treasury shares as of the Listing Date) will be held by the public.

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Immediately upon completion of the Global Offering (before the exercise of any over-allotment option), the Company has maintained a sufficient public float as required under Rule 19A.13A(2) of the Listing Rules where at least 10% of the Company's total number of issued shares (excluding the 2,627,960 A Shares held by the Company as treasury shares as at the date of this report) being held by the public.

Immediately upon full exercise of the over-allotment option, the H Shares held by the public will account for approximately 15% of the Company's total issued share capital, which meets the minimum percentage set forth in Rule 8.08(1) under the Hong Kong Listing Rules (as modified by Rule 19A.13A).

Immediately upon the end of the stabilization period, the Company will continue to follow the minimum public float requirement as set forth in Rule 8.08(1) under the Hong Kong Listing Rules (as modified by Rule 19A.13A).

Based on the publicly available information of the Company as of the latest practicable date prior to the publication of this report and to the best knowledge of the Directors, the Company has maintained the minimum public float requirement as stipulated under Rule 19A.13A of the Hong Kong Listing Rules.

Audit Committee

The Company has established an Audit Committee in accordance with the Corporate Governance Code 《企業管治守則》, and its terms of reference have been clearly defined in writing.

The Audit Committee comprises three independent non-executive Directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including reviewing the Group's consolidated annual financial statements for the year ended December 31, 2025, and has discussed matters relating to risk management and internal controls. The committee considered that the annual results and financial statements were in compliance with the applicable accounting standards and legal requirements, and that adequate disclosure had been made.

The details of the Audit Committee meeting are set out in the section "Situation of Specialized Committees under the Board of Directors during the Reporting Period" of the "SECTION IV. CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY" in this report.

Dividends

During the Reporting Period, there were no arrangements under which any Shareholder waived or agreed to waive any dividends. For details, please refer to the section "Profit Distribution and Capital Reserve to Share Capital Conversion of the Company".

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Material Events after the Reporting Period

1. Pursuant to the resolution passed by the Board of Directors on 30 March 2026, the proposed profit distribution plan for the year 2025 is to distribute a cash dividend of RMB2.34 per 10 shares (tax inclusive) to all shareholders, based on the number of shares eligible for distribution as at the share registration date determined on the announcement date of the implementation of the 2025 profit distribution. As at March 30, 2026, the total number of shares of the Company (excluding treasury shares) was 896,637,884 shares. Based on this, the proposed cash dividend is expected to amount to RMB209,813,264.86. The aforesaid proposal is subject to review and approval at the 2025 annual general meeting.

Except as disclosed above and apart from the aforesaid dividend distribution, there have been no material events affecting the Group from the end of the Reporting Period up to the date of this annual report.

Other Material Events Occurring after the Reporting Period

1. Pursuant to the resolution passed at the extraordinary general meeting of the Company held on March 5, 2026, the 2026 Employee Share Ownership Plan was approved, with the aim of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The 2026 Employee Share Ownership Plan became effective on March 5, 2026. For details, please refer to the circular of the Company dated February 9, 2026.
2. On March 24, 2026, the Company announced that it proposes to acquire the control in Shenzhen Hangsheng Electronics Co., Ltd. by way of cash consideration, with the transaction price and the specific equity acquisition percentage subject to further discussion and negotiation. The transaction is currently at the planning stage, and no relevant agreements have been signed by the parties involved. The specific transaction plan remains subject to further discussion and consultation. There is significant uncertainty as to whether the parties will ultimately reach an agreement and sign the relevant agreements in connection with the transaction.

Section V Important Matters

I. IMPLEMENTATION OF COMMITMENT MATTERS

1. Commitments of the Company's actual controller, shareholders, related parties, acquirers, the Company, and other relevant parties that were fully performed during the Reporting Period or remained outstanding as of the end of the Reporting Period

☒ Applicable ☐ Not applicable

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	The Company	Commitment regarding the truthfulness, accuracy and completeness of information provided	The Company has provided the intermediary agencies providing professional services such as auditing, valuation, legal and financial advisory for this transaction with the documents, materials or oral statements and explanations that are necessary at the current stage of this transaction, all of which are true, accurate, complete and valid, and there is no omission, falsehood or material misstatement. All duplicate materials or copies provided are consistent and in conformity with the original documents or originals. The signatures and seals on the documents and materials provided are genuine, and the statutory procedures required for such signing and sealing have been fulfilled and legal authorization has been obtained, and all statements and explanations are consistent with the facts that occurred. In accordance with the progress of this transaction, the Company will promptly provide relevant information and documents in compliance with laws, regulations, rules, and the relevant provisions of the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange (SZSE), ensuring that the continuously provided information and documents remain true, accurate, complete, and valid. The Company undertakes and guarantees that the information disclosure and application documents for this transaction are true, accurate, complete, and free from false records, misleading statements, or significant omissions, and is willing to assume individual and joint legal liabilities.	July 12, 2021	Long term	Being implemented as stipulated

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Zhang Tianyu, Ying Lingpeng, Xu Ning, Zhang Xuebin, Ye Weiping, Shu Min, Chen Qihua, Sun Xiaojing, Deng Zhongzhong, Chen Shijiang, Wang Hongyan	Commitment regarding the truthfulness, accuracy and completeness of information provided	I have provided the listed company and the intermediary agencies providing professional services such as auditing, valuation, legal and financial advisory for this transaction with the documents, materials or oral statements and explanations that are necessary at the current stage of this transaction, all of which are true, accurate, complete and valid, and there is no omission, falsehood or material misstatement. All duplicate materials or copies provided are consistent and in conformity with the original documents or originals. The signatures and seals on the documents and materials provided are genuine, and the statutory procedures required for such signing and sealing have been fulfilled and legal authorization has been obtained, and all statements and explanations are consistent with the facts that occurred. In accordance with the progress of this transaction, I will promptly provide relevant information and documents in compliance with laws, regulations, rules, and the relevant provisions of the CSRC and the SZSE, ensuring that the continuously provided information and documents remain true, accurate, complete, and valid. I undertake and guarantee that the information disclosure and application documents for this transaction are true, accurate, complete, and free from false records, misleading statements, or significant omissions, and am willing to assume individual and joint legal liabilities. If the information provided or disclosed in this transaction is suspected of containing false records, misleading statements, or significant omissions, and is subject to investigation by judicial authorities or the CSRC, I will not transfer the shares held in the listed company before the conclusion of the investigation is reached. Within two trading days of receiving the notice of investigation, I will submit a written application for suspension of transfer and the stock account to the Board of Directors of the listed company, which will apply to the SZSE and the China Securities Depository and Clearing Corporation Limited (CSDC) for locking on my behalf. If the locking application is not submitted within two trading days, I authorize the Board of Directors to directly report my identity and account information to the SZSE and CSDC for locking after verification. Where the Board of Directors fails to report my identity and account information to the SZSE and CSDC, I authorize the SZSE and CSDC to directly lock the relevant shares. If the investigation concludes that there are illegal or non-compliant circumstances, I undertake to voluntarily use the locked shares for relevant investor compensation arrangements.	July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Rolling Wireless	Commitment regarding the truthfulness, accuracy and completeness of information provided	The company, its subsidiaries, directors, supervisors, and senior management have provided the listed company and the intermediary agencies providing professional services such as auditing, valuation, legal and financial advisory for this transaction with the documents, materials or oral statements and explanations that are necessary at the current stage of this transaction, all of which are true, accurate, complete and valid, and there is no omission, falsehood or material misstatement. All duplicate materials or copies provided are consistent and in conformity with the original documents or originals. The signatures and seals on the documents and materials provided are genuine, and the statutory procedures required for such signing and sealing have been fulfilled and legal authorization has been obtained, and all statements and explanations are consistent with the facts that occurred. In accordance with the progress of this transaction, the company, its subsidiaries, directors, supervisors, and senior management will promptly provide relevant information and documents in compliance with laws, regulations, rules, and the relevant provisions of the CSRC and the SZSE, ensuring that the continuously provided information and documents remain true, accurate, complete, and valid. The company undertakes and guarantees that the information and documents provided for this transaction are true, accurate, complete, and free from false records, misleading statements, or significant omissions, and is willing to assume individual and joint legal liabilities.	July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Shenzhen Qianhai Hongtu M&A Fund Partnership (L.P.), Shenzhen Jianhua Kaiyuan Private Equity Investment Fund Management Co., Ltd., Shenzhen Capital Group Co., Ltd.	Commitment regarding the truthfulness, accuracy and completeness of information provided	The documents, materials, and information provided by the company to the listed company and the intermediaries providing professional services such as auditing, appraisal, legal, and financial advisory for this transaction are true, accurate, and complete, without any concealment, falsity, or significant omissions; all duplicate materials or copies provided are consistent and in conformity with the original documents or originals. The signatures and seals on the documents and materials provided are genuine, and the statutory procedures required for such signing and sealing have been fulfilled and legal authorization has been obtained. In accordance with the progress of this transaction, the company will promptly provide relevant information and documents in compliance with laws, regulations, rules, and the relevant provisions of the CSRC and the SZSE, ensuring that the continuously provided information and documents remain true, accurate, complete, and valid. The company undertakes and guarantees that the information and documents provided for this transaction are true, accurate, complete, and free from false records, misleading statements, or significant omissions, and is willing to assume individual and joint legal liabilities. If the information provided or disclosed in this transaction is suspected of containing false records, misleading statements, or significant omissions, and is subject to investigation by judicial authorities or the CSRC, the company will not transfer the shares held in the listed company before the conclusion of the investigation is reached. Within two trading days of receiving the notice of investigation, the company will submit a written application for suspension of transfer and the stock account to the Board of Directors of the listed company, which will apply to the SZSE and the CSDC for locking on behalf of the company. If the locking application is not submitted within two trading days, the company authorizes the Board of Directors to directly report the company identity and account information to the SZSE and CSDC for locking after verification. Where the Board of Directors fails to report the company identity and account information to the SZSE and CSDC, the company authorizes the SZSE and CSDC to directly lock the relevant shares. If the investigation concludes that there are illegal or non-compliant circumstances, the company undertakes to voluntarily use the locked shares for relevant investor compensation arrangements.	July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Shenzhen Jianhua Kaiyuan Private Equity Investment Fund Management Co., Ltd., Shenzhen Capital Group Co., Ltd.	Commitment Letter Regarding the Ownership of the Equity Interest in the Target Company	1. The company has fulfilled its capital contribution obligations to the Target Company in accordance with the law, and all capital contributions have been fully paid without any false capital contributions or withdrawals. The company guarantees that the Target Company has obtained all necessary approvals, consents, authorizations, and permits for its establishment, previous equity changes, and current business operations, and all such approvals, consents, authorizations, and permits are legal, valid, and will not become invalid or be revoked for any reason or cause. 2. As a shareholder of the Target Company, the company legally holds the equity of the Target Company without any defects or disputes in terms of shareholder qualifications. The company holds full and legal ownership of the equity held in the Target Company, with clear ownership.	July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
		3.	To secure the financing loan applied for by the Target Company from China Merchants Bank and China Merchants Bank Shenzhen Branch for the merger and acquisition transaction involving its wholly-owned subsidiary Rolling Wireless (H.K.) Limited and Sierra Wireless, Inc. and its automotive business-related subsidiaries, all equity held by the company in the Target Company has been pledged to China Merchants Bank Shenzhen Branch, and the transfer of equity in the Target Company requires prior written consent from China Merchants Bank and/or China Merchants Bank Shenzhen Branch. In addition, all the equity interests held by the company in the Target Company are not subject to any other pledge, attachment, or other rights restrictions. There are no other interest arrangements that prohibit or restrict the transfer of such equity interests, nor have they been subject to any constraints by law enforcement authorities, such as seizure, attachment, freezing, or property preservation, that restrict the company rights or hinder the transfer of ownership. Furthermore, there are no disputes or controversies over ownership. The company will actively cooperate with the Target Company to obtain written consent from China Merchants Bank and/or China Merchants Bank Shenzhen Branch for the transfer of the target equity interests before the announcement of the significant asset restructuring report related to this transaction. Moreover, the company undertakes to obtain written documents from China Merchants Bank Shenzhen Branch consenting to the release of the pledge on the target equity interests before the application for this transaction is submitted to the SZSE. Additionally, the pledge on the equity interests held by the company in the target company will be released before the application for this transaction is submitted to the SZSE, ensuring that there are no internal decision-making obstacles or substantive legal barriers to the transfer or conveyance of the equity interests held by the company in the Target Company. Furthermore, we guarantee that this situation will persist until the target equity interests are registered under the name of the Listed Company.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
			4. To the best knowledge of the company, the Target Company is a limited liability company duly established and validly existing, without any circumstances specified in laws, administrative regulations, normative documents, or its articles of association that necessitate its termination. There are no circumstances that may prevent the Target Company from conducting normal business operations.			
			5. The funds the company used to acquire the equity interests in the Target Company were derived from the own funds or self-raised funds, and the sources of these funds are legal.			
			6. The company genuinely holds the equity interests in the Target Company, without any trust holding, entrusted holding, beneficial right arrangements, option arrangements, nominee shareholding, or any other arrangements representing the interests of other parties.			
			7. Before the completion of this transaction, our Company guarantees that no new third-party rights, such as mortgages or pledges, will be established on the equity interests held by the company in the Target Company.			
			8. Except as stated in this Commitment Letter, the company guarantees that there are no restrictive clauses in the Target Company's Articles of Association, contracts or agreements to which the company is a party, or contracts, agreements, or other documents signed among the shareholders of the Target Company that impede the transfer of the equity interests held by the company in the Target Company.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Shenzhen Qianhai Hongtu M&A Fund Partnership (L.P.)	Commitment Letter Regarding the Ownership of the Equity Interest in the Target Company	1. The company has fulfilled its capital contribution obligations to the Target Company in accordance with the law, and all capital contributions have been fully paid without any false capital contributions or withdrawals. The company guarantees that the Target Company has obtained all necessary approvals, consents, authorizations, and permits for its establishment, previous equity changes, and current business operations, and all such approvals, consents, authorizations, and permits are legal, valid, and will not become invalid or be revoked for any reason or cause.	July 12, 2021	Long term	Being implemented as stipulated
			2. As a shareholder of the Target Company, the company legally holds the equity of the Target Company without any defects or disputes in terms of shareholder qualifications. The company holds full and legal ownership and disposition rights over the equity held in the Target Company, with clear ownership.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
			3. The Target Company has applied for financing loans from China Merchants Bank and China Merchants Bank Shenzhen Branch for the acquisition transaction involving its wholly-owned subsidiary, Rolling Wireless (H.K.) Limited, and Sierra Wireless, Inc., and its automotive business-related subsidiaries. The transfer of equity interests in the Target Company requires prior written consent from China Merchants Bank and/or China Merchants Bank Shenzhen Branch. In addition, all equity interests held by the company in the Target Company are not subject to any pledge, attachment, or other right restrictions. There are no other interest arrangements that prohibit or restrict the transfer of such equity interests, nor have they been subject to any constraints by law enforcement authorities, such as seizure, attachment, freezing, or property preservation, that restrict the company's rights or hinder the transfer of ownership. Furthermore, there are no disputes or controversies over ownership. The company will actively cooperate with the Target Company to obtain written consent from China Merchants Bank and/or China Merchants Bank Shenzhen Branch for the transfer of the target equity interests before the announcement of the major asset restructuring report related to this transaction, ensuring that there are no internal decision-making obstacles or substantive legal barriers to the transfer or conveyance of the equity interests held by the company in the Target Company. Furthermore, the company guarantees that this situation will persist until the target equity interests are registered under the name of the listed company. 4. To the best knowledge of the Company, the Target Company is a limited liability company duly established and validly existing, without any circumstances specified in laws, administrative regulations, normative documents, or its articles of association that necessitate its termination. There are no circumstances that may prevent the Target Company from conducting normal business operations.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
			5. The funds the company used to acquire the equity interests in the Target Company were derived from the company own funds or self-raised funds, and the sources of these funds are legal.			
			6. The company genuinely holds the equity interests in the Target Company, without any trust holding, entrusted holding, beneficial right arrangements, option arrangements, nominee shareholding, or any other arrangements representing the interests of other parties.			
			7. Before the completion of this transaction, the company guarantees that no third-party rights, such as mortgages or pledges, will be established on the equity interests held by the company in the Target Company.			
			8. Except as stated in this Commitment Letter, the company guarantees that there are no restrictive clauses in the Target Company's Articles of Association, contracts or agreements to which the company is a party, or contracts, agreements, or other documents signed among the shareholders of the Target Company that impede the transfer of the equity interests held by the company in the Target Company.			
			1. Prior to this transaction, the listed company has established a sound corporate governance structure and an independently operated corporate management system in accordance with the requirements of the Company Law (《公司法》), the Securities Law (《證券法》), and the CSRC. I guarantee that the listed company will maintain independence from me and other enterprises controlled by me in terms of business, assets, institutions, personnel, and finances, and that the listed company possesses independence in these aspects;			
Commitments made in connection with asset restructuring	Zhang Tianyu	Commitment Letter Regarding the Maintenance of the Independence of the Listed Company		July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Zhang Tianyu	Commitment Letter Regarding the Avoidance of Horizontal Competition	2. After the completion of this transaction, I and other enterprises controlled by me will not use our identities as controlling shareholders of the listed company to affect its independence and legitimate interests. We will continue to adhere to the principle of separating the listed company from us in terms of business, assets, institutions, personnel, and finances and strictly comply with the CSRC's regulations regarding the independence of listed companies. We will not illegally use the listed company to provide guarantees for me or enterprises controlled by me, nor will we illegally occupy the listed company's funds or assets, maintaining and safeguarding the independence of the listed company and protecting the legitimate rights and interests of its other shareholders;	July 12, 2021	Long term	Being implemented as stipulated
			3. This transaction will not adversely affect the corporate governance structure of the listed company. After the completion of this transaction, I will fully leverage my positive role as the controlling shareholder to assist the listed company in further strengthening and improving its governance structure;			
			4. If I violate the above undertakings, I will bear corresponding legal responsibilities in accordance with the law.			
			1. Neither I nor enterprises directly or indirectly controlled by me (excluding the listed company and enterprises directly or indirectly controlled by it ("the listed company and its subsidiaries"), hereinafter the same) are currently engaged in, nor will we engage in after the completion of this transaction, businesses that are identical, similar, or otherwise competitive with those of the listed company and its subsidiaries.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
			2. I guarantee that neither I nor enterprises directly or indirectly controlled by me will directly or indirectly engage in business activities that compete or pose a competitive threat to the principal businesses or products of the listed company and its subsidiaries in any form, including but not limited to establishing, jointly establishing, cooperating, forming a consortium, investing, acquiring, merging, or entrusting the operation of companies, enterprises, or other economic organizations whose principal businesses or products are identical or similar to those of the listed company, either independently or with others.			
			3. If I or enterprises directly or indirectly controlled by me obtain any business opportunities that compete or may compete with the principal businesses or products of the listed company, I will immediately notify the listed company and facilitate the provision of such business opportunities to the listed company and its subsidiaries on reasonable and fair terms and conditions on a priority basis.			
			4. Regarding the normal business operations of the listed company, I guarantee that I will not use my position of actual control over the listed company to harm the interests of the listed company and its other shareholders.			
			5. If I violate the above undertakings, I will bear corresponding legal responsibilities in accordance with the law.			
			1. I and enterprises directly or indirectly controlled by me (excluding the listed company and enterprises directly or indirectly controlled by it ("the listed company and its subsidiaries")) will take necessary measures to avoid and minimize related-party transactions with the listed company and its subsidiaries as much as possible.			
Commitments made in connection with asset restructuring	Zhang Tianyu	Commitment Letter Regarding the Regulation and Reduction of Related Party Transaction		July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	The Company	Statement on the Absence of Circumstances Disqualifying Participation in a Major Asset Restructuring of a Listed Company and the Absence of Insider Trading	2. For related-party transactions that cannot be avoided or exist for legitimate reasons within the scope of normal business operations, we will adhere to the principles of openness, fairness, and impartiality, sign agreements in accordance with the law, and conduct transactions with the listed company and its subsidiaries at fair and reasonable market prices, prompting the listed company to fulfill its decision-making procedures and information disclosure obligations in accordance with the provisions of relevant laws, regulations, and normative documents.	July 12, 2021	Long term	Being implemented as stipulated
			3. I guarantee that I will not misappropriate or embezzle the funds, profits, assets, or other resources of the listed company and its subsidiaries by means of borrowing, occupation, or having the listed company advance payments or repay debts on our behalf, nor will I use related-party transactions to harm the legitimate rights and interests of the listed company, its subsidiaries, or its other shareholders.			
			4. If I violate the above undertakings, I will bear corresponding legal responsibilities in accordance with the law.			
			1. The Company does not fall under any circumstances specified in Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Activities Related to Major Asset Restructurings of Listed Companies (《關於加強與上市公司重大資產重組相關股票異常交易監管的暫行規定》) that prohibit participation in any significant asset restructuring of listed companies. Specifically, neither the Company nor institutions controlled by the Company are under investigation or criminal investigation by law enforcement authorities for suspected insider trading related to this transaction, nor have we been subject to administrative penalties by the CSRC or criminal prosecution by judicial authorities for insider trading related to significant asset restructuring in the past 36 months;			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Rolling Wireless	Statement on the Absence of Circumstances Disqualifying Participation in a Major Asset Restructuring of a Listed Company and the Absence of Insider Trading	2. The Company has not illegally disclosed any insider information related to this transaction or illegally used such insider information for insider trading, and we guarantee to take necessary measures to strictly keep confidential the information and materials related to this transaction;	July 12, 2021	Long term	Being implemented as stipulated
			3. If the Company violates the above undertakings, the Company is willing to bear legal responsibilities in accordance with the law.			
			1. The company and the institutions under its control do not fall under any circumstances outlined in Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Activities Related to Major Asset Restructurings of Listed Companies that prohibit participation in any major asset restructuring of listed companies. Specifically, neither our company nor the institutions under its control are under investigation or prosecution for suspected insider trading related to this transaction, nor have they been subject to administrative penalties by the CSRC or criminal prosecution by judicial authorities for insider trading related to major asset restructuring in the past 36 months;			
Commitments made in connection with asset restructuring	Zhang Tianyu, Ying Lingpeng, Xu Ning, Zhang Xuebin, Ye Weiping, Shu Min, Chen Qihua, Sun Xiaojing, Deng Zhongzhong, Chen Shijiang, Wang Hongyan, Gao Ying, Li Xinlin, Jin Qiaoling, Jiang Jiang, Ding Sisheng, Liu Chenchen, Cao Rui, Wang Junfei, Wu Dongxu, Chen Ji	Statement on the Absence of Circumstances Disqualifying Participation in a Major Asset Restructuring of a Listed Company and the Absence of Insider Trading	2. The company has not illegally disclosed any insider information related to this transaction nor engaged in insider trading using such information;	July 12, 2021	Long term	Being implemented as stipulated
			3. In the event of a breach of the above commitments, the company is willing to assume legal liability accordingly.			
			1. I and the institutions under my control do not fall under any circumstances outlined in Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Activities Related to Major Asset Restructurings of Listed Companies that prohibit participation in any major asset restructuring of listed companies. Specifically, neither I nor the institutions under my control are under investigation or prosecution for suspected insider trading related to this transaction, nor have we been subject to administrative penalties by the CSRC or criminal prosecution by judicial authorities for insider trading related to major asset restructuring in the past 36 months;			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Shenzhen Jianhua Kaiyuan Private Equity Investment Fund Management Co., Ltd., Shenzhen Capital Group Co., Ltd.	Statement on the Absence of Circumstances Disqualifying Participation in a Major Asset Restructuring of a Listed Company and the Absence of Insider Trading	2. I have not illegally disclosed any insider information related to this transaction nor engaged in insider trading using such information;	July 12, 2021	Long term	Being implemented as stipulated
			3. In the event of a breach of the above commitments, I am willing to assume legal liability accordingly.			
			1. The company, its controlling shareholders and actual controllers, directors, supervisors, and senior management, as well as the institutions under their control, do not fall under any circumstances outlined in Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Activities Related to Major Asset Restructurings of Listed Companies that prohibit participation in any major asset restructuring of listed companies. Specifically, none of the aforementioned entities are under investigation or prosecution for suspected insider trading related to this transaction, nor have they been subject to administrative penalties by the CSRC or criminal prosecution by judicial authorities for insider trading related to major asset restructuring in the past 36 months.			
			2. The company, its controlling shareholders and actual controllers, directors, supervisors, and senior management have not illegally disclosed any insider information related to this transaction nor engaged in insider trading using such information. Furthermore, the company guarantees to take necessary measures to strictly keep confidential all information and materials related to this transaction.			
			3. In the event of a breach of the above commitments by the company, its controlling shareholders and actual controllers, directors, supervisors, and senior management, legal liability will be assumed accordingly.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Shenzhen Qianhai Hongtu M&A Fund Partnership (L.P.)	Statement on the Absence of Circumstances Disqualifying Participation in a Major Asset Restructuring of a Listed Company and the Absence of Insider Trading	1. The company, its executing partner and actual controller, key management personnel, as well as the institutions under their control, do not fall under any circumstances outlined in Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Activities Related to Major Asset Restructurings of Listed Companies that prohibit participation in any major asset restructuring of listed companies. Specifically, none of the aforementioned entities are under investigation or prosecution for suspected insider trading related to this transaction, nor have they been subject to administrative penalties by the CSRC or criminal prosecution by judicial authorities for insider trading related to major asset restructuring in the past 36 months.	July 12, 2021	Long term	Being implemented as stipulated
			2. The company, its executing partner and actual controller, key management personnel have not illegally disclosed any insider information related to this transaction nor engaged in insider trading using such information. Furthermore, our enterprise guarantees to take necessary measures to strictly keep confidential all information and materials related to this transaction.			
			3. In the event of a breach of the above commitments by the company, its executing partner and actual controller, key management personnel, legal liability will be assumed accordingly.			
Commitments made in connection with asset restructuring	Zhang Tianyu	Commitment Letter Regarding Measures to Fill the Dilution of Immediate Returns Caused by This Restructuring	1. I will not overstep my authority to interfere in the operation and management activities of the listed company, nor will I encroach upon its interests;	July 12, 2021	Long term	Being implemented as stipulated
			2. From the date of this commitment until the completion of this transaction, if the CSRC issues new regulatory provisions regarding measures to remedy return shortfalls and related commitments, and if the content of this commitment fails to meet such provisions, I undertake to issue supplementary commitments in accordance with the latest regulations of the CSRC;			
			3. If I breach the above commitments and thereby cause losses to the listed company or its shareholders, I will assume compensation liability in accordance with the law.			

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments made in connection with asset restructuring	Zhang Tianyu, Ying Lingpeng, Xu Ning, Zhang Xuebin, Ye Weiping, Deng Zhongzhong, Chen Shijiang, Wang Hongyan	Commitment Letter Regarding Measures to Fill the Dilution of Immediate Returns Caused by This Restructuring	1. I will not transfer benefits to other entities or individuals free of charge or on unfair terms, nor will I damage the interests of the listed company in any other way; 2. I will exercise restraint in my official consumption behavior; 3. I will not use the assets of the listed company for investments or consumption activities unrelated to the performance of my duties; 4. Within the scope of my legitimate authority, I will ensure that the remuneration system formulated by the Board of Directors or the Remuneration and Appraisal Committee is linked to the implementation of measures to remedy return shortfalls by the listed company; 5. If the listed company implements an equity incentive plan in the future, within the scope of my legitimate authority, I will ensure that the exercise conditions set forth in the proposed equity incentive plan to be announced are linked to the implementation of measures to remedy return shortfalls by the listed company; 6. From the date of this commitment until the completion of this transaction, if the CSRC issues new regulatory provisions regarding measures to remedy return shortfalls and related commitments, and if the content of this commitment fails to meet such provisions, I undertake to issue supplementary commitments in accordance with the latest regulations of the CSRC. 7. If I breach the above commitments and thereby cause losses to the listed company or its shareholders, I will assume compensation liability in accordance with the law.	July 12, 2021	Long term	Being implemented as stipulated

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu, Ying Lingpeng	Commitment on Shareholding Reduction	In the future, when reducing shares, I (the company) will announce the intention to transfer shares through the SZSE at least three trading days in advance and specify the estimated number of shares to be reduced. The period from the date of the decision to transfer shares and the announcement thereof until the completion of the share transfer will not exceed six months.	April 13, 2017	Long term	Being implemented as stipulated
Commitments Made During Initial Public Offering or Refinancing	Guanghe Chuanghong	Commitment on Shareholding Reduction	In the future, when reducing shares, I (the company) will announce the intention to transfer shares through the SZSE at least three trading days in advance and specify the estimated number of shares to be reduced. The period from the date of the decision to transfer shares and the announcement thereof until the completion of the share transfer will not exceed six months.	April 13, 2017	Long term	Being implemented as stipulated
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu, Ying Lingpeng, Xu Ning, Chen Shijiang, Deng Zhongzhong	Commitment on Shareholding Reduction	(1) During my tenure as a director, supervisor, or senior management member of the Company, I will transfer no more than 25% of the total shares I hold in the Company each year; I will not transfer any shares I hold in the Company within six months after leaving my position. If I leave my position within six months from the date of the Company's initial public offering, I will not transfer any shares I directly hold in the Company for 18 months from the date of leaving my position. If I leave my position between the seventh and twelfth months from the date of the Company's initial public offering, I will not transfer any shares I directly hold in the Company for 12 months from the date of leaving my position; (2) After the expiry of the above lock-up period, if I reduce my holdings of the Company's shares within two years, the reduction price will not be lower than the issue price of the initial public offering (adjusted accordingly if the issuer's shares undergo ex-dividend, bonus shares, or capital reserve conversion to share capital during this period). If, within six months from the date of the Company's initial public offering (October 12, 2017), the closing price of the Company's shares is lower than the issue price for 20 consecutive trading days, or if the closing price at the end of the six-month period (October 12, 2017) is lower than the issue price, the lock-up period for my shares in the Company will be automatically extended by at least six months (until October 12, 2020);	April 13, 2017	to April 12, 2021, within six months after leaving the position	Normally implemented (fulfilled by Deng Zhongzhong)

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Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments Made During Initial Public Offering or Refinancing	Shu Min, Chen Qihua	Commitment on Shareholding Reduction	(3) If I violate the above commitments regarding share changes, in addition to assuming legal liability in accordance with laws, regulations, and the relevant provisions of the CSRC and the SZSE, I will also surrender all proceeds obtained from violating the commitments to the Company. I guarantee to surrender such proceeds to the Company within 20 days from the date of receiving the notice from the Board of Directors regarding the surrender of proceeds;	April 13, 2017	to April 12, 2021, within six months after leaving the position	Normally implemented (fulfilled by Shu Min)
			(4) If I experience a change in position or leave my position, I will still abide by the above commitments.			
			(1) During my tenure as a director, supervisor, or senior management member of the Company, I will transfer no more than 25% of the total shares I hold in the Company each year; I will not transfer any shares I hold in the Company within six months after leaving my position. If I leave my position within six months from the date of the Company's initial public offering, I will not transfer any shares I directly hold in the Company for 18 months from the date of leaving my position. If I leave my position between the seventh and twelfth months from the date of the Company's initial public offering, I will not transfer any shares I directly hold in the Company for 12 months from the date of leaving my position;			
			(2) If I violate the above commitments regarding share changes, in addition to assuming legal liability in accordance with laws, regulations, and the relevant provisions of the CSRC and the SZSE, I will also surrender all proceeds obtained from violating the commitments to the Company. I guarantee to surrender such proceeds to the Company within 20 days from the date of receiving the notice from the Board of Directors regarding the surrender of proceeds;			
			(3) If I experience a change in position or leave my position, I will still abide by the above commitments.			

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments Made During Initial Public Offering or Refinancing	Chen Shijiang, Deng Zhongzhong, Wang Ning, Wei Chuanjun, Xu Ning, Ying Lingpeng, Zhang Tianyu	Other Commitments	1) I undertake not to transfer benefits to other entities or individuals free of charge or on unfair terms, nor to damage the Company's interests through other means;	April 13, 2017	Long term	Being implemented as stipulated
			2) I undertake to exercise restraint in job-related consumption;			
			3) I undertake not to use company assets for investments or consumption unrelated to the performance of my duties;			
			4) I undertake that the compensation system established by the Board of Directors or the Remuneration and Appraisal Committee will be linked to the implementation of the Company's measures to remedy return shortfalls;			
			5) If the Company subsequently introduces an equity incentive policy, I undertake that the exercise conditions of the proposed equity incentives will be linked to the implementation of the Company's measures to remedy return shortfalls. As one of the entities responsible for measures to remedy return shortfalls, if I violate or refuse to fulfill the above commitments, I agree that the securities regulatory authorities such as CSRC and securities exchanges may impose penalties or take relevant regulatory measures on me in accordance with the relevant regulations and rules they have formulated or issued.			
Commitments Made During Initial Public Offering or Refinancing	The Company	Other Commitments	1. If the Company's Prospectus contains false records, misleading statements, or major omissions that have a significant and substantive impact on determining whether the issuer meets the legal conditions for issuance, upon recognition of such illegal facts by the CSRC or a people's court or other competent authority, the Company will repurchase all newly issued shares from the initial public offering in accordance with the law. The repurchase price will be determined as the higher of the Company's stock issuance price plus same period bank deposit interest and the average stock price on the trading day preceding the confirmation of the illegal facts (Average Stock Price = Total Daily Trading Volume ÷ Total Daily Trading Volume).	April 13, 2017	Long-term effective	Being implemented as stipulated

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments Made During Initial Public Offering or Refinancing	Chen Qihua, Chen Shijiang, Deng Zhongzhong, Shu Min, Wang Ning, Wei Chuanjun, Xu Ning, Ying Lingpeng, Zhang Tianyu, Zhao Mingyue	Other Commitments	2. If the Prospectus contains false records, misleading statements, or major omissions that cause investors to suffer losses in securities trading, the Company will compensate investors for their losses in accordance with the law.	April 13, 2017	Long-term effective	Being implemented as stipulated
			3. If the Prospectus for this public offering of shares is deemed by the CSRC, the securities exchange where the Company is listed, or a judicial authority to contain false records, misleading statements, or major omissions, within two trading days after the Company receives the relevant recognition document, the relevant parties shall announce such matters and promptly announce the formulation and progress of corresponding plans for repurchasing new shares, buying back shares, and compensating for losses after the announcement of the aforementioned matters.			
			4. If the Company fails to fulfill the above commitments in a timely manner, it will publicly apologize to shareholders and public investors for its failure to implement the aforementioned repurchase and compensation measures at the general meetings and on CSRC-designated newspapers, and compensate investors for actual losses as determined by the CSRC and relevant judicial authorities.			
			1. If the Prospectus contains false records, misleading statements, or major omissions that cause investors to suffer losses in securities trading, the Company will compensate investors for their losses in accordance with the law.			
			2. If the Prospectus for this public offering of shares is deemed by the CSRC, the securities exchange where the Company is listed, or a judicial authority to contain false records, misleading statements, or major omissions, within two trading days after the Company receives the relevant recognition document, the relevant parties shall announce such matters and promptly announce the formulation and progress of corresponding plans for repurchasing new shares, buying back shares, and compensating for losses after the announcement of the aforementioned matters.			

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu	Other Commitments	3. If directors, supervisors, and senior management fail to fulfill the above commitments in a timely manner, they will publicly apologize to the Company's shareholders and public investors for their failure to implement the aforementioned compensation measures at the Company's general meetings and on CSRC-designated newspapers, and cease to receive salaries (or allowances) and shareholder cash dividends (if any) from the date of the violation of the aforementioned compensation measures. At the same time, their held company shares (if any) will not be transferable until they have taken corresponding compensation measures and implemented them in full as per the above commitments.	April 13, 2017	Long-term effective	Being implemented as stipulated
			1. If the Prospectus contains false records, misleading statements, or major omissions that cause investors to suffer losses in securities trading, the Company will compensate investors for their losses in accordance with the law.			
			2. If the Prospectus for this public offering of shares is deemed by the CSRC, the securities exchange where the Company is listed, or a judicial authority to contain false records, misleading statements, or major omissions, within two trading days after the Company receives the relevant recognition document, the relevant parties shall announce such matters and promptly announce the formulation and progress of corresponding plans for repurchasing new shares, buying back shares, and compensating for losses after the announcement of the aforementioned matters.			

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
			3. If I fail to fulfill the above commitments in a timely manner, I will publicly apologize to the Company's shareholders and public investors for my failure to implement the aforementioned repurchase and compensation measures at the Company's general meetings and on CSRC-designated newspapers, and cease to receive salaries and shareholder dividends from the Company from the date of the violation of the above commitments. I will use the cash dividends I am entitled to in the Company's profit distribution plan for the year of the violation recognition or subsequent years as performance guarantees; at the same time, my held company shares will not be transferable until I have taken corresponding repurchase or compensation measures and implemented them in full as per the above commitments.			
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu	Avoidance of Horizontal Competition	I and the other enterprises controlled by me will not directly or indirectly engage in any business that competes or may compete with the business operated by the issuer and its subsidiaries, nor will we participate in investing in any other enterprises that compete or may compete with the business operated by the issuer and its subsidiaries. If I and the other enterprises controlled by me further expand our business scope, the expanded business will avoid competing with the business of the issuer and its subsidiaries; if the expanded business competes with the business of the issuer and its subsidiaries, I and the other enterprises controlled by me will avoid horizontal competition by ceasing to operate the competing business, incorporating the competing business into the issuer's operations, or transferring the competing business to an unrelated third party. If I and the other enterprises controlled by me fail to comply with the relevant commitments during the period of our associated relationship with the issuer and its subsidiaries, I will compensate the issuer for all direct and indirect losses and assume corresponding legal responsibilities.	April 13, 2017	Long-term effective	Being implemented as stipulated
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu	Other Commitments	If, according to the requirements or decisions of competent authorities, the issuer and its subsidiaries are required to make up for unpaid social insurance premiums and housing provident funds before listing, or if the issuer and its subsidiaries incur any fines or losses due to insufficient payment of various social insurance premiums and housing provident funds, I will assume joint and several liability and make up for all possible losses, including social insurance premiums, housing provident funds, fines, etc., for the issuer and its subsidiaries.	April 13, 2017	Long-term effective	Being implemented as stipulated

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu	Other Commitments	1. I will not interfere with the Company's operational and management activities beyond my authority or encroach upon the Company's interests;	November 29, 2019	Long-term effective	Being implemented as stipulated
			2. I will faithfully fulfill the Company's measures to remedy return shortfalls and any commitments made regarding such measures. If I violate these commitments and cause losses to the Company or investors, I am willing to assume compensation responsibilities to the company or investors in accordance with the law.			
Commitments Made During Initial Public Offering or Refinancing	Zhang Tianyu, Ying Lingpeng, Xu Ning, Wang Ning, Chen Shijiang, Deng Zhongzhong	Other Commitments	1. I undertake not to transfer benefits to other entities or individuals free of charge or on unfair terms, nor to damage the Company's interests through other means;	November 29, 2019	Long-term effective	Being implemented as stipulated
			2. I undertake to exercise restraint in the job-related consumption of directors and senior management;			
			3. I undertake not to use company assets for investments or consumption unrelated to the performance of my duties;			
			4. I undertake that the compensation system established by the Board of Directors or the Remuneration Committee will be linked to the implementation of the Company's measures to remedy return shortfalls;			
			5. I undertake that the exercise conditions of the proposed company equity incentives will be linked to the implementation of the Company's measures to remedy return shortfalls.			
Equity Incentive Commitments	The Company	Other Commitments	The Company undertakes not to provide loans or any other form of financial assistance, including loan guarantees, to participants for acquiring stock options or restricted shares under this incentive plan.	March 19, 2021	To June 7, 2025	Being implemented as stipulated
Equity Incentive Commitments	Participants	Other Commitments	Participants undertake that if the Company does not meet the conditions for granting or exercising rights due to false records, misleading statements, or major omissions in its information disclosure documents, they shall return all benefits obtained from the equity incentive plan to the Company after the relevant information disclosure documents are confirmed to contain false records, misleading statements, or major omissions.	March 19, 2021	To June 7, 2025	Being implemented as stipulated
Equity Incentive Commitments	The Company	Other Commitments	The Company undertakes not to provide loans or any other form of financial assistance, including loan guarantees, to participants for acquiring stock options or restricted shares under this incentive plan.	June 10, 2022	To August 30, 2026	Being implemented as stipulated

Section V Important Matters

Category of Commitment	Committing Party	Type of Commitment	Commitment Content	Commitment Date	Commitment Term	Status of Implementation
Equity Incentive Commitments	Participants	Other Commitments	Participants undertake that if the Company does not meet the conditions for granting or exercising rights due to false records, misleading statements, or major omissions in its information disclosure documents, they shall return all benefits obtained from the equity incentive plan to the Company after the relevant information disclosure documents are confirmed to contain false records, misleading statements, or major omissions.	June 10, 2022	To August 30, 2026	Being implemented as stipulated
Equity Incentive Commitments	The Company	Other Commitments	The Company undertakes not to provide loans or any other form of financial assistance, including loan guarantees, to participants for acquiring restricted shares under this incentive plan.	July 7, 2023	September 19, 2027	Being implemented as stipulated
Equity Incentive Commitments	Participants	Other Commitments	Participants undertake that if the Company does not meet the conditions for granting or exercising rights due to false records, misleading statements, or major omissions in its information disclosure documents, they shall return all benefits obtained from the equity incentive plan to the Company after the relevant information disclosure documents are confirmed to contain false records, misleading statements, or major omissions.	July 7, 2023	September 19, 2027	Being implemented as stipulated
Other Commitments	The Company	Performance Commitments	Target Company of the Commitment			
Whether the commitment was performed on time						
If any commitment is overdue and not fulfilled, provide detailed reasons for non-fulfillment and the work plan for the next steps:						
Not applicable						

2. The Company's assets or projects have profit forecasts, and the Reporting Period is still within the profit forecast period. The Company explains whether the assets or projects have achieved the original profit forecast and the reasons

☐ Applicable ☒ Not applicable

Section V Important Matters

3. The Company is subject to performance commitments

☒ Applicable ☐ Not applicable

Commitment Background	Committing Party	Commitment Period	Committed Indicator	Commitment Amount (USD10,000)	Actual Completed Amount (USD10,000)	Completion Rate (%)
Fibocom sells the Rolling Wireless in-vehicle front-fit wireless communication module business, including certain assets and liabilities of Rolling Wireless (H.K.) Limited and 100% of the equity of Luxembourg Rolling Wireless, to the buyer for a total consideration of USD150 million, of which USD50 million (equivalent to RMB365 million) will be paid by the buyer to Fibocom in installments based on the adjusted EBITDA performance of the Rolling Wireless Group during the performance commitment period (2024 to 2026). The performance commitments for 2024 to 2025 have been met.	Fibocom	2024 to 2026	Cumulative adjusted EBITDA for 2024 to 2026	9,000	6,886	76.51%

Note: Unit: USD10,000

Changes in Performance Commitments

☐ Applicable ☒ Not applicable

Performance Commitments Made by Company Shareholders or Transaction Counterparties Regarding the Company's or Related Assets' Annual Operating Performance

☐ Applicable ☒ Not applicable

Completion of Performance Commitments and Their Impact on Goodwill Impairment Testing

Not applicable

II. NON-OPERATING OCCUPATION OF FUNDS BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES

☐ Applicable ☒ Not applicable

The Company reports no non-operating occupation of funds by controlling shareholders or other related parties during the Reporting Period.

III. UNLAWFUL EXTERNAL GUARANTEES

☐ Applicable ☒ Not applicable

The Company reported no unlawful external guarantees during the Reporting Period.

Section V Important Matters

IV. EXPLANATION BY THE BOARD OF DIRECTORS REGARDING THE “NON-STANDARD AUDIT REPORT” FOR THE MOST RECENT PERIOD

☐ Applicable ☒ Not applicable

V. EXPLANATION BY THE BOARD OF DIRECTORS, AUDIT COMMITTEE, AND INDEPENDENT DIRECTORS (IF ANY) REGARDING THE “NON-STANDARD AUDIT REPORT” FOR THIS REPORTING PERIOD BY THE ACCOUNTING FIRM

☐ Applicable ☒ Not applicable

VI. BOARD OF DIRECTORS’ EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, OR MAJOR ACCOUNTING ERROR CORRECTIONS COMPARED TO THE PREVIOUS YEAR’S FINANCIAL REPORT

☐ Applicable ☒ Not applicable

VII. CHANGES IN THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS COMPARED TO THE PREVIOUS YEAR’S FINANCIAL REPORT

☒ Applicable ☐ Not applicable

See “IX. CHANGES IN THE SCOPE OF CONSOLIDATION” in “Section VIII Financial Report” of this annual report for details.

VIII. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Currently Appointed Accounting Firm

Name of Domestic Accounting Firm	Grant Thornton (Special General Partnership)
Remuneration of Domestic Accounting Firm (RMB10,000)	188
Continuous Years of Audit Service by Domestic Accounting Firm	12
Names of Certified Public Accountants from Domestic Accounting Firm	Zhao Juanjuan, Zhou Yilan
Continuous Years of Audit Service by the Certified Public Accountants from Domestic Accounting Firm	Zhao Juanjuan: 3 years; Zhou Yilan: 3 years

Whether the Accounting Firm Has Been Changed

☐ Yes ☒ No

Engagement of Internal Control Audit Accounting Firm, Financial Advisor or Sponsor

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company engaged Grant Thornton (Special General Partnership) as its internal control audit accounting firm for the year 2025, with an internal control audit fee of RMB300,000.

Section V Important Matters

IX. RISK OF DELISTING AFTER DISCLOSURE OF THE ANNUAL REPORT

☐ Applicable ☒ Not applicable

X. PROVISION OF FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

The Company did not provide any financial assistance to affiliated companies, nor did it provide any guarantees for financing of its affiliated companies, in each case where the aggregate amount calculated based on the assets ratio as defined under Rule 14.07(1) of the Hong Kong Listing Rules exceeded 8%.

XI. CONTINGENT LIABILITIES

(1) Contingent liabilities arising from pending litigation and arbitration and their financial impact

- ① In 2023, Faiot Co., Ltd (上海廣翼智聯科技有限公司) (“Shanghai Faiot”) and Shenzhen Lianou Technology Co., Ltd. (深圳蓮偶科技有限公司) signed the “Product Development Contract”. In September 2024, Shenzhen Lianou Technology Co., Ltd. filed a lawsuit with the People’s Court of Nanshan District, Shenzhen, requesting Shanghai Faiot to refund the paid amount of RMB6,319,606.70 and to pay liquidated damages of RMB2,200,000.00. On October 11, 2025, the People’s Court of Nanshan District, Shenzhen rendered the first-instance judgment, ordering Shanghai Faiot to refund RMB1,579,901.68 and compensate for losses of RMB213,737.00, while dismissing other claims. Shanghai Faiot has filed an appeal. As of December 31, 2025, RMB8,519,606.70 in Shanghai Faiot’s account (China Merchants Bank account No. 755954347410102) has been frozen in connection with this case. As at the date of approval for issuance of the financial statements, the second-instance hearing has been held and judgment is pending.
- ② Panasonic Automotive Systems America, LLC (“Panasonic”) filed a lawsuit on January 13, 2026 against the Company’s subsidiary, Shenzhen Chuanglian Future Wireless Technology Co., Ltd. (深圳市創聯未來無線技術有限公司) (“Chuanglian Future”), in the Newnan Division of the United States District Court for the Northern District of Georgia. Panasonic alleges that Chuanglian Future breached the indemnification provisions under the “Panasonic Agreement” entered into between the parties (which forms part of the assets acquired by Chuanglian Future from Sierra Wireless, Inc. (“Sierra”) and subsequently sold to Europasolar S.à r.l.), and seeks indemnification from Chuanglian Future for up to USD10,000,000 in liabilities arising from a settled lawsuit between Panasonic and FCA US LLC (“FCA”), a third party not involved in this case. Panasonic asserts in this case that the products provided by Sierra and Chuanglian Future, as third-party defendants in this case, were the subject matter alleged to be “infringing” in the above settlement claimed by FCA. Chuanglian Future submitted its statement of defence on January 20, 2026. On February 3, 2026, Panasonic, based on the contract between Chuanglian Future and Sierra, filed a third-party complaint against Sierra as a third-party defendant in this case, seeking compensation for actual losses. At the same time, based on the contract between Chuanglian Future and Europasolar S.à r.l., Panasonic filed a third-party complaint against Europasolar S.à r.l. as a third-party defendant, seeking compensation for actual losses. As at the date of approval for issuance of the financial statements, there has been no further progress in this case.

(2) As of December 31, 2025, the Company had no other contingent matters requiring disclosure.

Section V Important Matters

XII. PLEDGED OR CHARGED ASSETS OF THE GROUP

As of December 31, 2025, the net book value of collateral pledged or mortgaged by the Group to obtain bank notes receivable amounted to RMB15,995,595.12, primarily comprising notes receivable and receivables financing.

Save as disclosed above, the Group did not have any material pledged assets or contingent liabilities as at December 31, 2025.

XIII. MATTERS RELATING TO BANKRUPTCY REORGANIZATION

☐ Applicable ☒ Not applicable

The Company had no matters relating to bankruptcy reorganization during the Reporting Period.

XIV. MAJOR LITIGATION AND ARBITRATION MATTERS

☐ Applicable ☒ Not applicable

To the best knowledge of the Directors of the Company, the Company was not involved in any material litigation, arbitration or claims, nor was aware of any pending or threatened material litigation or claims during the Year, we are also not aware of any material non-compliance by our Group with applicable PRC laws and regulations that are material to our business operations.

XV. PENALTIES AND RECTIFICATION SITUATIONS

☐ Applicable ☒ Not applicable

The Company had no penalties or rectification situations during the Reporting Period.

XVI. INTEGRITY STATUS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

☐ Applicable ☒ Not applicable

XVII. MAJOR RELATED PARTY TRANSACTIONS

1. Related Party Transactions Related to Daily Operations

☐ Applicable ☒ Not applicable

The Company did not engage in any related party transactions related to daily operations during the Reporting Period.

2. Related Party Transactions Involving Acquisition or Sale of Assets or Equity Interests

☐ Applicable ☒ Not applicable

The Company had no related party transactions arising from the acquisition or sale of assets or equity interests during the Reporting Period.

Section V Important Matters

3. Related Party Transactions Involving Joint External Investments

☐ Applicable ☒ Not applicable

The Company had no related party transactions arising from joint external investments during the Reporting Period.

4. Related Party Receivables and Payables

☐ Applicable ☒ Not applicable

The Company had no related party receivables or payables during the Reporting Period.

5. Transactions with Related Party Finance Companies

☐ Applicable ☒ Not applicable

There were no deposits, loans, credit facilities, or other financial transactions between the Company and related party finance companies or related parties.

6. Transactions between the Company's Controlled Finance Company and Related Parties

☐ Applicable ☒ Not applicable

There were no deposits, loans, credit facilities, or other financial transactions between the Company's controlled finance company and related parties.

7. Other Major Related Party Transactions

☐ Applicable ☒ Not applicable

The Company had no other major related party transactions during the Reporting Period.

For the year ended December 31, 2025, there were no related party transactions disclosed in Note XIII to the consolidated financial statements, nor any other transactions which constitute 'connected transactions' or 'continuing connected transactions' as defined under Chapter 14A of the Hong Kong Listing Rules and subject to disclosure requirements. During the Reporting Period, no connected transaction or continuing connected transaction of the Company was required to be disclosed under the relevant provisions on connected transaction disclosure under Chapter 14A of the Hong Kong Listing Rules.

Section V Important Matters

XVIII. MAJOR CONTRACTS AND THEIR PERFORMANCE

1. Custodial, Contracting, and Leasing Matters

(1) Custodial Matters

☐ Applicable ☒ Not applicable

The Company had no custodial matters during the Reporting Period.

(2) Contracting Matters

☐ Applicable ☒ Not applicable

The Company had no contracting matters during the Reporting Period.

(3) Leasing Matters

☒ Applicable ☐ Not applicable

Leasing Description

The Company's principal leasing information is as follows:

No.	Lessor	Lessee	Property Location	Use	Leased Area (m ²)
1	Shenzhen Chuangke Park Investment Co., Ltd.	Fibocom Wireless Inc.	Floors 13-14, Block A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen	Office	3,644.88
2	Shenzhen Chuangke Park Investment Co., Ltd.	Fibocom Wireless Inc.	Floor 11, Block A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen	Office	1,934.96
3	Xi'an High-tech Zone Software New City Construction and Development Co., Ltd.	Xi'an Fibocom Wireless Software Co., Ltd.	1602/1403/1502, C3 Building, Yunhuigu, No. 156 Tiangu 8th Road, Software New City, High-tech Zone, Xi'an, Shaanxi	Office	4,394.83
4	Shenzhen Longhua District Government Property Management Center	Fibocom Auto Inc.	Rooms 1901-1910, 19F, Block 2, Chuangxiang Building, North Station No.1, Longhua District, Shenzhen	Office	2,428.93
5	Shenzhen Longhua District Government Property Management Center	Shenzhen Fibocom Technology Co., Ltd.	Rooms 801-810, 8F, Block 2, Chuangxiang Building (Industrial Zone), North Station No.1, Longhua District, Shenzhen	Office	2,415.34
6	Shenzhen Chuangke Park Investment Co., Ltd.	Fibocom Wireless Inc.	Floor 14, Block B, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Street, Nanshan District, Shenzhen	Office	2,063.02
7	Shenzhen Chuangke Park Investment Co., Ltd.	Shenzhen Fibocom Wireless Communication Software Co., Ltd.	Floor 10, Block A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Subdistrict, Nanshan District, Shenzhen	Office	1,936.66

Section V Important Matters

No.	Lessor	Lessee	Property Location	Use	Leased Area (m²)
8	Shanghai Caohejing Development Zone High Technology Park Development Co., Ltd.	FAIOT Co., Ltd.	Floor 10, Building 1, No. 2570, Hechuan Road, Minhang District, Shanghai	Office	1,901.24
9	Shenzhen National Self-Innovation Demonstration Zone Service Center	Shenzhen Fibocom Wireless Communication Software Co., Ltd.	Floor 29, Block B, Building 7, Shenzhen International Innovation Valley, Dashi 1st Road, Xili Community, Xili Street, Nanshan District, Shenzhen	Office	1,877.29
10	Shenzhen Dashahe Construction and Investment Co., Ltd.	Fibocom Wireless Inc.	Rooms 01-05, Floor 12, Nanshan Cloud Technology Building, Liuxiandong, Nanshan District, Shenzhen	Office	1,138.59

Projects that brought profits or losses accounting for over 10% of the Company's total profit during the Reporting Period

☐ Applicable ☒ Not applicable

The Company had no leasing projects that brought profits or losses accounting for over 10% of its total profit during the Reporting Period.

2. Major Guarantees

☐ Applicable ☒ Not applicable

The Company had no major guarantees during the Reporting Period.

3. Entrusting Others with Cash Asset Management

(1) Entrusted Wealth Management

☒ Applicable ☐ Not applicable

Overview of Entrusted Wealth Management during the Reporting Period

Unit: RMB10,000

Product Category	Risk Characteristics	Outstanding Balance of Entrusted Wealth Management During the Reporting Period	Amount Overdue and Not Recovered
Bank wealth management products	R1 low risk	13,382.43	0
Other categories	R1 low risk	9,000	0

The Company, as the sole principal, entrusts financial institutions to conduct asset management, or provides specific details on high-risk entrusted wealth management involving investments with lower security or poorer liquidity.

☐ Applicable ☒ Not applicable

Section V Important Matters

(2) **Entrusted Loans**

☐ Applicable ☒ Not applicable

The Company had no entrusted loans during the Reporting Period.

4. **Other Major Contracts**

☐ Applicable ☒ Not applicable

The Company had no other major contracts during the Reporting Period.

XIX. **USE OF RAISED FUNDS**

☒ Applicable ☐ Not applicable

(I) **Overall Use of Raised Funds of A Share**

1. **Overall Use of Raised Funds**

☒ Applicable ☐ Not applicable

Unit: RMB10,000

Year of Raising	Method of Raising	Securities Listing Date	Total Raised Funds	Net Raised Funds (1)	Raised Funds Used in Current Period	Cumulative Raised Funds Used (2)	Proportion of Raised Funds Used by Reporting Period End (3) = (2)/(1)	Amount of Raised Funds with Changed Purpose during Reporting Period	Cumulative Amount of Raised Funds with Changed Purpose	Proportion of Cumulative Amount of Raised Funds with Changed Purpose	Amount of Unused Raised Funds	Purpose and Destination of Unused Raised Funds	Amount of Raised Funds Idle for Over Two Years
2019	Issuance of shares to specific investors	November 29, 2019	69,999.99	69,393.2	3,776.1	65,600.3	94.53%	0	4,210.57	6.07%	3,664.99	Used for temporarily supplementing working capital or being deposited in the special account for raised funds.	0
Total	—	—	69,999.99	69,393.2	3,776.1	65,600.3	94.53%	0	4,210.57	6.07%	3,664.99	—	0

Explanation of the overall use of raised funds:

1. Use of raised funds from the private placement of shares to specific investors during the Reporting Period: As of December 31, 2025, a cumulative amount of RMB656.003 million of the raised funds has been invested, RMB1.2791 million has been permanently used to supplement working capital, and the remaining unutilized amount is RMB36.6499 million.

Section V Important Matters

2. Details of Committed Projects for Raised Funds

☒ Applicable ☐ Not applicable

Unit: RMB10,000

Financing Project Name	Securities Listing Date	Committed Investment Project and Over-allocated Fund Investment Direction	Whether the Project Has Been Changed (including partial charges)	Total Committed Investment Amount of Raised Funds	Adjusted Total Investment Amount (1)	Investment Amount in This Reporting Period	Cumulative Investment Amount as of the End of the Reporting Period (2)	Investment Progress as of the End of the Reporting Period (3) = (2)/(1)	Expected Date for the Project to Reach the Intended Usable State	Benefits Realized in This Reporting Period	Cumulative Benefits Realized as of the End of the Reporting Period	Whether the Expected Benefits Have Been Achieved	Whether There Has Been a Significant Change in Project Feasibility
Committed Investment Projects													
Headquarters Base Construction Project	November 29, 2019	Headquarters Base Construction Project	No	18,348.55	23,507.96	3,776.1	19,842.97	84.41%	December 31, 2026	0	0	Not applicable	No
Ultra-high-speed Wireless Communication Module Industrialization Project	November 29, 2019	Ultra-high-speed Wireless Communication Module Industrialization Project	Yes	4,210.57	0	0	0	0.00%		0	0	Not applicable	Yes
5G Communication Technology Industrialization Project	November 29, 2019	5G Communication Technology Industrialization Project	No	22,887.9	21,939.06		21,939.06	100.00%	December 31, 2022	14,888.45	42,818.50	Yes	No
Informatization Construction Project	November 29, 2019	Informatization Construction Project	No	4,036.2	4,036.2		3,908.29	96.83%	December 31, 2021	0	0	Not applicable	No
Working Capital Supplementation	November 29, 2019	Working Capital Supplementation	No	19,909.98	19,909.98		19,909.98	100.00%		0	0	Not applicable	No
Subtotal of Committed Investment Projects			-	69,393.2	69,393.2	3,776.1	65,600.3	-	-	14,888.45	42,818.50	-	-
Over-allocated Fund Investment Direction													
Not applicable	Not applicable	Not applicable	No	0	0	0	0	0.00%				Not applicable	No
Subtotal of Over-allocated Fund Investment Directions			-	69,393.2	69,393.2	3,776.1	65,600.3	-	-	14,888.45	42,818.50	-	-
Total			-	69,393.2	69,393.2	3,776.1	65,600.3	-	-	14,888.45	42,818.50	-	-

Section V Important Matters

Financing Project Name	Securities Listing Date	Committed Investment Project and Over-allocated Fund Investment Direction	Whether the Project Has Been Changed (including partial changes)	Project Nature	Total Committed Investment Amount of Raised Funds	Adjusted Total Investment Amount (1)	Investment Amount in This Reporting Period	Cumulative Investment Amount as of the End of the Reporting Period (2)	Expected Date for the Project to Reach the Intended Usable State	Benefits Realized in This Reporting Period	Cumulative Benefits Realized as of the End of the Reporting Period	Whether the Expected Benefits Have Been Achieved	Whether There Has Been a Significant Change in Project Feasibility

Explanation of the situations where the project progress and expected benefits do not meet the plan (including the reasons for selecting "Not applicable" for "Whether the Expected Benefits Have Been Achieved"):

The Company's Ultra-high-speed Wireless Communication Module Industrialization Project had already used its own funds for investment and completed product research and development in 2019 before the raised funds from the private placement of shares were in place. Meanwhile, during the implementation of the project, the external environment of the communication industry has undergone significant changes. The development speed of 5G communication technology has been higher than expected, and the downstream market environment has changed greatly, resulting in changes in the market demand for 4G ultra-high-speed products. The project originally planned to invest RMB42.1067 million of raised funds, but as of March 31, 2021, the actual investment amount of raised funds was RMB0.

The Company's 5G Communication Technology Industrialization Project was determined based on industry development trends and the company's business operations. The main implementation contents of the project include site investment, equipment and software investment, product R&D expenses, reserve funds, and initial working capital. However, due to the influence of various factors such as the market environment, the progress of the Company's 5G Communication Technology Industrialization Project has been slower than expected. In combination with industry development trends and the actual construction situation of the project, after careful research, the Company plans to extend the date for the "5G Communication Technology Industrialization Project" to reach the intended usable state to December 31, 2022. The project was concluded in May 2023.

The overall construction of the Company's raised fund project "Headquarters Base Construction Project" has been delayed due to factors such as the external environment and construction control, and the construction progress has been extended compared with the original plan. In order to strictly control the overall quality of the project and safeguard the interests of all shareholders and the Company, in combination with the actual construction situation and investment progress of the Company's raised fund investment projects at present, as well as to ensure the construction quality of the project, after careful research, the Company plans to postpone the date for the project to reach the intended usable state from December 31, 2024, to December 31, 2026.

Section V Important Matters

Financing Project Name	Securities Listing Date	Committed Investment Project and Over-allocated Fund Investment Direction	Whether the Project Has Been Changed (including partial changes)	Project Nature	Whether There Has Been a Significant Change in Project Feasibility						
					Total Committed Investment Amount of Raised Funds	Adjusted Total Investment Amount (1)	Investment Amount in This Reporting Period	Cumulative Investment Amount as of the End of the Reporting Period (2)	Expected Date for the Project to Reach the Intended Usable State		
								Benefits Realized in This Reporting Period	Cumulative Benefits Realized as of the End of the Reporting Period	Whether the Benefits Have Been Achieved	Whether There Has Been a Significant Change in Project Feasibility

Explanation of Circumstances Where Significant Changes Have Occurred in Project Feasibility

The Company's Ultra-high-speed Wireless Communication Module Industrialization Project had already used its own funds for investment and completed product research and development in 2019 before the raised funds from the private placement of shares were in place. Meanwhile, during the implementation of the project, the external environment of the communication industry has undergone significant changes. The development speed of 5G communication technology has been higher than expected, and the downstream market environment has changed greatly, resulting in the market demand for 4G ultra-high-speed products being lower than expected. The project originally planned to invest RMB42,105.7 million of raised funds, but as of March 31, 2021, the actual investment amount of raised funds was RMB0.

In order to quickly respond to market changes and improve the efficiency of the use of raised funds, the Company held the 30th meeting of the second session of the Board of Directors and the 25th meeting of the Board of Supervisors on April 15, 2021. The meetings reviewed and approved the Proposal on Terminating the Ultra-high-speed Wireless Communication Module Industrialization Project and Adjusting the Use Plan of Raised Funds (關於終止超高速無線通信模塊產業化項目並調整募集資金使用計劃的議案). The Company agreed to adjust the RMB42,105.7 million of raised funds originally planned to be invested in the Ultra-high-speed Wireless Communication Module Industrialization Project to the 5G Communication Technology Industrialization Project to supplement the initial working capital required for the 5G Communication Technology Industrialization Project.

Amount, Purpose, and Use Progress of Over-allocated Funds

Not applicable

Unauthorized Change of Use of Raised Funds or Illegal Occupation of Raised Funds

Not applicable

Change of Implementation Location of Raised Funds Investment Projects

Not applicable

Adjustment of Implementation Method of Raised Funds Investment Projects

Applicable

Occurred in prior years

Section V Important Matters

Financing Project Name	Securities Listing Date	Committed Investment Project and Over-allocated Fund Investment Direction	Whether the Project Has Been Changed (including partial changes)	Project Nature	Whether There Has Been a Significant Change in Project Feasibility							
					Total Committed Investment Amount of Raised Funds	Adjusted Total Investment Amount (1)	Investment Amount in This Reporting Period	Cumulative Investment Amount as of the End of the Reporting Period (2)	Expected Date for the Project to Reach the Intended Usable State	Benefits Realized in This Reporting Period	Cumulative Benefits Realized as of the End of the Reporting Period	Whether the Expected Benefits Have Been Achieved

In order to quickly respond to market changes and improve the efficiency of the use of raised funds, the Company held the 30th meeting of the second session of the Board of Directors and the 25th meeting of the second session of the Board of Supervisors on April 15, 2021. The meetings reviewed and approved the Proposal on Terminating the Ultra-high-speed Wireless Communication Module Industrialization Project and Adjusting the Use Plan of Raised Funds. The Company agreed to adjust the RMB42,1057 million of raised funds originally planned to be invested in the Ultra-high-speed Wireless Communication Module Industrialization Project to the 5G Communication Technology Industrialization Project to supplement the initial working capital required for the 5G Communication Technology Industrialization Project.

On April 20, 2023, the 29th meeting of the third session of the Company's Board of Directors reviewed and approved the Proposal on Concluding Some Raised Fund Investment Projects and Adjusting the Remaining Raised Funds to the Headquarters Base Construction Project (關於部分募資金投資項目結算並將結算募資金調整至總部基地建設項目的議案), agreeing that the Company may conclude the "5G Communication Technology Industrialization Project" and adjust the remaining raised funds (including interest, with the specific amount to be determined on the transfer date) to the "Headquarters Base Construction Project". The Company planned to adjust RMB51,5941 million (excluding the interest and wealth management income) of the remaining raised funds from the 5G Communication Technology Industrialization Project to the Headquarters Base Construction Project. The total investment amount of the Headquarters Base Construction Project was adjusted to RMB244,2539 million, of which the investment amount of raised funds was adjusted to RMB235,0796 million. (The relevant interest and wealth management income generated from the raised funds of the original 5G Communication Technology Industrialization Project were also adjusted to the Headquarters Base Construction Project)

Advance Investment and Replacement Situations of Raised Fund Investment Projects

The Company held the 18th meeting of the second session of the Board of Directors on January 10, 2020, and reviewed and approved the Proposal on Replacing the Self-raised Funds Pre-invested in Raised Fund Projects with Raised Funds from the Private Placement of Shares (關於以非公開發行股票募資金置換預先投入募投項目自籌資金的議案). The Company agreed to use the raised funds from the private placement of shares to replace the self-raised funds totaling RMB74,5830 million pre-invested in the raised fund projects as of December 20, 2019. This fund replacement has been audited by the special audit report (Zhongtong Zhuan Zi (2020) No. 44 (240063) issued by Grant Thornton (Special General Partnership) on January 10, 2020. The Company completed the replacement of RMB37,0116 million of funds for the Headquarters Base Construction Project on January 14, 2020, the replacement of RMB32,6147 million of funds for the 5G Communication Technology Industrialization Project at the headquarters, and the replacement of RMB4,9567 million of funds for the Informatization Construction Project on January 15, 2020.

Situations Where Idle Raised Funds Are Temporarily Used to Supplement Working Capital

Section V Important Matters

Financing Project Name	Securities Listing Date	Committed Investment Project and Over-allocated Fund Investment Direction	Whether the Project Has Been Changed (including partial changes)	Project Nature	Whether the Project Has Been Changed (including partial changes)				Whether There Has Been a Significant Change in Project Feasibility			
					Total Committed Investment Amount of Raised Funds	Adjusted Total Investment Amount (1)	Investment Amount in This Reporting Period	Cumulative Investment Amount as of the End of the Reporting Period (2)	Expected Date for the Project to Reach the Intended Usable State	Benefits Realized in This Reporting Period	Cumulative Benefits Realized as of the End of the Reporting Period	Whether the Expected Benefits Have Been Achieved

On June 9, 2020, the 19th meeting of the second session of the Company's Board of Directors reviewed and approved the Proposal on Using Some Idle Raised Funds from the Private Placement of Shares to Temporarily Supplement Working Capital (關於使用部分閑置募集資金暫時補充流動資金的提案), agreeing that the Company may use no more than RMB200 million (including RMB200 million) of the idle raised funds from the private placement of shares to temporarily supplement working capital on the premise of ensuring the construction of raised fund investment projects and the use plan of raised funds. The use period shall not exceed 12 months from the date of approval by the Company's Board of Directors, and the funds shall be returned to the special account for raised funds upon expiration.

On May 25, 2021, the 33rd meeting of the second session of the Board of Directors reviewed and approved the Proposal on Postponing the Return of Idle Raised Funds and Continuing to Use Them to Temporarily Supplement Working Capital (關於延緩歸還閑置募集資金並繼續用於暫時補充流動資金的提案), agreeing that the Company may postpone the return of the raised funds and continue to use no more than RMB200 million (including RMB200 million) of some idle raised funds to temporarily supplement the Company's working capital. The use period shall not exceed 12 months from the original expiration date, that is, not exceeding June 9, 2022. As of April 6, 2022, the above-mentioned raised funds used for temporarily supplementing working capital have all been returned to the special account for raised funds.

On April 12, 2022, the 11th meeting of the third session of the Board of Directors reviewed and approved the Proposal on Using Part of the Idle Raised Funds to Temporarily Supplement Working Capital (關於使用部分閑置募集資金暫時補充流動資金的提案), agreeing that the Company may use no more than RMB200 million (including RMB200 million) of some idle raised funds to temporarily supplement the Company's funds. The use period shall not exceed 12 months from the date of approval by the Board of Directors.

On April 17, 2023, the 30th meeting of the third session of the Board of Directors reviewed and approved the Proposal on Using Part of the Idle Raised Funds to Temporarily Supplement Working Capital, agreeing that the Company may use no more than RMB120 million (including RMB120 million) of idle raised funds to temporarily supplement working capital. The supplementation period of working capital shall not exceed 12 months from the date of approval by the Board of Directors.

On April 3, 2024, the 44th meeting of the third session of the Board of Directors reviewed and approved the Proposal on Using Part of the Idle Raised Funds to Temporarily Supplement Working Capital, agreeing that the Company may use no more than RMB108 million (including RMB108 million) of idle raised funds to temporarily supplement working capital. The supplementation period of working capital shall not exceed 12 months from the date of approval by the Board of Directors.

On April 2, 2025, the 12th meeting of the fourth session of the Board of Directors reviewed and approved the Proposal on Using Part of the Idle Raised Funds to Temporarily Supplement Working Capital, agreeing that the Company may use no more than RMB80 million (including RMB80 million) of idle raised funds to temporarily supplement working capital. The supplementation period of working capital shall not exceed 12 months from the date of approval by the Board of Directors.

Applicable
Amount and Reasons for the Remaining Raised Funds in Project Implementation

Section V Important Matters

Financing Project Name	Securities Listing Date	Committed Investment Project and Over-allocated Fund Investment Direction	Whether the Project Has Been Changed (including partial changes)	Project Nature	Total Committed Investment Amount of Raised Funds	Adjusted Total Investment Amount (1)	Investment Amount in This Reporting Period	Cumulative Investment Amount as of the End of the Reporting Period (2)	Expected Date for the Project to Reach the Intended Usable State	Benefits Realized in This Reporting Period	Cumulative Benefits Realized as of the End of the Reporting Period (3) = (2)/(1)	Whether the Expected Benefits Have Been Achieved	Whether There Has Been a Significant Change in Project Feasibility
Purpose and Withdrawals of the Unused Raised Funds													On April 12, 2022, the 11th meeting of the third session of the Company's Board of Directors reviewed and approved the Proposal on Concluding Some Raised Fund Investment Projects and Using the Remaining Raised Funds for Permanent Supplementation of Working Capital (《關於部分募集資金投資項目結項並將結餘募集資金用於永久補充流動資金的提案》). The Company's raised fund investment projects "Informatization Construction Project" and "Working Capital Supplementation" have been completed. The Company planned to permanently supplement RMB2.3103 million (the specific amount to be determined on the transfer date) of the interest and wealth management income of the remaining raised funds to the working capital for the Company's daily production and operation. During the implementation of the raised fund investment projects, the Company has carefully used the funds in strict accordance with the relevant regulations on the management of raised funds. In accordance with the relevant regulations, the Company has legally conducted cash management on the idle raised funds and obtained certain wealth management income and interest income during the storage period, improving the efficiency of the use of idle raised funds.
Problems or Other Situations in the Use and Disclosure of Raised Funds													On April 20, 2023, the 29th meeting of the third session of the Company's Board of Directors reviewed and approved the Proposal on Concluding Some Raised Fund Investment Projects and Adjusting the Remaining Raised Funds to the Headquarters Base Construction Project (《關於部分募集資金投資項目結項並將結餘募集資金調整至總部基地建設項目的提案》), agreeing that the Company may conclude the "5G Communication Technology Industrialization Project" and adjust the remaining raised funds (including interest, with the specific amount to be determined on the transfer date) to the "Headquarters Base Construction Project". During the implementation of the raised fund investment projects, the Company has carefully used the funds in strict accordance with the regulations on the management of raised funds. While ensuring project construction, in accordance with the relevant regulations, the Company has legally conducted cash management on the idle raised funds and obtained certain wealth management income and interest income during the storage period, improving the efficiency of the use of idle raised funds. Meanwhile, since the Company's Headquarters Base Construction Project was initiated in 2018 and the initiation time was relatively early, with the rapid development of the Company's business and scale in recent years, the originally planned project investment amount can no longer fully meet the actual capital needs. The Company planned to adjust RMB51,594.1 million (excluding the interest and wealth management income) of the remaining raised funds from the 5G Communication Technology Industrialization Project to the Headquarters Base Construction Project. The total investment amount of the Headquarters Base Construction Project was adjusted to RMB244,253.9 million, of which the investment amount of raised funds was adjusted to RMB235,079.6 million. (The relevant interest and wealth management income generated from the raised funds of the original 5G Communication Technology Industrialization Project were also adjusted to the Headquarters Base Construction Project)
Purpose and Whereabouts of the Unused Raised Funds													As of December 31, 2025, except for RMB50.50 million of raised funds and interest (including the interest) are deposited in the special account for raised funds.
Problems or Other Situations in the Use and Disclosure of Raised Funds													Not applicable

Section V Important Matters

3. *Changes to Raised Funds Investment Projects*

☐ Applicable ☒ Not applicable

4. *Verification Opinions of Intermediaries on the Storage and Use of Raised Funds*

☒ Applicable ☐ Not applicable

GF Securities believes that the storage, management, and use of raised funds by Fibocom in 2025 comply with relevant laws, regulations, and normative documents such as the Regulatory Rules for the Raised Funds of Listed Companies (《上市公司募集資金監管規則》), the Shenzhen Stock Exchange ChiNext Listing Rules (《深圳證券交易所創業板股票上市規則》), and the Shenzhen Stock Exchange Listed Company Self-Disciplinary Supervision Guidelines No. 2 – ChiNext Listed Companies Standardized Operation (《深圳證券交易所上市公司自律監管指引第2號—創業板上市公司規範運作》). The raised funds have been stored in special accounts and used for specific purposes, and there has been no change in the purpose of the raised funds in disguised form, no damage to the interests of shareholders, and no illegal use of the raised funds.

(II) *Use of proceeds from the Global Offering*

The Company issued 135,080,200 H shares on October 22, 2025 and listed them on the Main Board of the Hong Kong Stock Exchange at an offer price of HK\$21.50 per share. The gross proceeds from the global offering amounted to HK\$2,904,224,300.00 (approximately RMB2,651,643,912.63). After deducting listing expenses directly attributable to the global offering, the net proceeds amounted to HK\$2,806,953,697.42 (approximately RMB2,562,832,934.35) (representing a net proceeds per share of approximately RMB18.97).

As of the date of this annual report, there has been no change to the intended use of the net proceeds and expected time table as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. To the extent that net proceeds are not immediately used for the intended use, the Company will place the net proceeds as short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), or applicable laws and regulations in other jurisdictions).

Section V Important Matters

	Total Net Proceeds Raised from the Listing Approximate (%)	Net Proceeds as at the Listing Date Approximate (HK\$ million)	Actual Use of Proceeds during the Period from the Listing Date to December 31, 2025 Approximate (HK\$ million)	Unutilised Net Proceeds as at December 31, 2025 Approximate (HK\$ million)	Expected Timeline for Utilisation of the Remaining Unutilised Net Proceeds
(I) for R&D purposes, primarily including technical innovation and product development related to AI and robotics technologies	55.0%	1,543.82	22.55	1,521.27	2029
(II) for the construction of manufacturing facilities in Shenzhen, China, primarily for the production of (i) module products and (ii) end products as part of integrated solutions (the "Shenzhen Facility")	15.0%	421.04	13.24	407.80	2029
(A) for the construction of the Shenzhen Facility	13.8%	386.91	13.24	373.67	2029
(B) for the recruitment of 168 personnel in connection with the Shenzhen Facility, primarily engaged in (i) production, (ii) quality control and (iii) administrative support	1.2%	34.14	–	34.14	2029
(III) for the repayment of certain interest-bearing bank borrowings	10.0%	280.70	109.65	171.05	2026
(A) repayment of a bank loan with principal amount of RMB100.0 million provided by the Export-Import Bank of China (中國進出口銀行) ("EIBC Loan I")	4.1%	114.31	109.65	4.66	2026
(B) repayment of a bank loan with principal amount of RMB100.0 million provided by the Export-Import Bank of China ("EIBC Loan II")	4.1%	114.31	–	114.31	2026
(C) repayment of a bank loan with principal amount of RMB100.0 million provided by China Merchants Bank (the "CMB Loan")	1.9%	52.08	–	52.08	2026
(IV) for strategic investments and/or acquisitions	10.0%	280.70	–	280.70	2026
(V) for working capital and other general corporate purposes	10.0%	280.70	266.22	14.48	2026
Total	100%	2,806.95	411.65	2,395.30	

Note: The proceeds under the fifth item in the above table, which are intended for working capital and other general corporate purposes, will be fully utilised by 2026.

During the Reporting Period, a total of 481,263.00 A shares were issued and registered as a result of the concentrated exercise of share options by participants under the Company's A-share share option incentive scheme.

Save as disclosed above, the Company did not issue any other shares during the Reporting Period.

The Company had no circumstances involving changes to raised funds investment projects during the Reporting Period.

Section V Important Matters

XX. EXPLANATION OF OTHER SIGNIFICANT MATTERS

☐ Applicable ☒ Not applicable

The Company had no other significant matters requiring disclosure during the Reporting Period.

XXI. SIGNIFICANT MATTERS OF THE COMPANY'S SUBSIDIARIES

☐ Applicable ☒ Not applicable

Section VI Changes in Shares and Information on Shareholders

I. CHANGES IN SHARES

1. Changes in Shares

Unit: Shares

	Before the changes		Increase/decrease during the changes					After the changes	
	Number of shares	Ratio of shares	Number of new shares issued	Number of bonus shares	Number of shares converted from capital reserve	Others	Subtotal	Number of shares	Ratio of shares
I. Shares Subject to Trading									
Restrictions	233,119,576.00	30.45%	0.00	0.00	0.00	617,384.00	617,384.00	233,736,960.00	25.99%
1. State-owned shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
2. State-owned legal person shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
3. Other domestic shares	233,077,435.00	30.45%	0.00	0.00	0.00	647,165.00	647,165.00	233,724,600.00	25.99%
Including: Domestic legal person shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Domestic natural person shares	233,077,435.00	30.45%	0.00	0.00	0.00	647,165.00	647,165.00	233,724,600.00	25.99%
4. Foreign shares	42,141.00	0.01%	0.00	0.00	0.00	-29,781.00	-29,781.00	12,360.00	0.00%
Including: Foreign legal person shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Foreign natural person shares	42,141.00	0.01%	0.00	0.00	0.00	-29,781.00	-29,781.00	12,360.00	0.00%
II. Shares Not Subject to Trading									
Restrictions	532,445,287.00	69.55%	135,561,463.00	0.00	0.00	-2,477,866.00	133,083,597.00	665,528,884.00	74.01%
1. RMB ordinary shares	532,445,287.00	69.55%	481,263.00	0.00	0.00	-2,477,866.00	-1,996,603.00	530,448,684.00	58.99%
2. Domestically listed foreign shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
3. Overseas listed foreign shares	0.00	0.00%	135,080,200.00	0.00	0.00	0.00	135,080,200.00	135,080,200.00	15.02%
4. Others	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
III. Total Number of Shares	765,564,863.00	100.00%	135,561,463.00	0.00	0.00	-1,860,482	133,700,981.00	899,265,844.00	100.00%

Section VI Changes in Shares and Information on Shareholders

Reasons for Changes in Shares

☒ Applicable ☐ Not applicable

1. *Repurchase and Cancellation of Restricted Shares (A Shares)*

Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 226,060 restricted shares that had been granted but not yet unlocked became non-unlockable. Due to the failure to fully satisfy performance appraisal targets at company level set for the third unlocking period under the 2021 Equity Incentive Plan, the second unlocking period under the 2022 Restricted Share Incentive Plan and the first unlocking period under the 2023 Restricted Share Incentive Plan, as well as certain participants failing to meet their individual performance assessments, a total of 592,584 restricted shares became non-unlockable. On February 12, 2025, the aforesaid restricted shares that became non-unlockable were repurchased and cancelled by the Company. As a result, the Company's A Shares subject to trading restrictions were decreased by 592,584 shares, and the Company's total share capital was reduced by an aggregate of 592,584 shares.

Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 152,726 restricted shares that had been granted but not yet unlocked became non-unlockable. Due to the failure to fully satisfy performance appraisal targets at company level set for the third unlocking period under the 2022 Restricted Share Incentive Plan and the second unlocking period under the 2023 Restricted Share Incentive Plan, a total of 1,115,172 restricted shares for the relevant periods became non-unlockable. On December 29, 2025, the aforesaid restricted shares that became non-unlockable were repurchased and cancelled by the Company. As a result, the Company's A Shares subject to trading restrictions were decreased by 1,267,898 shares, and the Company's total share capital was reduced by an aggregate of 1,267,898 shares.

In summary, the Company's total share capital was reduced by 1,860,482 shares during the Reporting Period due to the repurchase and cancellation of restricted shares.

2. *Exercise of Stock Options (A Shares)*

Pursuant to the fulfillment of the vesting conditions for the third exercise period under the first grant of the 2021 Equity Incentive Plan, a total of 481,263 stock options that became exercisable were exercised by way of centralized exercise and were listed for trading on February 24, 2025. The ordinary A Shares directly issued by the Company to the participants were the source of shares upon exercise of the stock options. As a result, the Company's A Shares not subject to trading restrictions were increased by 481,263 shares, and the Company's total share capital was increased by 481,263 shares.

3. *Issuance and Listing of Overseas Listed Foreign Shares (H Shares)*

Upon approval by the Hong Kong Stock Exchange, a total of 135,080,200 H Shares issued by the Company (prior to the exercise of the over-allotment option) were listed on the Main Board of the Hong Kong Stock Exchange and commenced trading on October 22, 2025. The Chinese and English abbreviations of the H Shares are “廣和通” and “FIBOCOM” respectively, and the stock code is “0638”. Following the issuance and listing, the Company's overseas listed foreign shares (H Shares) were increased by 135,080,200 shares, and the Company's total share capital was increased by 135,080,200 shares.

Section VI Changes in Shares and Information on Shareholders

4. *In summary, the Company's total share capital changed from 765,564,863 shares to 899,265,844 shares.*

Approval of the Changes in Shares

☒ Applicable ☐ Not applicable

1. *Repurchase and Cancellation of Restricted Shares (A Shares)*

The Company convened the 8th meeting of the fourth session of the Board of Directors and the 8th meeting of the fourth session of the Board of Supervisors on October 25, 2024, and the 2024 4th extraordinary general meeting on November 15, 2024, at which the Proposal on Repurchasing and Canceling Part of Restricted Shares (《關於回購註銷部分限制性股票的議案》) was reviewed and approved. Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, and due to the failure to fully satisfy company-level performance appraisal targets under the 2021 Equity Incentive Plan, the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, as well as certain participants failing to meet their individual performance assessments, a total of 592,584 restricted shares became non-unlockable. The aforesaid restricted shares that became non-unlockable were repurchased and cancelled by the Company at the grant price plus one-year interest on bank deposits. Upon completion of the repurchase and cancellation, the Company's total share capital was reduced by 592,584 shares.

The Company convened the 15th meeting of the fourth session of the Board of Directors and the 15th meeting of the fourth session of the Board of Supervisors on August 11, 2025, and the 2025 3rd extraordinary general meeting on August 29, 2025, at which the Proposal on Repurchasing and Canceling Part of Restricted Shares (《關於回購註銷部分限制性股票的議案》) was reviewed and approved. Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 152,726 restricted shares that had been granted but not yet unlocked became non-unlockable. Due to the failure to fully satisfy performance appraisal targets at company level set for the third unlocking period under the 2022 Restricted Share Incentive Plan and the second unlocking period under the 2023 Restricted Share Incentive Plan, a total of 1,115,172 restricted shares for the relevant periods became non-unlockable. The aforesaid restricted shares that became non-unlockable were repurchased and cancelled by the Company at the grant price plus one-year interest on bank deposits. Upon completion of the repurchase and cancellation, the Company's total share capital was reduced by 1,267,898 shares.

2. *Exercise of Stock Options (A Shares)*

The Company convened the 48th meeting of the third session of the Board of Directors and the 46th meeting of the third session of the Board of Supervisors on June 13, 2024, at which the Proposal on the Fulfillment of the Vesting Conditions for the Third Exercise Period/Unlocking Conditions for the Third Unlocking Period with respect to the First Grant under the 2021 Stock Option and Restricted Share Incentive Plan (《關於公司 2021 年股票期權與限制性股票激勵計劃首次授予部分第三個行權／解除限售期可行權／可解除限售條件成就的議案》) was reviewed and approved. The stock options from the first grant under the Company's 2021 Equity Incentive Plan had met the vesting conditions for the third exercise period. A total of 90 participants became eligible to exercise, with an aggregate of 577,541 stock options exercisable. On February 24, 2025, a total of 84 participants exercised their stock options, with an aggregate of 481,263 stock options exercised. Upon completion of the exercise, the Company's total share capital was increased by 481,263 shares.

Section VI Changes in Shares and Information on Shareholders

3. *Issuance and Listing of Overseas Listed Foreign Shares (H Shares)*

The Company convened the 11th meeting of the fourth session of the Board of Directors on March 21, 2025, and the 2025 second extraordinary general meeting on April 11, 2025, at which the Proposal on the Issuance of H Shares by the Company and Listing on the Main Board of The Stock Exchange of Hong Kong Limited (《關於公司發行 H 股股票並在香港聯合交易所有限公司上市的議案》), among other proposals, was reviewed and approved. It was agreed that the Company would issue shares overseas (H Shares) and apply for listing on the Main Board of the Hong Kong Stock Exchange. Upon approval by the Hong Kong Stock Exchange, a total of 135,080,200 H Shares issued by the Company (prior to the exercise of the over-allotment option) were listed on the Main Board of the Hong Kong Stock Exchange and commenced trading on October 22, 2025.

Transfer of the Shares Changed

☒ Applicable ☐ Not applicable

1. *Repurchase and Cancellation of Restricted Shares (A Shares)*

Upon review and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on February 12, 2025, the procedures for the repurchase and cancellation of restricted shares that were non-unlockable under the 2021 Equity Incentive Plan, the 2022 Restricted Share Incentive Plan, and the 2023 Restricted Share Incentive Plan were completed. A total of 592,584 restricted shares were repurchased and cancelled.

Upon review and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on December 29, 2025, the procedures for the repurchase and cancellation of restricted shares that were non-unlockable under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan were completed. A total of 1,267,898 restricted shares were repurchased and cancelled.

2. *Exercise of Stock Options (A Shares)*

Upon review and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, a total of 481,263 stock options that became exercisable during the third exercise period under the first grant of the Company's 2021 Equity Incentive Plan were exercised by way of centralized exercise and were listed for trading on February 24, 2025.

3. *Issuance and Listing of Overseas Listed Foreign Shares (H Shares)*

Upon approval by the Hong Kong Stock Exchange, a total of 135,080,200 H Shares issued by the Company (prior to the exercise of the over-allotment option) were listed on the Main Board of the Hong Kong Stock Exchange and commenced trading on October 22, 2025.

Impact of changes in shares on financial indicators, including the basic earnings per share and diluted earnings per share for the most recent year and latest period, as well as the net assets per share attributable to the Company's shareholders of ordinary shares

☒ Applicable ☐ Not applicable

Section VI Changes in Shares and Information on Shareholders

During the Reporting Period, due to the exercise of stock options, the repurchase and cancellation of restricted shares, and the issuance of H Shares and their listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Company's share capital increased by an aggregate of 133,700,981 shares. This resulted in a dilutive effect on basic earnings per share and diluted earnings per share for the period, while increasing net assets per share attributable to the Company's shareholders of ordinary shares.

Other matters deemed necessary for disclosure by the Company or required to be disclosed by securities regulatory authorities

☐ Applicable ☒ Not applicable

2. Changes in Restricted Shares

☒ Applicable ☐ Not applicable

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares increased during the period	Number of restricted shares unlocked during the period	Number of restricted shares at the end of the period	Reason for trading restrictions	Date of unlocking the restricted shares
Zhang Tianyu	211,134,371.00	0.00	0.00	211,134,371.00	Lock-up shares held by the senior management	To be determined
Ying Lingpeng	19,144,579.00	0.00	0.00	19,144,579.00	Lock-up shares held by the senior management	To be determined
Xu Ning	154,086.00	0.00	55,567.00	98,519.00	Lock-up shares held by the senior management, and restricted shares under equity incentive	To be determined
Chen Shijiang	252,335.00	0.00	83,850.00	168,485.00	Lock-up shares held by the senior management, and restricted shares under equity incentive	To be determined
Wang Hongyan	244,635.00	0.00	88,575.00	156,060.00	Lock-up shares held by the senior management, and restricted shares under equity incentive	To be determined
Ye Zhibin	0.00	2,477,866.00	0.00	2,477,866.00	Shares acquired through an asset transfer under a divorce settlement; for which Ms. Ye Zhibin had undertaken to fulfill Mr. Xu Ning's share lock-up commitment	To be determined
Other restricted shares under equity incentive	2,189,570.00	0.00	1,632,490.00	557,080.00	Restricted shares under equity incentive	To be determined
Total	233,119,576.00	2,477,866.00	1,860,482.00	233,736,960.00	—	—

Section VI Changes in Shares and Information on Shareholders

II. ISSUANCE AND LISTING OF SECURITIES

1. Issuance of Securities during Reporting Period (Excluding Preference Shares)

☒ Applicable ☐ Not applicable

Names of stocks and their derivative securities	Issue date	Issue price (or interest rate)	Number of shares issued	Listing date	Number of shares approved for listing and trading		Trading termination date	Disclosure reference	Disclosure date
Stocks									
Fibocom – Overseas listed foreign shares (H Shares)	October 22, 2025	HK\$21.50/share	135,080,200	October 22, 2025	135,080,200			"Announcement on the Listing and Trading of Overseas Listed Foreign Shares (H Shares)" on CNINFO	October 22, 2025
Convertible corporate bonds, detachable-tradable convertible corporate bonds, and corporate bonds									
Not applicable									
Other derivative securities									
Not applicable									

Description regarding issuance of securities (excluding preference shares) during the Reporting Period

For details, please refer to the "(1) Reasons for Changes in Shares" under "1. Changes in Shares" of "Section VI Changes in Shares and Information on Shareholders"

Upon approval by the Hong Kong Stock Exchange, an additional 135,080,200 overseas listed foreign shares (H Shares) applied for by the Company through a public offering were listed on the Main Board of the Hong Kong Stock Exchange and commenced trading on October 22, 2025.

Section VI Changes in Shares and Information on Shareholders

2. Description of Changes in the Company's Total Number of Shares and Shareholder Structure, as well as Changes in the Company's Asset and Liability Structure

☒ Applicable ☐ Not applicable

1. Decrease in Total Number of Shares

The Company convened the 8th meeting of the fourth session of the Board of Directors and the 8th meeting of the fourth session of the Board of Supervisors on October 25, 2024, and the 2024 4th extraordinary general meeting on November 15, 2024, at which the Proposal on Repurchasing and Canceling Part of Restricted Shares (《關於回購註銷部分限制性股票的議案》) was reviewed and approved. Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, and due to the failure to fully satisfy company-level performance appraisal targets under the 2021 Equity Incentive Plan, the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, as well as certain participants failing to meet their individual performance assessments, a total of 592,584 restricted shares became non-unlockable. On February 12, 2025, the aforesaid restricted shares that became non-unlockable were repurchased and cancelled by the Company. As a result, the Company's A Shares subject to trading restrictions were decreased by 592,584 shares, and the Company's total share capital was reduced by an aggregate of 592,584 shares.

The Company convened the 15th meeting of the fourth session of the Board of Directors and the 15th meeting of the fourth session of the Board of Supervisors on August 11, 2025, and the 2025 3rd extraordinary general meeting on August 29, 2025, at which the Proposal on Repurchasing and Canceling Part of Restricted Shares (《關於回購註銷部分限制性股票的議案》) was reviewed and approved. Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 152,726 restricted shares that had been granted but not yet unlocked became non-unlockable. Due to the failure to fully satisfy performance appraisal targets at company level set for the third unlocking period under the 2022 Restricted Share Incentive Plan and the second unlocking period under the 2023 Restricted Share Incentive Plan, a total of 1,115,172 restricted shares for the relevant periods became non-unlockable. On December 29, 2025, the aforesaid restricted shares that became non-unlockable were repurchased and cancelled by the Company. As a result, the Company's A Shares subject to trading restrictions were decreased by 1,267,898 shares, and the Company's total share capital was reduced by an aggregate of 1,267,898 shares.

The repurchase of restricted shares issued in prior periods led to a decrease in the share capital premium by RMB16,115,757.60 during the period.

Section VI Changes in Shares and Information on Shareholders

2. *Increase in Total Number of Shares*

The Company convened the 48th meeting of the third session of the Board of Directors and the 46th meeting of the third session of the Board of Supervisors on June 13, 2024, at which the Proposal on the Fulfillment of the Vesting Conditions for the Third Exercise Period/Unlocking Conditions for the Third Unlocking Period with respect to the First Grant under the 2021 Stock Option and Restricted Share Incentive Plan 《關於公司 2021 年股票期權與限制性股票激勵計劃首次授予部分第三個行權／解除限售期可行權／可解除限售條件成就的議案》 was reviewed and approved. The stock options from the first grant under the Company's 2021 Equity Incentive Plan had met the vesting conditions for the third exercise period. A total of 90 participants became eligible to exercise the stock options, with an aggregate of 577,541 stock options exercisable. A total of 481,263 stock options that became exercisable were exercised by way of centralized exercise and were listed for trading on February 24, 2025. The ordinary A Shares directly issued by the Company to the participants were the source of shares upon exercise of the stock options. As a result, the Company's A Shares not subject to trading restrictions were increased by 481,263 shares, and the Company's total share capital was increased by 481,263 shares.

The Company convened the 11th meeting of the fourth session of the Board of Directors on March 21, 2025, and the 2025 2nd extraordinary general meeting on April 11, 2025, at which the Proposal on the Issuance of H Shares by the Company and Listing on the The Stock Exchange of Hong Kong Limited 《關於公司發行 H 股股票並在香港聯合交易所有限公司上市的議案》, among other proposals, was reviewed and approved. It was agreed that the Company would issue shares overseas (H Shares) and apply for listing on the Main Board of the Hong Kong Stock Exchange. A total of 135,080,200 H Shares issued by the Company were listed on the Main Board of the Hong Kong Stock Exchange and commenced trading on October 22, 2025. The Company's total share capital was increased by 135,080,200 shares.

The share capital premium increased by RMB2,439,594,565.00 due to the issuance of H Shares and the exercise of stock options during the period.

3. *Current Status of Employee Shares held by Internal Staff*

☐ Applicable ☒ Not applicable

Section VI Changes in Shares and Information on Shareholders

III. INFORMATION ON SHAREHOLDERS AND ACTUAL CONTROLLERS

1. Number of Shareholders and Shareholdings of the Company

Unit: Shares

Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares subject to trading restrictions held	Number of shares not subject to trading restrictions held	Total number of shareholders holding preference shares with restored voting rights at the end of the Reporting Period (if any) (see Note 9)	Total number of shareholders holding preference shares with restored voting rights at the end of the month preceding the disclosure date of the annual report (if any)	Total number of shareholders holding shares with special voting rights (if any)	Status of shares	Pledged, marked or locked-up	Number of shares			
													Total number of shareholders holding ordinary shares at the end of the Reporting Period	Total number of shareholders holding preference shares with restored voting rights at the end of the month preceding the disclosure date of the annual report (if any)	Total number of shareholders holding shares with special voting rights (if any)
Total number of shareholders holding ordinary shares at the end of the Reporting Period															
	97,298		90,396		0	0	(if any) (see Note 9)	0	0			0			
Shareholdings of shareholders holding more than 5% shares or the top 10 shareholders (excluding shares lent under refinancing arrangement)															
			Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares subject to trading restrictions held	Number of shares not subject to trading restrictions held									
Zhang Tianyu	Domestic natural person	31.30%	281,512,495.00	0.00	211,134,371.00	70,378,124.00	Pledged					56,589,300.00			
HKSCC NOMINEES LIMITED	Foreign legal person	15.02%	135,079,799.00	135,079,799.00	0.00	135,079,799.00	Not applicable					0.00			
Ying Lingpeng	Domestic natural person	2.84%	25,526,106.00	0.00	19,144,579.00	6,381,527.00	Not applicable					0.00			
Xinyu Guanghe Chuangtong Venture Capital Partnership (Limited Partnership)	Domestic non-state-owned legal person	2.14%	19,281,816.00	0.00	0.00	19,281,816.00	Not applicable					0.00			
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.66%	5,979,899.00	-20,446,285.00	0.00	5,979,899.00	Not applicable					0.00			
China Merchants Bank Co., Ltd. – China Southern	Others	0.47%	4,201,193.00	413,600.00	0.00	4,201,193.00	Not applicable					0.00			
CSI 1000 Trading Open-ended Index Securities Investment Fund															

Section VI Changes in Shares and Information on Shareholders

Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares subject to trading restrictions held	Number of shares (excluding shares lent under refinancing arrangement)	0 (if any) (see Note 9)	0 (if any) (see Note 9)	Total number of shareholders holding preference shares with restored voting rights at the end of the month preceding the disclosure date of the annual report	Total number of shareholders holding preference shares with restored voting rights at the end of the month preceding the disclosure date of the annual report	Total number of shareholders holding special voting rights (if any)	Pledged, marked or locked-up	Number of shares
Total number of shareholders holding ordinary shares at the end of the Reporting Period	97,298		90,396	(see Note 9)							0		
Shareholdings of shareholders holding more than 5% shares or the top 10 shareholders													
Industrial and Commercial Bank of China Limited – Guotai CSI All-Share Communications Equipment Trading Open-ended Index Securities Investment Fund	Others	0.37%	3,322,746.00	2,136,209.00	0.00	3,322,746.00	Not applicable						0.00
Ye Zhibin	Domestic natural person	0.37%	3,303,822.00	0.00	2,477,866.00	825,956.00	Not applicable						0.00
China Merchants Bank Co., Ltd. – ChinaAMC CSI 1000 Trading Open-ended Index Securities Investment Fund	Others	0.30%	2,661,039.00	628,305.00	0.00	2,661,039.00	Not applicable						0.00
Huang Weiqin	Domestic natural person	0.27%	2,471,200.00	2,471,200.00	0.00	2,471,200.00	Not applicable						0.00
Information on strategic investors or general legal persons that became top 10 shareholders through the placing of new shares (if any) (see Note 4)	Note on the related-party relationships among the shareholders: Mr. Ying Lingpeng, a shareholder of the Company, directly held 2.84% of the Company's shares and indirectly held 0.07% of the Company's shares through Xinyu Guanghe Chuangtong Venture Capital Partnership (Limited Partnership). In addition, the Company is not aware of any other related-party relationships or concerted-action relationships among other shareholders.												
Note on the related-party relationships or concerted actions among the above shareholders	Note on the related-party relationships or concerted-action relationships among other shareholders.												
Description of any entrusted or delegated voting rights and any waivers of voting rights among the above shareholders	Not applicable												
Special note on the existence of share repurchase accounts among the top 10 shareholders (if any) (see Note 10)	The share repurchase-specific securities account of Fibocom Wireless Inc. held 2,627,960.00 shares at the end of the Reporting Period, accounting for 0.29% of the Company's total share capital.												

Section VI Changes in Shares and Information on Shareholders

Shareholdings of the top 10 shareholders holding shares not subject to trading restrictions (excluding shares lent under refinancing arrangement and lock-up shares held by the senior management)

Name of shareholder	Number of shares not subject to trading restrictions held at the end of the Reporting Period	Type of shares		Number of shares
		Type of shares	Type of shares	
HKSCC NOMINEES LIMITED	135,079,799.00	Overseas listed foreign shares		135,079,799.00
Zhang Tianyu	70,378,124.00	RMB ordinary shares		70,378,124.00
Xinyu Guanghe Chuanghong Venture Capital Partnership (Limited Partnership)	19,281,816.00	RMB ordinary shares		19,281,816.00
Ying Lingsheng	6,381,527.00	RMB ordinary shares		6,381,527.00
Hong Kong Securities Clearing Company Limited	5,979,899.00	RMB ordinary shares		5,979,899.00
China Merchants Bank Co., Ltd. - China Southern CSI 1000 Trading Open-ended Index Securities Investment Fund	4,201,193.00	RMB ordinary shares		4,201,193.00
Industrial and Commercial Bank of China Limited - Guotai CSI All-Share Communications Equipment Trading Open-ended Index Securities Investment Fund	3,322,746.00	RMB ordinary shares		3,322,746.00
China Merchants Bank Co., Ltd. - ChinaAMC CSI 1000 Trading Open-ended Index Securities Investment Fund	2,661,039.00	RMB ordinary shares		2,661,039.00
Huang Weiqin	2,471,200.00	RMB ordinary shares		2,471,200.00
Lu Baolong	2,258,811.00	RMB ordinary shares		2,258,811.00
Note on the related-party relationships or concerted actions among the top 10 shareholders of tradable shares not subject to trading restrictions, and between the top 10 shareholders of tradable shares not subject to trading restrictions and the top 10 shareholders	Note on the related-party relationships among the shareholders: Mr. Ying Lingsheng, a shareholder of the Company, directly held 2.84% of the Company's shares and indirectly held 0.071% of the Company's shares through Xinyu Guanghe Chuanghong Venture Capital Partnership (Limited Partnership), while also served as the executive partner of Xinyu Guanghe Chuanghong Venture Capital Partnership (Limited Partnership). In addition, the Company is not aware of any other related-party relationships or concerted-action relationships among other shareholders.			
Note on the shareholders' participation in margin financing and securities lending (if any) (see Note 5)	Huang Weiqin, a shareholder of the Company, held 0 shares through an ordinary securities account and 2,471,200.00 shares through a credit securities account. Lu Baolong, a shareholder of the Company, held 0 shares through an ordinary securities account and 2,258,811.00 shares through a credit securities account.			

Section VI Changes in Shares and Information on Shareholders

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

As at 31 December 2025, to the knowledge of the Directors, the following persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance are as below:

Name of substantial shareholder	Capacity/ nature of interest	Number of shares ⁽¹⁾	Number and type proportion of shares or relevant shares held	Proportion of total issued share capital ⁽²⁾
Wang Zhini ⁽³⁾	Interest in controlled corporations	25,065,800 H Shares (L)	18.56%	2.79%
GF Fund Management Co., Ltd. ⁽⁴⁾	Investment manager	12,104,800 H Shares (L)	8.96%	1.35%
CITIC Securities Company Limited ⁽⁵⁾	Interest in controlled corporations	6,682,600 H Shares (L)	4.95%	0.74%
	Beneficial owner	6,624,200 H Shares (S)	4.90%	0.74%
CLSA B.V. ⁽⁶⁾	Beneficial owner	2,243,400 H Shares (L)	1.66%	0.25%
	Interest in controlled corporations	22,283,600 H Shares (L)	16.50%	2.48%
		20,262,000 H Shares (S)	15.00%	2.25%

(1) The letter “L” denotes a long position, while the letter “S” denotes a short position.

(2) The calculation is based on a total of 135,080,200 H shares and 764,185,644 A shares in issue as at December 31, 2025, including 2,627,960 treasury A shares.

(3) Wang Zhini is deemed to be interested in 25,065,800 H shares (L) held by Hong Kong Qindao Gantong Co., Ltd., a corporation controlled by her.

(4) GF Fund Management Co., Ltd. is deemed to be interested in 7,471,400 H shares (L) held by GF International Asset Management Co., Ltd., a corporation controlled by it.

(5) CITIC Securities Company Limited holds 2,243,400 H shares. It is also deemed to be interested in 6,624,200 H shares (L) and 6,624,200 H shares (S) held separately by CITIC Securities International Capital Management Limited, as well as 58,400 H shares (L) held by CITIC Securities Asset Management Company Limited, all of which are corporations controlled by it.

(6) CLSA B.V. is deemed to be interested in 22,283,600 H shares (L) and 20,262,000 H shares (S) held by CLSA Limited, a corporation controlled by it.

Save as disclosed above, as at December 31, 2025, other than the Directors and chief executives whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation”, no other person had any interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

Section VI Changes in Shares and Information on Shareholders

Share lending through refinancing arrangement by the shareholders holding more than 5% of shares, the top 10 shareholders, and the top 10 shareholders of tradable shares not subject to trading restrictions

☐ Applicable ☒ Not applicable

Changes from the previous period in the top 10 shareholders and top 10 shareholders of tradable shares not subject to trading restrictions due to share lending/return under refinancing arrangement

☐ Applicable ☒ Not applicable

Whether the Company has differentiated voting rights arrangements

☐ Applicable ☒ Not applicable

Whether the Company's top 10 shareholders of ordinary shares and the top 10 shareholders of ordinary shares not subject to trading restrictions conducted any agreed repurchase transactions during the Reporting Period

☐ Yes ☒ No

The Company's top 10 shareholders of ordinary shares and the top 10 shareholders of ordinary shares not subject to trading restrictions did not conduct any agreed repurchase transactions during the Reporting Period.

2. Information on the Company's Controlling Shareholders

Nature of controlling shareholder: Controlled by a natural person

Type of controlling shareholder: Natural person

Name of controlling shareholder	Nationality	Whether permanent residency in another country or region has been obtained
Zhang Tianyu	China	No
Primary occupation and position	Chairman	
Equity interests in other domestic and overseas listed companies held through controlling and non-controlling stakes during the Reporting Period	Not applicable	

Changes in controlling shareholders during the Reporting Period

☐ Applicable ☒ Not applicable

There was no change in the Company's controlling shareholders during the Reporting Period.

Section VI Changes in Shares and Information on Shareholders

3. Actual Controllers and their Concert Parties of the Company

Nature of actual controller: Domestic natural person

Type of actual controller: Natural person

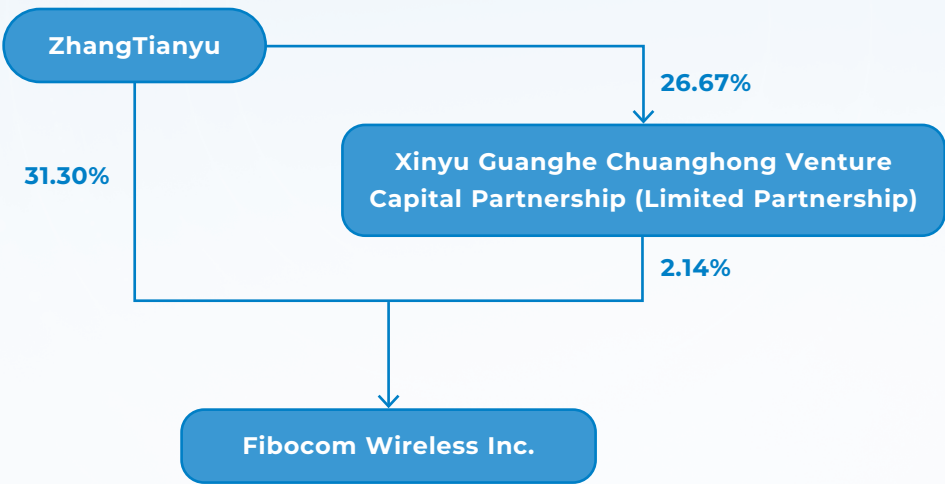
Name of actual controller	Relationship with the actual controller	Nationality	Whether permanent residency in another country or region has been obtained
Zhang Tianyu	Self	China	No
Primary occupation and position	Chairman		
Domestic and overseas listed companies controlled in the past 10 years	Not applicable		

Changes in actual controllers during the Reporting Period

☐ Applicable ☒ Not applicable

There was no change in the Company’s actual controllers during the Reporting Period.

Block Diagram of the Equity Ownership and Control Relationship between the Company and the Actual Controller



The company is controlled by the actual controller through trust or other asset management arrangements

☐ Applicable ☒ Not applicable

4. The cumulative number of shares pledged by the Company’s controlling shareholder(s) or the top 1 shareholder and its concert parties accounts for 80% of the shares they hold in the Company

☐ Applicable ☒ Not applicable

Section VI Changes in Shares and Information on Shareholders

5. Other corporate shareholders holding more than 10% of shares

☐ Applicable ☒ Not applicable

6. Restrictions on the reduction of shareholdings by controlling shareholders, actual controllers, restructuring parties, and other parties subject to relevant commitments

☐ Applicable ☒ Not applicable

IV. IMPLEMENTATION SPECIFICS OF SHARE REPURCHASES DURING THE REPORTING PERIOD

Progress on implementation of share repurchases

☐ Applicable ☒ Not applicable

Progress on implementation of reducing repurchased shares through centralized bidding transactions

☐ Applicable ☒ Not applicable

Repurchases, Redemption or Disposal, and Issuance of Shares

For the year ended December 31, 2025, the Company repurchased and cancelled certain A-share restricted shares granted to certain incentive participants (the “Repurchased Incentive Participants”) in accordance with the rules of the 2021 Share Option and Restricted Share Incentive Plan (the “2021 Equity Incentive Plan”), the 2022 Restricted Share Incentive Plan, and the 2023 Restricted Share Incentive Plan (the “Repurchase and Cancellation”).

The proposals on repurchase and cancellation have been submitted to the extraordinary general meeting for consideration and approval. A summary of such repurchases and cancellations is as follows:

1. Due to the resignation of certain incentive participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 226,060 restricted shares already granted but not yet vested were not eligible for vesting. In addition, as the Company failed to fully satisfy the company-level performance conditions for the third vesting period under the 2021 Equity Incentive Plan, the second vesting period under the 2022 Restricted Share Incentive Plan, and the first vesting period under the 2023 Restricted Share Incentive Plan, and certain participants did not meet their individual performance targets, an aggregate of 366,524 restricted shares were not eligible for vesting during the relevant period. On February 12, 2025, the aforementioned restricted shares that were not eligible for vesting were repurchased and cancelled by the Company, with an aggregate of 592,584 A shares repurchased and cancelled. The total consideration paid by the Company for such repurchase and cancellation (including bank deposit interest) amounted to RMB5,769,107.17. The repurchase prices under the 2021 Equity Incentive Plan, the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan were RMB7.80 per share, RMB9.39 per share and RMB10.75 per share, respectively. Upon completion of the repurchase and cancellation, the total share capital of the Company was reduced by an aggregate of 592,584 shares.

Section VI Changes in Shares and Information on Shareholders

2. Due to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 152,726 restricted shares already granted but not yet vested were forfeited and became ineligible for vesting. In addition, as the Company failed to meet the company-level performance targets for the third vesting period under the 2022 Restricted Share Incentive Plan and the second vesting period under the 2023 Restricted Share Incentive Plan, an aggregate of 1,115,172 restricted shares for the relevant period were forfeited and became ineligible for vesting. On December 29, 2025, the aforementioned restricted shares that were not eligible for vesting were repurchased and cancelled by the Company, with an aggregate of 1,267,898 A shares repurchased and cancelled. The total consideration paid by the Company for such repurchase and cancellation (including bank deposit interest) amounted to RMB12,476,776.62. The repurchase prices under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan were RMB9.04 per share and RMB10.40 per share, respectively. Upon completion of the repurchase and cancellation, the total share capital of the Company was reduced by an aggregate of 1,267,898 shares.

During the Reporting Period, the Company repurchased the above A Shares through private arrangements, details of which are as follows:

Date	Number of A Shares repurchased (Shares)	Highest repurchase price (RMB/share)	Lowest repurchase price (RMB/share)	Total consideration (RMB)
February 2025	592,584	10.75	7.80	5,769,107.17
December 2025	1,267,898	10.40	9.04	12,476,776.62
Total	1,860,482			18,245,883.79

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities (including the sale of any treasury shares) during the Reporting Period. Save for the 2,627,960 treasury A shares held by the Company during the Reporting Period, the Company did not hold any other treasury shares as at December 31, 2025. Such 2,627,960 treasury A shares are held by the Company for the purposes of its employee share ownership plan, equity incentive plan, or the issuance of convertible bonds. These A shares were repurchased by the Company during the period from August 29, 2023 to November 30, 2023.

The Company issued 135,080,200 H shares on October 22, 2025 and listed them on the Main Board of the Hong Kong Stock Exchange at an offer price of HKD21.50 per share. The gross proceeds amounted to HKD2,904,224,300.00 (approximately RMB2,651,643,912.00). After deducting the issuance expenses directly attributable to the issuance of new shares, the net proceeds amounted to HK\$2,806,953,697.42 (approximately RMB2,562,832,934.35) (representing a net proceeds per share of approximately RMB18.97). As of the date of this report, there has been no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus.

Section VI Changes in Shares and Information on Shareholders

Pre-emptive Rights

Pursuant to the Company's Articles of Association and the laws of the PRC, there is no requirement for the Company to offer new shares to existing shareholders on a pro rata basis.

V. INFORMATION ON PREFERENCE SHARES

☐ Applicable ☒ Not applicable

The Company had no preference shares during the Reporting Period.

Section VII Information on Bonds

☐ Applicable ☒ Not applicable

Section VIII Financial Report

I. AUDIT REPORT

Type of Audit Opinion	Standard unqualified opinion
Date of Signing of Audit Report	March 30, 2026
	Grant Thornton Zhitong Certified Public Accountants
Name of Audit Firm	LLP
Audit Report Number	GTCSZ (2026) No. 441A006248
Names of Certified Public Accountants	Zhao Juanjuan, Zhou Yilan

Audit Report (Full Text)

To all shareholders of Fibocom Wireless Inc.,

I. Audit Opinion

We have audited the financial statements of Fibocom Wireless Inc. (hereinafter referred to as Fibocom), including the consolidated and company balance sheets as of December 31, 2025, and the consolidated and company income statements, consolidated and company cash flow statements, consolidated and company statements of changes in owners' equity, and related notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the provisions of the China Accounting Standards for Business Enterprises (CASBE), and present fairly the consolidated and company financial position of Fibocom as of December 31, 2025, and its consolidated and company results of operations and cash flows for the year then ended.

II. Basis for Audit Opinion

We conducted our audit in accordance with the China Registered Accountants Auditing Standards. Our responsibilities under these standards are further described in the "Responsibilities of the Certified Public Accountants for the Audit of Financial Statements" section of our audit report. In accordance with the independence requirements of the Code of Professional Ethics for Certified Public Accountants of China and the Independence Standards for Certified Public Accountants of China applicable to entities of public interest (where applicable), we are independent of Fibocom and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

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

Section VIII Financial Report

(I) Revenue Recognition

Relevant information is disclosed in Item 25 of Note III, Item 42 of Note V and Item 5 of Note XVI to the financial statements.

1. Description of the Matter

Fibocom's sales revenue for 2025 was RMB6,987,612,100, with overseas revenue accounting for over 50%. In accordance with the requirements of the Accounting Standards for Business Enterprises and the terms of sales contracts, Fibocom recognizes sales revenue when control of the relevant goods or services is transferred to the customer.

We focused on the occurrence and cut-off of revenue recognition. As revenue is one of Fibocom's key performance indicators and involves a higher inherent risk of misstatement, we identified Fibocom's revenue recognition as a key audit matter.

2. Audit Response

Our principal audit procedures performed in respect of this matter included:

- (1) Understanding the design of internal controls related to revenue recognition, testing key internal controls, and evaluating both the design and effectiveness of these controls.
- (2) Sampling important sales contracts to identify contractual terms and conditions related to the transfer of control, and assessing whether Fibocom's accounting policy for revenue recognition from product sales complies with the provisions of the CASBE.
- (3) Obtaining revenue details and analyzing whether the changes in major customers are reasonable; performing annual and monthly fluctuation analyses by product type, along with gross profit margin trend analysis, to any abnormal fluctuations.
- (4) Selecting samples and inspecting supporting documents related to revenue recognition, including sales contracts, invoices, delivery notes, logistics information, customer receipts and, for overseas sales, export customs declarations, to evaluate whether revenue recognition complied with the Company's specific revenue recognition methods.
- (5) For overseas sales transactions, verifying the authenticity of overseas sales collections by accessing the platform of the State Administration of Foreign Exchange (SAFE) and reviewing sales foreign exchange receipts and payments.
- (6) Performing cutoff tests on revenue recorded immediately before and after the balance sheet date, and cross-checking with receipts and other supporting documents to evaluate whether revenue was recognized in the appropriate accounting period.
- (7) Selecting samples and sending confirmation requests for transaction amounts and year-end balances of accounts receivable.
- (8) Examining sales collections and post-year-end collections to further verify the authenticity and accuracy of sales transactions.

Section VIII Financial Report

(II) *Provision for Bad Debts on Accounts Receivable*

Relevant information is disclosed in Item 11 and 33 of Note III, Item 4 of Note V and Item 2 of Note XVI to the financial statements.

1. *Description of the Matter*

As of December 31, 2025, Fibocom's accounts receivable balance was RMB1,702,764,700, with a provision for bad debts of RMB40,088,100, resulting in a relatively significant amount.

The balance of the loss allowance for accounts receivable represents the management of Fibocom (hereinafter referred to as the "management") best estimate of expected credit losses for accounts receivable as of the balance sheet date, determined using the expected credit loss model under the CASBE No.22 – Recognition and Measurement of Financial Instruments 《企業會計準則第 22 號 – 金融工具確認和計量》. The management's recognition of expected credit losses on accounts receivable involves significant accounting estimates and judgments, and we identified the provision for bad debts on accounts receivable as a key audit matter.

2. *Audit Response*

Our principal audit procedures performed in respect of this matter included:

- (1) Understanding the design of internal controls related to the provision for expected credit losses on accounts receivable, testing key internal controls, and evaluating both the design and operating effectiveness of these controls;
- (2) Obtaining the aging analysis report of accounts receivable, sampling customer revenue data, and evaluating the accuracy of the aging analysis report of accounts receivable;
- (3) Analyzing and evaluating the reasonableness of accounting policies and estimates related to expected credit losses, including the basis for determining accounts receivable portfolios, judgments for single item bad debt provisions, and expected credit losses corresponding to accounts receivable portfolios;
- (4) Analyzing the historical amounts and circumstances of actual bad debts of similar accounts receivable, and, based on factors such as customer credit and market conditions, evaluating the reasonableness of key assumptions used by management for expected credit losses on accounts receivable;
- (5) Examining post-year-end collections of accounts receivable to evaluate the adequacy and accuracy of the provision for bad debts on accounts receivable.

Section VIII Financial Report

IV. Other Information

Fibocom's management is responsible for the other information. The other information includes the information covered in the 2025 Annual Report of Fibocom but does not include the financial statements and our audit report.

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

Based on our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with the knowledge we 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 the other information, we are required to report this fact. In this regard, we have nothing to report.

V. Responsibilities for the Financial Statements of the Management and Those Charged with Governance

Fibocom's management is responsible for preparing the financial statements in accordance with the provisions of the CASBE to ensure fair presentation, and for designing, implementing, and maintaining necessary internal controls to prevent material misstatements in the financial statements due to fraud or error.

When preparing the financial statements, the management is responsible for assessing Fibocom'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 management either intends to liquidate Fibocom or to cease operations, or has no other realistic alternative but to do so.

Those charged with governance are responsible for overseeing Fibocom's financial reporting process.

Section VIII Financial Report

VI. Responsibilities of Certified Public Accountants for the Audit of Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when one exists. Misstatements may 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 financial statements.

In performing the audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. In addition, we have performed the following procedures:

- (1) Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and implementing audit procedures to respond to those risks, and obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. Since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls, the risk of not detecting a material misstatement due to fraud is higher than that due to error.
- (2) Obtaining an understanding of internal controls relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluating the appropriateness of the management's accounting policies and the reasonableness of accounting estimates and related disclosures.
- (4) Concluding on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether there is a material uncertainty regarding the events or conditions that may cast significant doubt on Fibocom's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw the users' attention to the relevant disclosures in the financial statements in our audit report. If such disclosures are inadequate, we shall express a modified opinion. Our conclusions are based on the information available up to the date of the audit report. However, future events or conditions may cause Fibocom to cease to continue as a going concern.
- (5) Evaluating the overall presentation, structure, and content of the financial statements, and evaluating whether the financial statements fairly represent the relevant transactions and events.

Section VIII Financial Report

- (6) Obtaining sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Fibocom to express an opinion on the financial statements. We are responsible for directing, supervising, and performing group audits, and take full responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We also provide those charged with governance 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 believed to affect our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the current period financial statements and therefore constitute the key audit matters. We describe these matters in our audit report, unless laws or regulations preclude public disclosure, or in extremely rare circumstances, when we determine that a matter should not be communicated in the audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Zhitong Certified
Public Accountants LLP
Beijing, China

China Certified Public Accountant
(Engagement Partner):
Certified Public Accountant of China:

March 30, 2026

Section VIII Financial Report

II. FINANCIAL STATEMENTS

The unit of the statements in the financial notes is: RMB

1. Consolidated Balance Sheet

Prepared by: Fibocom Wireless Inc.

December 31, 2025

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	3,423,803,670.00	1,119,659,068.00
Clearing settlement funds	0.00	0.00
Placements with banks and other financial institutions	0.00	0.00
Financial assets held for trading	316,102,632.97	373,688,765.35
Derivative financial assets	0.00	0.00
Note receivables	86,450,296.71	118,894,083.85
Accounts receivable	1,662,676,569.07	1,946,402,151.46
Receivables financing	82,589,635.78	363,684,763.71
Prepayments	21,422,754.17	34,156,864.88
Premiums receivable	0.00	0.00
Reinsurance receivables	0.00	0.00
Reinsurance contract reserves receivable	0.00	0.00
Other receivables	58,184,183.78	479,188,634.28
Including: Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Financial assets purchased under agreements to resell	0.00	0.00
Inventories	1,347,574,914.21	979,719,060.55
Including: Data resource	0.00	0.00
Contract assets	0.00	0.00
Assets held for sale	0.00	0.00
Non-current assets due within one year	107,137,163.98	83,883,123.28
Other current assets	1,136,475,432.41	783,483,054.37
Total current assets	8,242,417,253.08	6,282,759,569.73
Non-current assets:		
Loans and advances to customers	0.00	0.00
Debt investments	0.00	0.00
Other debt investments	0.00	0.00
Long-term receivables	0.00	0.00

Section VIII Financial Report

Item	Closing balance	Opening balance
Long-term equity investments	59,468,608.32	57,273,546.65
Other investments in equity instruments	355,976,021.38	329,578,094.58
Other non-current financial assets	0.00	0.00
Investment properties	0.00	0.00
Fixed assets	71,793,771.55	78,971,527.95
Construction in progress	211,487,187.73	92,850,902.58
Productive biological assets	0.00	0.00
Oil & gas assets	0.00	0.00
Right-of-use assets	86,995,197.29	21,061,701.85
Intangible assets	399,375,030.95	333,967,823.79
Including: Data resource	0.00	0.00
Development expenses	11,365,687.76	28,363,638.04
Including: Data resource	0.00	0.00
Goodwill	12,902,093.27	12,902,093.27
Long-term deferred expenses	53,388,666.00	66,349,263.40
Deferred income tax assets	140,795,419.72	156,563,049.38
Other non-current assets	43,499,113.10	88,414,098.07
Total non-current assets	1,447,046,797.07	1,266,295,739.56
Total assets	9,689,464,050.15	7,549,055,309.29
Current liabilities:		
Short-term borrowings	622,289,392.88	671,617,344.27
Borrowings from the Central Bank	0.00	0.00
Placements from banks and other financial institutions	0.00	0.00
Financial liabilities held for trading	6,537,931.64	11,117,066.76
Derivative financial liabilities	0.00	0.00
Notes payable	384,032,973.27	307,635,067.66
Accounts payable	1,672,403,303.69	1,718,555,185.01
Advances from customers	0.00	0.00
Contract liabilities	50,996,166.99	27,943,121.57
Financial assets sold for repurchase	0.00	0.00
Receipt of deposits and deposits from other banks	0.00	0.00
Deposit for securities trading brokerage	0.00	0.00
Deposit for securities underwriting brokerage	0.00	0.00
Employee benefits payable	76,117,368.65	136,864,207.07
Taxes payable	47,599,392.56	158,697,033.03
Other payables	119,226,414.61	154,542,495.40
Including: Interests payable	0.00	0.00
Dividends payable	0.00	0.00
Fees and commissions payable	0.00	0.00
Reinsurance accounts payable	0.00	0.00
Liabilities held for sale	0.00	0.00
Non-current liabilities due within one year	269,017,859.04	420,258,251.43

Section VIII Financial Report

Item	Closing balance	Opening balance
Other current liabilities	7,407,397.87	39,451,435.79
Total current liabilities	3,255,628,201.20	3,646,681,207.99
Non-current liabilities:		
Insurance contract reserves	0.00	0.00
Long-term borrowings	48,750,000.00	189,970,000.00
Bonds payable	0.00	0.00
Including: Preference shares	0.00	0.00
Perpetual bonds	0.00	0.00
Lease liabilities	23,964,548.59	10,682,803.14
Long-term payables	0.00	0.00
Long-term employee benefits payable	0.00	0.00
Provisions	0.00	0.00
Deferred income	6,597,747.67	11,337,969.12
Deferred income tax liabilities	87,033,324.03	77,422,438.12
Other non-current liabilities	0.00	0.00
Total non-current liabilities	166,345,620.29	289,413,210.38
Total liabilities	3,421,973,821.49	3,936,094,418.37
Equity:		
Share capital	899,265,844.00	765,564,863.00
Other equity instruments	0.00	0.00
Including: Preference shares	0.00	0.00
Perpetual bonds	0.00	0.00
Capital reserve	3,119,230,724.72	689,995,046.39
Less: Treasury shares	58,099,491.54	76,758,475.44
Other comprehensive income	165,968,843.85	172,268,988.82
Specific reserve	0.00	0.00
Surplus reserve	244,193,309.27	194,659,622.54
General risk provision	0.00	0.00
Retained earnings	1,889,123,130.81	1,858,605,130.73
Total equity attributable to the owners of the parent	6,259,682,361.11	3,604,335,176.04
Minority interests	7,807,867.55	8,625,714.88
Total equity	6,267,490,228.66	3,612,960,890.92
Total liabilities and equity	9,689,464,050.15	7,549,055,309.29

Legal Representative:
Zhang Tianyu

Person in Charge of Accounting:
Wang Hongyan

Head of Accounting Department:
Wang Hongyan

Section VIII Financial Report

2. Balance Sheet of Parent

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	2,788,226,950.57	659,799,238.29
Financial assets held for trading	0.00	20,037,260.27
Derivative financial assets	0.00	0.00
Notes receivable	22,242,637.79	156,182,390.62
Accounts receivable	3,813,683,003.49	2,497,704,566.33
Receivables financing	17,141,723.73	17,342,703.34
Prepayments	16,606,320.54	70,626,216.32
Other receivables	724,027,195.26	1,285,684,014.80
Including: Interest receivable	0.00	0.00
Dividends receivable	0.00	200,000,000.00
Inventories	774,876,481.95	473,988,394.95
Including: Data resource	0.00	0.00
Contract assets	0.00	0.00
Assets held for sale	0.00	0.00
Non-current assets due within one year	107,137,163.98	83,883,123.28
Other current assets	614,680,559.95	569,605,136.17
Total current assets	8,878,622,037.26	5,834,853,044.37

Section VIII Financial Report

Item	Closing balance	Opening balance
Non-current assets:		
Debt investments	0.00	0.00
Other debt investments	0.00	0.00
Long-term receivables	0.00	0.00
Long-term equity investments	1,075,814,251.05	1,069,705,783.98
Other investments in equity instruments	0.00	0.00
Other non-current financial assets	0.00	0.00
Investment properties	0.00	0.00
Fixed assets	41,592,247.13	47,914,746.94
Construction in progress	148,082,896.66	92,850,902.58
Productive biological assets	0.00	0.00
Oil & gas assets	0.00	0.00
Right-of-use assets	56,132,366.97	4,179,751.01
Intangible assets	199,356,493.37	203,177,536.64
Including: Data resource	0.00	0.00
Development expenses	6,867,191.41	15,648,516.23
Including: Data resource	0.00	0.00
Goodwill	0.00	0.00
Long-term deferred expenses	45,682,721.34	56,955,734.99
Deferred income tax assets	35,348,790.67	42,585,429.21
Other non-current assets	35,251,350.47	86,142,980.07
Total non-current assets	1,644,128,309.07	1,619,161,381.65
Total assets	10,522,750,346.33	7,454,014,426.02

Section VIII Financial Report

Item	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	496,290,458.44	529,169,709.57
Financial liabilities held for trading	0.00	0.00
Derivative financial liabilities	0.00	0.00
Notes payable	431,349,485.52	355,359,834.96
Accounts payable	1,606,295,893.48	2,024,551,888.33
Advances from customers	0.00	0.00
Contract liabilities	1,599,136,784.73	584,496,027.90
Employee benefits payable	33,831,818.90	53,623,858.39
Taxes payable	4,489,456.95	2,602,160.86
Other payables	559,969,066.53	897,801,732.96
Including: Interests payable	0.00	0.00
Dividends payable	0.00	0.00
Liabilities held for sale	0.00	0.00
Non-current liabilities due within one year	243,942,133.19	113,813,723.34
Other current liabilities	8,364,584.27	21,520,946.16
Total current liabilities	4,983,669,682.01	4,582,939,882.47
Non-current liabilities:		
Long-term borrowings	48,750,000.00	189,970,000.00
Bonds payable	0.00	0.00
Including: Preference shares	0.00	0.00
Perpetual bonds	0.00	0.00
Lease liabilities	14,194,835.67	934,187.22
Long-term payables	0.00	0.00
Long-term employee benefits payable	0.00	0.00
Provisions	0.00	0.00
Deferred income	6,497,747.67	11,337,969.12
Deferred income tax liabilities	0.00	0.00
Other non-current liabilities	0.00	0.00
Total non-current liabilities	69,442,583.34	202,242,156.34
Total liabilities	5,053,112,265.35	4,785,182,038.81

Section VIII Financial Report

Item	Closing balance	Opening balance
Equity:		
Share capital	899,265,844.00	765,564,863.00
Other equity instruments	0.00	0.00
Including: Preference shares	0.00	0.00
Perpetual bonds	0.00	0.00
Capital reserve	3,086,082,525.84	665,984,710.56
Less: Treasury shares	58,099,491.54	76,758,475.44
Other comprehensive income	6,688,874.04	6,688,874.04
Specific reserve	0.00	0.00
Surplus reserve	244,193,309.27	194,659,622.54
Retained earnings	1,291,507,019.37	1,112,692,792.51
Total equity	5,469,638,080.98	2,668,832,387.21
Total liabilities and equity	10,522,750,346.33	7,454,014,426.02

Section VIII Financial Report

3. Consolidated Statement of Profit

Unit: RMB

Item	2025	2024
I. Total revenue	6,987,612,096.68	8,188,852,494.50
Including: Revenue	6,987,612,096.68	8,188,852,494.50
Interest income		
Insurance premiums earned		
Handling fees and commission income		
II. Total operating costs	6,659,459,442.77	7,711,217,274.28
Including: Operating costs	5,842,540,055.04	6,605,929,810.86
Interest expenses		
Handling fees and commission expenses		
Surrender value		
Net claim paid		
Net amount of insurance contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	16,674,612.27	20,064,270.66
Selling expenses	159,290,727.17	192,504,236.85
Administrative expenses	148,250,734.22	178,251,547.82
Research and development costs	480,299,890.58	686,892,797.08
Finance expenses	12,403,423.49	27,574,611.01
Including: Interest expenses	34,238,202.83	42,773,729.96
Interest income	39,685,504.68	35,946,464.96
Add: Other income	38,986,333.55	86,632,240.62
Investment income ("-" indicating loss)	3,275,206.36	162,861,607.57
Including: Income from investments in associates and joint ventures	-5,147,619.83	-3,897,820.75
Gains on derecognition of financial assets measured at amortized cost		
Foreign exchange gains ("-" indicating loss)		
Net gain on exposure hedging ("-" indicating loss)		
Gains on change in fair value ("-" indicating loss)	20,766,737.17	2,028,532.82
Credit impairment losses	4,278,038.33	-12,553,101.84
Assets impairment losses	-24,593,688.85	-46,394,754.33
Gains on disposal of assets ("-" indicating loss)	2,032.46	112,339.73

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Item	2025	2024
III. Operating profit (“-” indicating loss)	370,867,312.93	670,322,084.79
Add: Non-operating income	1,414,533.75	2,520,720.46
Less: Non-operating expenses	4,345,125.33	2,359,264.02
IV. Total profit (“-” indicating total loss)	367,936,721.35	670,483,541.23
Less: Income tax expenses	22,069,201.57	-6,354,908.99
V. Net profit (“-” indicating net loss)	345,867,519.78	676,838,450.22
(I) Classified by continuity of operations		
1. Net profit from continuing operations (“-” indicating net loss)	345,867,519.78	423,151,620.86
2. Net profit from discontinued operations (“-” indicating net loss)		253,686,829.36
(II) By ownership of the equity		
1. Net profit attributable to shareholders of the parent	347,040,640.51	667,964,222.42
2. Profit or loss attributable to minority interests	-1,173,120.73	8,874,227.80
VI. Other comprehensive income, net of tax	-6,300,144.97	73,571,400.38
Other comprehensive income attributable to the owners of the parent, net of tax	-6,300,144.97	73,571,400.38
(I) Other comprehensive income that may not be reclassified to profit or loss	19,798,445.10	71,827,319.44
1. Changes arising from remeasurement under defined benefit plan	0.00	1,103,521.27
2. Other comprehensive income that may not be transferred to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments	19,798,445.10	70,723,798.17
4. Change in fair value of the company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-26,098,590.07	1,744,080.94
1. Other comprehensive income that maybe reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount of financial asset reclassification included in other comprehensive income		
4. Credit impairment allowance of other debt investments		
5. Cash flow hedging reserve		
6. Exchange difference on translation of foreign financial statements	-26,098,590.07	1,744,080.94
7. Others		
Other comprehensive income attributable to minority interests, net of tax	0.00	0.00

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Item	2025	2024
VII. Total comprehensive income	339,567,374.81	750,409,850.60
Total comprehensive income attributable to owners of the parent	340,740,495.54	741,535,622.80
Total comprehensive income attributable to minority interests	-1,173,120.73	8,874,227.80
VIII. Earnings per share		
(I) Basic earnings per share	0.4400	0.8800
(II) Diluted earnings per share	0.4400	0.8700

If a business combination under common control occurred during the current period, the net profit of the acquiree prior to the combination amounts to RMB, and the net profit of the acquiree for the prior period amounts to RMB.

Legal Representative:
Zhang Tianyu

Person in Charge of Accounting:
Wang Hongyan

Head of Accounting Department:
Wang Hongyan

Section VIII Financial Report

4. Income Statement of the Parent

Unit: RMB

Item	2025	2024
I. Revenue	5,097,553,745.72	6,035,400,673.12
Less: Operating costs	4,599,311,231.44	5,618,058,870.19
Taxes and surcharges	3,626,653.08	4,148,089.74
Selling expenses	59,326,812.61	62,280,729.25
Administrative expenses	84,816,692.01	89,039,693.26
Research and development costs	182,649,605.89	201,151,096.59
Finance expenses	-42,938,653.93	2,664,428.68
Including: Interest expenses	31,071,360.82	30,303,481.65
Interest income	48,123,425.44	38,838,856.88
Add: Other income	11,079,837.07	26,655,089.97
Investment income ("-" indicating loss)	288,770,489.19	204,910,244.55
Including: Income from investments in associates and joint ventures	149,544.69	148,846.08
Gains on derecognition of financial assets measured at amortized cost ("-" indicating loss)	0.00	0.00
Net gain on exposure hedging ("-" indicating loss)	0.00	0.00
Gains on change in fair value ("-" indicating loss)	0.00	37,260.27
Credit impairment losses ("-" indicating loss)	7,138,617.31	-8,960,621.02
Assets impairment losses ("-" indicating loss)	-12,000,039.09	-19,326,994.77
Gains on disposal of assets ("-" indicating loss)	-18,103.29	114,831.27
II. Operating profit ("-" indicating loss)	505,732,205.81	261,487,575.68
Add: Non-operating income	336,263.93	0.06
Less: Non-operating expenses	3,498,902.61	1,089,307.70
III. Total profit ("-" indicating total loss)	502,569,567.13	260,398,268.04
Less: Income tax expenses	7,232,699.84	-19,558,113.01
IV. Net profit ("-" indicating net loss)	495,336,867.29	279,956,381.05
(I) Net profit from continuing operations ("-" indicating net loss)	495,336,867.29	279,956,381.05
(II) Net profit from discontinued operations ("-" indicating net loss)	0.00	0.00

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Item	2025	2024
V. Other comprehensive income, net of tax	0.00	0.00
(I) Other comprehensive income that may not be reclassified to profit or loss	0.00	0.00
1. Changes arising from remeasurement under defined benefit plan	0.00	0.00
2. Other comprehensive income that may not be transferred to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments	0.00	0.00
4. Change in fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	0.00	0.00
1. Other comprehensive income that maybe reclassified to profit or loss under equity method	0.00	0.00
2. Change in fair value of other debt investments		
3. Amount of financial asset reclassification included in other comprehensive income		
4. Credit impairment allowance of other debt investments		
5. Cash flow hedging reserve		
6. Exchange difference on translation of foreign financial statements	0.00	0.00
7. Others		
VI. Total comprehensive income	495,336,867.29	279,956,381.05
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Section VIII Financial Report

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2025	2024
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	7,449,586,353.40	7,650,046,380.88
Net increase in deposits from customers and placements from banks and other financial institutions	0.00	0.00
Net increase in borrowings from the Central Bank	0.00	0.00
Net increase in placements from other financial institutions	0.00	0.00
Cash received from premiums of original insurance contracts	0.00	0.00
Net cash received from reinsurance business	0.00	0.00
Net increase in deposits from policyholders and investments	0.00	0.00
Cash received from interests, fees and commissions	0.00	0.00
Net increase in placements from banks and other financial institutions	0.00	0.00
Net increase in cash from repurchase business	0.00	0.00
Net cash received from securities trading brokerage	0.00	0.00
Refunds of taxes and surcharges	494,140,160.36	414,421,293.65
Other cash received relating to operating activities	195,606,620.51	58,562,785.54
Sub-total of cash inflows from operating activities	8,139,333,134.27	8,123,030,460.07
Cash paid for purchase of goods and engagement of labor services	6,737,597,899.12	6,516,023,353.68
Net increase in loans and advances to customers	0.00	0.00
Net increase in deposits with the Central Bank and other financial institutions	0.00	0.00
Cash paid for compensation pay-outs of original insurance contracts	0.00	0.00
Net increase in placements with banks and other financial institutions	0.00	0.00
Cash paid for interest, fees and commissions	0.00	0.00
Cash paid for insurance dividends	0.00	0.00
Cash paid to and on behalf of employees	644,694,687.79	788,201,170.71
Cash paid for taxes and surcharges	237,526,198.20	190,180,097.27
Other cash paid relating to operating activities	166,206,696.10	188,740,217.65
Sub-total of cash outflows from operating activities	7,786,025,481.21	7,683,144,839.31
Net cash flows from operating activities	353,307,653.06	439,885,620.76

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Item	2025	2024
II. Cash flows from investing activities:		
Cash received from recovery of investments	4,450,483,427.53	692,472,462.94
Cash received from return on investments	8,119,956.54	3,207,329.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,744.38	20,922.52
Net cash received from disposal of subsidiaries and other business entities	71,578,880.95	83,751,447.82
Other cash received relating to investing activities	0.00	0.00
Sub-total of cash inflows from investing activities	4,530,191,009.40	779,452,163.26
Cash paid to acquire fixed assets, intangible assets and other long-term assets	217,922,946.27	124,102,873.73
Cash paid to acquire investments	6,280,279,689.15	1,126,802,525.77
Net increase in pledged loans	0.00	0.00
Net cash paid to acquire subsidiaries and other business entities	0.00	2,700,675.18
Other cash paid relating to investing activities	5,114,608.85	5,114,338.56
Sub-total of cash outflows from investing activities	6,503,317,244.27	1,258,720,413.24
Net cash flows from investing activities	-1,973,126,234.87	-479,268,249.98
III. Cash flows from financing activities:		
Cash received from accepting investments	2,601,855,427.09	2,328,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries	0.00	2,328,000.00
Cash received from borrowings	885,288,542.77	1,347,246,000.65
Other cash received relating to financing activities	364,942,017.64	78,536,855.40
Sub-total of cash inflows from financing activities	3,852,085,987.50	1,428,110,856.05
Cash paid for repayments of debt	1,239,876,210.51	1,268,518,099.54
Cash payment for distribution of dividends, profits or interest expenses	304,082,787.02	334,864,518.20
Including: Dividends and profit paid by subsidiaries to minority shareholders	0.00	0.00
Other cash paid relating to financing activities	113,618,587.18	68,918,641.08
Sub-total of cash outflows from financing activities	1,657,577,584.71	1,672,301,258.82
Net cash flows from financing activities	2,194,508,402.79	-244,190,402.77
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,409,863.07	15,146,280.73
V. Net increase in cash and cash equivalents	572,279,957.91	-268,426,751.26
Add: Opening balance of cash and cash equivalents	709,835,674.68	978,262,425.94
VI. Closing balance of cash and cash equivalents	1,282,115,632.59	709,835,674.68

Section VIII Financial Report

6. Cash Flow Statement of the Parent

Unit: RMB

Item	2025	2024
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	4,798,860,015.95	5,096,516,157.74
Refunds of taxes and surcharges	432,212,014.59	337,809,404.96
Other cash received relating to operating activities	801,351,295.86	551,787,672.56
Sub-total of cash inflows from operating activities	6,032,423,326.40	5,986,113,235.26
Cash paid for purchase of goods and engagement of labor services	5,466,484,235.72	4,968,559,211.19
Cash paid to and on behalf of employees	229,171,071.09	223,135,770.99
Cash paid for taxes and surcharges	6,852,855.15	29,974,902.74
Other cash paid relating to operating activities	732,719,176.63	405,748,108.90
Sub-total of cash outflows from operating activities	6,435,227,338.59	5,627,417,993.82
Net cash flows from operating activities	-402,804,012.19	358,695,241.44
II. Cash flows from investing activities:		
Cash received from recovery of investments	3,125,987,272.53	660,567,500.00
Cash received from return on investments	507,380,089.95	3,078,562.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	228,140.79	8,079,090.06
Net cash received from disposal of subsidiaries and other business entities	0.00	0.00
Other cash received relating to investing activities	0.00	144,828,627.97
Sub-total of cash inflows from investing activities	3,633,595,503.27	816,553,780.89
Cash paid to acquire fixed assets, intangible assets and other long-term assets	115,702,702.82	69,884,431.31
Cash paid to acquire investments	5,209,805,275.45	882,974,291.66
Net cash paid to acquire subsidiaries and other business entities	0.00	0.00
Other cash paid relating to investing activities	0.00	48,237,429.43
Sub-total of cash outflows from investing activities	5,325,507,978.27	1,001,096,152.40
Net cash flows from investing activities	-1,691,912,475.00	-184,542,371.51

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Item	2025	2024
III. Cash flows from financing activities:		
Cash received from accepting investments	2,601,855,427.09	0.00
Cash received from borrowings	729,315,700.00	1,189,829,840.95
Other cash received relating to financing activities	59,605,541.52	0.00
Sub-total of cash inflows from financing activities	3,390,776,668.61	1,189,829,840.95
Cash paid for repayments of debt	764,307,400.00	1,120,173,858.57
Cash payment for distribution of dividends, profits or interest expenses	296,872,170.43	319,751,776.72
Other cash paid relating to financing activities	94,799,313.34	54,009,011.68
Sub-total of cash outflows from financing activities	1,155,978,883.77	1,493,934,646.97
Net cash flows from financing activities	2,234,797,784.84	-304,104,806.02
IV. Effect of foreign exchange rate changes on cash and cash equivalents	1,562,282.97	1,936,823.41
V. Net increase in cash and cash equivalents	141,643,580.62	-128,015,112.68
Add: Opening balance of cash and cash equivalents	562,285,427.28	690,300,539.96
VI. Closing balance of cash and cash equivalents	703,929,007.90	562,285,427.28

7. Consolidated Statement of Changes in Equity Current period amounts

Unit: RMB												
Item	2015											
	Equity attributable to the owners of the parent							General risk provision	Retained earnings	Sub-total	Minority interests	Total equity
Share capital	Preference shares	Other equity instruments	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve					
I. Balance at end of prior year	765,554,863.00				688,995,046.39	76,758,475.44	177,269,998.82	0.00	194,659,822.54	1,658,065,130.73	8,625,714.88	3,612,960,890.92
Add: Changes in accounting policies	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Correction of prior period errors	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Balance at beginning of current year	765,554,863.00				688,995,046.39	76,758,475.44	177,269,998.82	0.00	194,659,822.54	1,658,065,130.73	8,625,714.88	3,612,960,890.92
III. Changes for the current period ("+" indicating increase)												
(I) Total comprehensive income	133,700,991.00				2,429,235,678.33	-18,658,983.90	-6,301,444.97	0.00	48,533,866.73	30,310,000.08	-817,947.33	2,654,529,337.74
(II) Contributions from and distributions to owners												
1. Issuance of ordinary shares												
2. Capital contributed by holders of other equity instruments												
3. Amount recognized in equity for share-based payments	0.00				-3,300,992.12	0.00	0.00	0.00	0.00	0.00	0.00	-3,300,992.12
4. Others	-1,860,482.00				-6,977,894.55	-18,658,983.90	0.00	0.00	0.00	0.00	0.00	9,820,607.35
(III) Profit distribution												
1. Appropriation to surplus reserve	0.00				0.00	0.00	0.00	0.00	48,533,866.73	-316,522,640.43	0.00	-268,988,953.70
2. Appropriation to general risk reserve								0.00	48,533,866.73	-48,533,866.73	0.00	0.00
3. Distributions to owners (or shareholders)	0.00				0.00	0.00	0.00	0.00	0.00	-268,988,953.70	0.00	-268,988,953.70
4. Others	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Item	2025										
	Equity attributable to the owners of the parent										
	Other equity instruments			Less: Treasury shares			Other comprehensive income				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve		Income	Specific reserve	Surplus reserve	General risk provision	Retained earnings
(VI) Transfers within owner's equity	0.00				0.00		0.00	0.00	0.00	0.00	0.00
1. Transfer from capital reserve to capital (or share capital)	0.00				0.00		0.00	0.00	0.00	0.00	0.00
2. Transfer from surplus reserve to capital (or share capital)	0.00				0.00		0.00	0.00	0.00	0.00	0.00
3. Utilization of surplus reserve to cover losses	0.00				0.00		0.00	0.00	0.00	0.00	0.00
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings	0.00				0.00		0.00	0.00	0.00	0.00	0.00
6. Others	0.00				0.00		0.00	0.00	0.00	0.00	0.00
(VII) Specific reserve	0.00				0.00		0.00	0.00	0.00	0.00	0.00
1. Current period appropriation	0.00				0.00		0.00	0.00	0.00	0.00	0.00
2. Current period utilization	0.00				0.00		0.00	0.00	0.00	0.00	0.00
(VIII) Others	0.00				0.00		0.00	0.00	0.00	0.00	0.00
M. Balance at end of current period	889,255,844.00				3,119,230,724.72	530,099,491.54	165,968,843.85	0.00	244,193,309.27	1,289,123,130.81	6,259,862,361.11
											7,807,867.55
											6,267,440,228.66

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Prior period amounts

Unit: RMB

Item	2024														
	Equity attributable to the owners of the parent														
	Share capital	Preference shares	Other equity instruments	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Retained earnings	Others	Sub-total	Minority interests	Total equity
I. Balance at end of prior year	765,865,794.00				689,185,700.23	95,892,767.14	99,897,598.44	0.00	166,663,994.43		1,508,620,652.64		3,133,080,942.60	-4,472,065.46	3,128,608,877.14
Add: Changes in accounting policies	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
Correction of prior period errors	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
Others	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
II. Balance at beginning of current year	765,865,794.00				689,185,700.23	95,892,767.14	99,897,598.44	0.00	166,663,994.43		1,508,620,652.64		3,133,080,942.60	-4,472,065.46	3,128,608,877.14
III. Changes for the current period ("+" indicating decrease)	-2,049,971.00				809,346.16	-19,194,291.70	73,571,400.38	0.00	27,985,638.11		3,493,894,476.09		471,254,233.44	13,097,800.34	484,352,033.78
(I) Total comprehensive income	0.00				0.00	0.00	73,571,400.38	0.00	0.00		687,964,222.42		741,535,622.80	8,974,227.80	750,449,850.60
(II) Contributions from and distributions to owners	-2,049,971.00				809,346.16	-19,194,291.70	0.00	0.00	0.00		0.00		19,702,716.86	4,232,572.54	23,925,289.40
1. Issuance of ordinary shares	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	4,701,971.50	4,701,971.50
2. Capital contributed by holders of other equity instruments													0.00		
3. Amount recognized in equity for share-based payments	0.00				116,967.26	0.00	0.00	0.00	0.00		0.00		116,967.26	0.00	116,967.26
4. Others	-2,049,971.00				692,273.90	-19,194,291.70	0.00	0.00	0.00		0.00		19,585,749.60	-478,393.96	19,107,356.64
(III) Profit distribution	0.00				0.00	0.00	0.00	0.00	27,985,638.11		-317,979,744.33		-289,994,106.22	0.00	-289,994,106.22
1. Appropriation to surplus reserve	0.00				0.00	0.00	0.00	0.00	27,985,638.11		-27,985,638.11		0.00	0.00	0.00
2. Appropriation to general risk reserve													0.00		
3. Distributions to owners (or shareholders)	0.00				0.00	0.00	0.00	0.00	0.00		-289,994,106.22		-289,994,106.22	0.00	-289,994,106.22
4. Others	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00

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Item	2024										
	Equity attributable to the owners of the parent					Other equity instruments			Retained earnings		
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Minority interests
(VI) Transfers within owner's equity	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Transfer from capital reserve to capital (or share capital)	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Transfer from surplus reserve to capital (or share capital)	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Utilization of surplus reserve to cover losses	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Others	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
(VII) Specific reserve	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Current period appropriation	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Current period utilization	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
(VIII) Others	0.00				0.00	0.00	0.00	0.00	0.00	0.00	0.00
M. Balance at end of current period	785,554,483.00				688,985,046.39	776,758,475.44	172,268,988.62	0.00	194,659,022.54	1,263,805,180.73	8,625,714.88
									3,484,335,176.04		3,612,960,380.32

8. Statement of Changes in Equity of the Parent Current period amounts

Unit: RMB

Item	2015							Total equity
	Share capital	Preference shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	
			Perpetual bonds	Others			Surplus reserve	Others
I. Balance at end of prior year	765,564,863.00					6,688,874.04	194,659,622.54	2,668,832,387.21
Add: Changes in accounting policies	0.00					0.00	0.00	0.00
Correction of prior period errors	0.00					0.00	0.00	0.00
Others	0.00					0.00	0.00	0.00
II. Balance at beginning of current year	765,564,863.00					6,688,874.04	194,659,622.54	2,668,832,387.21
III. Changes for the current period ("+" indicating increase)								
(I) Total comprehensive income	133,700,981.00				-18,658,983.90	0.00	49,533,686.73	2,900,805,693.77
(II) Contributions from and distributions to owners	133,700,981.00				-18,658,983.90	0.00	0.00	495,336,867.29
1. Issuance of ordinary shares	133,561,463.00					0.00	0.00	2,572,457,780.18
2. Capital contributed by holders of other equity instruments						0.00	0.00	2,575,156,028.00
3. Amount recognized in equity for share-based payments	0.00					0.00	0.00	
4. Others	-1,860,482.00					0.00	0.00	-3,380,992.12
(III) Profit distribution								
1. Appropriation to surplus reserve	0.00					0.00	49,533,686.73	-316,522,640.43
2. Distributions to owners (or shareholders)	0.00					0.00	49,533,686.73	-49,533,686.73
3. Others	0.00					0.00	0.00	-266,988,953.70
						0.00	0.00	0.00

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Item	2025										Total equity
	Share capital	Preference shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Others	
(IV) Transfers within owners' equity	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Transfer from capital reserve to capital (or share capital)	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Transfer from surplus reserve to capital (or share capital)	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
3. Utilization of surplus reserve to cover losses	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
6. Others	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
(V) Specific reserve				0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Current period appropriation	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Current period utilization	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
(VI) Others	0.00			0.00	0.00	0.00	0.00	0.00	0.00		0.00
IV. Balance at end of current period	899,265,844.00			3,006,082,525.84	58,889,481.54	6,888,874.04	0.00	244,193,309.27	1,291,507,019.37		5,489,638,080.98

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Prior period amounts

Unit: RMB

Item	2024						Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Others	Total equity
	Share capital	Preference shares	Other equity instruments	Perpetual bonds	Preference shares	Other equity instruments									
I. Balance at end of prior year	765,805,784.00							667,876,493.24	95,892,767.14	6,888,874.04	0.00	166,863,984.43	1,150,716,155.79		2,661,858,520.36
Add: Changes in accounting policies	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
Correction of prior period errors	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
Others	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
II. Balance at beginning of current year	765,805,784.00							667,876,493.24	95,892,767.14	6,888,874.04	0.00	166,863,984.43	1,150,716,155.79		2,661,858,520.36
III. Changes for the current period ("+" indicating increase)	-240,921.00							-1,891,778.68	-19,134,291.70	0.00	0.00	27,985,638.11	-38,023,363.28		6,973,866.85
(I) Total comprehensive income	0.00							0.00	0.00	0.00	0.00	0.00	279,856,381.05		279,856,381.05
(II) Contributions from and distributions to owners	-240,921.00							-1,891,778.68	-19,134,291.70	0.00	0.00	0.00	0.00		17,001,582.02
1. Issuance of ordinary shares	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Capital contributed by holders of other equity instruments															
3. Amount recognized in equity for share-based payments	0.00														
4. Others	-240,921.00							116,387.26	0.00	0.00	0.00	0.00	0.00		116,387.26
(III) Profit distribution								-2,088,745.94	-19,134,291.70	0.00	0.00	0.00	0.00		16,884,624.76
1. Appropriation to surplus reserve	0.00							0.00	0.00	0.00	0.00	27,985,638.11	-317,979,744.33		-288,984,106.22
2. Distributions to owners (or shareholders)	0.00							0.00	0.00	0.00	0.00	27,985,638.11	-27,985,638.11		0.00
3. Others	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
(IV) Transfers within owners' equity															
1. Transfer from capital reserve to capital (or share capital)	0.00							0.00	0.00	0.00	0.00	0.00	-288,984,106.22		-288,984,106.22
2. Transfer from surplus reserve to capital (or share capital)	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
3. Utilization of surplus reserve to cover losses	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
4. Transfer of changes in defined benefit plans to retained earnings															
5. Transfer of other comprehensive income to retained earnings	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00
6. Others	0.00							0.00	0.00	0.00	0.00	0.00	0.00		0.00

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Item	2024						
	Share capital	Preference shares	Other equity instruments	Less: Treasury shares	Other comprehensive income	Specific reserve	Retained earnings
			Perpetual bonds				Others
(V) Specific reserve	0.00			0.00	0.00	0.00	0.00
1. Current period appropriation	0.00			0.00	0.00	0.00	0.00
2. Current period utilization	0.00			0.00	0.00	0.00	0.00
(VI) Others	0.00			0.00	0.00	0.00	0.00
IV. Balance at end of current period	765,504,683.00			76,738,475.44	6,689,374.04	194,659,622.54	2,688,882,387.21

III. BASIC INFORMATION OF THE COMPANY

Fibocom Wireless Inc. (hereinafter referred to as the Company or this Company), formerly known as Fibocom Industry Development Co., Ltd., was established on November 11, 1999. It was registered and approved by the Market Supervision Administration of Shenzhen Municipality with a unified social credit code: 9144030071524640XY; it was restructured into a joint stock limited company in December 2014. In March 2017, with the approval of the China Securities Regulatory Commission's Approval on Approving the Initial Public Offering of Shares of Fibocom Wireless Inc. (《關於核准深圳市廣和通無線股份有限公司首次公開發行股票的批覆》) (ZJXK [2017] No. 366), the Company issued 20,000,000 ordinary shares (A shares) to the public at an issuance price of RMB10.45 per share, and was listed on the ChiNext board of the Shenzhen Stock Exchange. With the approval of The Stock Exchange of Hong Kong Limited, the Company issued 135,080,200 H shares, which were listed and began trading on the Main Board of the Hong Kong Stock Exchange on October 22, 2025.

As of December 31, 2025, the Company's total share capital stood at 899,265,844.00 shares. The Company's legal representative is Zhang Tianyu, and its headquarters is located at 1101, Tower A, Building 6, Shenzhen International Innovation Valley, Dashi 1st Road, Nanshan District, Shenzhen.

The Company has established a corporate governance structure with general meetings and the Board of Directors, and has departments such as sales, procurement, R&D, and finance.

The Company, along with its subsidiaries (hereinafter referred to as "the Company"), is primarily engaged in the design, R&D, and sales services of wireless communication modules and communication solutions for industry applications. The Company's primary products include wireless communication modules based on 2G, 3G, 4G, 5G, NB-IoT, AI, and other technologies, as well as communication solutions tailored to their industry applications. These wireless communication modules are widely used in fields such as mobile payment, smart grids, vehicle networking, security monitoring, and mobile internet, enabling terminal devices to access the wireless communication networks for data transmission and interaction.

These financial statements and the accompanying notes have been approved by the 22nd meeting of the 4th Board of Directors of the Company on March 30, 2026.

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IV. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis of Preparation

These financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and their application guidance, interpretations, and other relevant provisions (collectively referred to as “CAS”) issued by the Ministry of Finance. Additionally, they adhere to the applicable disclosure provisions of the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision)* issued by the China Securities Regulatory Commission, as well as the applicable disclosure requirements of the *Listing Rules of The Stock Exchange of Hong Kong Limited*.

These financial statements are presented on a going concern basis.

The Company’s accounting is prepared on an accrual basis. Except for certain financial instruments, these financial statements are prepared on a historical cost basis. If assets are impaired, corresponding impairment provisions are made in accordance with relevant regulations.

2. Going Concern

These financial statements are presented on a going concern basis.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Tips for specific accounting policies and accounting estimates:

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the consolidated and company financial position of the Company as at December 31, 2025, as well as the consolidated and company results of operations and consolidated and company cash flows for the year 2025, and other relevant information.

2. Accounting Period

The Company adopts the calendar year as its accounting period, which runs from January 1 to December 31, each year.

3. Operating Cycle

The Company's operating cycle is 12 months.

4. Functional Currency

The Company and its domestic subsidiaries adopt RMB as their functional currency. The Company's overseas subsidiaries determine their functional currency based on the currency of the primary economic environment in which they operate, and translate it into RMB when preparing their financial statements. The currency used by the Company in preparing these financial statements is RMB.

5. Method and Basis for Determining Materiality Standards

☒Applicable ☐Not applicable

Item	Materiality Standard
Significant individual receivables for which impairment provisions are made	Amount of individual receivables for which impairment provisions are made $\geq$ 0.5% of the Company's consolidated net assets
Significant construction in progress	Amount of individual construction in progress $\geq$ 1% of the Company's consolidated net assets
Significant investment projects	Amount of individual investment activity $\geq$ 1% of the Company's consolidated net assets
Significant research and development projects	Year-end balance of individual project $\geq$ 1% of the Company's consolidated net assets
Significant joint ventures or associates	Investment income recognized from a single entity $\geq$ 10% of the Company's consolidated pre-tax profit

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Accounting Treatment for Business Combinations under Common Control and Not under Common Control

(1) *Business Combinations under Common Control*

For business combinations under common control, the assets and liabilities of the acquiree obtained by the acquirer in the combination are measured at their carrying amounts in the ultimate controlling party's consolidated financial statements as of the combination date. The difference between the carrying amount of the consideration paid and the carrying amount of the net assets acquired in the combination is adjusted against capital reserve. If the capital reserve is insufficient to offset the difference, retained earnings are adjusted.

Business Combinations under Common Control Achieved in Stages through Multiple Transactions

The assets and liabilities of the acquiree obtained by the acquirer in the combination are measured at their carrying amounts in the ultimate controlling party's consolidated financial statements as of the combination date; the sum of the carrying amount of the investment held prior to the combination and the carrying amount of the new consideration paid on the combination date, and the difference from the carrying amount of the net assets acquired in the combination, is adjusted against capital reserve, and if the capital reserve is insufficient to offset the difference, retained earnings are adjusted. For long-term equity investments held by the acquirer before obtaining control over the acquiree, the relevant profits or losses, other comprehensive income, and other changes in owners' equity recognized from the later of the date of original acquisition of equity or the date when both the acquirer and acquiree were under the common ultimate control, up to the combination date, should be debited against the opening retained earnings or current profit or loss of the comparative financial statement period, respectively.

(2) *Business Combinations Not under Common Control*

For business combinations not under common control, the cost of combination is the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. On the acquisition date, the assets, liabilities, and contingent liabilities of the acquiree obtained are recognized at their fair values.

The excess of the consideration paid over the fair value of the identifiable net assets acquired in a business combination is recognized as goodwill and subsequently measured at cost less accumulated impairment losses. The excess of the fair value of the identifiable net assets acquired over the consideration paid, after review, is recognized in current profit or loss.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Accounting Treatment for Business Combinations under Common Control and Not under Common Control *(Continued)*

(2) **Business Combinations Not under Common Control** *(Continued)*

Business Combinations Achieved in Stages under Non-Common Control

The consideration for the combination is the sum of the consideration paid on the acquisition date and the fair value on the acquisition date of the equity interest in the acquiree held before the acquisition date. For the equity interest in the acquiree held before the acquisition date, it is remeasured at its fair value on the acquisition date, with the difference between the fair value and its carrying amount recognized in current investment income. Other comprehensive income and other changes in owners' equity related to the equity interest in the acquiree held before the acquisition date are reclassified to current period's profit or loss on the acquisition date, excluding other comprehensive income arising from the investee's remeasurement of net defined benefit liabilities or assets and other comprehensive income related to non-trading equity instrument investments originally designated at fair value through other comprehensive income.

(3) **Treatment of Transaction Costs in Business Combinations**

The intermediary fees for audit, legal services, valuation and consultation, and other related administrative expenses incurred for the business combination are recognized in current profit or loss when incurred. The transaction costs for equity instruments or debt instruments issued as consideration for a business combination are included in the initial recognition amount of the equity instruments or debt instruments.

7. Criteria for Determining Control and Method for Preparing Consolidated Financial Statements

(1) **Criteria for Determining Control**

The scope of consolidation for consolidated financial statements is determined based on control. Control refers to the Company's power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of its returns. The Company reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the elements of the definition of control.

When determining whether to consolidate a structured entity, the Company assesses whether it controls the structured entity by considering all facts and circumstances, including evaluating the purpose and design of the structured entity, identifying the types of variable returns, and assessing whether it is exposed to some or all of the variability of returns through its involvement with the structured entity.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Criteria for Determining Control and Method for Preparing Consolidated Financial Statements *(Continued)*

(2) Method for Preparing Consolidated Financial Statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries, together with other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries are kept consistent, and significant intercompany transactions and balances are eliminated.

For subsidiaries and businesses acquired through business combinations under common control during the Reporting Period, they are deemed to have been included in the Company's scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the date of common control are included in the consolidated income statement and consolidated cash flow statement, respectively.

For subsidiaries and businesses acquired through business combinations under non-common control during the Reporting Period, their revenue, expenses, and profits from the acquisition date to the end of the Reporting Period are included in the consolidated income statement, and their cash flows are included in the consolidated cash flow statement.

The portion of a subsidiary's shareholders' equity that is not attributable to the Company is presented as minority interests separately under shareholders' equity in the consolidated balance sheet. The share of a subsidiary's current net profit or loss attributable to minority interests is presented as "minority interests" under the net profit item in the consolidated income statement. When the share of losses of a subsidiary attributable to minority shareholders exceeds minority shareholders' share of the subsidiary's equity at the beginning of the period, the excess is still offset against minority interests.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Criteria for Determining Control and Method for Preparing Consolidated Financial Statements *(Continued)*

(3) **Acquisition of Minority Interests in Subsidiaries**

The difference between the cost of newly acquired long-term equity investment due to the acquisition of minority interests and the share of the subsidiary's net assets calculated based on the newly increased shareholding percentage from the acquisition date or combination date, as well as the difference between the disposal proceeds obtained from partial disposal of equity investment in a subsidiary without losing control and the share of the subsidiary's net assets corresponding to the disposed long-term equity investment, calculated continuously from the acquisition date or combination date, are both adjusted against capital reserve in the consolidated balance sheet. If the capital reserve is insufficient to offset the difference, retained earnings are adjusted.

(4) **Treatment of Loss of Control over Subsidiaries**

When the control over an original subsidiary is lost due to partial disposal of equity investment or other reasons, the remaining equity is remeasured at its fair value on the date control is lost. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of carrying amount of the original subsidiary's net assets (continuously calculated from the acquisition date based on the original shareholding percentage) and goodwill, results in a difference that is recognized in investment income for the period in which control is lost.

Other comprehensive income related to the equity investment in the original subsidiary is accounted for on the same basis as if the original subsidiary had directly disposed of the related assets or liabilities at the time of losing control. Other changes in owners' equity related to the original subsidiary accounted for under the equity method are reclassified to current profit or loss at the time of losing control.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

8. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement is an arrangement jointly controlled by two or more parties. The Company's joint arrangements are classified as joint operations and joint ventures.

(1) Joint Operations

A joint operation is a joint arrangement where the Company has rights to the assets and obligations for the liabilities relating to the arrangement.

The Company recognizes the following items related to its interest in a joint operation and accounts for them in accordance with the relevant requirements of the Accounting Standards for Business Enterprises:

- A. Recognizes assets it controls individually, and its share of any assets held jointly;
- B. Recognizes liabilities it incurs individually, and its share of any liabilities incurred jointly;
- C. Recognizes revenue from the sale of its share of the output from the joint operation;
- D. Recognizes its share of the revenue from the sale of the output by the joint operation; and
- E. Recognizes expenses it incurs individually, and its share of any expenses incurred by the joint operation.

(2) Joint Ventures

A joint venture is a joint arrangement where the Company has rights only to the net assets of the arrangement.

The Company accounts for investments in joint ventures in accordance with the provisions for long-term equity investments under the equity method.

9. Recognition Criteria of Cash and Cash Equivalents

Cash refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Foreign Currency Transactions and Translation of Financial Statements Denominated in Foreign Currency

(1) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of the Group at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognized in profit or loss for the current period or other comprehensive income according to the nature of non-monetary items.

(2) Translation of Financial Statements Denominated in Foreign Currency

When translating the financial statements denominated in foreign currency of overseas subsidiaries, assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for "retained earnings" are translated at the spot exchange rates at the dates on which such items arose.

The revenue and expense items in the consolidated statement of profit or loss are translated at the exchange rate on the date of transaction.

All items in the cash flow statements shall be translated at the exchange rate on the date of transaction. Effects arising from changes of exchange rate on cash shall be presented separately as the "effect of foreign exchange rate changes on cash and cash equivalents" item in the cash flow statements.

The differences arising from translation of financial statements shall be included in the "other comprehensive income" in shareholders' equity in the balance sheet.

When a foreign operation is disposed of and control is lost, all or a proportionate share of the foreign-currency translation differences related to the foreign operation, as shown under shareholders' equity in the balance sheet, are transferred to profit or loss for the period in which the foreign operation is disposed of.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) *Recognition and Derecognition of Financial Instruments*

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when one of the following conditions is met:

- ① The contractual rights to receive cash flows from the financial asset expire;
- ② The financial asset has been transferred, and the conditions for derecognition of financial asset transfers, as described below, are met.

A financial liability (or a part of it) is derecognized when the current obligation (or a part of it) has been discharged or canceled or has expired. If the Company (as a debtor) enters into an agreement with a lender to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the existing financial liability, the existing financial liability is derecognized, and a new financial liability is simultaneously recognized.

Financial assets bought and sold on a regular way basis are recognized and derecognized on the trade date.

(2) *Classification and Measurement of Financial Assets*

Upon initial recognition, the Company classifies financial assets into the following three categories based on the business model for managing the financial assets and their contractual cash flow characteristics: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI), and financial assets measured at fair value through profit or loss (FVTPL).

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, transaction costs are directly recognized in profit or loss; for other categories of financial assets, transaction costs are included in the initial recognition amount. For receivables arising from the sale of goods or rendering of services that do not contain a significant financing component or for which the Company does not consider a significant financing component, the Company recognizes the initial amount at the transaction price expected to be received.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(2) *Classification and Measurement of Financial Assets (Continued)*

Financial Assets Measured at Amortized Cost

The Company classifies financial assets as measured at amortized cost if they meet both of the following conditions and have not been designated as FVTPL:

- The financial asset is held within a business model whose objective is to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are measured at amortized cost using the effective interest method. Gains or losses arising from financial assets measured at amortized cost that are not part of a hedging relationship are recognized in profit or loss when the financial asset is derecognized, amortized using the effective interest method, or impaired.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Company classifies financial assets as measured at FVTOCI if they meet both of the following conditions and have not been designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment gains or losses, and foreign exchange gains or losses are recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(2) **Classification and Measurement of Financial Assets** *(Continued)*

Financial Assets Measured at Fair Value Through Profit or Loss

Except for the financial assets mentioned above that are measured at amortized cost or FVTOCI, the Company classifies all other financial assets as FVTPL. At initial recognition, to eliminate or significantly reduce an accounting mismatch, the Company may irrevocably designate certain financial assets that would otherwise be measured at amortized cost or FVTOCI as FVTPL.

After initial recognition, these financial assets are subsequently measured at fair value, and any gains or losses (including interest and dividend income) arising from them are recognized in profit or loss, unless the financial asset is part of a hedging relationship.

However, for non-trading equity instrument investments, the Company irrevocably designates them at initial recognition as financial assets measured at fair value through other comprehensive income. This designation is made on an investment-by-investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective.

After initial recognition, these financial assets are subsequently measured at fair value. Qualifying dividend income is recognized in profit or loss, while other gains or losses and fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

The business model for managing financial assets refers to how the Company manages its financial assets to generate cash flows. The business model determines whether the source of cash flows from the financial assets managed by the Company is collecting contractual cash flows, selling financial assets, or both. The Company determines the business model for managing financial assets based on objective facts and the specific business objectives for managing financial assets decided by key management personnel.

The Company assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated on specified dates from the relevant financial assets are solely payments of principal and interest on the outstanding principal amount. Wherein, principal refers to the fair value of the financial asset at initial recognition; interest includes consideration for the time value of money, credit risk associated with the outstanding principal amount for a particular period, and other basic lending risks, costs, and profit. Furthermore, the Company assesses contractual terms that could change the timing or amount of the contractual cash flows of a financial asset to determine whether they meet the aforementioned contractual cash flow characteristics.

Only when the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the first Reporting Period following the change in the business model; otherwise, financial assets are not reclassified after initial recognition.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(3) *Classification and Measurement of Financial Liabilities*

The Company's financial liabilities are classified at initial recognition as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities not classified as measured at fair value through profit or loss, related transaction costs are included in their initial recognition amount.

Financial Liabilities Measured at Fair Value Through Profit or Loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss at initial recognition. For such financial liabilities, subsequent measurement is at fair value; gains or losses arising from changes in fair value, as well as dividends and interest expenses related to these financial liabilities, are recognized in current profit or loss.

Financial Liabilities Measured at Amortized Cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method; gains or losses arising from derecognition or amortization are recognized in current profit or loss.

Distinction Between Financial Liabilities and Equity Instruments

A financial liability is a liability that meets one of the following conditions:

- ① A contractual obligation to deliver cash or another financial asset to another entity.
- ② A contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity.
- ③ A non-derivative contract that will or may be settled in the entity's own equity instruments, and under which the entity is or may be obliged to deliver a variable number of its own equity instruments.
- ④ A derivative contract that will or may be settled in the entity's own equity instruments, with the exception of a derivative contract that involves the exchange of a fixed number of the entity's own equity instruments for a fixed amount of cash or other financial assets.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(3) **Classification and Measurement of Financial Liabilities** *(Continued)*

Distinction Between Financial Liabilities and Equity Instruments (Continued)

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid a contractual obligation to deliver cash or another financial asset, then that contractual obligation meets the definition of a financial liability.

If a financial instrument will or may be settled in the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are a substitute for cash or other financial assets, or whether they allow the holder of the instrument to have a residual interest in the issuer's assets after deducting all liabilities. If it is the former, the instrument is a financial liability of the Company; if it is the latter, the instrument is an equity instrument of the Company.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(4) **Derivative Financial Instruments and Embedded Derivatives**

The Company's derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. Derivative financial instruments with a positive fair value are recognized as assets, and those with a negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value that do not meet the requirements for hedge accounting are directly recognized in current profit or loss.

For hybrid instruments that contain embedded derivatives, if the host contract involves a financial asset, the hybrid instrument as a whole applies the relevant provisions for the classification of financial assets. If the host contract involves a non-financial asset, and the hybrid instrument is not accounted for at fair value through profit or loss, the embedded derivative is not closely related to the host contract in terms of economic characteristics and risks, and a stand-alone instrument with the same terms as the embedded derivative would meet the definition of a derivative, then the embedded derivative is separated from the hybrid instrument and accounted for as a separate derivative financial instrument. If an embedded derivative cannot be measured separately at inception or on subsequent balance sheet dates, the entire hybrid instrument is designated as a financial asset or financial liability measured at fair value through profit or loss.

(5) **Fair Value of Financial Instruments**

The methods for determining the fair value of financial assets and financial liabilities are detailed in Item 12 of Note 3.

(6) **Impairment of Financial Assets**

The Company performs impairment accounting and recognizes loss allowances for the following items based on expected credit losses:

- Financial assets measured at amortized cost;
- Receivables and debt instrument investments measured at fair value through other comprehensive income;
- Contract assets as defined by CAS 14 – Revenue;
- Lease receivables;
- Financial guarantee contracts (excluding those measured at fair value through profit or loss, those resulting from financial asset transfers that do not qualify for derecognition, or those arising from continuing involvement in transferred financial assets).

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(6) **Impairment of Financial Assets** *(Continued)*

Measurement of Expected Credit Losses

Expected credit losses refer to the weighted average of credit losses of financial instruments, weighted by the risk of default occurring. Credit loss is the difference between all contractual cash flows due to the Company according to the contract, discounted at the original effective interest rate, and all cash flows that the Company expects to receive, i.e., the present value of all cash shortfalls.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the contractual cash flows due and the expected cash flows to be received, using reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions, weighted by the risk of default.

The Company measures expected credit losses for financial instruments at different stages separately. A financial instrument is classified in Stage 1 if its credit risk has not increased significantly since initial recognition. The Company measures the loss allowance at an amount equal to 12-month expected credit losses. A financial instrument is classified in Stage 2 if its credit risk has increased significantly since initial recognition but there is no evidence of credit impairment. The Company measures the loss allowance at an amount equal to lifetime expected credit losses. A financial instrument is classified in Stage 3 if it has become credit-impaired since initial recognition. The Company measures the loss allowance at an amount equal to lifetime expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition, and measures the loss allowance based on 12-month expected credit losses.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(6) **Impairment of Financial Assets** *(Continued)*

Measurement of Expected Credit Losses (Continued)

Lifetime expected credit losses refer to the expected credit losses that result from all possible default events over the entire expected life of a financial instrument. 12-month expected credit losses refer to the expected credit losses that result from possible default events of a financial instrument occurring within twelve months after the balance sheet date (or over the expected life of the financial instrument if that is less than 12 months), and are a portion of the lifetime expected credit losses.

When measuring expected credit losses, the maximum period the Company considers is the maximum contractual period over which the entity is exposed to credit risk (including consideration of renewal options).

For financial instruments in Stage 1, Stage 2, and those with low credit risk, the Company calculates interest income based on their gross carrying amount before deducting impairment allowance and the effective interest rate. For financial instruments in Stage 3, interest income is calculated based on their amortized cost (i.e., the carrying amount less accumulated impairment allowance) and the effective interest rate.

For receivables such as notes receivable, accounts receivable, receivables financing, other receivables, and contract assets, if a customer's credit risk characteristics are significantly different from other customers in the portfolio, or if the customer's credit risk characteristics have significantly changed, the Company individually makes an impairment allowance for that receivable. Except for receivables for which impairment allowance is individually assessed, the Company groups receivables based on their credit risk characteristics and calculates impairment allowance on a portfolio basis.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(6) **Impairment of Financial Assets** *(Continued)*

Notes Receivable and Accounts Receivable

For notes receivable and accounts receivable, regardless of whether they contain a significant financing component, the Company always measures their loss allowance at an amount equal to lifetime expected credit losses.

When information to assess expected credit losses for an individual financial asset cannot be obtained at a reasonable cost, the Company groups notes receivable and accounts receivable based on their credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

- A. Notes Receivable
 - Notes Receivable Portfolio 1: Bank acceptance bills
 - Notes Receivable Portfolio 2: Commercial acceptance bills
- B. Accounts Receivable
 - Accounts Receivable Portfolio 1: Related party balances within the scope of consolidation
 - Accounts Receivable Portfolio 2: Receivables from other customers

For notes receivable grouped into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through the exposure to default risk and the lifetime expected credit loss rate.

For accounts receivable grouped into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, and by preparing a matrix of accounts receivable aging and lifetime expected credit loss rates. The aging of accounts receivable is calculated from the date of initial recognition.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(6) **Impairment of Financial Assets** *(Continued)*

Other Receivables

The Company classifies other receivables into several portfolios based on their credit risk characteristics, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

- Other Receivables Portfolio 1: Related party balances within the scope of consolidation
- Other Receivables Portfolio 2: Export tax refund receivables
- Other Receivables Portfolio 3: Deposits and margin receivables
- Other Receivables Portfolio 4: Receivables from related parties and other investments
- Other Receivables Portfolio 5: Account payable & receivable and other feature combinations

For other receivables grouped into portfolios, the Company calculates expected credit losses using the exposure to default risk and the 12-month or lifetime expected credit loss rate. For other receivables grouped by aging, the aging is calculated from the date of initial recognition.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(6) **Impairment of Financial Assets** *(Continued)*

Debt Investments and Other Debt Investments

For debt investments and other debt investments, the Company, based on the nature of the investment and considering various types of counterparties and risk exposures, calculates expected credit losses using the exposure to default risk and the 12-month or lifetime expected credit loss rate.

Assessment of Significant Increase in Credit Risk

The Company assesses whether the credit risk of a financial instrument has significantly increased since initial recognition by comparing the risk of a default occurring at the balance sheet date with the risk of a default occurring at initial recognition, in order to determine the relative change in the risk of default over the expected life of the financial instrument.

When determining whether the credit risk has significantly increased since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:

- Instances where the debtor fails to pay the principal and interest on the contractual maturity date;
- A significant deterioration in the external or internal credit ratings (if any) of the financial instrument that have occurred or are expected;
- A significant deterioration in the operating results of the debtor that has occurred or is expected;
- Existing or expected changes in the technological, market, economic, or legal environment that will have a significant adverse effect on the debtor's ability to repay the Company.

Depending on the nature of the financial instrument, the Company assesses whether credit risk has significantly increased on an individual financial instrument basis or on a portfolio of financial instruments basis. When assessments are performed on a portfolio basis, the Company may categorize financial instruments based on shared credit risk characteristics, such as past-due information and credit risk ratings.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(6) **Impairment of Financial Assets** *(Continued)*

Credit-Impaired Financial Assets

At each balance sheet date, the Company assesses whether financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- The Company grants the debtor concessions that it would not otherwise consider, due to economic or contractual considerations related to the debtor's financial difficulties;
- The debtor is likely to enter bankruptcy or undergo other financial reorganization;
- The issuer's or debtor's financial difficulties have caused the active market for that financial asset to disappear.

Presentation of Expected Credit Losses Allowance

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures expected credit losses at each balance sheet date. The resulting increase or reversal in the loss allowance is recognized as an impairment loss or gain in current profit or loss. For financial assets measured at amortized cost, the loss allowance reduces the carrying amount of the financial asset presented in the balance sheet. For debt investments measured at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income and does not reduce the carrying amount of the financial asset.

Write-off

If the Company no longer reasonably expects that the contractual cash flows of a financial asset can be recovered in full or in part, the carrying amount of that financial asset is directly written down. Such a write-down constitutes the derecognition of the related financial asset. This usually occurs when the Company determines that the debtor has no assets or income sources to generate sufficient cash flows to repay the amount to be written down. However, in accordance with the Company's procedures for collecting overdue amounts, written-down financial assets may still be subject to enforcement activities.

If financial assets that have been written down are subsequently recovered, the recovery is recognized as a reversal of impairment loss in profit or loss for the period of recovery.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial Instruments *(Continued)*

(7) **Transfer of Financial Assets**

Transfer of financial assets refers to transferring or delivering a financial asset to a party other than the issuer of that financial asset (the transferee).

If the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset is derecognized. If the Company has retained substantially all the risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: If the control over the financial asset has been surrendered, the financial asset is derecognized and the resulting assets and liabilities are recognized; if the control over the financial asset has not been surrendered, the Company continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset, and recognizes an associated liability.

(8) **Offsetting of Financial Assets and Financial Liabilities**

Financial assets and liabilities are presented in the balance sheet at their net amount if the Company has a legally enforceable right to offset the recognized financial assets and financial liabilities, currently has the legal right to enforce such offsetting, and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies (《深圳證券交易所上市公司自律監管指引第 4 號——創業板行業信息披露》).

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Notes Receivable

For notes receivable, regardless of whether they contain a significant financing component, the Company always measures their loss allowance at an amount equal to lifetime expected credit losses.

When information to assess expected credit losses for an individual financial asset cannot be obtained at a reasonable cost, the Company groups notes receivable and accounts receivable based on their credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

Notes Receivable Portfolio 1: Bank acceptance bills

Notes Receivable Portfolio 2: Commercial acceptance bills

For notes receivable grouped into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through the exposure to default risk and the lifetime expected credit loss rate.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

13. Accounts Receivable

For accounts receivable, regardless of whether they contain a significant financing component, the Company always measures their loss allowance at an amount equal to lifetime expected credit losses.

When information to assess expected credit losses for an individual financial asset cannot be obtained at a reasonable cost, the Company groups notes receivable and accounts receivable based on their credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

Accounts Receivable Portfolio 1: Related party balances within the scope of consolidation

Accounts Receivable Portfolio 2: Receivables from other customers

For accounts receivable grouped into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, and by preparing a matrix of accounts receivable aging and lifetime expected credit loss rates. The aging of accounts receivable is calculated from the date of initial recognition.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

14. Receivables Financing

For the method of determining expected credit losses on receivables financing and the related accounting treatment adopted by the Company, please refer to Item 11 of Note V.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Other Receivables

The Company classifies other receivables into several portfolios based on their credit risk characteristics, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

Other Receivables Portfolio 1: Related party balances within the scope of consolidation

Other Receivables Portfolio 2: Export tax refund receivables

Other Receivables Portfolio 3: Deposits and margin receivables

Other Receivables Portfolio 4: Receivables from related parties and other investments

Other Receivables Portfolio 5: Account payable & receivable and other feature combinations

For other receivables grouped into portfolios, the Company calculates expected credit losses using the exposure to default risk and the 12-month or lifetime expected credit loss rate. For other receivables grouped by aging, the aging is calculated from the date of initial recognition.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

16. Contract Assets

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between the satisfaction of performance obligations and customer payments. Rights to consideration in exchange for goods transferred to customers or services rendered by the Company (where such rights are subject to factors other than the passage of time) are presented as contract assets. Contract assets and contract liabilities under the same contract are presented on a net basis. Rights of the Company to consideration that are unconditional (subject only to the passage of time) are presented separately as receivables.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Inventories

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

(1) *Classification of Inventories*

The inventories of the Company comprise consigned processing materials, finished goods in stock, goods shipped, goods in transit, raw materials, contract fulfillment costs, work in progress, and others.

(2) *Costing Method for Inventories Issued*

Inventories are initially measured at actual cost upon acquisition. Raw materials, finished goods in stock and consigned processing materials are measured using the moving weighted average method upon issuance.

(3) *Basis for Determination and Provision Method for Diminution in Value of Inventories*

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. Where the net realizable value is lower than cost, a provision for diminution in value of inventories is recognized.

Net realizable value is determined based on the estimated selling price of inventories less the estimated costs to completion, estimated selling expenses and the relevant taxes and levies. In determining the net realizable value of inventories, conclusive evidence obtained is taken as the basis, and consideration is also given to the purpose for which the inventories are held and the impact of events after the balance sheet date.

The Company generally makes provision for diminution in value of inventories on an item-by-item basis. For inventories with large quantities and low unit prices, provision for diminution in value of inventories is made on a category basis.

At the balance sheet date, where the factors causing the previous diminution in value of inventories no longer exist, the provision for diminution in value of inventories is reversed within the amount previously recognized.

(4) *Inventory Count System*

The Company adopts the perpetual inventory system.

(5) *Amortization Method for Low-value Consumables*

Low-value consumables are amortized using the one-off write-off method upon issuance.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Assets Held for Sale

(1) *Criteria and Accounting Treatment for Classification as Non-current Assets Held for Sale or Asset Unit for Disposal*

A non-current asset or asset unit for disposal is classified as held-for-sale when its carrying amount is expected to be recovered primarily through sale — including a non-monetary asset exchange that has commercial substance — rather than through continuing use.

These non-current assets exclude investment properties subsequently measured at fair value, biological assets measured at fair value less costs to sell, assets arising from employee benefits, financial assets, deferred income tax assets, and rights arising from insurance contracts.

An asset unit for disposal is a unit of assets to be disposed of, along with the directly related liabilities, that are transferred together in a single transaction. In certain circumstances, an asset unit for disposal may include the goodwill acquired in a business combination.

A non-current asset or asset unit for disposal is classified as assets held for sale if it meets both of the following conditions: the non-current asset or asset unit for disposal is available for immediate sale in its present condition and according to the customary practice for sales of such assets or asset unit for disposal in similar transactions; and its sale is highly probable, meaning a binding sale agreement has been approved and a firm purchase commitment has been obtained, and the sale is expected to be completed within one year. If the Company loses control of a subsidiary due to the sale of its investment in the subsidiary, regardless of whether the Company retains any equity investment after the sale, the investment in the subsidiary as a whole will be classified as asset held for sale in the separate financial statements when the conditions for classification as assets held for sale are met. In the consolidated financial statements, all assets and liabilities of the subsidiary will be classified as assets held for sale.

At the initial measurement or when re-measuring non-current assets or asset unit for disposal held for sale at the balance sheet date, the difference between the carrying amount and the net amount of fair value less costs to sell is recognized as an impairment loss. For an impairment loss recognized on an asset unit for disposal held for sale, the carrying amount of goodwill in the asset unit for disposal will be reduced first, and then the carrying amounts of the individual non-current assets in the asset unit for disposal will be reduced on a pro rata basis based on their respective carrying amounts.

If the net amount of fair value less costs to sell of non-current assets or asset unit for disposal held for sale increases at subsequent balance sheet dates, the previously impaired amount will be reversed, and the amount reversed will be recognized in profit or loss for the current period, up to the amount of the impairment loss recognized after classification as assets held for sale. The carrying amount of goodwill that has been reduced cannot be reversed.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Assets Held for Sale *(Continued)*

(1) **Criteria and Accounting Treatment for Classification as Non-current Assets Held for Sale or Asset Unit for Disposal** *(Continued)*

Depreciation or amortization is not recognized for non-current assets held for sale and assets within asset unit for disposal held for sale; interest and other expenses on liabilities within asset unit for disposal held for sale continue to be recognized. For all or part of an investment in an associate or joint venture classified as assets held for sale, equity method accounting is discontinued for the portion classified as assets held for sale, while the remaining portion (not classified as assets held for sale) continues to be accounted for using the equity method. When the Company loses significant influence over an associate or joint venture due to a sale, the use of the equity method is discontinued.

If a non-current asset or asset unit for disposal classified as assets held for sale no longer meets the classification criteria, the Company will stop classifying it as assets held for sale and measure it at the lower of:

- ① The carrying amount of the asset or asset unit for disposal before it was classified as assets held for sale, adjusted for depreciation, amortization, or impairment that would have been recognized had it not been classified as assets held for sale;
- ② The recoverable amount.

(2) **Criteria for the Identification of Discontinued Operations**

A discontinued operation is a component of the entity that has been disposed of or is classified as assets held for sale and can be separately identified, and meets one of the following criteria:

- ① The component represents a separate major business or a separate major operating area.
- ② The component is part of a plan to dispose of a separate major business or a separate major operating area.
- ③ The component is a subsidiary acquired exclusively for resale.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Assets Held for Sale *(Continued)*

(3) **Presentation**

The Company presents assets within non-current assets held for sale or asset unit for disposal held for sale in the balance sheet as “Assets held for sale” and liabilities within asset unit for disposal held for sale as “Liabilities held for sale.”

The Company presents profit or loss from continuing operations and profit or loss from discontinued operations separately in the income statement. For non-current assets or asset unit for disposal held for sale that do not meet the definition of discontinued operations, their impairment losses and reversals, as well as gains or losses on disposal, are presented as profit or loss from continuing operations. Operating gains or losses, including impairment losses and reversals of discontinued operations, and gains or losses on disposal are presented as profit or loss from discontinued operations.

Asset units for disposal that are intended to cease to be used rather than sold and that meet the conditions for a component under the definition of discontinued operations are presented as discontinued operations from the date they cease to be used.

For discontinued operations presented in the current period, information previously presented as profit or loss from continuing operations is reclassified and presented as profit or loss from discontinued operations for comparable accounting periods in the current financial statements. If discontinued operations no longer meet the classification criteria for held for sale, information previously presented as profit or loss from discontinued operations is reclassified and presented as profit or loss from continuing operations for comparable accounting periods in the current financial statements.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

19. Debt Investments

For debt investments, the Company calculates expected credit losses based on the nature of the investment, the types of counterparties and risk exposures, by considering the credit risk exposure and applying the expected credit loss rate over the next 12 months or the entire term.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

20. Other Debt Investments

For other debt investments, the Company calculates expected credit losses based on the nature of the investment, the types of counterparties and categories of risk exposure, by considering the credit risk exposure and applying the expected credit loss rate over the next 12 months or the entire term.

The Company must comply with the disclosure requirements for “Telecommunications Related Businesses” in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Long-term Receivables

22. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures, and associates. An investee over which the Company has significant influence is regarded as an associate.

(1) *Determination of Initial Investment Cost*

Long-term equity investments constituting a business combination: For long-term equity investments acquired in a business combination under common control, the investment cost is the share of the acquiree's owners' equity, as presented in the consolidated financial statements of the ultimate controlling party at the acquisition date. For long-term equity investments acquired in a business combination not under common control, the investment cost is the cost of the combination.

For long-term equity investments acquired by other means: For long-term equity investments acquired through cash payment, the initial investment cost is the actual purchase price paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) *Subsequent Measurement and Profit or Loss Recognition Methods*

Investments in subsidiaries are accounted for under the cost method, unless the investment meets the conditions for being held for sale; investments in associates and joint ventures are accounted for using the equity method.

For long-term equity investments accounted for under the cost method, except for declared but unpaid cash dividends or profits included in the consideration paid at acquisition, cash dividends or profits declared and distributed by the investee are recognized as investment income in profit or loss.

For long-term equity investments accounted for under the equity method, if the initial investment cost exceeds the investor's share of the fair value of the investee's identifiable net assets at the time of investment, the investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value of the identifiable net assets of the investee attributable to the investor at the time of investment, the carrying amount of the long-term equity investment is adjusted, and the difference is included in the current profit or loss of the investment.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Long-term Equity Investments *(Continued)*

(2) **Subsequent Measurement and Profit or Loss Recognition Methods** *(Continued)*

When using the equity method, the investor recognizes its share of the net profit or loss and other comprehensive income realized by the investee as investment income and other comprehensive income, respectively, and adjusts the carrying amount of the long-term equity investment accordingly; the investor's share of profits or cash dividends declared and distributed by the investee is recognized as a reduction in the carrying amount of the long-term equity investment; other changes in the owner's equity of the investee, other than net profit or loss, other comprehensive income, and profit distribution, adjust the carrying amount of the long-term equity investment and are recognized in capital reserve (other capital reserve). When recognizing its share of the investee's net profit or loss, the Company adjusts the investee's results based on the fair value of the investee's identifiable assets and other items at the time of acquisition, and in accordance with the Company's accounting policies and accounting periods, before recognition.

If the investor gains significant influence or joint control over an investee but not control due to additional investment or other reasons, on the date of conversion, the initial investment cost for accounting using the equity method is the sum of the fair value of the original equity and the additional investment cost. If the original equity investment was classified as a non-trading equity instrument investment measured at fair value with changes recognized in other comprehensive income, the cumulative fair value changes originally recognized in other comprehensive income related to it are transferred to retained earnings when accounting is changed to the equity method.

If the investor loses joint control or significant influence over an investee due to disposal of part of the equity investment or other reasons, the remaining equity after disposal is accounted for in accordance with the CASBE No.22 – Recognition and Measurement of Financial Instruments from the date of losing joint control or significant influence, and the difference between the fair value and the carrying amount is recognized in current profit or loss. Other comprehensive income recognized for original equity investments accounted for using the equity method is accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is discontinued; other changes in owner's equity related to the original equity investments are transferred to current profit or loss.

If the investor loses control over an investee due to disposal of part of the equity investment or other reasons, and the remaining equity after disposal enables the investor to exercise joint control or significant influence over the investee, accounting is changed to the equity method, and the remaining equity is adjusted as if it had been accounted for using the equity method from the date of acquisition; if the remaining equity after disposal does not enable the investor to exercise joint control or significant influence over the investee, accounting is changed in accordance with the relevant provisions of the CASBE No.22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount at the date of loss of control is recognized in current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Long-term Equity Investments *(Continued)*

(2) **Subsequent Measurement and Profit or Loss Recognition Methods** *(Continued)*

When the Company loses control of an investee due to a decrease in its shareholding ratio resulting from other investors increasing their capital, but is able to exercise joint control or significant influence over the investee, the Company recognizes its share of the net assets increased by the investee due to the capital increase and expansion, and the difference between this share and the original carrying amount of the long-term equity investment corresponding to the decreased shareholding ratio is recognized in current profit or loss; thereafter, the accounting is adjusted as if the equity method had been applied from the date of initial investment based on the new shareholding ratio.

Any unrealized gains or losses from internal transactions between the Company and its associates and joint ventures are recognized after elimination to the extent of the investor's interest, calculated based on the proportion attributable to the Company. However, the unrealized internal transaction losses incurred between the Company and the investee, if they represent impairment losses on the transferred assets, are not offset.

(3) **Basis for Determining Joint Control and Significant Influence over Investees**

Joint control means the shared control over an arrangement in accordance with relevant agreements, where decisions regarding the relevant activities of the arrangement must be made by the unanimous consent of the participants sharing control. When determining whether joint control exists, it is first determined whether the arrangement is collectively controlled by all participants or a group of participants, and then it is determined whether decisions regarding the relevant activities of the arrangement must be made by the unanimous consent of these participants who collectively control the arrangement. If all participants or a group of participants must act unanimously to make decisions regarding the relevant activities of an arrangement, then all participants or the group of participants are considered to collectively control the arrangement; if there are two or more groups of participants that can collectively control an arrangement, the arrangement is not considered to be jointly controlled. Protective rights are not considered when determining the existence of joint control.

Significant influence means the power of an investor to participate in the financial and operating policy decisions of an investee, but not to control or jointly control those policies with other parties. When determining whether significant influence can be exerted over an investee, consideration is given to the voting shares of the investee directly or indirectly held by the investor and the impact of currently exercisable potential voting rights held by the investor and other parties, after assuming they are converted into equity in the investee, including the impact of currently convertible warrants, stock options, and convertible corporate bonds issued by the investee.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Long-term Equity Investments *(Continued)*

(3) *Basis for Determining Joint Control and Significant Influence over Investees (Continued)*

When the Company directly or indirectly holds 20% or more but less than 50% of the voting shares of an investee through its subsidiaries, it is generally considered to have significant influence, unless there is clear evidence to the contrary that it cannot participate in the production and operation decision-making of the investee under such circumstances, in which case it does not form significant influence; when the Company holds less than 20% of the voting shares of an investee, it is generally not considered to have significant influence, unless there is clear evidence to the contrary that it can participate in the production and operation decision-making of the investee under such circumstances, forming significant influence.

(4) *Impairment Testing Method and Impairment Loss Recognition Method*

The methods for recognizing asset impairment for investments in subsidiaries, associates, and joint ventures are detailed in Item 24 of Note V.

23. Investment Properties

Investment property measurement model

Not applicable

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Fixed Assets

(1) *Recognition Criteria*

Fixed assets of the Company refer to the tangible assets held for the production of goods, rendering of labor or services, leasing, or for administrative purposes, with a useful life of more than one accounting year.

Fixed assets are recognized when it is probable that future economic benefits will flow to the Company and their cost can be measured reliably.

Fixed assets of the Company refer to the tangible assets held for the production of goods, rendering of labor or services, leasing, or for administrative purposes, with a useful life of more than one accounting year.

Fixed assets are recognized when it is probable that future economic benefits will flow to the Company and their cost can be measured reliably.

The Company's fixed assets are initially measured at cost on initial recognition.

Subsequent expenditures related to fixed assets are capitalized as part of cost for fixed assets when it is probable that economic benefits associated with them will flow to the Company and their cost can be reliably measured; routine repair expenses of fixed assets that do not meet the conditions for capitalization of subsequent expenditures are recognized in profit or loss as incurred, or capitalized as part of the cost of related assets. For replaced parts, their carrying amount is derecognized.

(2) *Depreciation Method*

Category	Depreciation Method	Useful Life	Salvage Rate	Annual Depreciation Rate
R&D and automated testing equipment	Straight-line Method	5	5.00	19.00
Transportation equipment	Straight-line Method	5	5.00	19.00
Office equipment and others	Straight-line Method	3-5	5.00	31.67-19.00
Machinery and equipment	Straight-line Method	3-10	5.00	31.67-9.50

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Construction in Progress

The cost of the Company's construction in progress is determined based on actual project expenditures, including all necessary project expenses incurred during the construction period, borrowing costs eligible for capitalization before the project reaches its intended use, and other relevant expenses.

Construction in progress is transferred to fixed assets upon reaching its intended use.

For details on the method of asset impairment provision for construction in progress, please refer to Item 30 of Note V.

26. Borrowing Costs

(1) Principles for Capitalization of Borrowing Costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and included in the cost of the related asset; other borrowing costs are recognized as expenses when incurred and are included in the current profit or loss, based on their amount. Borrowing costs are capitalized when all of the following conditions are met:

- ① Asset expenditures have been incurred. These expenditures include those made in cash, through the transfer of non-cash assets, or through the assumption of interest-bearing debt for the acquisition, construction, or production of a qualifying asset;
- ② Borrowing costs have been incurred; and
- ③ The acquisition, construction, or production activities necessary to prepare the asset for its intended use or sale have begun.

(2) Capitalization Period of Borrowing Costs

Capitalization of borrowing costs ceases when the qualifying asset acquired, constructed, or produced reaches its intended use or sale condition. Borrowing costs incurred after the qualifying asset has reached its intended use or sale condition are recognized as expenses when incurred and are included in the current profit or loss, based on their amount.

If the acquisition, construction, or production of a qualifying asset is abnormally interrupted and is interrupted for more than three consecutive months, the capitalization of borrowing costs is suspended; borrowing costs incurred during normal interruption periods continue to be capitalized.

(3) Capitalization Rate and Calculation Method for Borrowing Costs

For specific borrowings, the actual interest costs incurred during the period, net of interest income earned from depositing unused borrowed funds in banks or investment income from temporary investments, are capitalized; for general borrowings, the amount to be capitalized is determined by multiplying the weighted average of the cumulative asset expenditures (in excess of specific borrowings) by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange difference of foreign currency specific borrowings is fully capitalized; the exchange difference of foreign currency general borrowings is recognized in current profit or loss.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Biological Assets

28. Oil & Gas Assets

29. Intangible Assets

(1) *Useful Lives and Their Basis of Determination, Estimation, Amortization Methods, and Review procedures*

The Company's intangible assets include land use rights, development platforms, software, customer relationships, trademark and patent rights, etc.

Intangible assets are initially measured at cost, and their useful lives are analyzed and assessed upon acquisition. For intangible assets with a finite useful life, amortization begins when the asset is available for use, using an amortization method that reflects the expected manner in which the economic benefits related to the asset are consumed over its estimated useful life. If the expected manner of consumption cannot be reliably determined, the straight-line method is used for amortization. Intangible assets with indefinite useful lives are not amortized.

The amortization methods for intangible assets with finite useful lives are as follows:

Category	Useful Life (Years)	Basis for Determining Useful Life	Amortization Method	Remarks
Development platform	5-10	Benefit period	Straight-line method	
Software	3-10	Benefit period	Straight-line method	
Trademarks, patent rights, etc.	2-10	Benefit period	Straight-line method	
Land use rights	30	Land use period	Straight-line method	
Customer relationships	7	Benefit period	Straight-line method	

At the end of each fiscal year, the Company reviews the useful lives and amortization methods of intangible assets with finite useful lives. If there is a difference from previous estimates, the original estimates are adjusted and accounted for as a change in accounting estimate.

If, at the balance sheet date, an intangible asset is no longer expected to bring future economic benefits to the enterprise, its entire carrying amount is transferred to current profit or loss.

The methods for determining the impairment of intangible assets are detailed in Item 21 of Note 3.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

29. Intangible Assets *(Continued)*

(2) **Scope of R&D Expenses and Related Accounting Treatment Methods**

The Company's R&D expenses represent expenditures directly related to the Company's R&D activities, including employee compensation of R&D personnel, depreciation expenses, outsourced R&D expenses, material expenses, and other expenses.

The Company classifies expenses on internal R&D projects into research phase expenses and development phase expenses.

Research phase expenses are recognized in current profit or loss when incurred.

Development phase expenses are capitalized only if all of the following conditions are met: It is technically feasible to complete the intangible asset so that it can be used or sold; there is an intention to complete the intangible asset and use or sell it; the Company can demonstrate how the intangible asset will generate future economic benefits, including proving that there is a market for products manufactured using the intangible asset or for the intangible asset itself, or demonstrating its usefulness if it will be used internally; there are adequate technical, financial, and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset; and the expenditures attributable to the development phase of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are recognized in current profit or loss.

The Company's R&D projects are considered to have entered the development phase after meeting the above conditions, passing technical and economic feasibility studies, and forming project initiation.

Capitalized development phase expenses are presented as development expenses on the balance sheet and are reclassified as intangible assets from the date on which the project reaches its intended use.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

29. Intangible Assets *(Continued)*

(2) *Scope of R&D Expenses and Related Accounting Treatment Methods (Continued)*

Specific capitalization conditions for R&D projects:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;

The Company has established a dedicated R&D team to conduct relevant technology research. After the planning and conceptual design phase, the technical feasibility of the project has been fully demonstrated. Upon final decision review and approval by the Company's Product Committee, the project enters the development and verification phase, thereby demonstrating the technical feasibility of the R&D project.

- (2) There is an intention to complete the intangible asset and use or sell it;

Through the R&D of major projects, the Company further enriches its product line. On the one hand, it enables the Company to provide corresponding products to different types of market customers based on their needs, satisfying the growing market demand of downstream customers, thereby expanding the application fields of the Company's products and enhancing profitability. On the other hand, it allows the Company to continue to consolidate its core business, comprehensively improve its technological R&D capabilities, further optimize its market layout, enhance its market competitiveness, and gradually become a leading enterprise in the cellular wireless communication module industry. The Company needs to invest continuously and seize business opportunities with the advent of the Internet of Everything. Therefore, the Company intends to complete and use the R&D projects.

- (3) The manner in which the intangible asset generates economic benefits, including proving that there is a market for products manufactured using the intangible asset or for the intangible asset itself, and demonstrating its usefulness if it will be used internally;

For each R&D project, the Company conducts a comprehensive and systematic market analysis. For each project, it calculates the profitability forecast data for the project lifecycle based on input and output. Only major projects that meet the Company's profitability expectation proceed to the next development stage and are subject to capitalization. Based on the profitability forecast, it is estimated that all capitalized R&D expenses can be expected to be recovered through future sales.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

29. Intangible Assets *(Continued)*

(2) Scope of R&D Expenses and Related Accounting Treatment Methods *(Continued)*

- (4) There are adequate technical, financial, and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset;

Technically, since its establishment, the Company has been committed to the R&D, solution design, and application promotion of technologies in the field of IoT and mobile internet wireless communication. It has formed a strong R&D strength in communication technology, RF technology, data transmission technology, and signal processing technology, and has rich experience in the development of wireless communication module products. The current R&D team has formed a complete technical innovation system and has the ability to continuously innovate, providing reliable technical support for the implementation of the project. Financially, the Company's current operating performance is good, its credit status is sound, and its financing channels are unimpeded, which can provide sufficient funding support for the implementation of the fundraising investment projects and the sale of products. In terms of other resources, the Company has accumulated rich sales channels and customer resources with its excellent product performance, and has cultivated a group of experienced management and R&D talents, which can fully support the development of fundraising investment projects and the sale of products.

- (5) The expenditures attributable to the development phase of the intangible asset can be reliably measured.

R&D expenses, except for employee benefits, can be collected by department and project dimensions. Each R&D personnel needs to fill in a weekly timesheet every week. The working hours spent by each R&D personnel on a project are recorded and allocated by project. After the finance personnel collects the weekly timesheets every month, the employee benefits will be reasonably allocated according to the project working hours filled in by them. Therefore, after the capitalization date of a certain project is determined, the expenses of the project after the capitalization point can be collected.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

30. Impairment of Long-term Assets

Asset impairment for long-term equity investments in subsidiaries and associates, fixed assets, construction in progress, right-of-use assets, intangible assets, and goodwill (excluding inventories, deferred tax assets, and financial assets) is determined by the following methods:

At each balance sheet date, the Company assesses whether there are any indications that an asset may be impaired. If such indications exist, the Company estimates the asset's recoverable amount and conducts an impairment test. The goodwill acquired in a business combination, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment annually, regardless of whether there are any indications of impairment.

The recoverable amount is determined as the higher of an asset's fair value less costs to sell and the present value of its estimated future cash flows. The Company estimates the recoverable amount for an individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is identified based on whether its main cash inflows are largely independent of those from other assets or cash-generating units.

When the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the Company writes down the carrying amount to its recoverable amount. The amount of the write-down is recognized in current profit or loss, and a corresponding impairment allowance is recognized.

For the purpose of goodwill impairment test, the carrying amount of goodwill acquired in a business combination is allocated to the relevant cash-generating units from the date of acquisition using a reasonable method. If it is not possible to allocate it to individual cash-generating units, it is allocated to a combination of cash-generating units. The relevant cash-generating unit or combination of cash-generating units is one that is expected to benefit from the synergies of the business combination and is not larger than the Company's identified reporting segment.

When conducting an impairment test, if a cash-generating unit or combination of cash-generating units to which goodwill has been allocated shows indications of impairment, the Company first performs an impairment test on the cash-generating unit or combination of cash-generating units that does not include goodwill, calculates its recoverable amount, and recognizes any impairment loss. Subsequently, an impairment test is performed on the cash-generating unit or combination of cash-generating units that includes goodwill by comparing its carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss for goodwill is recognized.

Once an asset impairment loss is recognized, it is not reversed in subsequent accounting periods.

The Company must comply with the disclosure requirements for "Telecommunications Related Businesses" in the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 4 – Industry Information Disclosure of ChiNext Board Listed Companies.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

31. Long-term Deferred Expenses

Long-term deferred expenses incurred by the Company are measured at actual cost and amortized over the estimated benefit period. The remaining balance of any long-term deferred expenses that no longer provide economic benefits in future periods is recognized as current profit or loss.

32. Contract Liabilities

33. Employee Benefits

(1) *Accounting Treatment for Short-term Employee Benefits*

In the accounting period in which employees provide services, the Company recognizes the wages, bonuses, social insurance contributions (such as medical insurance, work-related injury insurance, and maternity insurance) and housing provident funds paid for employees at the prescribed standards and proportions as liabilities, and includes them in current profit or loss or the cost of relevant assets.

(2) *Accounting Treatment for Post-employment Benefits*

Post-employment benefit plans include defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefit plan under which the enterprise pays fixed contributions to an independent fund and has no further payment obligation. A defined benefit plan refers to any post-employment benefit plan other than a defined contribution plan.

Defined contribution plans

The Company's employees participate in employee social insurance schemes established in the PRC, including pension insurance and unemployment insurance. These schemes are organised and administered by government authorities. Other than contributions to such social insurance schemes, the Group has no other contractual payment obligations to employees. In accordance with relevant regulations, the contributions payable by entities within the Group under the above social insurance schemes are primarily determined based on a percentage of employees' basic salaries, subject to certain statutory caps. Contributions to such schemes are recognised as expenses when incurred.

For the years ended December 31, 2025 and 2024, the Group did not utilise forfeited contributions to reduce its contributions to the above social insurance schemes.

As at December 31, 2025 and 2024, the contributions payable under the above social insurance schemes amounted to RMB331,533.22 and RMB732,336.78, respectively. Relevant disclosures are set out in Note VII.28 to the consolidated financial statements.

In the accounting period in which employees provide services, the amount payable calculated according to the defined contribution plan is recognized as a liability and included in current profit or loss or the cost of relevant assets.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

33. Employee Benefits *(Continued)*

(2) **Accounting Treatment for Post-employment Benefits** *(Continued)*

Defined benefit plans

For defined benefit plans, actuarial valuations are performed by independent actuaries at the end of the annual balance sheet date to determine the cost of providing benefits using the projected unit credit method. The employee benefits cost of the Company's defined benefit plans includes the following components:

- ① Service cost, including the current-period service cost, past service cost, and settlement gains or losses. Of these, the current-period service cost refers to the increase in the present value of the defined benefit obligation resulting from the employee's provision of services in the current period. The past service cost refers to the increase or decrease in the present value of the defined benefit obligation related to employee service in prior periods resulting from a modification of the defined benefit plan.
- ② The net interest on the net defined benefit liability (asset) of a defined benefit plan, including the interest income on plan assets, interest expense on defined benefit plan obligations, and interest impact of the asset ceiling.
- ③ The changes arising from the remeasurements of the net defined benefit liability (asset) of a defined benefit plan.

Unless other accounting standards require or permit employee benefit costs to be included in the cost of assets, the Company includes items ① and ② above in current profit or loss. Item ③ is included in other comprehensive income and will not be reclassified to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the portion originally included in other comprehensive income will be transferred entirely to retained earnings within equity.

As of December 31, 2025, the Company has not yet established any defined benefit plans.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

33. Employee Benefits *(Continued)*

(3) Accounting Treatment for Termination Benefits

When the Company provides termination benefits to employees, it recognizes the employee benefits liability arising from termination benefits and includes it in current profit or loss at the earlier of the following two dates: When the Company cannot unilaterally withdraw the termination benefits provided due to the plan to terminate employment relationships or the redundancy proposal; or when the Company recognizes costs or expenses related to a restructuring involving the payment of termination benefits.

For employees participating in an early retirement plan, the economic compensation prior to the formal retirement date is considered a termination benefit and is recognized as a one-time charge to current profit or loss from the date the employee ceases to provide services until the scheduled retirement date, for the period covering the wages and social insurance contributions for internally retired employees. The economic compensation after the formal retirement date (such as normal retirement pensions) is treated as post-employment benefits.

(4) Accounting Treatment for Other Long-term Employee Benefits

Other long-term employee benefits provided by the Company to employees are treated in accordance with the aforementioned provisions for defined contribution plans if they meet the conditions of a defined contribution plan. If they meet the conditions of a defined benefit plan, they are treated in accordance with the aforementioned provisions for defined benefit plans, except that the “changes arising from the remeasurement of the net liabilities or net assets of a defined benefit plan” portion of the related employee compensation cost is included in current profit or loss or the cost of relevant assets.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

34. Provisions

The Company recognizes a provision for a contingent liability when all of the following conditions are met:

- (1) The obligation is a present obligation of the Company;
- (2) It is probable that an outflow of economic benefits will result from the settlement of the obligation;
- (3) The amount of the obligation can be reliably measured.

Provisions are initially measured at the best estimate of the expenditure required to settle the present obligation, taking into account the risks, uncertainties, and time value of money associated with the contingent item. If the time value of money has a significant effect, the best estimate is determined by discounting the related future cash outflows. The Company reviews the carrying amount of its provisions at each balance sheet date and adjusts the carrying amount to reflect the current best estimate.

If all or part of the expenditure required to settle a recognized provision is expected to be reimbursed by a third party or other party, the reimbursement amount is recognized as a separate asset only when it is virtually certain that the reimbursement will be received. The recognized reimbursement amount does not exceed the carrying amount of the recognized liability.

35. Share-based Payments

(1) *Types of Share-based Payments*

The Company's share-based payments are classified into equity-settled and cash-settled share-based payments.

(2) *Methods for Determining the Fair Value of Equity Instruments*

For equity instruments, such as granted options that have an active market, their fair value is determined based on quoted market prices in an active market. For equity instruments such as options granted that do not have an active market, their fair value is determined using option pricing models. The option pricing model selected considers the following factors: A. the exercise price of the option; B. the term of the option; C. the current price of the underlying shares; D. the expected volatility of share prices; E. the expected dividends of the shares; F. the risk-free interest rate during the expected life of the option.

(3) *Basis for Estimating the Number of Exercisable Equity Instruments*

At each balance sheet date during the vesting period, the Company makes its best estimate based on the latest information available, such as changes in the number of employees expected to vest, to revise the estimated number of exercisable equity instruments. On the vesting date, the final estimated number of exercisable equity instruments shall equal the actual number of exercisable instruments.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

35. Share-based Payments *(Continued)*

(4) *Accounting Treatment for the Implementation, Modification, and Termination of Share-based Payment Plans*

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. If the equity instruments are immediately exercisable after the grant, the fair value of the equity instruments on the grant date is recognized as expenses, with a corresponding increase in capital reserve. If the equity instruments become exercisable only after employees provide services during the vesting period or meet specified performance conditions, the services received in each period are recognized as cost or expense and capital reserve. The recognition is based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments at the grant date. No adjustments are made to the recognized relevant cost or expense and total owners' equity after the vesting date.

For cash-settled share-based payments, measurement is based on the fair value of the liability, which is determined by reference to the shares or other equity instruments the Company is obligated to deliver. If the liability is immediately payable after the grant, the fair value of the liability incurred by the Company on the grant date is recognized as relevant cost or expense, with a corresponding increase in liability. For cash-settled share-based payments that are exercisable only after providing services during the vesting period or meeting specified performance conditions, at each balance sheet date during the vesting period, the services obtained during the current period are recognized as cost or expense and corresponding liability, based on the best estimate of the exercisability and the fair value of the liability undertaken by the Company. At each balance sheet date before settlement and on the settlement date, the fair value of the liability is remeasured, and the changes are recognized in profit or loss for the period.

When the Company modifies a share-based payment plan, if the modification increases the fair value of the granted equity instruments, additional services are recognized accordingly. If the modification increases the number of granted equity instruments, the fair value of the increased equity instruments is recognized accordingly as an increase in services obtained. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification on the modification date. If the modification reduces the total fair value of the share-based payment or amends the terms and conditions of the share-based payment plan in a way that is unfavorable to employees, the accounting treatment for services obtained continues as if the change had never occurred, unless the Company cancels some or all of the granted equity instruments.

During the vesting period, if granted equity instruments are cancelled (except for those cancelled due to failure to meet non-market vesting conditions), the Company treats the cancellation of granted equity instruments as accelerated vesting, immediately recognizing the amount that should have been recognized during the remaining vesting period in current profit or loss, while also recognizing capital reserve. If employees or other parties have the choice of meeting non-vesting conditions but fail to do so during the vesting period, the Company treats this as a cancellation of the granted equity instruments.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

35. Share-based Payments *(Continued)*

(5) **Restricted Shares**

In the equity incentive plan, the Company grants restricted shares to the incentive recipients. The incentive recipients first subscribe for the shares, and if the unlocking conditions stipulated in the equity incentive plan are not met subsequently, the Company repurchases the shares at a predetermined price. For restricted shares issued to employees that have completed capital increase procedures, such as registration and filing in accordance with relevant regulations, the Company recognizes share capital and capital reserve based on the share subscription funds paid by the employees at the grant date; concurrently, it recognizes treasury shares and other payables for the repurchase obligation.

36. Other Financial Instruments such as Preferred Shares and Perpetual Bonds

37. Revenue

The accounting policies adopted for revenue recognition and measurement are disclosed by business type.

(1) **General Principles**

The Company recognizes revenue when it satisfies a performance obligation in the contract, which is when the customer obtains control of the relevant goods or services.

If a contract contains two or more performance obligations, the Company, at contract inception, allocates the transaction price to each distinct performance obligation based on the relative standalone selling prices of the promised goods or services for each distinct performance obligation, and measures revenue based on the transaction price allocated to each distinct performance obligation.

A performance obligation is satisfied over time if one of the following conditions is met; otherwise, it is satisfied at a point in time:

- ① The customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs.
- ② The customer controls the goods as it is created by the Company's performance.
- ③ The goods produced by the Company in the process of fulfilling the contract have no alternative use, and the Company has an enforceable right to payment for performance completed to date throughout the contract period.

For performance obligations satisfied over time, the Company recognizes revenue over that period based on the progress of completion. When the progress of performance cannot be reasonably determined and if the costs incurred by the Company are expected to be recovered, revenue is recognized based on the amount of costs incurred, until the progress of performance can be reasonably determined.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

37. Revenue *(Continued)*

(1) General Principles *(Continued)*

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the related goods or services. When determining whether a customer has obtained control of goods or services, the Company considers the following indicators:

- ① The Company has a present right to payment for the goods or services, meaning the customer has a present obligation to pay for the goods.
- ② The Company has transferred the legal title of the goods to the customer, meaning the customer has obtained legal ownership of the goods.
- ③ The Company has transferred physical possession of the goods to the customer, meaning the customer has physical possession of the goods.
- ④ The Company has transferred the significant risks and rewards of ownership of the goods to the customer, meaning the customer has obtained the significant risks and rewards of ownership of the goods.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other indicators that the customer has obtained control of the goods.

(2) Specific Methods

The Company recognizes revenue with the following methods:

(1) Module products, solutions and others

Product sales are mainly divided into domestic sales and international sales. The specific methods for revenue recognition are as follows:

Specific method for domestic sales revenue recognition: Revenue is recognized based on relevant documents when products have been shipped and the delivery note or consignment note signed by the buyer is obtained;

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

37. Revenue *(Continued)*

(2) **Specific Methods** *(Continued)*

(1) *Module products, solutions and others (Continued)*

Specific method for international sales revenue recognition: International sales are settled mainly based on FOB terms. Under FOB terms, the Company recognizes revenue when customs declaration and commodity inspection procedures are completed.

(2) *Service Business*

The Company provides IoT data connection services and aggregation management services. Revenue is recognized based on the customer's progress in utilizing global data communication service traffic.

Similar operations under different business models which involve different revenue recognition and measurement methods

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

38. Contract Costs

Contract costs include the incremental costs incurred to obtain a contract and the costs incurred to fulfill a contract.

Incremental costs incurred to obtain a contract refer to the costs that the Company would not have incurred if the contract had not been obtained (e.g., sales commissions). If such costs are expected to be recoverable, the Company recognizes them as contract acquisition cost assets. Other expenditures incurred by the Company to obtain a contract, other than the incremental costs expected to be recovered, are recognized as profit or loss in the current period when incurred.

Costs incurred to fulfill a contract that are not within the scope of other accounting standards, such as inventory, and simultaneously satisfy the following conditions, are recognized by the Company as contract fulfillment cost assets:

- ① The costs are directly related to a contract that has been or is expected to be obtained, including direct labor, direct materials, manufacturing overhead (or similar expenses), costs borne by the customer, and other costs incurred exclusively because of the contract;
- ② The costs increase the resources that the Company will use to fulfill its performance obligations in the future;
- ③ The costs are expected to be recovered.

Assets recognized from contract acquisition costs and assets recognized from contract fulfillment costs (hereinafter referred to as “assets related to contract costs”) are amortized based on the same basis as the revenue recognition for the related goods or services and are recognized as profit or loss in the current period.

When the carrying amount of assets related to contract costs exceeds the difference between the following two items, the Company makes provisions for impairment for the excess portion and recognizes it as an asset impairment loss:

- ① The remaining consideration that the Company expects to receive from the transfer of the goods or services related to the asset;
- ② The estimated costs to be incurred for the transfer of the related goods or services.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

39. Government Grants

Government grants are recognized when the conditions attached to the government grant are met and when the grant is receivable.

For government grants of monetary assets, they are measured at the amount received or receivable. Government grants related to non-monetary assets are measured at fair value; if the fair value cannot be reliably determined, they are measured at a nominal amount of RMB1.

Government grants related to assets are those obtained by the Company for the purchase, construction, or other methods of forming long-term assets. Otherwise, they are considered government grants related to income.

Where a government document does not explicitly specify the subsidized party, the portion of a government grant corresponding to the value of an asset that can form a long-term asset will be treated as a government grant related to assets; the remaining portion will be treated as a government grant related to income. If it is difficult to distinguish between them, the entire government grant will be regarded as a government grant related to income.

Government grants related to assets are recognized as deferred income and are amortized to profit or loss over the useful life of the related assets using a reasonable and systematic method. Government grants related to income will be recognized in profit or loss in the current period if they are used to compensate related costs, expenses or losses that have already been incurred. If they are used to compensate related costs, expenses or losses in future periods, they will be recognized as deferred income and subsequently included in profit or loss in the periods when the related costs, expenses or losses are recognized. Government grants measured at nominal amount are directly recognized in current profit or loss. The Company processes similar government grants in a consistent manner.

Government grants related to routine activities are recognized as other income based on the economic substance of the transaction. Government grants not related to routine activities are recognized as non-operating income.

When a recognized government grant needs to be repaid: If it was initially recognized by reducing the carrying amount of the relevant asset, the carrying amount of the asset will be adjusted. If there is a remaining balance of deferred income relating to the grant, the carrying amount of deferred income will be written down; any excess will be recognized in profit or loss for the current period. In all other cases, the amount to be repaid will be recognized directly in profit or loss for the current period.

For policy-based preferential loan interest subsidies, if the fiscal authority allocates the interest subsidy funds to the lending bank, the actual amount borrowed is recognized as the carrying amount of the loan, and borrowing costs are calculated based on the principal and the preferential interest rate. If the fiscal authority directly allocates the interest subsidy funds to the Company, the interest subsidy reduces the borrowing costs.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

40. Deferred Income Tax Assets/Deferred Income Tax Liabilities

Income taxes include current income taxes and deferred income taxes. Except for adjustments to goodwill arising from business combinations, or for deferred income taxes related to transactions or events directly recognized in owners' equity, all other deferred income taxes are recognized as income tax expense in profit or loss for the period.

The Company recognizes deferred income taxes using the balance sheet liability method, based on the temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date.

All taxable temporary differences give rise to a related deferred income tax liability, unless such differences arise from the following transactions:

- (1) The initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction with the following characteristics: The transaction is not a business combination, and at the time of the transaction, it neither affects the accounting profit nor the taxable income (except for individual transactions where the initially recognized assets and liabilities result in equal taxable temporary differences and deductible temporary differences);
- (2) For taxable temporary differences related to investments in subsidiaries and associates, where the timing of reversal of such temporary differences can be controlled and such temporary differences are not expected to reverse in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to future periods, the Company recognizes the resulting deferred income tax assets to the extent that future taxable income is highly likely to be available to offset such deductible temporary differences, deductible losses, and tax credits, unless such deductible temporary difference arises from the following transactions:

- (1) The transaction is not a business combination, and at the time of the transaction, it affects neither accounting profit nor taxable income (except for individual transactions where the initially recognized assets and liabilities result in equal taxable temporary differences and deductible temporary differences);
- (2) With respect to deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, corresponding deferred income tax assets will be recognized if both of the following conditions are met: The temporary differences are likely to reverse in the foreseeable future, and it is probable that taxable income will be available in the future against which the deductible temporary differences can be utilized.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

40. Deferred Income Tax Assets/Deferred Income Tax Liabilities *(Continued)*

At the balance sheet date, the Company measures deferred income tax assets and liabilities at the applicable tax rates expected to apply when the assets are recovered or the liabilities settled, reflecting the tax effects of the expected method of recovery or settlement at the balance sheet date.

At the balance sheet date, the Company reviews the carrying amount of its deferred tax assets. If it is highly unlikely that sufficient taxable income will be available in future periods to utilize the benefits of deferred income tax assets, the carrying amount of such assets is reduced. Any previously recognized reduction is reversed when sufficient taxable income is expected to be available.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis when, and only when, the following conditions are met:

- (1) The taxpayer has a legally enforceable right to offset current income tax assets and current income tax liabilities within the same entity;
- (2) Deferred income tax assets and liabilities relate to the income taxes levied by the same tax authority on the same taxable entity.

41. Leases

(1) Accounting Treatment for Leases as a Lessee

At the commencement date of a lease, the Company recognizes a right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low-value assets that are accounted for using a simplified approach.

The accounting policy for right-of-use assets is disclosed in Item 24 of Note V.

The lease liability is initially measured at the present value of unpaid lease payments at the commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate is used as the discount rate. Lease payments include: fixed payments and in-substance fixed payments, less any lease incentives; variable lease payments that depend on an index or a rate; amounts payable under an option to purchase, provided that the lessee is reasonably certain to exercise that option; payments of termination penalties, if the lease term reflects the lessee's intention to exercise the termination option; and amounts expected to be payable by the lessee under residual value guarantees. Subsequently, the interest expense on the lease liability for each period during the lease term is measured using a constant periodic rate of interest and recognized in current profit or loss. Variable lease payments not included in the measurement of the lease liability are recognized in current profit or loss when they occur.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

41. Leases *(Continued)*

(1) *Accounting Treatment for Leases as a Lessee (Continued)*

Short-term leases

Short-term leases are leases with a lease term of 12 months or less at the commencement date of the lease, and do not include a purchase option.

The Company recognizes lease payments for short-term leases as part of the cost of the related asset or current profit or loss using the straight-line method over the lease term.

For short-term leases, the Company selects the following asset types that meet the conditions of short-term leases to adopt the simplified accounting treatment described above, categorized by lease asset type.

Office equipment

R&D testing equipment

Leases of low-value assets

Leases of low-value assets are leases where the value of the individual leased asset is less than RMB40,000 when the asset is new.

The Company recognizes lease payments for leases of low-value assets in relation to the cost of the related asset or current profit or loss using the straight-line method over the lease term.

For leases of low-value assets, the Company selects to adopt the simplified accounting treatment described above based on the specific circumstances of each lease.

Lease modifications

If a lease modification occurs and meets the following conditions simultaneously, the Company treats the lease modification as a separate lease: ① The lease modification expands the scope of the lease by adding the right to use one or more lease assets; ② the additional consideration is equivalent to the separately priced amount of the expanded scope of the lease, adjusted for the contract terms.

If a lease modification is not treated as a separate lease, at the effective date of the lease modification, the Company reallocates the consideration of the modified contract, re-determines the lease term, and remeasures the lease liability based on the present value of the revised lease payments discounted at the revised discount rate.

If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Company will correspondingly reduce the carrying amount of the right-of-use asset and recognize any gain or loss on partial or full termination of the lease in current profit or loss.

For other lease modifications that result in a remeasurement of the lease liability, the Company will correspondingly adjust the carrying amount of the right-of-use asset.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

41. Leases *(Continued)*

(2) **Accounting Treatment for Leases as a Lessor**

When the Company acts as a lessor, it classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an asset, and classifies all other leases as operating leases.

Finance leases

In a finance lease, at the commencement date of the lease, the Company recognizes the net investment in the lease as the carrying amount of amounts receivable from finance leases. The net investment in the lease is the sum of the present value of unguaranteed residual value and the present value of lease payments not yet received at the commencement date of the lease, discounted at the implicit rate of the lease. The Company, as a lessor, calculates and recognizes the interest income for each period within the lease term at a fixed periodic interest rate. Variable lease payments receivable by the Company as a lessor that are not included in the net investment in the lease are recognized in current profit or loss when they become due.

Derecognition and impairment of amounts receivable from finance leases will be accounted for in accordance with the provisions of the CASBE No.22 – Recognition and Measurement of Financial Instruments and the CASBE No.23 – Transfer of Financial Assets (《企業會計準則第23號——金融資產轉移》).

Operating leases

For operating leases, the Company recognizes the rental income in current profit or loss on a straight-line basis over each period within the lease term. The initial direct costs incurred in connection with operating leases will be capitalized and amortized over the lease term on the same basis as the rental income is recognized, and recognized in current profit or loss over time. Variable lease payments receivable by the Company in connection with operating leases that are not included in rental income are recognized in current profit or loss when they become due.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

41. Leases *(Continued)*

(2) **Accounting Treatment for Leases as a Lessor** *(Continued)*

Lease modifications

For operating lease modifications, the Company accounts for the modification as a new lease from the effective date of the modification, and any prepaid or accrued lease payments related to the lease before the modification are regarded as payments for the new lease.

If a finance lease modification meets all of the following conditions, the Company accounts for the modification as a separate lease: ① The modification extends the lease by granting the lessee an additional right to use one or more underlying assets; ② the additional consideration for the extended lease term corresponds to the separate price of the extended lease term, adjusted for the terms and conditions of the contract.

If a finance lease modification is not accounted for as a separate lease, the Company treats the modified lease as follows: ① If the modification, had it been effective at the lease commencement date, would have resulted in the lease being classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease modification, with the carrying amount of the lease asset at the effective date of the lease modification being the net investment in the lease; ② if the modification, had it been effective at the lease commencement date, would have resulted in the lease being classified as a finance lease, the Company accounts for it in accordance with the provisions of the CASBE No.22 – Recognition and Measurement of Financial Instruments regarding modified or renegotiated contracts.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

42. Other Significant Accounting Policies and Estimates

(1) *Treasury Shares Repurchased*

Shares repurchased by the Company are managed as treasury shares until they are cancelled or transferred, and all expenditures for repurchasing shares are capitalized as the cost of treasury shares. The consideration paid and transaction costs for share repurchases reduce owners' equity. Gains or losses are not recognized when the Company repurchases, transfers, or cancels its own shares.

When treasury shares are transferred, the difference between the actual amount received and the carrying amount of the treasury shares is recognized in capital reserve. If the capital reserve is insufficient to offset the difference, the surplus reserve and undistributed profits are reduced. Treasury shares are cancelled by reducing share capital by the par value and number of shares cancelled. The difference between the carrying amount of the cancelled treasury shares and their par value is used to offset additional paid-in capital. If additional paid-in capital is insufficient, retained earnings and undistributed profits are used to offset the difference.

(2) *Significant Accounting Judgments and Estimates*

The Company continually evaluates the significant accounting estimates and key assumptions it uses, based on historical experience and other factors, including the reasonable expectations of future events. Significant accounting estimates and key assumptions that are likely to result in a material adjustment to the carrying amounts of assets and liabilities in the next accounting year are listed below:

Classification of Financial Assets

Significant judgments involved in the Company's determination of the classification of financial assets include the analysis of the business model and contractual cash flow characteristics.

The Company determines the business model for managing financial assets at the portfolio level. Factors considered include how the performance of financial assets is evaluated and reported to key management personnel, the risks that affect the performance of financial assets and how those risks are managed, and how business managers are compensated.

In assessing whether the contractual cash flows of a financial asset are consistent with the basic lending arrangement, the Company makes the following key judgments: whether the principal amount could vary in timing or amount over the life of the instrument due to reasons such as prepayments; and whether interest only includes consideration for the time value of money, credit risk, other basic lending risks, and a profit margin. For example, whether the amount of prepayment solely reflects unpaid principal and interest on the outstanding principal, and reasonable compensation for the early termination of the contract.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

42. Other Significant Accounting Policies and Estimates *(Continued)*

(2) *Significant Accounting Judgments and Estimates (Continued)*

Measurement of Expected Credit Losses for Accounts Receivable

The Company calculates expected credit losses on accounts receivable by considering the accounts receivable's default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on the probability of default and loss given default. When determining the rate of expected credit losses, the Company uses internal historical credit loss experience and other data, and adjusts historical data to reflect current conditions and forward-looking information. Indicators used by the Company when considering forward-looking information include the risk of economic downturns, changes in the external market environment, technological environment, and customer circumstances. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

Goodwill Impairment

The Company assesses at least annually whether goodwill is impaired. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. When estimating value in use, the Company needs to estimate future cash flows from the cash-generating unit and select an appropriate discount rate to calculate the present value of future cash flows.

Development Expenses

When determining the amount to be capitalized, the management must make assumptions regarding the expected future cash generation of the asset, the discount rate to be applied, and the expected period of benefit.

Deferred Income Tax Assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. This requires the management to exercise significant judgment in estimating the timing and amount of future taxable profits, and to consider tax planning strategies in determining the amount of deferred income tax assets to be recognized.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

42. Other Significant Accounting Policies and Estimates *(Continued)*

(3) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures relevant assets or liabilities at fair value, assuming that the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability. If there is no principal market, the Company assumes that the transaction takes place in the most advantageous market for the asset or liability. The principal market (or most advantageous market) is the market that the Company can access at the measurement date. The Company uses the assumptions that market participants would use when pricing the asset or liability, acting in their economic best interest.

For financial assets or financial liabilities that have an active market, the Company determines their fair value using quoted prices from that active market. If a financial instrument does not have an active market, the Company uses valuation techniques to determine its fair value.

When measuring non-financial assets at fair value, the Company considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available, prioritizing relevant observable inputs. Unobservable inputs are used only when observable inputs are not available or are not practically feasible to obtain.

For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value hierarchy is determined based on the lowest-level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the asset or liability; Level 3 inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Company re-evaluates assets and liabilities that are continuously measured at fair value in the financial statements to determine whether there have been any transfers between the fair value hierarchy levels.

Section VIII Financial Report

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

43. Changes in Significant Accounting Policies and Accounting Estimates

(1) *Changes in Significant Accounting Policies*

☐ Applicable ☒ Not applicable

(2) *Changes in Significant Accounting Estimates*

☐ Applicable ☒ Not applicable

(3) *Adjustments to Financial Statements at the Beginning of the First Year of Adoption of New Accounting Standards from 2025*

☐ Applicable ☒ Not applicable

44. Others

VI. TAXATION

1. Major Tax Categories and Tax Rates

Tax Category	Tax Basis	Tax Rate (%)
Value-added tax	Taxable value-added amount (the tax payable is calculated as the balance of taxable sales multiplied by the applicable tax rate after deducting input VAT allowable for credit in the current period)	0, 6, 9, 13
Urban maintenance and construction tax	Value-added tax actually paid	5, 7
Enterprise income tax	Taxable income	25, 20, 16.5, 15.825, 15
Education surcharge	Value-added tax actually paid	3.00
Local education surcharge	Value-added tax actually paid	2.00

Section VIII Financial Report

VI. TAXATION (Continued)

1. Major Tax Categories and Tax Rates (Continued)

Where there are different tax-paying entities subject to different enterprise income tax rates, the details are disclosed as follows:

Tax-paying Entity	Income Tax Rate (%)
Fibocom Wireless Inc.	15
Shenzhen Fibocom Wireless Communication Software Co., Ltd.	15
Fibocom Wireless (H.K.) Limited	16.5
Fibocom Wireless Taiwan Co., Ltd.	20
Fibocom Wireless USA Inc.	21
Xi'an Fibocom Wireless Software Co., Ltd.	12.5
Shenzhen Fibocom Investment Development Co., Ltd.	25
FIA Inc.	25
Fibocom Auto Inc.	15
Fibocom Wireless EU GmbH	15.825
Xi'an Fibocom Wireless Communication Co., Ltd.	25
Shenzhen Guangtong Yilian Technology Co., Ltd.	25
FAIOT Co., Ltd.	15
Shanghai Faiot Software Co., Ltd.	25
Shanghai Favalon Technology Co., Ltd.	25
Shenzhen Yaboda Technology Co., Ltd.	25
Shenzhen Fibocom Technology Co., Ltd.	15
Shenzhen Favalon Software Co., Ltd.	25
Shenzhen Chuanglian Future Wireless Technology Co., Ltd.	25
Shanghai Sevenfold Universe Digital Technology Co., Ltd.	20
LINK FUTURE WIRELESS (H.K.) LIMITED	16.5
Faiot PTE. LTD.	17
Gingkgo Solution Inc.	21
Faiot Limited	0
Fibocom Technology (Jiangxi) Co., Ltd.	20

Section VIII Financial Report

VI. TAXATION (Continued)

2. Tax Incentives

(1) Value-added Tax Incentives

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》) (CS [2011] No. 100), certain subsidiaries of the Company, including Shenzhen Fibocom Wireless Communication Software Co., Ltd., Xi'an Fibocom Wireless Software Co., Ltd., Fibocom Auto Inc., Shenzhen Favalon Software Co., Ltd., and Shenzhen Guangtong Yilian Technology Co., Ltd., are entitled to a VAT refund upon collection. If the actual VAT burden exceeds 3% on sales of self-developed software products, the excess over 3% is refundable.

(2) Enterprise Income Tax Incentives

The Company obtained the High and New Technology Enterprise Certificate (《高新技術企業證書》) jointly issued by the Shenzhen Science and Technology Innovation Commission, the Finance Bureau of Shenzhen Municipality, and the Shenzhen Tax Service of the State Taxation Administration in 2024, with certificate number GR202444208676 and a validity period of three years. Pursuant to Article 28 of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), high and new technology enterprises supported by the state are subject to a reduced enterprise income tax rate of 15%. The Company is therefore subject to the preferential enterprise income tax rate of 15%.

The Company's subsidiary, Shenzhen Fibocom Wireless Communication Software Co., Ltd., obtained the High and New Technology Enterprise Certificate jointly issued by the Shenzhen Science and Technology Innovation Commission, the Finance Bureau of Shenzhen Municipality, and the Shenzhen Tax Service of the State Taxation Administration in 2025, with certificate number GR202544204434 and a validity period of three years. Pursuant to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, high-tech enterprises recognized and supported by the state are subject to a reduced enterprise income tax rate of 15%. Shenzhen Fibocom Wireless Communication Software Co., Ltd. is therefore subject to the preferential enterprise income tax rate of 15%.

The Company's subsidiary, Fibocom Auto Inc., obtained the High and New Technology Enterprise Certificate jointly issued by the Shenzhen Science and Technology Innovation Commission, the Finance Bureau of Shenzhen Municipality, and the Shenzhen Tax Service of the State Taxation Administration in 2025, with certificate number GR202544202509 and a validity period of three years. Pursuant to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, high-tech enterprises recognized and supported by the state are subject to a reduced enterprise income tax rate of 15%. Fibocom Auto Inc. is therefore subject to the preferential enterprise income tax rate of 15%.

The Company's subsidiary, Shanghai Faiot, obtained the High and New Technology Enterprise Certificate jointly issued by the Shanghai Municipal Commission of Science and Technology, the Shanghai Municipal Bureau of Finance, and the Shanghai Municipal Tax Service of the State Taxation Administration in 2024, with certificate number GR202431000694 and a validity period of three years. Pursuant to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, high-tech enterprises recognized and supported by the state are subject to a reduced enterprise income tax rate of 15%. The Company is therefore subject to the preferential enterprise income tax rate of 15%.

Section VIII Financial Report

VI. TAXATION (Continued)

2. Tax Incentives (Continued)

(2) Enterprise Income Tax Incentives (Continued)

The Company's subsidiary, Shenzhen Fibocom Technology Co., Ltd., obtained the High and New Technology Enterprise Certificate jointly issued by the Industry and Information Technology Bureau of Shenzhen Municipality, the Finance Bureau of Shenzhen Municipality, and the Shenzhen Tax Service of the State Taxation Administration in 2024, with certificate number GR202444207754 and a validity period of three years. Pursuant to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, high-tech enterprises recognized and supported by the state are subject to a reduced enterprise income tax rate of 15%. The Company is therefore subject to the preferential enterprise income tax rate of 15%.

Xi'an Fibocom Wireless Software Co., Ltd. obtained the Software Enterprise Certificate 《軟件企業證書》 issued by the China Software Industry Association on June 28, 2025, with certificate number Shaanxi RQ-2022-0190 and a validity period of one year. Established on May 14, 2018 and first becoming profitable in 2022, Xi'an Fibocom Wireless Software Co., Ltd. is entitled in 2025 to the preferential tax policy for software enterprises, namely two-year exemption and three-year half reduction, and is subject to 50% of the normal enterprise income tax rate in the fourth year of the incentive period.

Pursuant to the Announcement of the State Taxation Administration on Issues Concerning the Administration of Preferential Enterprise Income Tax Policies for Small and Low-profit Enterprises 《國家稅務總局關於落實小型微利企業所得稅優惠政策徵管問題的公告》 ([2023] No. 6), Shanghai Sevenfold Universe Digital Technology Co., Ltd. and Fibocom Technology (Jiangxi) are entitled to preferential treatment whereby taxable income is calculated at 25% of the actual profit, and enterprise income tax is levied at a rate of 20%.

3. Others

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

Unit: RMB

Item	Closing balance	Opening balance
Bank deposits	1,282,115,632.59	710,074,535.24
Other cashes at bank and on hand	2,141,688,037.41	409,584,532.76
Deposits with finance companies	0.00	0.00
Total	3,423,803,670.00	1,119,659,068.00
Including: Funds deposited overseas	495,015,021.26	397,726,286.08

Other cashes at bank and on hand included RMB44,963,152.13 of notes margins; RMB2,076,940,112.00 of time deposits; RMB10,139,004.60 of accrued interest on time deposits; RMB9,645,523.65 of funds subject to judicial freezing, and RMB245.03 of intelligent account freeze (no inbound or outbound transactions).

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Financial Assets Held for Trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	316,102,632.97	373,688,765.35
Including:		
Equity instrument investments	32,578,512.16	
Wealth management products		20,037,260.27
Contingent consideration	283,524,120.81	353,651,505.08
Total	316,102,632.97	373,688,765.35

- (1) In December 2025, the Company acquired 238,395 A-shares in the initial public offering of Beijing Onmicro Electronics Co., Ltd. through a strategic placement. The fair value at the end of the period was RMB32,578,512.16. According to the agreement, such shares are subject to a lock-up period of 12 months.
- (2) In July 2024, the Company entered into the Asset Purchase Agreement 《資產購買協議》 with EUROPASOLAR S.à.r.l. and completed the closing, disposing of the automotive front-installed wireless communication module business of Shenzhen Chuanglian Future Wireless Technology Co., Ltd. (formerly known as Shenzhen Rolling Wireless Technology Co., Ltd.). The fair value of the contingent consideration at the end of the period was RMB283,524,120.81.

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Notes Receivable

(1) Classification of notes receivable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	38,862,615.66	106,108,637.28
Commercial acceptance bills	47,587,681.05	12,785,446.57
Total	86,450,296.71	118,894,083.85

(2) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Book balance		Closing balance		Carrying amount	Book balance		Opening balance		Carrying amount
	Amount	Ratio	Amount	Ratio		Amount	Ratio	Amount	Ratio	
Including:										
Bills receivable with provision for bad debts on a collective basis	88,755,354.39	100.00%	2,305,057.68	2.60%	86,450,296.71	119,221,880.30	100.00%	327,796.45	0.27%	118,894,083.85
Including:										
Commercial acceptance bills	49,892,738.73	56.21%	2,305,057.68	4.62%	47,587,681.05	13,113,243.02	11.00%	327,796.45	2.50%	12,785,446.57
Bank acceptance bills	38,862,615.66	43.79%			38,862,615.66	106,108,637.28	89.00%			106,108,637.28
Total	88,755,354.39	100.00%	2,305,057.68	2.60%	86,450,296.71	119,221,880.30	100.00%	327,796.45	0.27%	118,894,083.85

Provision for bad debts on a collective basis:

Unit: RMB

Name	Book balance	Closing balance Provision for bad debts	Ratio
Commercial acceptance bills	49,892,738.73	2,305,057.68	4.62%
Bank acceptance bills	38,862,615.66		
Total	88,755,354.39	2,305,057.68	

Basis for determining the above grouping:

Whether the bad debts of notes receivable are accrued under the general expected credit loss model:

☐ Applicable ☒ Not applicable

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Notes Receivable (Continued)

(3) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts accrued during the period:

Unit: RMB

Category	Opening balance	Amount of changes during the period			Closing balance
		Accrued during the period	Recovered or reversed during the period	Written off during the period	
Commercial acceptance bills	327,796.45	1,977,261.23			2,305,057.68
Total	327,796.45	1,977,261.23			2,305,057.68

Including significant amounts of reversal or recovery of provision for bad debts during the period:

☐ Applicable ☒ Not applicable

(4) Bills receivable pledged by the Company at the end of the period

Unit: RMB

Item	Pledged amount at the end of the period
Bank acceptance bills	7,318,982.88
Total	7,318,982.88

(5) Bills receivable endorsed or discounted by the Company but not yet due at the end of the period

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		22,734,366.76
Total		22,734,366.76

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts Receivable

(1) *Disclosure by aging*

At the end of the Reporting Period, the aging analysis of trade receivables, based on the timing of revenue recognition, is as follows:

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	1,662,508,319.75	1,884,838,396.70
1-2 years	34,733,080.78	104,806,866.28
2-3 years	3,313,690.79	3,705,637.98
Over 3 years	2,209,603.46	
3-4 years	2,209,603.46	
Total	1,702,764,694.78	1,993,350,900.96

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(2) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Book balance		Closing balance		Carrying amount	Book balance		Opening balance		Carrying amount
	Amount	Ratio	Amount	Ratio		Amount	Ratio	Amount	Ratio	
Provision for bad debts on accounts receivable on an individual basis	7,598,928.33	0.45%	7,598,928.33	100.00%		7,701,440.48	0.39%	7,701,440.48	100.00%	
Including:										
Provision for bad debts on accounts receivable on a collective basis	1,695,165,766.45	99.55%	32,489,197.38	1.92%	1,662,676,569.07	1,985,649,460.48	99.61%	39,247,309.02	1.98%	1,946,402,151.46
Including:										
Receivables from other clients portfolio	1,695,165,766.45	99.55%	32,489,197.38	1.92%	1,662,676,569.07	1,985,649,460.48	99.61%	39,247,309.02	1.98%	1,946,402,151.46
Total	1,702,764,694.78	100.00%	40,088,125.71	2.35%	1,662,676,569.07	1,993,350,900.96	100.00%	46,948,749.50	2.36%	1,946,402,151.46

Provision for bad debts on an individual basis: 7,598,928.33

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Ratio	Reasons
Customer 1	4,617,157.48	4,617,157.48	4,514,645.33	4,514,645.33	100.00%	Expected not to be recoverable
Customer 2	3,084,283.00	3,084,283.00	3,084,283.00	3,084,283.00	100.00%	Expected not to be recoverable
Total	7,701,440.48	7,701,440.48	7,598,928.33	7,598,928.33		

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(2) Disclosure by the method of provision for bad debts (Continued)

Provision for bad debts on a collective basis:

Unit: RMB

Name	Book balance	Closing balance Provision for bad debts	Ratio
Within 1 year	1,662,503,137.50	28,322,370.15	1.70%
1-2 years	30,285,795.79	3,028,579.56	10.00%
2-3 years	167,229.70	33,445.94	20.00%
3-4 years	2,209,603.46	1,104,801.73	50.00%
Total	1,695,165,766.45	32,489,197.38	

Basis for determining the above grouping:

Whether the bad debts of accounts receivable are accrued under the general expected credit loss model:

☐ Applicable ☒ Not applicable

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts Receivable *(Continued)*

(3) *Provision for bad debts accrued, recovered or reversed during the period*

Provision for bad debts accrued during the period:

Unit: RMB

Category	Opening balance		Changes during the period			Closing balance
		Accrued during the period	Recovered or reversed during the period	Written off during the period	Others	
Provision for bad debts	46,948,749.50	-6,299,620.00		238,457.83	322,545.96	40,088,125.71
Total	46,948,749.50	-6,299,620.00		238,457.83	322,545.96	40,088,125.71

(4) *Actual write-off of trade receivables during the period*

Unit: RMB

Item	Write-off amount
Actual write-off of trade receivables	238,457.83

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(5) Top five debtors of trade receivables and contract assets in terms of closing balance

Unit: RMB

Entity name	Closing balance of trade receivable	Closing balance of contract assets	Closing balance of trade receivable and contract assets	Proportion of the total closing balance of trade receivable and contract assets	Closing balance of provision for bad debts of trade receivable and impairment of contract assets
Customer 1	394,191,466.76		394,191,466.76	23.15%	6,621,360.20
Customer 2	248,006,931.68		248,006,931.68	14.56%	3,830,708.71
Customer 3	209,542,958.48		209,542,958.48	12.31%	3,719,636.60
Customer 4	59,729,960.46		59,729,960.46	3.51%	895,949.41
Customer 5	53,414,940.30		53,414,940.30	3.14%	3,345,340.70
Total	964,886,257.68		964,886,257.68	56.67%	18,412,995.62

5. Receivables Financing

(1) Classification of receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Note receivables	81,691,329.11	44,463,930.29
Receivables certificates	898,306.67	319,220,833.42
Total	82,589,635.78	363,684,763.71

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Receivables Financing *(Continued)*

(2) *Receivables financing pledged at the end of the period*

Unit: RMB

Item	Pledged amount at the end of the period
Bank acceptance bills	8,676,612.24
Total	8,676,612.24

(3) *Receivables financing endorsed or discounted and not yet matured at the balance sheet date*

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	154,522,637.41	
Debt receivables certificates	26,275,952.89	
Total	180,798,590.30	

(4) *Movements in receivables financing during the period and changes in fair value*

(5) *Other explanations*

Based on the needs of daily liquidity management, the Company discounts and endorses a portion of bank acceptance bills/receivable certificates, and therefore classifies such bank acceptance bills/receivable certificates as financial assets measured at fair value through other comprehensive income.

The Company has no bank acceptance bills/receivable certificates for which impairment loss allowance is individually recognised. As at the end of the Reporting Period, the Company believes that the bank acceptance bills/receivable certificates held do not have significant credit risk and will not incur significant losses due to default.

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	58,184,183.78	479,188,634.28
Total	58,184,183.78	479,188,634.28

(1) Classification of other receivables by nature

Unit: RMB

Nature of receivable	Closing balance	Opening balance
Intercompany balances	29,344,190.83	417,846,772.08
Deposits and margins	10,002,447.97	9,427,567.13
Export tax rebates receivable	13,548,964.88	47,836,942.88
Employee advances and receivables	4,909,029.33	3,173,270.47
Petty cash advances	806,291.21	1,296,175.65
Total	58,610,924.22	479,580,728.21

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

(2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	45,816,839.21	473,391,583.08
1-2 years	8,334,842.69	1,373,608.62
2-3 years	251,590.02	1,799,913.13
Over 3 years	4,207,652.30	3,015,623.38
3-4 years	4,207,652.30	2,991,623.38
4-5 years		4,000.00
Over 5 years		20,000.00
Total	58,610,924.22	479,580,728.21

(3) Disclosure by the method of provision for bad debts

☒ Applicable ☐ Not applicable

Unit: RMB

Category	Book balance		Closing balance		Carrying amount	Opening balance		Carrying amount
	Amount	Ratio	Amount	Ratio		Amount	Ratio	
Provision for bad debts on an individual basis	27,524,947.95				27,524,947.95	415,417,096.73		415,417,096.73
Including:								
Provision for bad debts on a collective basis	31,085,976.27		426,740.44	1.37%	30,659,235.83	64,163,631.48	392,093.93	0.61%
Including:								
Deposits and margins group	10,002,447.97		50,012.21	0.50%	9,952,435.76	9,427,567.13	47,137.82	0.50%
Export tax rebates group	13,548,964.88				13,548,964.88	47,836,942.88		
Related parties and other investments group								
Balances and other characteristics group	7,534,563.42		376,728.23	5.00%	7,157,835.19	6,899,121.47	344,956.11	5.00%
Total	58,610,924.22		426,740.44	0.73%	58,184,183.78	479,580,728.21	392,093.93	0.08%

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

(3) Disclosure by the method of provision for bad debts (Continued)

Provision for bad debts on a collective basis:

Unit: RMB

Name	Book balance	Closing balance Provision for bad debts	Ratio
Deposits and margins group	10,002,447.97	50,012.21	0.50%
Export tax rebates group	13,548,964.88		0.00%
Balances and other characteristics group	7,534,563.42	376,728.23	5.00%
Total	31,085,976.27	426,740.44	

Whether the bad debts are accrued under the general expected credit loss model:

Unit: RMB

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit- impaired)	Total
Provision for bad debts				
Balance at January 1, 2025	392,093.93			392,093.93
Balance at January 1, 2025 (current period)				
Provisions during the period	44,320.44			44,320.44
Write-offs during the period	5,490.00			5,490.00
Other changes	4,183.93			4,183.93
Balance at December 31, 2025	426,740.44			426,740.44

Basis for staging and provision ratios

Changes in the book balance that resulted in significant changes in loss allowance during the period

☐ Applicable ☒ Not applicable

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

(4) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts accrued during the period:

Unit: RMB

Category	Opening balance	Amount of changes during the period				Closing balance
		Accrued during the period	Recovered or reversed during the period	Write-offs	Others	
Other receivables	392,093.93	44,320.44		5,490.00	4,183.93	426,740.44
Total	392,093.93	44,320.44		5,490.00	4,183.93	426,740.44

(5) Actual write-offs of other receivables during the period

Unit: RMB

Item	Write-off amount
Other receivables actually written off	5,490.00

(6) Top five debtors by closing balance of other receivables

Unit: RMB

Entity name	Nature	Closing balance	Aging	Proportion of the total closing balance of other receivables	Closing balance of provision for bad debts
EUROPASOLAR S.À R.L	Intercompany balances	27,524,674.76	Within 1 year, 1-2 years	46.96%	
Export tax rebates receivable	Export tax rebates	13,548,964.88	Within 1 year	23.12%	
Middle East Gateway CO. Ltd for contracting	Deposits and margins	1,525,489.77	1-2 years	2.60%	7,627.45
Shenzhen National High-Tech Zone Integrated Service Center	Deposits and margins	1,374,817.20	3-4 years, 4-5 years	2.35%	6,874.09
Shenzhen Onewo Cushman & Wakefield Property Services Co., Ltd.	Deposits and margins	1,143,967.00	4-5 years	1.95%	5,719.83
Total		45,117,913.61		76.98%	20,221.37

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Prepayments

(1) Prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	17,528,903.68	81.83%	32,739,536.09	95.85%
1-2 years	3,381,423.42	15.78%	1,417,328.79	4.15%
2-3 years	512,427.07	2.39%	0.00	0.00%
Total	21,422,754.17		34,156,864.88	

(2) Top five prepayments by counterparties at the end of the period

The aggregate closing balance of the top five prepayments by counterparties during the period amounted to RMB9,901,285.61, representing 46.22% of the total closing balance of prepayments.

8. Inventories

(1) Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment/ Provision for impairment of contract fulfilment costs	Carrying amount	Book balance	Provision for impairment/ Provision for impairment of contract fulfilment costs	Carrying amount
Raw materials	480,470,583.22	4,240,120.91	476,230,462.31	862,266.92	112,474.96	749,791.96
Work in progress	36,748,681.99		36,748,681.99			
Finished goods in stock	371,695,624.08	15,094,714.01	356,600,910.07	312,265,620.15	25,217,446.61	287,048,173.54
Contract fulfilment costs	5,240,899.37		5,240,899.37	7,343,123.36		7,343,123.36
Goods shipped	22,309,443.50	120,735.36	22,188,708.14	89,920,840.73	559,815.23	89,361,025.50
Consigned processing materials	412,897,902.08	9,566,367.96	403,331,534.12	555,460,647.45	18,019,917.59	537,440,729.86
Goods in transit	47,233,718.21		47,233,718.21	57,776,216.33		57,776,216.33
Total	1,376,596,852.45	29,021,938.24	1,347,574,914.21	1,023,628,714.94	43,909,654.39	979,719,060.55

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Inventories (Continued)

(2) Provision for diminution in value of inventories and impairment of contract fulfilment costs

Unit: RMB

Item	Opening balance	Additions during the period		Reductions during the period		Closing balance
		Accrued during the period	Others	Reversed or written off during the period	Others	
Raw materials	112,474.96	4,197,729.86		70,083.91		4,240,120.91
Finished goods in stock	25,217,446.61	17,344,331.06		27,460,569.32	6,494.34	15,094,714.01
Consigned processing materials	18,019,917.59	2,930,892.57		11,384,442.20		9,566,367.96
Goods shipped	559,815.23	120,735.36		559,815.23		120,735.36
Total	43,909,654.39	24,593,688.85		39,474,910.66	6,494.34	29,021,938.24

During the period, provision for diminution in value of inventories amounted to RMB24,593,688.85, and reversals or write-offs amounted to RMB39,474,910.66.

Item	Basis for determining the net realizable value/residual consideration and the costs to be incurred	Reasons for the reversal or write-off of provision for decline in value of inventories/impairment loss allowance for contract fulfilment costs during the period
Consigned processing materials	The estimated selling price of inventories less the estimated costs to be incurred up to completion, estimated selling expenses and relevant taxes and levies	Used
Finished goods in stock	The estimated selling price of inventories less estimated selling expenses and relevant taxes and levies	Realized through external sales
Goods shipped	The estimated selling price of inventories less estimated selling expenses and relevant taxes and levies	Realized through external sales
Goods in transit	The estimated selling price of inventories less the estimated costs to be incurred up to completion, estimated selling expenses and relevant taxes and levies	-
Raw materials	The estimated selling price of inventories less the estimated costs to be incurred up to completion, estimated selling expenses and relevant taxes and levies	Used
Contract fulfilment costs	The estimated selling price of service projects less the estimated costs to be incurred up to completion of performance obligations, estimated selling expenses and relevant taxes and levies	
Work in progress	The estimated selling price of inventories less the estimated costs to be incurred up to completion, estimated selling expenses and relevant taxes and levies	-

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Non-current Assets Due Within One Year

Unit: RMB

Item	Closing balance	Opening balance
Large-denomination certificates of deposit due within one year	107,137,163.98	83,883,123.28
Total	107,137,163.98	83,883,123.28

(1) *Debt investments due within one year*

☐ Applicable ☒ Not applicable

(2) *Other debt investments due within one year*

☐ Applicable ☒ Not applicable

10. Other Current Assets

Unit: RMB

Item	Closing balance	Opening balance
Rebates receivable from suppliers	428,090,208.76	417,311,257.27
Input VAT to be credited	610,080,137.78	348,915,629.87
Prepaid taxes	8,249,998.37	17,256,167.23
Reverse repurchase of treasury bonds	90,055,087.50	
Total	1,136,475,432.41	783,483,054.37

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investments in Other Equity Instruments

Unit: RMB

Project name	Closing balance	Opening balance	Gains recognized in other comprehensive income during the period	Losses recognized in other comprehensive income during the period	Cumulative gains recognized in other comprehensive income at period-end	Cumulative losses recognized in other comprehensive income at period-end	Dividends recognized during the period	Reason for designation at fair value through other comprehensive income
Mytech IoT Technology (Anhui) Co., Ltd.	48,012,300.00	54,786,800.00		6,774,500.00		31,345,633.00		
Allystar Technology (Shenzhen) Co., Ltd.	20,739,600.00	22,791,300.00		2,051,700.00		9,219,600.00		
United Micro Technology (Shenzhen) Co., Ltd.	287,224,121.38	251,999,994.58	35,224,126.80			197,224,121.38		
Total	355,976,021.38	329,578,094.58	35,224,126.80	8,826,200.00		237,789,354.38		

Other explanations:

As of December 31, 2025, the Company held 4.0082% equity interest in Shanghai Mytech IoT Technology Co., Ltd. ("Shanghai Mytech"), 0.6952% equity interest in Allystar Technology (Shenzhen) Co., Ltd. ("Allystar"), and 13.0556% equity interest in United Micro Technology (Shenzhen) Co., Ltd. ("United Micro"). The Company intends to hold the above equity investments for the long term and not for trading purposes. The Company does not have board representation in these entities and does not exercise significant influence over them. Therefore, in accordance with the CASBE, these investments are classified as investments in other equity instruments and are subsequently measured at fair value.

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-Term Equity Investments

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of provision for impairment	Additions	Reductions	Movements during the period					Closing balance (carrying amount)	Closing balance of provision for impairment
					Investment income recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Impairment recognized	Others	
I. Joint Ventures											
II. Associates											
Shenzhen Bogesi Communication Technology Co., Ltd.	2,916,360.98				149,544.69			-150,000.00		2,915,905.67	
Hubei Link Sci Intelligent Technology Co., Ltd.	22,501,252.90				-5,103,619.70				7,492,681.50	24,890,314.70	
Shenzhen High-tech Investment Fibocom IoT Industry Private Equity Investment Fund Partnership (Limited Partnership)	31,855,932.77				-193,544.82					31,662,387.95	
Sub-total	57,273,546.65				-5,147,619.83			-150,000.00	7,492,681.50	59,468,608.32	
Total	57,273,546.65				-5,147,619.83			-150,000.00	7,492,681.50	59,468,608.32	

Recoverable amount determined based on fair value less costs of disposal

☐ Applicable ☒ Not applicable

Recoverable amount determined based on the present value of expected future cash flows

☐ Applicable ☒ Not applicable

13. Fixed Assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	71,793,771.55	78,971,527.95
Total	71,793,771.55	78,971,527.95

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed Assets (Continued)

(1) Fixed assets

Unit: RMB

Item	R&D and automated testing equipment	Transportation equipment	Office equipment and others	Machinery and equipment	Total
I. Gross carrying amount:					
1. Opening balance	159,709,582.76	4,491,480.96	38,760,112.01	17,244,666.81	220,205,842.54
2. Additions during the period	12,154,136.80		7,733,141.61	4,463,096.80	24,350,375.21
(1) Acquisitions	12,189,611.08		7,754,330.91	4,468,402.76	24,412,344.75
(2) Transfers from construction in progress					
(3) Additions from business combinations					
(4) Foreign currency translation differences	-35,474.28		-21,189.30	-5,305.96	-61,969.54
3. Reductions during the period	2,660,157.41	132,492.56	778,424.27	1,413,483.84	4,984,558.08
(1) Disposals or write-offs	2,660,157.41	132,492.56	778,424.27	1,413,483.84	4,984,558.08
4. Closing balance	169,203,562.15	4,358,988.40	45,714,829.35	20,294,279.77	239,571,659.67
II. Accumulated depreciation					
1. Opening balance	103,363,263.40	3,649,028.05	26,356,230.02	7,865,793.12	141,234,314.59
2. Additions during the period	21,768,541.19	213,376.26	5,401,010.63	3,355,961.58	30,738,889.66
(1) Provisions	21,776,433.09	213,376.26	5,415,866.05	3,356,286.20	30,761,961.60
(2) Foreign currency translation differences	-7,891.90		-14,855.42	-324.62	-23,071.94
3. Reductions during the period	2,044,907.54	125,867.93	686,883.97	1,337,656.69	4,195,316.13
(1) Disposals or write-offs	2,044,907.54	125,867.93	686,883.97	1,337,656.69	4,195,316.13
4. Closing balance	123,086,897.05	3,736,536.38	31,070,356.68	9,884,098.01	167,777,888.12
III. Provision for impairment					
1. Opening balance					
2. Additions during the period					
(1) Provisions					
3. Reductions during the period					
(1) Disposals or write-offs					
4. Closing balance					
IV. Carrying amount					
1. Carrying amount at the end of the period	46,116,665.10	622,452.02	14,644,472.67	10,410,181.76	71,793,771.55
2. Carrying amount at the beginning of the period	56,346,319.36	842,452.91	12,403,881.99	9,378,873.69	78,971,527.95

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in Progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	211,487,187.73	92,850,902.58
Total	211,487,187.73	92,850,902.58

(1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Liuxiandong Headquarters Joint Development Building – R&D Office Building	148,082,896.66		148,082,896.66	92,850,902.58		92,850,902.58
Longhua Intelligent Manufacturing Base	63,404,291.07		63,404,291.07			
Total	211,487,187.73		211,487,187.73	92,850,902.58		92,850,902.58

(2) Movements of significant construction in progress projects during the period

Unit: RMB

Project name	Budget	Opening balance	Additions during the period	Transfers to fixed assets during the period	Other reductions during the period	Closing balance	Cumulative investment as % of budget	Project progress	Cumulative capitalized interest	Including: Capitalized interest during the period	Capitalization rate	Source of funds
Liuxiandong Headquarters Joint Development Building – R&D Office Building	165,483,819.75	92,850,902.58	55,231,994.08			148,082,896.66	89.48%	89.48%				Proceeds from fundraising and own funds
Longhua Intelligent Manufacturing Base	640,149,985.92		63,404,291.07			63,404,291.07	9.90%	9.90%				Proceeds from fundraising and own funds
Total	805,633,805.67	92,850,902.58	118,636,285.15			211,487,187.73						

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Right-of-Use Assets

(1) Details of right-of-use assets

Unit: RMB

Item	Buildings and structures	Machinery and equipment	Total
I. Gross carrying amount			
1. Opening balance	55,219,381.60		55,219,381.60
2. Additions during the period	29,138,551.72	103,524,800.00	132,663,351.72
(1) Additions from leases	29,282,374.44	103,524,800.00	132,807,174.44
(2) Adjustments to lease liabilities	-175,523.55		-175,523.55
(3) Foreign currency translation differences	31,700.83		31,700.83
3. Reductions during the period	32,200,801.47		32,200,801.47
(1) Lease expiry/termination	32,200,801.47		32,200,801.47
4. Closing balance	52,157,131.85	103,524,800.00	155,681,931.85
II. Accumulated depreciation			
1. Opening balance	34,157,679.75		34,157,679.75
2. Additions during the period	19,300,928.45	47,056,727.27	66,357,655.72
(1) Provisions	19,300,047.87	47,056,727.27	66,356,775.14
(2) Foreign currency translation differences	880.58		880.58
3. Reductions during the period	31,828,600.91		31,828,600.91
(1) Disposals			
(2) Lease expiry/termination	31,828,600.91		31,828,600.91
4. Closing balance	21,630,007.29	47,056,727.27	68,686,734.56
III. Provision for impairment			
1. Opening balance			
2. Additions during the period			
(1) Provisions			
3. Reductions during the period			
(1) Disposals			
4. Closing balance			
IV. Carrying amount			
1. Carrying amount at the end of the period	30,527,124.56	56,468,072.73	86,995,197.29
2. Carrying amount at the beginning of the period	21,061,701.85		21,061,701.85

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets

(1) Details of intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patented technologies	Development platform	Software	Total
I. Gross carrying amount						
1. Opening balance	127,853,979.27	99,237,738.32		194,251,884.13	39,488,893.39	460,832,495.11
2. Additions during the period		57,299,753.24		44,994,300.86	7,228,039.71	109,522,093.81
(1) Acquisitions				46,050,155.63	7,228,039.71	53,278,195.34
(2) Internally generated intangible assets		57,377,196.90				57,377,196.90
(3) Additions from business combinations						
(3) Foreign currency translation differences		-77,443.66		-1,055,854.77		-1,133,298.43
3. Reductions during the period		4,305,581.05			2,225,632.68	6,531,213.73
(1) Disposals		4,305,581.05			2,225,632.68	6,531,213.73
4. Closing balance	127,853,979.27	152,231,910.51		239,246,184.99	44,491,300.42	563,823,375.19
II. Accumulated amortization						
1. Opening balance	13,498,297.55	28,311,785.63		68,989,890.13	16,064,698.01	126,864,671.32
2. Additions during the period	4,376,076.49	14,207,567.03		19,727,664.72	5,625,450.81	43,936,759.05
(1) Provisions	4,376,076.49	14,271,638.24		20,069,144.84	5,625,450.81	44,342,310.38
(2) Foreign currency translation differences		-64,071.21		-341,480.12		-405,551.33
3. Reductions during the period		4,305,581.05			2,047,505.08	6,353,086.13
(1) Disposals		4,305,581.05			2,047,505.08	6,353,086.13
4. Closing balance	17,874,374.04	38,213,771.61		88,717,554.85	19,642,643.74	164,448,344.24
III. Provision for impairment						
1. Opening balance						
2. Additions during the period						
(1) Provisions						
3. Reductions during the period						
(1) Disposals						
4. Closing balance						
IV. Carrying amount						
1. Carrying amount at the end of the period	109,979,605.23	114,018,138.90		150,528,630.14	24,848,656.68	399,375,030.95
2. Carrying amount at the beginning of the period	114,355,681.72	70,925,952.69		125,261,994.00	23,424,195.38	333,967,823.79

Proportion of intangible assets generated from the Company's internal research and development accounted for 10.18% of the balance.

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill

(1) Gross carrying amount of goodwill

Unit: RMB

Investee/Source of goodwill	Opening balance	Additions during the period Additions from business combinations	Reductions during the period Disposals	Closing balance
Security Business Cash-generating Unit	22,970,110.91			22,970,110.91
Automotive Electronic Toll Collection Business Unit	4,815,887.47			4,815,887.47
Total	27,785,998.38			27,785,998.38

(2) Impairment provision for goodwill

Unit: RMB

Investee/Source of goodwill	Opening balance	Additions during the period Accrued during the period	Reductions during the period Disposals	Closing balance
Security Business Cash-generating Unit	14,883,905.11			14,883,905.11
Total	14,883,905.11			14,883,905.11

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Goodwill *(Continued)*

(3) *Information on cash-generating units or cash-generating unit combinations to which goodwill is allocated*

Name	Composition of cash-generating unit or cash-generating unit combination and basis	Operating segment and basis	Whether consistent with prior years
Security Business Cash-generating Unit	The cash-generating unit comprises long-term operating assets related to the acquired goodwill (excluding working capital), including fixed assets, right-of-use assets, and goodwill inseparable from the asset group. The asset group is capable of generating independent cash inflows.	Not applicable	Yes
Automotive Electronic Toll Collection Business Unit	The cash-generating unit comprises operating assets related to the acquired goodwill (including working capital) and is capable of generating independent cash inflows.	Not applicable	Yes

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Goodwill *(Continued)*

(4) Fulfillment of performance commitments and corresponding goodwill impairment

Performance commitments existed at the time of recognition of goodwill, and the Reporting Period or the preceding period falls within the commitment period

☐ Applicable ☒ Not applicable

Other explanations:

Security Business Cash-generating Unit: The Company uses the present value of estimated future cash flows method to calculate the recoverable amount of the cash-generating unit. The Company forecasts the cash flows for the next five years based on the financial budgets approved by management, with a cash flow growth rate of 0% (previous period: 0%) for subsequent years, which does not exceed the long-term average growth rate of the cash-generating unit's business operations. The above financial budgets are prepared by management based on past performance and their expectations of market development. The pre-tax discount rate used to calculate the present value of future cash flows is 15.49% (previous period: 15.87%), which reflects the risks associated with the relevant segment. Based on the results of the impairment test, no impairment of goodwill occurred during the period.

Automotive Electronic Toll Collection Business Unit: The Company uses the present value of estimated future cash flows method to calculate the recoverable amount of the cash-generating unit. The Company forecasts the cash flows for the next five years based on the financial budgets approved by management, with a cash flow growth rate of 0% (previous period: 0%) for subsequent years, which does not exceed the long-term average growth rate of the cash-generating unit's business operations. The above financial budgets are prepared by management based on past performance and their expectations of market development. The pre-tax discount rate used to calculate the present value of future cash flows is 13.29% (previous period: 14.22%), which reflects the risks associated with the relevant segment. Based on the results of the impairment test, no impairment of goodwill occurred during the current period.

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Long-term Deferred Expenses

Unit: RMB

Item	Opening balance	Additions during the period	Amortization during the period	Other reductions during the period	Closing balance
Certification fees	54,641,189.65	13,918,907.49	25,464,739.82	299.47	43,095,057.85
Renovation costs	6,025,836.24		3,059,464.42		2,966,371.82
Others	5,682,237.51	3,263,814.12	1,618,815.30		7,327,236.33
Total	66,349,263.40	17,182,721.61	30,143,019.54	299.47	53,388,666.00

19. Deferred Tax Assets/Deferred Tax Liabilities

(1) Unoffset deferred tax assets

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment	50,559,761.56	7,840,001.44	60,333,272.11	9,144,056.55
Unrealized profits from intra-group transactions	18,582,348.27	2,787,352.24	24,852,427.40	3,727,864.11
Tax losses	682,049,993.01	127,836,062.95	760,846,456.57	141,419,157.60
Share-based payments			3,749,803.01	571,275.75
Deferred income	6,497,747.67	974,662.15	11,337,969.12	1,700,695.37
Lease liabilities	90,964,029.40	13,711,975.41	10,061,294.00	1,491,081.48
Total	848,653,879.91	153,150,054.19	871,181,222.21	158,054,130.86

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(2) Unoffset deferred tax liabilities

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Fair value appreciation from business combinations not under common control			1,219,677.73	182,951.66
Fair value changes of other equity instruments	237,789,354.38	59,447,338.60	211,391,427.58	52,847,856.90
Investment income from disposal of businesses	162,610,863.73	24,391,629.56	162,610,863.73	24,391,629.56
Right-of-use assets	81,915,089.75	12,354,634.47	10,061,294.00	1,491,081.48
Fair value changes of financial assets held for trading	12,777,423.46	3,194,355.87		
Total	495,092,731.32	99,387,958.50	385,283,263.04	78,913,519.60

(3) Deferred tax assets/liabilities presented on a net basis

Unit: RMB

Item	Offset amount at the end of the period	Net deferred tax assets/liabilities at the end of the period	Offset amount of deferred tax assets and liabilities at the beginning of the period	Net deferred tax assets/liabilities at the beginning of the period
Deferred income tax assets	12,354,634.47	140,795,419.72	1,491,081.48	156,563,049.38
Deferred income tax liabilities	12,354,634.47	87,033,324.03	1,491,081.48	77,422,438.12

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	21,282,100.51	31,245,022.16
Tax losses	792,460,889.88	655,606,401.94
Total	813,742,990.39	686,851,424.10

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(5) Expiry of tax losses for which no deferred tax assets have been recognized

Unit: RMB

Year	Closing balance	Opening balance	Remarks
2025		58,928,355.63	
2026	4,000,025.71	143,392,533.01	
2027	16,261,767.05	20,409,437.24	
2028	60,771,838.08	102,481,195.75	
2029	68,340,827.55	40,172,809.08	
2030	107,105,436.70		
2031	137,469,004.92		
2032	91,276,345.24	91,299,860.04	
2033	45,877,501.08	10,300,944.42	
2034	147,110,459.82	151,258,341.15	
2035	104,685,985.78		
Indefinite	9,561,697.95	37,362,925.62	
Total	792,460,889.88	655,606,401.94	

20. Other Non-current Assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayments for equipment	9,049,081.22		9,049,081.22	3,475,018.00		3,475,018.00
Prepayments for certification services	4,172,115.21		4,172,115.21	622,137.04		622,137.04
Prepayments for intangible assets				1,028,850.00		1,028,850.00
Large-denomination certificates of deposit with maturity over one year	30,277,916.67		30,277,916.67	83,288,093.03		83,288,093.03
Total	43,499,113.10		43,499,113.10	88,414,098.07		88,414,098.07

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Assets with Restricted Ownership or Right of Use

Unit: RMB

Item	Closing balance				Opening balance			
	Book balance	Carrying amount	Nature of restriction	Details of restriction	Book balance	Carrying amount	Nature of restriction	Details of restriction
Cash at bank and on hand	54,608,920.81	54,608,920.81	Deposits, judicial freezes, intelligent account freeze (no inbound or outbound transactions)	Deposits, judicial freezes	82,356,922.91	82,356,922.91	Deposits, bills pledge, judicial freezes	Deposits
Note receivables	7,318,982.88	7,318,982.88	Pledge	Bills pledge	4,221,886.35	4,221,886.35	Pledge	Bills pledge
Receivables financing	8,676,612.24	8,676,612.24	Pledge	Bills pledge				
Financial assets held for trading	32,578,512.16	32,578,512.16	Lock-up period	Lock-up period				
Total	103,183,028.09	103,183,028.09			86,578,809.26	86,578,809.26		

22. Bank Borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit borrowings	348,201,827.89	472,111,751.16
Discounted bills	73,972,842.77	199,505,593.11
Pledged borrowings	200,114,722.22	
Total	622,289,392.88	671,617,344.27

As of the end of the period, the Company had no overdue borrowings.

(2) Long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings		299,077,326.79
Credit borrowings	238,863,003.56	300,167,240.55
Less: Long-term borrowings due within one year	-190,113,003.56	-409,274,567.34
Total	48,750,000.00	189,970,000.00

As of 31 December 2025, the annual interest rates of the above borrowings ranged from 2.14% to 2.24%.

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Bank Borrowings (Continued)

(3) Borrowings classified by repayment term

Unit: RMB

	Balance for the current period	Balance for the previous period
Within 1 year	812,402,396.44	1,080,891,911.61
1 to 2 years	48,750,000.00	189,970,000.00
Total	861,152,396.44	1,270,861,911.61

23. Financial Liabilities Held for Trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	6,537,931.64	11,117,066.76
Including:		
Others	6,537,931.64	11,117,066.76
Total	6,537,931.64	11,117,066.76

24. Notes Payable

Unit: RMB

Type	Closing balance	Opening balance
Bank acceptance bills	384,032,973.27	307,635,067.66
Total	384,032,973.27	307,635,067.66

25. Accounts Payable

(1) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Trade payables	1,598,473,503.68	1,684,375,874.82
Land use rights		25,050,000.00
Payables for construction and equipment	70,864,197.66	8,148,789.88
Service fees and others	3,065,602.35	980,520.31
Total	1,672,403,303.69	1,718,555,185.01

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Accounts Payable (Continued)

(2) Disclosure by Aging

At the end of the Reporting Period, the aging analysis of payables, based on transaction dates, is set out as follows:

		Unit: RMB
Aging	Closing balance	Balance at end of prior year
Within 1 year	1,668,705,391.85	1,717,219,801.80
1 to 2 years	3,329,244.69	1,114,324.37
2 to 3 years	168,667.15	221,058.84
3 to 4 years	200,000.00	
Total	1,672,403,303.69	1,718,555,185.01

26. Other Payables

		Unit: RMB
Item	Closing balance	Opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	119,226,414.61	154,542,495.40
Total	119,226,414.61	154,542,495.40

(1) Other payables by nature

		Unit: RMB
Item	Closing balance	Opening balance
Intercompany balances	104,047,193.20	121,241,431.27
Repurchase obligations for restricted shares	15,166,532.68	33,288,375.40
Option exercise funds	12,688.73	12,688.73
Total	119,226,414.61	154,542,495.40

27. Contract Liabilities

		Unit: RMB
Item	Closing balance	Opening balance
Advances for goods	50,996,166.99	27,943,121.57
Total	50,996,166.99	27,943,121.57

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee Benefits Payable

(1) Presentation of employee benefits payable

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance
I. Short-term employee benefits	136,131,870.29	582,810,858.66	643,156,893.52	75,785,835.43
II. Post-employment benefits – defined contribution plans	732,336.78	40,010,231.04	40,411,034.60	331,533.22
Total	136,864,207.07	622,821,089.70	683,567,928.12	76,117,368.65

(2) Short-term employee benefits

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance
1. Wages, bonuses, allowances and subsidies	135,323,222.67	541,208,351.23	601,086,789.82	75,444,784.08
2. Employee welfare expenses		7,960,583.83	7,960,583.83	
3. Social insurance contributions	419,101.76	17,012,273.70	17,251,042.26	180,333.20
Including: Medical insurance	409,474.03	15,055,044.45	15,286,391.07	178,127.41
Work-related injury insurance	8,802.23	1,125,739.06	1,133,161.00	1,380.29
Maternity insurance	825.50	831,490.19	831,490.19	825.50
4. Housing provident fund	255,408.00	14,836,688.22	15,039,074.22	53,022.00
5. Trade union funds and employee education expenses	134,137.86	1,792,961.68	1,819,403.39	107,696.15
Total	136,131,870.29	582,810,858.66	643,156,893.52	75,785,835.43

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Employee Benefits Payable (Continued)

(3) Defined contribution plans

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance
1. Basic pension insurance	708,893.91	38,148,849.07	38,578,008.54	279,734.44
2. Unemployment insurance	23,442.87	1,861,381.97	1,833,026.06	51,798.78
Total	732,336.78	40,010,231.04	40,411,034.60	331,533.22

29. Taxes Payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax	35,461,733.92	29,031,728.86
Enterprise income tax	2,346,855.80	120,685,416.09
Individual income tax	5,755,317.07	4,410,269.74
Urban maintenance and construction tax	753,684.13	828,181.78
Deed Tax		1,503,000.00
Education surcharge	538,345.79	591,504.17
Others	2,743,455.85	1,646,932.39
Total	47,599,392.56	158,697,033.03

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Non-current Liabilities Due Within One Year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	190,113,003.56	409,274,567.34
Lease liabilities due within one year	78,904,855.48	10,983,684.09
Total	269,017,859.04	420,258,251.43

31. Other Current Liabilities

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable not derecognized	3,761,523.99	38,088,271.10
Output VAT to be recognized	3,645,873.88	1,363,164.69
Total	7,407,397.87	39,451,435.79

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Lease Liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities	102,869,404.07	21,666,487.23
Less: Lease liabilities due within one year	-78,904,855.48	-10,983,684.09
Total	23,964,548.59	10,682,803.14

Other explanations:

In 2025, interest expenses on lease liabilities recognized in finance expenses amounted to RMB2,806,500.

33. Deferred Income

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance	Reason for recognition
Government grants	11,337,969.12	1,703,642.00	6,443,863.45	6,597,747.67	Asset-related/Income-related
Total	11,337,969.12	1,703,642.00	6,443,863.45	6,597,747.67	

34. Share Capital

Unit: RMB

	Opening balance	Issuance of new shares	Increase or decrease in the period (+, -)				Sub-total	Closing balance
			Bonus issue	Shares converted from capital reserve		Others		
Total number of shares	765,564,863.00	135,561,463.00				-1,860,482.00	133,700,981.00	899,265,844.00

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Capital Reserve

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance
Capital premium (share premium)	631,908,959.53	2,439,594,565.00	16,115,757.60	3,055,387,766.93
Other capital reserve	58,086,086.86	9,157,126.26	3,400,255.33	63,842,957.79
Total	689,995,046.39	2,448,751,691.26	19,516,012.93	3,119,230,724.72

Other explanations, including movements during the period and reasons for changes:

(1) Share premium

- ① During the period, share premium increased by RMB2,439,594,565.00 due to the issuance of H shares and exercise of share options.
- ② During the period, share premium decreased by RMB16,115,757.60 due to repurchase of restricted shares previously issued.

(2) Other capital reserve

- ① Capital reserve increased by RMB7,492,681.50 due to passive dilution of equity interest in an associate.
- ② Capital reserve increased by RMB1,664,444.76 recognized from equity incentive schemes of a subsidiary.
- ③ Capital reserve decreased by RMB3,400,255.33 due to restricted shares under equity incentive schemes not meeting vesting conditions during the year.

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Treasury Shares

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance
Repurchase obligations for restricted shares	25,760,103.90		18,658,983.90	7,101,120.00
Treasury shares repurchased	50,998,371.54			50,998,371.54
Total	76,758,475.44		18,658,983.90	58,099,491.54

Other explanations, including movements during the period and reasons for changes:

During the period, the decrease in treasury shares (repurchase obligations for restricted shares) was due to the repurchase and cancellation of restricted shares and the vesting of restricted shares.

37. Other Comprehensive Income

Unit: RMB

Item	Opening balance	Amount before income tax for the period	Amount for the current period				Attributable to owners of the parent (after tax)	Attributable to non-controlling interests (after tax)	Closing balance
			Less: Amount reclassified to profit or loss during the period	Less: Amount reclassified to retained earnings during the period	Less: Income tax expenses				
I. Other comprehensive income that may not be reclassified to profit or loss	158,543,570.68	26,397,926.80	0.00	0.00	6,599,481.70	19,798,445.10	0.00		178,342,015.78
Fair value changes of other equity instruments	158,543,570.68	26,397,926.80			6,599,481.70	19,798,445.10			178,342,015.78
II. Other comprehensive income that will be reclassified to profit or loss	13,725,418.14	-26,098,590.07			0.00	-26,098,590.07			-12,373,171.93
Exchange differences on translation of foreign financial statements	13,725,418.14	-26,098,590.07			0.00	-26,098,590.07			-12,373,171.93
Total other comprehensive income	172,268,988.82	299,336.73	0.00	0.00	6,599,481.70	-6,300,144.97	0.00		165,968,843.85

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Surplus Reserve

Unit: RMB

Item	Opening balance	Additions during the period	Reductions during the period	Closing balance
Statutory surplus reserve	194,659,622.54	49,533,686.73		244,193,309.27
Total	194,659,622.54	49,533,686.73		244,193,309.27

Explanation of surplus reserves, including movements during the period and reasons for changes:

The increase in the surplus reserve during the period was 10% of the Company's net profit according to statutory requirements.

39. Undistributed Profits

Unit: RMB

Item	Current period	Prior period
Undistributed profits at the end of the prior period before adjustment	1,858,605,130.73	1,508,620,652.64
Adjusted opening undistributed profits	1,858,605,130.73	1,508,620,652.64
Add: Net profit attributable to owners of the parent for the period	347,040,640.51	667,964,222.42
Less: Appropriation to statutory surplus reserve	49,533,686.73	27,995,638.11
Dividends payable on ordinary shares	266,988,953.70	289,984,106.22
Closing undistributed profits	1,889,123,130.81	1,858,605,130.73

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

40. Revenue and Operating Costs

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Principal business	6,943,195,880.35	5,800,965,307.01	8,124,885,528.08	6,551,987,676.14
Other business	44,416,216.33	41,574,748.03	63,966,966.42	53,942,134.72
Total	6,987,612,096.68	5,842,540,055.04	8,188,852,494.50	6,605,929,810.86

The lowest of total audited profit, net profit, and net profit after deducting non-recurring gains and losses for the Reporting Period is negative.

☐ Yes ☒ No

41. Taxes and Surcharges

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Urban maintenance and construction tax	5,499,493.55	6,749,255.62
Education surcharge	3,971,388.02	4,823,357.01
Stamp duty	7,007,940.12	6,300,874.06
Water conservancy fund and others	195,790.58	2,190,783.97
Total	16,674,612.27	20,064,270.66

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Administrative Expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee compensation	94,310,383.66	108,365,613.18
Depreciation and amortization	15,563,438.38	25,557,236.00
Professional service fees	8,589,880.81	10,419,847.76
Utility and management fees	6,033,782.15	3,767,049.17
Office expense	4,864,827.03	6,441,658.43
Entertainment expense	4,231,536.70	3,943,621.65
Travel expenses	2,880,366.49	2,940,203.96
Lease payments	2,700,770.36	907,098.12
Auditor's remuneration	1,466,119.51	2,380,000.00
Automotive expenses	622,225.47	850,318.90
Share incentive expenses	341,799.00	2,043,325.75
Training fees	318,973.50	1,849,176.41
Others	6,326,631.16	8,786,398.49
Total	148,250,734.22	178,251,547.82

43. Selling Expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee compensation	110,683,485.89	132,329,161.12
Travel expenses	10,276,787.54	11,135,349.84
Marketing expenses	9,926,350.01	10,507,862.57
Amortization of customer relationships		9,184,313.23
Entertainment expenses	7,726,220.76	8,249,370.03
Office expenses	4,153,911.10	5,092,607.63
Depreciation and amortization	3,419,950.69	2,556,085.90
Lease payments	877,712.51	1,012,082.94
Business development expenses	305,011.38	777,999.64
Share incentive expenses	-660,644.46	-157,082.56
Others	12,581,941.75	11,816,486.51
Total	159,290,727.17	192,504,236.85

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Research and Development Expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee compensation	318,533,970.08	464,768,501.42
Depreciation and amortization	96,204,358.78	112,070,552.35
Testing and verification fees	19,783,673.76	16,752,207.20
Material fees	16,037,828.08	26,156,217.30
Travel expenses	8,654,340.96	11,195,182.41
Utility and management fees	3,533,815.15	6,327,104.36
Office expenses	2,905,473.14	4,136,557.33
Technical consulting fees	3,777,907.35	26,237,188.94
Licensing fees	2,524,292.12	2,668,806.60
Lease payment	639,190.18	777,789.02
Share incentive expenses	-1,278,465.10	988,023.45
Others	8,983,506.08	14,814,666.70
Total	480,299,890.58	686,892,797.08

45. Finance Expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	34,238,202.83	42,773,729.96
Less: Interest capitalized		
Interest income	39,685,504.68	35,946,464.96
Exchange gains and losses	16,712,536.90	17,077,073.35
Less: Exchange gains and losses capitalized		
Handling fees and others	1,138,188.44	3,670,272.66
Total	12,403,423.49	27,574,611.01

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Other Income

Unit: RMB

Source of other income	Amount for the current period	Amount for the prior period
Government grants	38,067,742.23	63,872,391.03
VAT preferences	68,249.99	22,042,997.65
Rebate on withholding personal income tax fees	850,341.33	716,851.94
Total	38,986,333.55	86,632,240.62

47. Gains from Changes in Fair Value

Unit: RMB

Source of fair value gains	Amount for the current period	Amount for the prior period
Financial assets held for trading	21,495,782.77	1,844,933.23
Financial liabilities held for trading	-729,045.60	183,599.59
Total	20,766,737.17	2,028,532.82

48. Investment Income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Investment income from long-term equity investments accounted for under the equity method	-5,147,619.83	-3,897,820.75
Investment income from disposal of businesses		162,610,863.73
Income from wealth management products	8,422,826.19	4,890,165.59
Others		-741,601.00
Total	3,275,206.36	162,861,607.57

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Credit Impairment Losses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Bad debt losses on notes receivable	-1,977,261.23	-327,796.45
Bad debt losses on accounts receivable	6,299,620.00	-11,889,694.01
Bad debt losses on other receivables	-44,320.44	-335,611.38
Total	4,278,038.33	-12,553,101.84

50. Asset Impairment Losses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
I. Diminution in value of inventories and impairment losses on contract fulfilment costs	-24,593,688.85	-46,394,754.33
Total	-24,593,688.85	-46,394,754.33

51. Gains from Asset Disposal

Unit: RMB

Source of gains from asset disposal	Amount for the current period	Amount for the prior period
Gains on disposal of fixed assets ("-" indicating loss)	-26,417.92	111,534.63
Gains on disposal of right-of-use assets ("-" indicating loss)	28,450.38	805.10
Total	2,032.46	112,339.73

52. Non-operating Income

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring gains and losses for the period
Others	1,414,533.75	2,520,720.46	1,414,533.75
Total	1,414,533.75	2,520,720.46	1,414,533.75

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Non-operating Expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring gains and losses for the period
Donations	3,326,625.40	1,056,292.56	3,326,625.40
Losses on disposal or scrapping of non-current assets	715,385.46	788,721.50	715,385.46
Others	303,114.47	514,249.96	303,114.47
Total	4,345,125.33	2,359,264.02	4,345,125.33

54. Income Tax Expense

(1) Components of income tax expense

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Current income tax expense	3,041,531.94	37,663,321.67
Deferred income tax expense	19,027,669.63	-44,018,230.66
Total	22,069,201.57	-6,354,908.99

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Income Tax Expense (Continued)

(2) Reconciliation between total profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	367,936,721.35
Income tax expense calculated based on the statutory (or applicable) tax rate	55,190,508.20
Effect of different tax rates applicable to certain subsidiaries	-11,163,299.85
Effect of adjustment to income tax for previous periods	208,316.71
Effect of non-taxable income	-3,427,524.56
Impact of Non-deductible costs, expenses and losses	1,711,659.47
Tax effect arising from utilization of previously unrecognized tax losses and deductible temporary differences	-3,414,575.13
Tax effect arising from unrecognized tax losses and deductible temporary differences	31,417,668.92
Share of results of joint ventures and associates accounted for using the equity method	1,324,291.13
Tax effect of super deduction for research and development expenses (represented in "-")	-49,777,843.32
Income tax expense	22,069,201.57

55. Other Comprehensive Income

For details, please refer to Note VII.38.

56. Cash Flow Statement Items

(1) Cash flows from operating activities

Other cash received relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Government grants	11,227,730.50	21,353,059.45
Interest income	36,410,179.32	29,267,197.58
Advances, receivables and others	147,968,710.69	7,942,528.51
Total	195,606,620.51	58,562,785.54

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Cash Flow Statement Items (Continued)

(1) Cash flows from operating activities (Continued)

Explanation of other cash received relating to operating activities:

Other cash paid relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Period expenses	147,271,348.88	178,135,173.71
Intercompany balances	11,279,302.09	4,306,255.53
Handling fees and others	7,656,045.13	6,298,788.41
Total	166,206,696.10	188,740,217.65

(2) Cash flows from investing activities

Significant cash receipts relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Wealth management products	4,450,483,427.53	692,472,462.94
Total	4,450,483,427.53	692,472,462.94

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Cash Flow Statement Items (Continued)

(2) Cash flows from investing activities (Continued)

Other cash paid relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Intercompany balances	5,114,608.85	5,114,338.56
Total	5,114,608.85	5,114,338.56

Significant cash payments relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Wealth management products	6,260,478,600.45	1,108,802,525.77
Equity investment	19,801,088.70	18,000,000.00
Total	6,280,279,689.15	1,126,802,525.77

(3) Cash flows from financing activities

Other cash received relating to financing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Bank acceptance bill margin	63,128,701.85	14,775,859.52
Subsidiary employee incentive funds	1,042,214.58	2,636,689.50
Principal and interest received from EUROPASOLAR S.À R.L. loan	300,771,101.21	61,124,306.38
Total	364,942,017.64	78,536,855.40

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Cash Flow Statement Items (Continued)

(3) Cash flows from financing activities (Continued)

Other cash paid relating to financing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Lease liabilities	20,474,592.23	20,756,823.89
Restricted stock repurchase	17,976,239.60	2,249,666.94
Offering expenses	30,024,564.52	
Deposits for bank acceptance bills	44,963,152.13	45,713,400.25
Repurchase of subsidiary employee incentive and others	180,038.70	198,750.00
Total	113,618,587.18	68,918,641.08

Changes in liabilities arising from financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Opening balance	Additions during the period		Reductions during the period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	671,617,344.27	835,288,542.77		833,057,400.00	51,559,094.16	622,289,392.88
Long-term borrowings	599,244,567.34	50,000,000.00		406,818,810.51	3,562,753.27	238,863,003.56
Lease liabilities	21,666,487.23	0.00	101,677,509.07	20,474,592.23	0.00	102,869,404.07
Total	1,292,528,398.84	885,288,542.77	101,677,509.07	1,260,350,802.74	55,121,847.43	964,021,800.51

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information to the Cash Flow Statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Current period amounts	Prior period amounts
1. Adjustments to reconcile net profit to net cash flows from operating activities		
Net profit	345,867,519.78	676,838,450.22
Add: Provision for asset impairment	20,315,650.52	58,947,856.17
Depreciation of fixed assets, depletion of oil & gas assets, depreciation of productive biological assets	30,761,961.60	45,150,250.46
Depreciation of right-of-use assets	66,356,775.14	19,020,869.19
Amortization of intangible assets	44,342,310.38	55,062,276.67
Amortization of long-term prepaid expenses	30,143,019.54	42,852,097.96
Losses on disposal of fixed assets, intangible assets, and other long-term assets ("-" indicating gain)	-2,032.46	-112,339.73
Losses on scrapping of fixed assets ("-" indicating gain)	715,385.46	788,721.50
Fair value changes ("-" indicating gain)	-20,766,737.17	-2,028,532.82
Finance expenses ("-" indicating gain)	50,950,739.73	59,850,803.31
Investment losses ("-" indicating gain)	-3,275,206.36	-162,861,607.57
Decrease in deferred tax assets ("-" indicating increase)	15,767,629.66	-36,835,321.64
Increase in deferred tax liabilities ("-" indicating decrease)	3,011,404.21	38,144,783.15
Decrease in inventories ("-" indicating increase)	-392,443,048.17	261,999,817.00
Decrease in operating receivables ("-" indicating increase)	343,791,794.46	-457,604,370.68
Increase in operating payables ("-" indicating decrease)	-180,516,904.61	-161,813,049.97
Others	-1,712,608.65	2,484,917.54
Net cash flows from operating activities	353,307,653.06	439,885,620.76
2. Significant investing and financing activities not involving cash		
Debt converted to capital		
Convertible corporate bonds due within one year		
Finance lease of fixed assets		
3. Net change in cash and cash equivalents:		
Cash at end of period	1,282,115,632.59	709,835,674.68
Less: Cash at beginning of period	709,835,674.68	978,262,425.94
Add: Cash equivalents at end of period		
Less: Cash equivalents at beginning of period		
Net increase in cash and cash equivalents	572,279,957.91	-268,426,751.26

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information to the Cash Flow Statement (Continued)

(2) Net cash received from disposal of subsidiaries

	Unit: RMB
	Amount
Cash or cash equivalents received from disposal of subsidiaries during the period	0.00
Including:	0.00
Including:	0.00
Add: Cash or cash equivalents received from disposal of subsidiaries in prior periods during the period	71,578,880.95
Including:	
Rolling Wireless S.à.r.l. and its subsidiaries: ROLLING WIRELESS FRANCE, Rolling Wireless German GmbH, ROLLING WIRELESS TECHNOLOGY (H.K.) LIMITED, Shenzhen Rolling Wireless Technology Co., Ltd., Rolling Wireless J.P. Limited, Rolling Wireless K.R. Limited, Rolling Wireless Hungary, ROLLING WIRELESS PTE. LTD.	71,578,880.95
Net cash received from disposal of subsidiaries	71,578,880.95

(3) Composition of cash and cash equivalents

		Unit: RMB
Item	Closing balance	Opening balance
I. Cash	1,282,115,632.59	709,835,674.68
Bank deposits available for immediate payment	1,282,115,632.59	709,835,674.68
III. Closing balance of cash and cash equivalents	1,282,115,632.59	709,835,674.68

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

57. Supplementary Information to the Cash Flow Statement *(Continued)*

(4) Cash at bank and on hand not classified as cash and cash equivalents

Unit: RMB

Item	Current period amounts	Prior period amounts	Reason for exclusion
Time deposits	2,076,940,112.00	270,283,991.17	Time deposits
Deposits	44,963,152.13	66,363,483.66	Notes margins
Cun Li Ying		64,695,600.00	Wealth management products
Accrued interest on cashes at bank and on hand	10,139,004.60	6,863,679.24	Not yet received
Judicially frozen funds	9,645,523.65	1,616,639.25	Judicially frozen funds
Intelligent account freeze (no inbound or outbound transactions)	245.03		
Total	2,141,688,037.41	409,823,393.32	

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Foreign Currency Monetary Items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance in foreign currency	Exchange rate	Closing balance translated into RMB
Cash at bank and on hand			2,822,021,912.41
Including: USD	400,978,866.32	7.0288	2,818,400,382.17
EUR	202,936.01	8.2355	1,671,279.54
HKD	1,466,693.07	0.9032	1,324,746.44
TWD	2,782,821.00	0.2246	624,965.94
KRW	110,759.00	0.00486	538.32
Accounts receivable			1,033,873,694.79
Including: USD	147,048,098.39	7.0288	1,033,570,612.59
EUR	35,614.64	8.2355	293,304.37
HKD			
INR	124,876.00	0.0783	9,777.83
Other receivables			31,679,231.79
Including: USD	505,247.18	7.0288	3,551,281.37
EUR	6,884.35	8.2355	56,696.06
HKD	30,482,605.41	0.9032	27,532,498.84
TWD	2,398,947.00	0.2246	538,755.52
Long-term borrowings			
Including: USD			
EUR			
HKD			
Short-term borrowings			218,130,019.55
Including: USD	31,033,749.65	7.0288	218,130,019.55
Financial liabilities held for trading			6,537,931.64
Including: USD	930,163.28	7.0288	6,537,931.64
Accounts payable			1,166,914,870.62
Including: USD	166,019,074.47	7.0288	1,166,914,870.62
Other payables			63,073,267.66
Including: USD	5,681,817.50	7.0288	39,935,584.59
AUD	19,200.00	4.6892	90,032.64
EUR	41,168.77	8.2355	339,045.41
INR	90,240.50	0.0783	7,065.63
JPY	122,261.00	0.0448	5,476.91
TWD	1,188,789.96	0.2246	266,978.47
GBP	33,915.00	9.4346	319,974.46
HKD	24,477,242.89	0.9032	22,108,335.33
KRW	162,344.00	0.0048	774.22

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Foreign Currency Monetary Items (Continued)

- (2) *Explanation of overseas operating entities, including, for significant overseas operating entities, disclosure of their principal place of operation, functional currency and the basis for its determination; where there is a change in functional currency, the reasons shall also be disclosed.*

☒ Applicable ☐ Not applicable

No.	Abbreviation of the Company	Place of operation	Functional currency
1	Hong Kong Fibocom	Hong Kong	USD
2	Taiwan Fibocom	Taiwan	TWD
3	U.S. Fibocom	USA	USD
4	EU Fibocom	Germany	EUR
5	Hong Kong LINK	Hong Kong	HKD
6	Faiot PTE. LTD.	Singapore	USD
7	Gingko Solution Inc.	USA	USD
8	Faiot Limited	Cayman Islands	USD

59. Leases

(1) The Company as Lessee

☒ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☒ Not applicable

Lease payments for short-term leases or leases of low-value assets with simplified treatment

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount for the current period
Short-term lease payments	4,248,873.03
Low-value lease payments	202,196.59
Total	4,451,069.62

Section VIII Financial Report

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Leases (Continued)

(2) The Company as Lessor

Operating leases as lessor

☐ Applicable ☒ Not applicable

Finance leases as lessor

☐ Applicable ☒ Not applicable

Undiscounted lease receipts for each of the next five years

☐ Applicable ☒ Not applicable

Reconciliation between undiscounted lease receipts and net investment in leases

(3) Recognition of finance lease sales profit or loss as a producer or dealer

☐ Applicable ☒ Not applicable

VIII. R&D EXPENDITURE

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee compensation	357,407,210.41	501,211,165.33
Depreciation and amortization	96,206,414.80	112,070,552.35
Testing and verification fees	20,127,449.95	17,420,204.20
Material fees	17,641,500.54	28,530,810.86
Travel expenses	9,006,302.83	11,532,986.18
Utility and management fees	3,533,815.15	6,327,104.36
Office expenses	2,905,473.14	4,136,557.33
Technical consulting fees	3,777,907.35	26,246,198.65
Licensing fees	2,524,292.12	2,668,806.60
Lease payments	639,190.18	777,789.02
Share incentive expenses	-1,278,465.10	988,023.45
Others	9,213,213.22	14,818,688.45
Total	521,704,304.59	726,728,886.78
Including: Expensed R&D expenditure	480,299,890.58	686,892,797.08
Capitalized R&D expenditure	41,404,414.01	39,836,089.70

Section VIII Financial Report

VIII. R&D EXPENDITURE (Continued)

1. R&D projects qualifying for capitalization

Unit: RMB

Item	Opening balance	Additions during the period		Reductions during the period		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transferred to current profit or loss	
5G series wireless communication modules	20,815,244.43	20,249,964.22		32,422,964.23	1,025,167.39	7,617,077.03
Robotics and other solutions	7,548,393.61	12,816,014.13		17,392,058.84		2,972,348.90
AI enablement and service platforms		8,338,435.66		7,562,173.83		776,261.83
Total	28,363,638.04	41,404,414.01		57,377,196.90	1,025,167.39	11,365,687.76

IX. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Changes in the Scope of Consolidation for Other Reasons

Explanation of changes in the scope of consolidation caused by other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances:

(1) Subsidiaries established during the period

Abbreviation of subsidiary	Reason for change
Faiot Limited	Established on February 13, 2025
Gingko Solution Inc.	Established on February 25, 2025
Fibocom Technology (Jiangxi)	Established on December 19, 2025

(2) Subsidiaries liquidated and deregistered during the period

Abbreviation of subsidiary	Reason for change
ThingsMatrix INC.	Liquidation and deregistration on February 7, 2025
Zhejiang Nodecom	Liquidation and deregistration on October 24, 2025

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X. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

(1) Composition of the enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of business	Country of registration	Nature of business	Holding proportion Direct	Indirect	Method of acquisition
Fibocom Software	10,000,000.00	Chinese mainland	China	IT products	100.00%	0.00%	Establishment
Hong Kong Fibocom	906.22	Hong Kong	Hong Kong, China	Trading	100.00%	0.00%	Business combination under common control
Taiwan Fibocom	10,375,200.00	Taiwan	Taiwan, China	Trading	0.00%	100.00%	Establishment
U.S. Fibocom	35,413,500.00	USA	USA	Market expansion and trading	100.00%	0.00%	Establishment
Xi'an Software	30,000,000.00	Chinese mainland	China	IT products	100.00%	0.00%	Establishment
Fibocom Investment	250,000,000.00	Chinese mainland	China	Investment and trading	100.00%	0.00%	Establishment
FIA	20,000,000.00	Chinese mainland	China	Terminal products	100.00%	0.00%	Establishment
Favalon Technology	33,241,918.00	Chinese mainland	China	Automotive business	0.00%	60.17%	Establishment
EU Fibocom	23,577,600.00	Germany	Germany	Market expansion and trading	100.00%	0.00%	Establishment
Xi'an Communications	30,000,000.00	Chinese mainland	China	Trading	100.00%	0.00%	Establishment
Guangtong Yilian	10,000,000.00	Chinese mainland	China	Cloud services	0.00%	100.00%	Establishment
Shanghai Faiot	25,974,000.00	Chinese mainland	China	IT products	77.00%	0.00%	Establishment
Shanghai Favalon	2,000,000.00	Chinese mainland	China	Automotive business	0.00%	60.17%	Establishment
Shanghai Faiot Software	2,000,000.00	Chinese mainland	China	IT products	0.00%	77.00%	Establishment
Yaboda	10,000,000.00	Chinese mainland	China	Technical development	100.00%	0.00%	Business combination not under common control
Fibocom Technology	100,000,000.00	Chinese mainland	China	Technical development	100.00%	0.00%	Establishment
Favalon Software	10,000,000.00	Chinese mainland	China	Technical development	0.00%	60.17%	Establishment
Chuanglian Future	468,600,000.00	Chinese mainland	China	Investment and trading	100.00%	0.00%	Business combination not under common control

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X. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in Subsidiaries *(Continued)*

(1) Composition of the enterprise group *(Continued)*

Name of subsidiary	Registered capital	Principal place of business	Country of registration	Nature of business	Holding proportion		Method of acquisition
					Direct	Indirect	
Hong Kong LINK	467,529,027.00	Hong Kong	Hong Kong, China	Trading	0.00%	100.00%	Business combination not under common control
Shenzhen Chiyao	653,400.00	Chinese mainland	China	Favalon Technology Employee Incentive Platform	0.00%	66.56%	Establishment
Shenzhen Chishang	1,744,000.00	Chinese mainland	China	Favalon Technology Employee Incentive Platform	0.00%	76.90%	Establishment
Shenzhen Chisheng	3,861,429.00	Chinese mainland	China	Favalon Technology Employee Incentive Platform	0.00%	59.40%	Establishment
Shenzhen Chiqing	770,400.00	Chinese mainland	China	Favalon Technology Employee Incentive Platform	0.00%	88.73%	Establishment
Guangtong Chuangyuan	4,710,000.00	Chinese mainland	China	Favalon Technology Employee Incentive Platform	0.00%	21.49%	Establishment
Shenzhen Chijun	1,805,000.00	Chinese mainland	China	Favalon Technology Employee Incentive Platform	0.00%	0.28%	Establishment
Ningbo Guangxing	2,718,200.00	Chinese mainland	China	Shanghai Faiot Employee Incentive Platform	0.00%	24.75%	Establishment
Ningbo FAIOT	3,255,800.00	Chinese mainland	China	Shanghai Faiot Employee Incentive Platform	0.00%	60.01%	Establishment
Ningbo Guangyi	2,045,400.00	Chinese mainland	China	Shanghai Faiot Employee Incentive Platform	0.00%	99.95%	Establishment

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X. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in Subsidiaries *(Continued)*

(1) *Composition of the enterprise group (Continued)*

Name of subsidiary	Registered capital	Principal place of business	Country of registration	Nature of business	Holding proportion		Method of acquisition
					Direct	Indirect	
FAIOT Gongying	2,000,000.00	Chinese mainland	China	Shanghai Faiot Employee Incentive Platform	0.00%	95.00%	Establishment
Sevenfold Universe	10,000,000.00	Chinese mainland	China	Technical development	0.00%	45.90%	Business combination not under common control
Faiot PTE. LTD.	357,930.00	Singapore	Singapore	Not yet commenced business	0.00%	77.00%	Establishment
Gingko Solution Inc.	357,930.00	USA	USA	Not yet commenced business	0.00%	77.00%	Establishment
Faiot Limited	357,930.00	Cayman Islands	Cayman Islands	Not yet commenced business	0.00%	77.00%	Establishment
Fibocom Technology (Jiangxi)	50,000,000.00	Chinese mainland	China	Not yet commenced business	100.00%	0.00%	Establishment

Explanation of holding proportion in subsidiaries different from voting rights proportion:

- (1) According to the partnership agreements for Shenzhen Chiyao, Shenzhen Chishang, Shenzhen Chisheng, Guangtong Chuangyuan, Shenzhen Chiqing, and Shenzhen Chijun, the Company's subsidiary, FIA, serves as the General Partner (GP). It holds exclusive rights over the management, control, operation, and decision-making of investment business and daily operations. Limited Partners (LPs) shall not exercise control over the management or other activities of the limited partnership through partner meetings. The Company has substantive control over these partnerships and includes them in the scope of consolidation.
- (2) According to the partnership agreements for Ningbo Guangxing, Ningbo FAIOT, Ningbo Guangyi, and FAIOT Gongying, the Company's subsidiary, Fibocom Investment, serves as the General Partner (GP). It holds exclusive rights over the management, control, operation, and decision-making of investment business and daily operations. Limited Partners (LPs) shall not exercise control over the management or other activities of the limited partnership through partner meetings. The Company has substantive control over these partnerships and includes them in the scope of consolidation.
- (3) The Company's subsidiaries, Favalon Technology, Shanghai Favalon, Favalon Software, Shanghai Faiot, and Shanghai Faiot Software, have established employee shareholding platforms and equity incentives. The relevant shares have not yet met the exercise conditions.

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X. INTERESTS IN OTHER ENTITIES *(Continued)*

1. Interests in Subsidiaries *(Continued)*

(1) *Composition of the enterprise group (Continued)*

- (4) In January 2024, the Company's subsidiary, Shenzhen Fibocom Investment Development Co., Ltd., acquired a 45.90% equity interest in Sevenfold Universe and entered into a concert party agreement with shareholder Zhu Tao. Both parties committed to taking "concerted action" on major matters at general meetings. Together, they hold a 51% equity interest and 51% of the voting rights in Sevenfold Universe.

2. Interests in Joint Ventures or Associates

(1) *Significant joint ventures or associates*

Name of joint venture or associate	Principal place of business	Place of registration	Nature of business	Holding proportion		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
Shenzhen Bogesi Communication Technology Co., Ltd.	Shenzhen	Shenzhen	Wireless communication	15.00%		Equity method
Hubei Link Sci Intelligent Technology Co., Ltd.	Hubei	Hubei	Wireless communication		17.36%	Equity method
Shenzhen High-tech Investment Fibocom IoT Industry Private Equity Investment Fund Partnership (Limited Partnership)	Shenzhen	Shenzhen	Investment		30.00%	Equity method

Explanation of holding proportion in joint ventures or associates different from the proportion of voting rights:

As of the end of the period, Fibocom Investment has subscribed to the registered capital of Hubei Link Sci in the amount of RMB16,875,000, holding 17.3571% of the equity of Hubei Link Sci. Since the employee shareholding platform established by Hubei Link Sci has not yet been actually granted to employees, Fibocom Investment effectively holds 19.9180% of the equity of Hubei Link Sci.

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X. INTERESTS IN OTHER ENTITIES *(Continued)*

2. Interests in Joint Ventures or Associates *(Continued)*

(2) Summarized financial information of insignificant joint ventures and associates

Unit: RMB

	Closing balance/ Amount for the period	Ending balance/ Amount for the period
Joint ventures:		
Aggregated amount of the following items calculated based on holding proportion		
Associates:		
Total carrying amount of investments	59,468,608.32	57,273,546.65
Aggregated amount of the following items calculated based on holding proportion		
– Net profit	-5,147,619.83	-3,897,820.75
– Total comprehensive income	-5,147,619.83	-3,897,820.75

X. GOVERNMENT GRANTS

1. Government Grants Recognized at the Amount Receivable at the End of the Reporting Period

☐ Applicable ☒ Not applicable

Reasons for failure to receive the expected amount of government grants at the expected timing:

☐ Applicable ☒ Not applicable

2. Liability Items Involving Government Grants

☒ Applicable ☐ Not applicable

Unit: RMB

Accounting item	Opening balance	Amount of new grants for the period	Amount included in non-operating income for the period	Amount transferred to other income for the period	Other changes for the period	Closing balance	Related to assets/income
Deferred income	11,337,969.12	1,703,642.00		6,443,863.45		6,597,747.67	Related to assets

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X. GOVERNMENT GRANTS *(Continued)*

3. Government Grants Included in Current Profit or Loss

☒ Applicable ☐ Not applicable

Unit: RMB

Accounting item	Amount for the current period	Amount for the prior period
Other income	38,067,742.23	63,872,391.03

Status of government grants included in current profit or loss using the gross method

Unit: RMB

Grant project	Type	Amount included in profit or loss for the period	Amount included in profit or loss for the prior period	Presentation item included in profit or loss	Asset-related/ Income-related
VAT refund upon levy	Tax refund	22,967,835.04	40,569,266.69	Other income	Related to income
Third batch of industrial steady growth subsidies for Q1, Q2, and Q3 of 2024	Government appropriation	2,116,600.00	-	Other income	Related to income
R&D and industrialization of global 5G intelligent modules for industrial Internet	Government appropriation	1,938,967.38	-	Other income	Related to income and assets
Industrialization project of 5G IoT wireless communication modules	Government appropriation	1,897,905.96	2,229,558.36	Other income	Related to assets
2022 industrialization technology upgrade and transformation subsidy project	Government appropriation	1,508,030.04	1,528,834.71	Other income	Related to assets
Support plan for R&D investment of technology-based enterprises	Government appropriation	1,300,000.00	-	Other income	Related to income
2023 payment subsidy for new generation information technology industry	Government appropriation	1,227,576.60	1,227,576.60	Other income	Related to assets
Municipal Science and Technology Award for "4G/5G-oriented intelligent wireless communication"	Government appropriation	1,000,000.00	-	Other income	Related to income
Industrialization project of 5G industrial intelligent modules based on domestic platforms	Government appropriation	818,685.48	3,322,114.13	Other income	Related to income and assets
Steady growth subsidy for software and information service industry in Q1, Q2, Q3, and full year of 2024	Government appropriation	550,000.00	-	Other income	Related to income
2024 high-quality development project for provincial "Specialized, Refined, Unique and Innovative" SMEs	Government appropriation	400,000.00	-	Other income	Related to income

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X. GOVERNMENT GRANTS *(Continued)*

3. Government Grants Included in Current Profit or Loss *(Continued)*

Grant project	Type	Amount included in profit or loss for the period	Amount included in profit or loss for the prior period	Presentation item included in profit or loss	Asset-related/ Income-related
Third batch of 2024 Hongqiao Town – Leap-forward development subsidy for service enterprises	Government appropriation	310,000.00	–	Other income	Related to income
Industrialization technology transformation project of 5G global version intelligent modules	Government appropriation	289,156.20	24,096.35	Other income	Related to assets
Xi'an High-tech Zone 2024 steady economic growth and industrial promotion subsidy	Government appropriation	250,000.00	–	Other income	Related to income
Foreign Trade Department – 2023 export credit insurance premium subsidy project	Government appropriation	220,000.00	–	Other income	Related to income
Enterprise service reallocation for manufacturing policy characteristic parks and leading industry cultivation support	Government appropriation	200,000.00	–	Other income	Related to income
Industrial Internet development support plan subsidy	Government appropriation	198,019.09	616,937.86	Other income	Related to assets
Job expansion subsidy	Government appropriation	195,403.14	24,000.00	Other income	Related to income
Maternity allowance	Government appropriation	173,936.20	801,298.05	Other income	Related to income
Zhangjiang special fund project	Government appropriation	150,000.00	–	Other income	Related to income
VAT reduction and exemption for December 2024 (including key groups)	Government appropriation	87,750.00	–	Other income	Related to income
Job stabilization subsidy	Government appropriation	57,044.80	462,792.57	Other income	Related to income
5G communication module technology engineering center	Government appropriation	71,880.70	461,246.88	Other income	Related to assets
Shenzhen 2024 intellectual property special fund approval project	Government appropriation	46,551.60	–	Other income	Related to income
Support for enterprise digital transformation project (Industrial)	Government appropriation	32,400.00	–	Other income	Related to income
2024 “Small-to-Scale” award project	Government appropriation	30,000.00	–	Other income	Related to income
2023 “Small-to-Scale” award project	Government appropriation	30,000.00	–	Other income	Related to income

Section VIII Financial Report

X. GOVERNMENT GRANTS *(Continued)*

3. Government Grants Included in Current Profit or Loss *(Continued)*

Grant project	Type	Amount included in profit or loss for the period	Amount included in profit or loss for the prior period	Presentation item included in profit or loss	Asset-related/Income-related
Industrial steady growth subsidy project	Government appropriation	-	4,465,700.00	Other income	Related to income
Rental subsidy	Government appropriation	-	1,200,000.00	Other income	Related to income
R&D investment subsidy from Nanshan District Science, Technology and Innovation Bureau	Government appropriation	-	959,800.00	Other income	Related to income
Key technology research and application project of Beidou short message chip	Government appropriation	-	900,000.00	Other income	Related to income
Subsidy for continuous steady operation in H1 2023	Government appropriation	-	827,300.00	Other income	Related to income
Support for intellectual property securitization financing project	Government appropriation	-	787,000.00	Other income	Related to income
Award project for expansion and efficiency of industrial enterprises	Government appropriation	-	740,000.00	Other income	Related to income
CETC Ceyear project subsidy in National Key R&D Program "Basic Research Conditions and Major Scientific Instrument Development"	Government appropriation	-	630,000.00	Other income	Related to income
2023 Shaanxi Gazelle Enterprise subsidy	Government appropriation	-	300,000.00	Other income	Related to income
Shenzhen Nanshan District Industry and Information Technology Bureau – Special subsidy for continuous steady operation of profitable service industry in H1 2023	Government appropriation	-	283,700.00	Other income	Related to income
Award project for "Specialized, Refined, Unique and Innovative" enterprises	Government appropriation	-	200,000.00	Other income	Related to income
Shenzhen private and SME support plan award	Government appropriation	-	195,110.00	Other income	Related to income
2025 national and provincial matching project subsidy	Government appropriation	-	194,000.00	Other income	Related to income
2024 Nanshan District special fund for high-quality industrial development	Government appropriation	-	191,800.00	Other income	Related to income

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X. GOVERNMENT GRANTS *(Continued)*

3. Government Grants Included in Current Profit or Loss *(Continued)*

Grant project	Type	Amount included in profit or loss for the period	Amount included in profit or loss for the prior period	Presentation item included in profit or loss	Asset-related/ Income-related
2023 domestic invention patent authorization subsidy	Government appropriation	-	127,500.00	Other income	Related to income
Award for software production and efficiency increase in Q4 2023	Government appropriation	-	110,000.00	Other income	Related to income
Xi'an High-tech Zone Gazelle Enterprise recognition subsidy	Government appropriation	-	100,000.00	Other income	Related to income
Provincial intellectual property demonstration and advantage enterprise award	Government appropriation	-	100,000.00	Other income	Related to income
Support subsidy for enterprise R&D investment	Government appropriation	-	100,000.00	Other income	Related to income
2023 R&D expense incentive subsidy	Government appropriation	-	60,000.00	Other income	Related to income
Social insurance subsidy for enterprises hiring college graduates	Government appropriation	-	47,400.00	Other income	Related to income
Project to encourage profitable service enterprises to grow larger and stronger	Government appropriation	-	30,100.00	Other income	Related to income
Living allowance for newly introduced and settled talents	Government appropriation	-	30,000.00	Other income	Related to income
Employment subsidy	Government appropriation	-	16,000.00	Other income	Related to income
Subsidy from Ministry of Labor, National Treasury Administration of Taiwan	Government appropriation	-	5,302.80	Other income	Related to income
Employee medical insurance subsidy	Government appropriation	-	3,956.03	Other income	Related to income
Total		38,067,742.23	63,872,391.03		

Section VIII Financial Report

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Various Risks Arising from Financial Instruments

The Company's primary financial instruments include cashes at bank and on hand, notes receivable, accounts receivable, receivables financing, other receivables, other current assets, financial assets held for trading, investments in other equity instruments, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, and lease liabilities. Details of these instruments are disclosed in the relevant notes. The risks related to these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these risk exposures to ensure that such risks are controlled within acceptable limits.

(1) Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and commodity price risk).

The Company's objective of risk management is to achieve an appropriate balance between risk and returns, minimizing negative impacts on the Company's operating performance while maximizing the interests of shareholders and other equity investors. Based on these risk management objectives, the Company's fundamental risk management strategy is to identify and analyze the various risks it faces, establish appropriate risk appetite thresholds, implement risk management, and conduct timely and reliable monitoring of various risks to ensure that they are controlled within defined limits.

The Board of Directors is responsible for planning the Company's risk management framework, formulating policies, and supervising implementation. The Company has developed risk management policies to identify and analyze the risks it faces. These policies provide clear regulations for specific risks, covering various aspects such as market risk, credit risk, and liquidity risk management. The Company regularly assesses changes in the market environment and its operating activities to determine whether to update risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates, and avoids risks in close cooperation with other business departments. The Company's Internal Audit Department conducts regular audits of risk management controls and procedures and reports the audit results to the Audit Committee.

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(1) Risk Management Objectives and Policies *(Continued)*

1) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from the failure of a counterparty to fulfill its contractual obligations.

The Company manages credit risk by portfolio category. Credit risk primarily arises from bank deposits, notes receivable, accounts receivable, and other receivables.

The Company's bank deposits are mainly placed in state-owned banks and other large or medium-sized listed banks. The Company expects that there is no significant credit risk associated with bank deposits.

For notes receivable, accounts receivable, and other receivables, the Company has established policies to control credit risk exposure. The Company assesses the creditworthiness of customers based on their financial position, credit history, and other factors such as current market conditions, and sets corresponding credit periods accordingly. The Company regularly monitors customer credit records. For customers with poor credit records, the Company employs methods such as written payment reminders, shortening credit periods, or canceling credit periods to ensure that the Company's overall credit risk remains within a controllable range.

The debtors of the Company's accounts receivable are customers distributed across different industries and regions. The Company continuously performs credit evaluations on the financial status of accounts receivable and, where appropriate, purchases credit guarantee insurance.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company has not provided any other guarantees that could expose the Company to credit risk.

Among the Company's accounts receivable, the accounts receivable from the top five customers accounted for 56.67% (2024: 61.05%) of the total balance of accounts receivable. Among the Company's other receivables, the other receivables from the top five companies with the largest outstanding amounts accounted for 76.98% (2024: 97.31%) of the total balance of other receivables.

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XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(1) Risk Management Objectives and Policies *(Continued)*

2) Liquidity risk

Liquidity risk refers to the risk that the Company may encounter a shortage of funds when fulfilling its obligations settled by delivery of cash or other financial assets.

In managing liquidity risk, the Company maintains and monitors a level of cash and cash equivalents deemed adequate by management to meet its operational needs and mitigate the effects of cash flow fluctuations. The Company's management monitors the utilization of bank borrowings and ensures compliance with loan agreements. Meanwhile, the Company obtains commitments from major financial institutions to provide sufficient standby funds to meet both short-term and long-term funding requirements.

The Company finances its working capital through funds generated from business operations and bank and other borrowings. As at the end of the period, the Company's unused bank credit facilities amounted to RMB3,921,059,700 (Prior year-end: RMB3,585,889,300).

As at the end of the period, the analysis of financial liabilities and off-balance sheet guarantee items held by the Company based on the maturity of the remaining undiscounted contractual cash flows is as follows (Unit: RMB0'000):

Item	Within 6 months	Within 1 year	Closing balance			Total
			1 to 2 years	2 to 3 years	Over 3 years	
Financial liabilities:						
Short-term borrowings	41,197.26	21,031.68	-	-	-	62,228.94
Financial liabilities held for trading	653.79	-	-	-	-	653.79
Notes payable	38,403.30	-	-	-	-	38,403.30
Accounts payable	167,240.33	-	-	-	-	167,240.33
Other payables	11,922.64	-	-	-	-	11,922.64
Non-current liabilities due within one year	22,902.07	3,999.72	-	-	-	26,901.79
Long-term borrowings	-	-	4,875.00	-	-	4,875.00
Lease liabilities	-	-	2,054.40	342.05	-	2,396.45
Total financial liabilities and contingent liabilities	282,319.39	25,031.40	6,929.40	342.05	-	314,622.24

Section VIII Financial Report

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(1) Risk Management Objectives and Policies *(Continued)*

2) Liquidity risk *(Continued)*

As at the end of the prior year, the analysis of financial liabilities and off-balance sheet guarantee items held by the Company based on the maturity of the remaining undiscounted contractual cash flows is as follows (Unit: RMB0'000):

Item	Balance at end of prior year					Total
	Within 6 months	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Financial liabilities:						
Short-term borrowings	31,283.49	35,878.24	-	-	-	67,161.73
Financial liabilities held for trading	1,111.71	-	-	-	-	1,111.71
Notes payable	30,763.51	-	-	-	-	30,763.51
Accounts payable	171,855.52	-	-	-	-	171,855.52
Other payables	15,454.25	-	-	-	-	15,454.25
Non-current liabilities due within one year	7,410.68	34,615.15	-	-	-	42,025.83
Long-term borrowings	-	-	18,997.00	-	-	18,997.00
Lease liabilities	-	-	626.79	391.22	50.27	1,068.28
Total financial liabilities and contingent liabilities	257,879.16	70,493.39	19,623.79	391.22	50.27	348,437.83

The amounts of financial liabilities disclosed in the tables above are the undiscounted contractual cash flows, and therefore may differ from the carrying amounts in the balance sheet.

The maximum guarantee amount of signed guarantee contracts does not represent the amount imminent for payment.

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XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(1) Risk Management Objectives and Policies *(Continued)*

3) Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including interest rate risk, foreign exchange risk, and other price risks.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Interest rate risk can arise from recognized interest-bearing financial instruments and unrecognized financial instruments (such as certain loan commitments).

The Company's interest rate risk primarily arises from long-term interest-bearing debts such as long-term bank borrowings. Floating-rate financial liabilities expose the Company to cash flow interest rate risk, while fixed-rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market environment and maintains an appropriate portfolio of fixed and floating-rate instruments through regular review and monitoring.

The Company closely monitors the impact of interest rate fluctuations on its interest rate risk. Currently, the Company has not adopted an interest rate hedging policy. However, management is responsible for monitoring interest rate risk and will consider hedging significant interest rate risks when necessary. An increase in interest rates will increase the cost of new interest-bearing debts and the interest expenses of the Company's outstanding floating-rate interest-bearing debts, which could have a significant adverse effect on the Company's financial performance. Management will make timely adjustments based on the latest market conditions; such adjustments may include interest rate swap arrangements to mitigate interest rate risk.

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XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(1) Risk Management Objectives and Policies *(Continued)*

3) Market risk *(Continued)*

Interest rate risk *(Continued)*

The interest-bearing financial instruments held by the Company are as follows (Unit: RMB0'000):

Item	Amount for the current period	Amount for the prior period
Fixed-rate financial instruments		
Financial liabilities		
Including: Short-term borrowings	62,228.94	67,161.73
Long-term borrowings due within one year	19,011.30	40,927.46
Long-term borrowings	4,875.00	18,997.00
Total	86,115.24	127,086.19

As at the end of the period, if the borrowing rates calculated at floating interest rates had increased or decreased by 50 basis points, with all other factors remaining constant, the Company's net profit and shareholders' equity would have decreased or increased by approximately RMB106,000 (Prior year-end: RMB181,200).

For financial instruments held on the balance sheet date that expose the Company to fair value interest rate risk, the impact on net profit and shareholders' equity in the above sensitivity analysis is the effect of remeasuring the aforementioned financial instruments at the new interest rate, assuming the interest rate changed on the balance sheet date. For floating-rate non-derivative instruments held on the balance sheet date that expose the Company to cash flow interest rate risk, the impact on net profit and shareholders' equity in the above sensitivity analysis is the effect of the aforementioned interest rate fluctuations on interest expenses or income estimated on an annual basis. The analysis for the prior year was based on the same assumptions and methods.

Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk may arise from financial instruments denominated in a currency other than the functional currency.

The Company's foreign exchange risk primarily relates to the impact of fluctuations in foreign exchange rates on the Company's financial position and cash flows. In addition to the subsidiaries established in Hong Kong, the United States, and Germany, which hold assets denominated in HKD, USD, and EUR as settlement currencies, the Company also has foreign currency assets and liabilities denominated in USD for transaction pricing. Consequently, the Company is exposed to foreign exchange risk.

Section VIII Financial Report

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(1) Risk Management Objectives and Policies *(Continued)*

3) Market risk *(Continued)*

Foreign exchange risk *(Continued)*

As at the end of the period, the amounts of foreign currency financial assets and foreign currency financial liabilities held by the Company, translated into RMB, are presented as follows (Unit: RMB0'000):

Item	Foreign currency liabilities		Foreign currency assets	
	Closing balance	Balance at end of prior year	Closing balance	Balance at end of prior year
USD	143,151.84	196,227.88	385,552.23	200,884.20
EUR	33.90	33.24	202.13	83.18
HKD	2,210.83	14.92	2,885.72	11,629.64
TWD	26.70	28.64	116.37	72.30
AUD	9.00	27.58	—	—
JPY	0.55	0.41	—	—
KRW	0.08	—	0.05	0.09
INR	0.71	0.09	0.98	118.49
GBP	32.00	—	—	—
Total	145,465.61	196,332.76	388,757.48	212,787.90

The Company closely monitors the impact of exchange rate fluctuations on its foreign exchange risk. Currently, the Company has not taken any measures to avoid foreign exchange risk. However, management is responsible for monitoring foreign exchange risk and will consider hedging significant foreign exchange risks when necessary.

As at the end of the period, for the Company's cashes at bank and on hand, accounts receivable, other receivables, accounts payable, bank borrowings, and other payables denominated in foreign currencies, assuming a 10% appreciation or depreciation of RMB against foreign currencies while all other factors remain constant, the Company's shareholders' equity and net profit would increase or decrease by approximately RMB206,798,100 (Prior year-end: approximately RMB13,986,900).

Section VIII Financial Report

XI. RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Various Risks Arising from Financial Instruments *(Continued)*

(2) **Capital Management**

The objectives of the Company's capital management policies are to safeguard the Company's ability to continue as a going concern, so as to provide returns for shareholders and benefits for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the financing methods, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments, or sell assets to reduce debt.

The Company monitors its capital structure on the basis of the gearing ratio (i.e., total liabilities divided by total assets). As at the end of the period, the Company's gearing ratio was 35.32% (Prior year-end: 52.14%).

Section VIII Financial Report

XII. DISCLOSURES OF FAIR VALUE

1. Fair value at the end of the period of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Recurring fair value measurements	—	—	—	—
(I) Financial Assets Held for Trading		32,578,512.16	283,524,120.81	316,102,632.97
1. Financial assets at fair value through profit or loss		32,578,512.16	283,524,120.81	316,102,632.97
(2) Investments in equity instruments		32,578,512.16		32,578,512.16
Contingent consideration			283,524,120.81	283,524,120.81
(III) Investments in other equity instruments			355,976,021.38	355,976,021.38
Receivables financing		82,589,635.78		82,589,635.78
Total assets measured at fair value on a recurring basis		115,168,147.94	639,500,142.19	754,668,290.13
(VI) Financial liabilities held for trading			6,537,931.64	6,537,931.64
Others			6,537,931.64	6,537,931.64
II. Non-recurring fair value measurements	—	—	—	—

Section VIII Financial Report

XIII. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

1. Information on the Subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note X.

2. Information on Joint Ventures and Associates of the Company

For details of the significant joint ventures or associates of the Company, please refer to Note X.

Other joint ventures or associates that had related-party transactions with the Company during the current period, or had balances resulting from related-party transactions with the Company in prior periods, are as follows:

Name of joint venture or associate	Relationship with the Company
Hubei Link Sci Intelligent Technology Co., Ltd.	Associate of the Company
Shenzhen Bogesi Communication Technology Co., Ltd.	Company in which Director Ying Lingpeng serves as a director
Shenzhen High-tech Investment Fibocom IoT Industry Private Equity Investment Fund Partnership (Limited Partnership)	Associate of the Company

Section VIII Financial Report

XIII. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

3. Information on Other Related Parties

Name of other related party	Relationship between other related party and the company
Shenzhen Guangyu Communication Technology Co., Ltd.	Under common ultimate controlling shareholder
Shenzhen Guangsida Venture Capital Co., Ltd.	Under common ultimate controlling shareholder
Xinyu Guangtong Yuanxin Management Consulting Partnership (Limited Partnership)	A partnership in which Chen Shijiang, the Company's Board Secretary, serves as executive partner
Fangde (Sanya) Private Fund Management Co., Ltd.	A company ultimately controlled by Chen Shijiang, the Company's Board Secretary
Yipige (Shanghai) Integrated Circuit Partnership (Limited Partnership)	A company ultimately controlled by Chen Shijiang, the Company's Board Secretary
Shenzhen Gaoguang Gongying Investment Partnership (Limited Partnership)	A partnership in which Chen Shijiang, the Company's Board Secretary, serves as executive partner
Shenzhen Lianke Technology Co., Ltd.	A company controlled by Chen Shijiang, the Company's Board Secretary
Xinyu Guanghe Chuanghong Venture Capital Partnership (Limited Partnership)	A partnership in which shareholder Ying Lingpeng serves as executive partner
Shenzhen Pengrui Zhiyuan Sports Development Co., Ltd.	A company controlled by shareholder Ying Lingpeng
Shenzhen Zhuozhiran Technology Co., Ltd.	A company controlled by shareholder Ying Lingpeng and his spouse
Shenzhen Yongheshun Hardware Co., Ltd.	A company controlled by Director Xu Ning
Yongheshun Technology Co., Ltd.	A company controlled by Director Xu Ning
Shenzhen Xinqiao Investment Consulting Co., Ltd.	A company controlled by the mother of Chen Shijiang, the Company's Board Secretary
Shenzhen Smart Enterprise Management Consulting Co., Ltd.	50% owned by former independent Director Zhang Xuebin
Shenzhen Smart Financial Consulting Enterprise (General Partnership)	50% owned by former independent Director Zhang Xuebin, who also serves as executive partner
Shenzhen Zhiyu Guangnian Digital Technology Co., Ltd.	More than 30% owned by independent Director Wu Chenggang
Ying Lingpeng	Director and General Manager
Xu Ning	Director and Deputy General Manager
Ye Weiping, Zhang Xuebin	Former independent Directors (term expired on June 20, 2024)
Wang Ning, Zhao Jing, Wu Chenggang	Independent Directors
Chen Qihua	Employee Representative Director
Du Yingying, Sun Xiaojing	Former Supervisors (resigned on December 22, 2025)
Chen Shijiang	Deputy General Manager and Board Secretary
Wang Hongyan	Deputy General Manager and Chief Financial Officer
Guan Ying	Close family member of the controlling shareholder

Note: Rolling Wireless S.à.r.l. and its subsidiaries, namely ROLLING WIRELESS FRANCE, Rolling Wireless German GmbH, ROLLING WIRELESS TECHNOLOGY (H.K.) LIMITED, Shenzhen Rolling Wireless Technology Co., Ltd., Rolling Wireless J.P. Limited, Rolling Wireless K.R. Limited, Rolling Wireless Hungary and ROLLING WIRELESS PTE. LTD., ceased to be consolidated within the Group's reporting scope effective from July 26, 2024. However, as the disposal had not exceeded 12 months, the above-mentioned entities remain within the definition of related parties of the Company until July 25, 2025.

Section VIII Financial Report

XIII. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

4. Related-party Transactions

(1) *Related-party transactions involving purchase and sale of goods, and provision and receipt of services*

Purchases of goods/receipt of services

Unit: RMB

Related party	Nature of related-party transaction	Amount for the current period	Approved transaction cap	Whether exceeding cap	Amount for the prior period
Shenzhen Bogesi Communication Technology Co., Ltd.	Purchase of goods	166,167.46	10,000,000.00	No	381,792.59
Rolling Wireless S.à.r.l.	Service fees	4,957,754.44		N/A	0.00

Sales of goods/provision of services

Unit: RMB

Related party	Nature of related-party transaction	Amount for the current period	Amount for the prior period
Hubei Link Sci Intelligent Technology Co., Ltd.	Sale of goods	24,280,362.36	37,671,567.69
ROLLING WIRELESS PTE. LTD.	Sale of goods	93,814,289.23	8,978,400.87
Shenzhen Bogesi Communication Technology Co., Ltd.	Sale of goods	6,756.63	

ROLLING WIRELESS PTE. LTD and Rolling Wireless S.à.r.l. ceased to be related parties of the Company from July 26, 2025 onwards. The transaction amounts set out above represent those for the period from January 1, 2025 to July 25, 2025.

For the year 2025, the transaction amount between the Company and Bogesi was RMB6,945,019.50. The Company recognized the procurement cost using the net method, and the procurement amount recognized during the period was RMB166,167.46.

(2) *Compensation of key management personnel*

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Compensation of key management personnel	10,918,165.28	14,021,720.06

Section VIII Financial Report

XIII. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS *(Continued)*

5. Amounts Due from and Due to Related Parties

(1) Amounts due from related parties

Unit: RMB

Project name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Hubei Link Sci Intelligent Technology Co., Ltd.	53,414,940.30	3,345,340.70	141,767,592.40	12,048,315.67
Accounts receivable	ROLLING WIRELESS PTE. LTD.			8,980,896.33	449,044.82
Note receivables	Hubei Link Sci Intelligent Technology Co., Ltd.	40,413,776.23	2,020,688.81		

(2) Amounts due to related parties

Unit: RMB

Project name	Related party	Closing balance	Opening balance
Accounts payable	Shenzhen Bogesi Communication Technology Co., Ltd.	1,479,047.02	2,677,066.98

Section VIII Financial Report

XIV. SHARE-BASED PAYMENTS

1. Overview of Share-based Payments

☒ Applicable ☐ Not applicable

Unit: RMB

Category of grantee	Granted in current period		Exercised in current period		Vested in current period		Expired in current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel			69,681.00	1,133,222.10			147,280.00	1,639,226.40
Management personnel			62,791.00	1,021,170.03			161,920.00	1,802,169.60
R&D personnel			348,791.00	5,672,388.06			395,920.00	4,406,589.60
Other personnel							19,440.00	216,367.20
Total			481,263.00	7,826,780.19			724,560.00	8,064,352.80

Stock options or other equity instruments outstanding at the end of the period

☐ Applicable ☒ Not applicable

2. Equity-settled Share-based Payments

☒ Applicable ☐ Not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	Stock Options: Black-Scholes-Merton (BSM) Option Pricing Model; Restricted Shares: Closing price on the grant date
Key parameters for the fair value of equity instruments on the grant date	Stock price volatility
Basis for determining the quantity of exercisable equity instruments	Management's reasonable judgment on performance indicators and the vesting schedule of the equity incentive plan
Reasons for significant differences between estimates of current and prior periods	No significant differences
Cumulative amount of equity-settled share-based payments included in capital reserves	47,749,977.11
Total expenses recognized for equity-settled share-based payments in current period	-1,712,608.65

Section VIII Financial Report

XIV. SHARE-BASED PAYMENTS *(Continued)*

3. Cash-settled Share-based Payments

☐ Applicable ☒ Not applicable

4. Share-based Payment Expenses for the Current Period

☒ Applicable ☐ Not applicable

Unit: RMB

Category of grantee	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Sales personnel	-660,644.46	
Management personnel	341,799.00	
R&D personnel	-1,278,465.10	
Other personnel	-115,298.09	
Total	-1,712,608.65	

XV. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Significant commitments existing on the balance sheet date

Capital commitments contracted but not recognized in the financial statements	Closing balance (RMB0'000)	Balance at end of prior year (RMB0'000)
Commitments for acquisition and construction of long-term assets	23,370.52	7,263.29
External investment commitments	8,786.19	4,346.80

As of December 31, 2025, the Company has no other commitments that are required to be disclosed.

Section VIII Financial Report

XVI. COMMITMENTS AND CONTINGENCIES *(Continued)*

2. Contingencies

(1) **Significant contingencies existing on the balance sheet date**

(1) *Contingent liabilities arising from pending litigation or arbitration and their financial impact*

① In 2023, Faiot Co., Ltd (上海廣翼智聯科技有限公司) and Shenzhen Lianou Technology Co., Ltd. (深圳蓮偶科技有限公司) signed the “Product Development Contract”. In September 2024, Shenzhen Lianou Technology Co., Ltd. filed a lawsuit with the People’s Court of Nanshan District, Shenzhen, requesting Shanghai Faiot to refund the paid amount of RMB6,319,606.70 and to pay liquidated damages of RMB2,200,000.00. On October 11, 2025, the People’s Court of Nanshan District, Shenzhen rendered the first-instance judgment, ordering Shanghai Faiot to refund RMB1,579,901.68 and compensate for losses of RMB213,737.00, while dismissing other claims. Shanghai Faiot has filed an appeal. As of December 31, 2025, RMB8,519,606.70 in Shanghai Faiot’s account (China Merchants Bank account No. 755954347410102) has been frozen in connection with this case. As of the date of approval for issuance of the financial statements, the second-instance hearing has been held and judgment is pending.

② Panasonic Automotive Systems America, LLC (“Panasonic”) filed a lawsuit on January 13, 2026 against the Company’s subsidiary, Chuanglian Future, in the Newnan Division of the United States District Court for the Northern District of Georgia. Panasonic alleges that Chuanglian Future breached the indemnification provisions under the “Panasonic Agreement” entered into between the parties (which forms part of the assets acquired by Chuanglian Future from Sierra Wireless, Inc. (“Sierra”) and subsequently sold to Europasolar S.à r.l.), and seeks indemnification from Chuanglian Future for up to USD10,000,000 in liabilities arising from a settled lawsuit between Panasonic and FCA US LLC (“FCA”), a third party not involved in this case. Panasonic asserts in this case that the products provided by Sierra and Chuanglian Future, as third-party defendants in this case, were the subject matter alleged to be “infringing” in the above settlement claimed by FCA. Chuanglian Future submitted its statement of defence on January 20, 2026. On February 3, 2026, Panasonic, based on the contract between Chuanglian Future and Sierra, filed a third-party complaint against Sierra as a third-party defendant in this case, seeking compensation for actual losses. At the same time, based on the contract between Chuanglian Future and Europasolar S.à r.l., Panasonic filed a third-party complaint against Europasolar S.à r.l. as a third-party defendant, seeking compensation for actual losses. As at the date of approval for issuance of the financial statements, there has been no further progress in this case.

(2) *As of December 31, 2025, the Company has no other contingencies that are required to be disclosed.*

(2) **If the Company has no significant contingencies required to be disclosed, this shall also be stated**

The Company has no significant contingencies that are required to be disclosed.

Section VIII Financial Report

XVI. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit Distribution

Proposed distribution of dividend per 10 shares (RMB)	2.34
Proposed distribution of bonus shares per 10 shares (Shares)	0
Proposed conversion from capital reserve per 10 shares (Shares)	0
Profit distribution plan	

Based on the total number of shares of the Company outstanding on the record date for the determination of shareholders entitled to the proposed dividend for the year 2025 (as announced in the dividend implementation announcement), after deducting the number of shares held in the Company's A share repurchase special account, the Company proposes to distribute a cash dividend of RMB2.34 (tax inclusive) for every 10 shares to all shareholders, with no bonus shares (tax inclusive) and no conversion from capital reserve (i.e., 0 conversion per 10 shares).

2. Explanation of Other Events After the Balance Sheet Date

As of March 30, 2026, the Company has no other events after the balance sheet date that are required to be disclosed.

Section VIII Financial Report

XVII. OTHER SIGNIFICANT MATTERS

1. In accordance with the applicable Listing Rules and the Hong Kong Companies Ordinance, the Directors' emoluments and the top five highest paid individuals for the current year

Disclosed as follows:

(1) *Directors' and Supervisors' Remuneration*
2025

Unit: RMB

Name	Short-term compensation	Post-employment benefits	Share-based incentives	Total
Executive Director:				
Zhang Tianyu	970,896.00	44,164.28	–	1,015,060.28
Ying Lingpeng	2,206,062.36	59,991.00	238,978.17	2,505,031.53
Xu Ning	1,966,062.37	59,991.00	-188,344.28	1,837,709.09
Independent Non-executive Director:				
Wang Ning	100,008.00	–	–	100,008.00
Zhao Jing	100,008.00	–	–	100,008.00
Wu Chenggang	19,356.39	–	–	19,356.39
Supervisor:				
Chen Qihua (appointed as staff representative director from December 22, 2025)	729,766.62	37,380.00	–	767,146.62
Sun Xiaojing (resigned from December 22, 2025)	300,795.27	16,020.00	–	316,815.27
Du Yingying (resigned from December 22, 2025)	311,985.00	21,360.00	–	333,345.00

Section VIII Financial Report

XVII. OTHER SIGNIFICANT MATTERS (Continued)

1. In accordance with the applicable Listing Rules and the Hong Kong Companies Ordinance, the Directors' emoluments and the top five highest paid individuals for the current year (Continued)

(1) Directors' and Supervisors' Remuneration (Continued)

2024

Unit: RMB

Name	Short-term compensation	Post-employment benefits	Share-based incentives	Total
Executive Director:				
Zhang Tianyu	1,890,962.80	39,720.00	-	1,930,682.80
Ying Lingpeng	2,744,750.96	54,812.49	1,608,077.41	4,407,640.86
Xu Ning	2,039,750.96	54,812.49	-9,260.47	2,085,302.98
Independent Non-executive Director:				
Ye Weiping	55,837.80	-	-	55,837.80
Zhang Xuebin	55,837.80	-	-	55,837.80
Wang Ning	44,170.20	-	-	44,170.20
Zhao Jing	44,170.20	-	-	44,170.20
Supervisor:				
Sun Xiaojing	270,008.76	14,895.00	-	284,903.76
Chen Qihua	915,908.76	34,755.00	-	950,663.76
Shu Min	450,830.64	18,093.00	-	468,923.64
Du Yingying	545,939.00	19,860.00	-	565,799.00

Note:

- (1) Short-term compensation includes salaries, allowances and bonuses, welfare expenses, medical, work-related injury and maternity insurance, and housing provident fund. Post-employment benefits include pension insurance and unemployment insurance.
- (2) During the years ended December 31, 2025 and 2024, no directors waived any remuneration.
- (3) During the years ended December 31, 2025 and 2024, the Group did not pay any remuneration to any directors as an incentive for joining or after joining the Group, or as compensation for the loss or termination of their positions.

(2) Top Five Individuals with Highest Compensation

The top five highest-paid individuals of the Company in the current period include one Director, and the top five individuals with highest compensation in the previous period also include one Director. The remuneration of the remaining four employees is as follows:

Unit: RMB

Item	2025	2024
Short-term compensation	13,355,141.44	13,020,453.90
Post-employment benefits	218,571.10	201,133.47
Share-based incentives	131,575.70	873,620.05
Total	13,705,288.24	14,095,207.42

Section VIII Financial Report

XVIII. OTHER SIGNIFICANT MATTERS (Continued)

1. In accordance with the applicable Listing Rules and the Hong Kong Companies Ordinance, the Directors' emoluments and the top five highest paid individuals for the current year (Continued)

(2) Top Five Individuals with Highest Compensation (Continued)

Note:

- (1) Short-term compensation includes salaries, allowances and bonuses, welfare expenses, medical, work-related injury and maternity insurance, and housing provident fund. Post-employment benefits include pension insurance and unemployment insurance.
- (2) During the years ended December 31, 2025 and 2024, the Group did not pay any remuneration to any of the top five individuals with highest compensation as an incentive for joining or after joining the Group, or as compensation for the loss or termination of their positions.

The compensation ranges of the above employees are as follows:

Item	2025	2024
Number of individuals within the band of HKD0 to HKD1,000,000.00	—	—
Number of individuals within the band of HKD1,000,001.00 to HKD1,500,000.00	—	—
Number of individuals within the band of HKD1,500,001.00 to HKD2,000,000.00	—	—
Number of individuals within the band of HKD2,000,001.00 to HKD2,500,000.00	1	—
Number of individuals within the band of HKD2,500,001.00 to HKD3,000,000.00	—	1
Number of individuals above HKD3,000,001.00	3	3

Note: During the years ended December 31, 2025 and 2024, the Group did not pay any remuneration to any other individual as an incentive for joining or after joining the Group, or as compensation for the loss or termination of their position.

2. Others

On March 24, 2026, the Company announced that it proposes to acquire the control in Shenzhen Hangsheng Electronics Co., Ltd. by way of cash consideration, with the transaction price and the specific equity acquisition percentage subject to further discussion and negotiation. The transaction is currently at the planning stage, and no relevant agreements have been signed by the parties involved. The specific transaction plan remains subject to further discussion and consultation. There is significant uncertainty as to whether the parties will ultimately reach an agreement and sign the relevant agreements in connection with the transaction.

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts Receivable

(1) Disclosure by aging

At the end of the Reporting Period, the aging analysis of trade receivables, based on the timing of revenue recognition, is disclosed as follows:

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	2,132,935,194.77	2,296,633,490.70
1-2 years	1,480,424,446.31	195,382,402.67
2-3 years	190,348,123.16	23,955,430.07
Over 3 years	21,087,023.57	
3-4 years	21,087,023.57	
Total	3,824,794,787.81	2,515,971,323.44

(2) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance Amount	Ratio	Provision for bad debts Amount	Ratio	Carrying amount	Book balance Amount	Ratio	Provision for bad debts Amount	Ratio	Carrying amount
Provision for bad debts on accounts receivable on an individual basis	4,514,645.33	0.12%	4,514,645.33	100.00%		4,617,157.48	0.18%	4,617,157.48	100.00%	
Including:										
Provision for bad debts on accounts receivable on a collective basis	3,820,280,142.48	99.88%	6,597,138.99	0.17%	3,813,683,003.49	2,511,354,165.96	99.82%	13,649,599.63	0.54%	2,497,704,566.33
Including:										
Portfolio of related parties within the scope of consolidation	3,437,244,857.69	89.87%			3,437,244,857.69	2,117,351,117.55	84.16%			2,117,351,117.55
Receivables from other clients portfolio	383,035,284.79	10.01%	6,597,138.99	1.72%	376,438,145.80	394,003,048.41	15.66%	13,649,599.63	3.46%	380,353,448.78
Total	3,824,794,787.81	100.00%	11,111,784.32	0.29%	3,813,683,003.49	2,515,971,323.44	100.00%	18,266,757.11	0.73%	2,497,704,566.33

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts Receivable (Continued)

(2) Disclosure by the method of provision for bad debts (Continued)

Provision for bad debts on an individual basis:

Unit: RMB

Name	Opening balance		Closing balance		Basis for provision
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	
Customer 1	4,617,157.48	4,617,157.48	4,514,645.33	4,514,645.33	100.00% Expected not to be recoverable
Total	4,617,157.48	4,617,157.48	4,514,645.33	4,514,645.33	

Provision for bad debts on a collective basis: Portfolio of related parties within the scope of consolidation

Unit: RMB

Name	Book balance	Closing balance Provision for bad debts	Ratio
Within 1 year	1,751,480,410.86		
1-2 years	1,474,391,478.19		
2-3 years	190,285,945.07		
3-4 years	21,087,023.57		
Total	3,437,244,857.69		

Basis for determining the above grouping:

Provision for bad debts on a collective basis: Receivables from other clients portfolio

Unit: RMB

Name	Book balance	Closing balance Provision for bad debts	Ratio
Within 1 year	381,449,601.66	6,438,570.68	1.69%
1-2 years	1,585,683.13	158,568.31	10.00%
Total	383,035,284.79	6,597,138.99	

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

1. Accounts Receivable (Continued)

(2) Disclosure by the method of provision for bad debts (Continued)

Basis for determining the above grouping:

Whether the bad debts of accounts receivable are accrued under the general expected credit loss model:

☐ Applicable ☒ Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts accrued during the period:

Unit: RMB

Category	Opening balance	Accrued during the period	Changes during the period		Others	Closing balance
			Recovered or reversed during the period	Written off during the period		
Accounts receivable	18,266,757.11	-7,154,972.79				11,111,784.32
Total	18,266,757.11	-7,154,972.79				11,111,784.32

(4) Top five debtors of trade receivables and contract assets in terms of closing balance

Unit: RMB

Entity name	Closing balance of trade receivable	Closing balance of contract assets	Closing balance of trade receivable and contract assets	Proportion of the total closing balance of trade receivable and contract assets	Closing balance of provision for bad debts of trade receivable and impairment of contract assets
Customer 1	1,561,139,481.88		1,561,139,481.88	40.81%	0.00
Customer 2	1,455,852,783.97		1,455,852,783.97	38.06%	0.00
Customer 3	163,987,576.43		163,987,576.43	4.29%	0.00
Customer 4	110,141,279.95		110,141,279.95	2.88%	0.00
Customer 5	67,576,683.14		67,576,683.14	1.77%	0.00
Total	3,358,697,805.37		3,358,697,805.37	87.81%	0.00

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other Receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	200,000,000.00
Other receivables	724,027,195.26	1,085,684,014.80
Total	724,027,195.26	1,285,684,014.80

(1) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Item (or Investee)	Closing balance	Opening balance
Fibocom Software		100,000,000.00
Xi'an Software		100,000,000.00
Total	0.00	200,000,000.00

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other Receivables (Continued)

(2) Other receivables

1) Classification by nature

Unit: RMB

Nature of receivable	Closing balance	Opening balance
Intercompany balances	707,175,499.27	1,034,040,913.03
Deposits and margins	3,882,857.29	3,414,408.29
Export tax rebates receivable	10,583,020.02	47,104,554.57
Employee advances and receivables	2,087,947.75	979,599.09
Petty cash advances	446,478.26	238,854.09
Total	724,175,802.59	1,085,778,329.07

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	531,451,075.33	1,067,449,502.20
1-2 years	191,013,854.34	16,633,973.62
2-3 years	105,818.58	122,486.76
Over 3 years	1,605,054.34	1,572,366.49
3-4 years	1,605,054.34	1,572,366.49
Total	724,175,802.59	1,085,778,329.07

Section VIII Financial Report

VIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other Receivables (Continued)

(2) Other receivables (Continued)

3) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Book balance		Closing balance		Carrying amount	Book balance		Opening balance		Carrying amount
	Amount	Ratio	Amount	Ratio		Amount	Ratio	Amount	Ratio	
Including:										
Provision for bad debts on a collective basis	724,175,802.59	100.00%	148,607.33	0.02%	724,027,195.26	1,085,778,329.07	100.00%	94,314.27	0.01%	1,085,684,014.80
Including:										
Deposits and margins group	3,882,857.29	0.54%	19,414.29	0.50%	3,863,443.00	3,414,408.29	0.32%	17,072.04	0.50%	3,397,336.25
Export tax rebates group	10,583,020.02	1.46%			10,583,020.02	47,104,554.57	4.34%			47,104,554.57
Related parties and other investments group	707,126,064.69	97.65%			707,126,064.69	1,033,714,521.58	95.20%			1,033,714,521.58
Balances and other characteristics group	2,583,860.59	0.36%	129,193.04	5.00%	2,454,667.55	1,544,844.63	0.14%	77,242.23	5.00%	1,467,602.40
Total	724,175,802.59	100.00%	148,607.33	0.02%	724,027,195.26	1,085,778,329.07	100.00%	94,314.27	0.01%	1,085,684,014.80

Provision for bad debts on a collective basis:

Unit: RMB

Name	Book balance		Closing balance	
	Provision for bad debts		Ratio	
Deposits and margins group	3,882,857.29	19,414.29	0.50%	
Export tax rebates group	10,583,020.02		0.00%	
Related parties and other investments group	707,126,064.69		0.00%	
Balances and other characteristics group	2,583,860.59	129,193.04	5.00%	
Total	724,175,802.59	148,607.33		

Section VIII Financial Report

XIX. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2. Other Receivables *(Continued)*

(2) Other receivables *(Continued)*

3) Disclosure by the method of provision for bad debts *(Continued)*

Whether the bad debts are accrued under the general expected credit loss model:

Unit: RMB

	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit- impaired)	Stage 3 Lifetime expected credit losses (credit- impaired)	Total
Provision for bad debts				
Balance at January 1, 2025	94,314.27			94,314.27
Balance at January 1, 2025 (current period)				
Provisions during the period	59,783.06			59,783.06
Reversals/write-offs during the period	5,490.00			5,490.00
Balance at December 31, 2025	148,607.33			148,607.33

Changes in the book balance that resulted in significant changes in loss allowance during the period

☐ Applicable ☒ Not applicable

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other Receivables (Continued)

(2) Other receivables (Continued)

4) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts accrued during the period:

Unit: RMB

Category	Opening balance	Accrued during the period	Changes during the period		Write-offs	Others	Closing balance
			Recovered or reversed during the period				
Other receivables	94,314.27	59,783.06			5,490.00		148,607.33
Total	94,314.27	59,783.06			5,490.00		148,607.33

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

2. Other Receivables (Continued)

(2) Other receivables (Continued)

5) Actual write-offs of other receivables during the period

Unit: RMB

Item	Write-off amount
Other receivables written off	5,490.00

6) Top five debtors by closing balance of other receivables

Unit: RMB

Entity name	Nature	Closing balance	Aging	Proportion of the total closing balance of other receivables	Closing balance of provision for bad debts
Faiot Co., Ltd.	Intercompany balances	280,372,021.54	Within 1 year	38.72%	
Shenzhen Fibocom Technology Co., Ltd.	Intercompany balances	261,912,609.97	Within 1 year, 1-2 years	36.17%	
Shenzhen Favalon Software Co., Ltd.	Intercompany balances	55,530,140.06	Within 1 year, 4-5 years	7.67%	
Xi'an Fibocom Wireless Communication Co., Ltd.	Intercompany balances	46,950,554.89	Within 1 year	6.48%	
Shenzhen Fibocom Investment Development Co., Ltd.	Intercompany balances	24,499,998.94	Within 1 year	3.38%	
Total		669,265,325.40		92.42%	

Section VIII Financial Report

XVIII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

3. Long-term Equity Investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	1,072,898,345.38		1,072,898,345.38	1,083,678,676.84	16,889,253.84	1,066,789,423.00
Investments in joint ventures and associates	2,915,905.67		2,915,905.67	2,916,360.98		2,916,360.98
Total	1,075,814,251.05		1,075,814,251.05	1,086,595,037.82	16,889,253.84	1,069,705,783.98

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Long-term Equity Investments (Continued)

(1) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of provision for impairment	Movements during the period				Closing balance (carrying amount)	Closing balance of provision for impairment
			Additions	Reductions	Impairment recognized	Others		
Fibocom Investment	217,582,000.00	0.00	20,000,000.00	0.00	0.00	0.00	237,582,000.00	0.00
U.S. Fibocom	37,049,847.89	0.00				-276,294.20	36,773,553.69	0.00
Zhejiang Nodecom	13,649,070.67	16,889,253.84		13,660,980.47		11,909.80	0.00	0.00
Xi'an Software	35,317,327.69	0.00				-457,880.27	34,859,447.42	0.00
EU Fibocom	23,638,224.79	0.00				0.00	23,638,224.79	0.00
FIA	0.01	0.00				0.00	0.01	0.00
Xi'an Communications	31,402,785.82	0.00				-113,165.03	31,289,620.79	0.00
Fibocom Software	15,267,785.23	0.00				-253,176.48	15,014,608.75	0.00
Shanghai Faiot	20,407,616.00	0.00				0.00	20,407,616.00	0.00
Favalon Technology	1,438,250.83	0.00				-20,134.80	1,418,116.03	0.00
Guangtong Yilian	246,056.74	0.00				0.00	246,056.74	0.00
Yaboda	10.00	0.00	999,990.00			0.00	1,000,000.00	0.00
Fibocom Technology	120,081,728.19	0.00				-63,738.27	120,017,989.92	0.00
Taiwan Fibocom	235,854.22	0.00				-57,607.90	178,246.32	0.00
Chuanlian Future	550,472,864.92	0.00				0.00	550,472,864.92	0.00
Total	1,066,789,423.00	16,889,253.84	20,999,990.00	13,660,980.47	0.00	-1,230,087.15	1,072,898,345.38	

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

3. Long-term Equity Investments (Continued)

(2) Investments in joint ventures and associates

Unit: RMB

Investee	Opening balance (carrying amount)	Opening balance of provision for impairment	Additions	Reductions	Movements during the period						Closing balance of provision for impairment
					Investment income recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Impairment recognized	Others	
I. Joint Ventures											
II. Associates											
Shenzhen Bogesi Communication Technology Co., Ltd.	2,916,360.98				149,544.69		-150,000.00				2,915,905.67
Sub-total	2,916,360.98				149,544.69		-150,000.00				2,915,905.67
Total	2,916,360.98				149,544.69		-150,000.00				2,915,905.67

Recoverable amount determined based on fair value less costs of disposal

☐ Applicable ☒ Not applicable

Recoverable amount determined based on the present value of expected future cash flows

☐ Applicable ☒ Not applicable

4. Revenue and Operating Costs

Unit: RMB

Item	Amount for the current period		Amount for the prior period	
	Revenue	Cost	Revenue	Cost
Principal business	4,025,359,634.88	3,465,022,754.16	4,764,713,276.63	4,368,084,509.72
Other business	1,072,194,110.84	1,134,288,477.28	1,270,687,396.49	1,249,974,360.47
Total	5,097,553,745.72	4,599,311,231.44	6,035,400,673.12	5,618,058,870.19

Section VIII Financial Report

XVIII.NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

5. Investment Income

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Investment income from long-term equity investments accounted for under the cost method	300,000,000.00	200,000,000.00
Investment income from long-term equity investments accounted for under the equity method	149,544.69	148,846.08
Investment income from disposal of long-term equity investments	-19,062,015.10	
Income from wealth management products	7,682,959.60	4,761,398.47
Total	288,770,489.19	204,910,244.55

Section VIII Financial Report

XIX. SUPPLEMENTARY INFORMATION

1. Detailed Statement of Non-recurring Profit and Loss for the Current Period

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Description
Profit and loss from disposal of non-current assets	-713,353.00	
Government grants recognized in current profit and loss (excluding those closely related to the normal operating business of the Company, in compliance with national policies, enjoyed in accordance with established standards, and having a continuous impact on the Company's profit and loss).	15,168,157.18	
Profit and loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit and loss from the disposal of financial assets and financial liabilities, except for effective hedging business related to the normal operating business of the Company.	29,189,563.36	
Other non-operating income and expenses apart from the items mentioned above	-2,215,206.12	
Investment income from disposal of businesses		
Less: Impact of income tax	7,658,571.21	
Impact of minority interests (after tax)	85,259.86	
Total	33,685,330.35	—

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

☐ Applicable ☒ Not applicable

The Company does not have other profit and loss items that meet the definition of non-recurring profit and loss.

Explanation of why non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Profit and Loss 《公開發行證券的公司信息披露解釋性公告第1號——非經常性損益》 are defined as recurring profit and loss items.

☐ Applicable ☒ Not applicable

Section VIII Financial Report

XIX. SUPPLEMENTARY INFORMATION (Continued)

2. Return on Net Assets and Earnings per Share (EPS)

Profit for the Reporting Period	Weighted average return on net assets	EPS	
		Basic EPS (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to ordinary shareholders of the Company	8.50%	0.4400	0.4400
Net profit attributable to ordinary shareholders of the Company, excluding non-recurring gains/losses	7.68%	0.4000	0.4000

3. Differences in Accounting Data Under Domestic and Overseas Accounting Standards

(1) Differences in net profit and net assets in financial reports disclosed simultaneously in accordance with International Accounting Standards (IAS) and Chinese Accounting Standards (CAS)

☒ Applicable ☐ Not applicable

Unit: RMB

	Net profit		Net assets	
	Amount for the current period	Amount for the previous period	Closing balance	Opening balance
According to PRC accounting standards	347,040,640.51	667,964,222.42	6,259,682,361.11	3,604,335,176.04
Items and amounts adjusted according to international accounting standards:				
According to international accounting standards	347,040,640.51	667,964,222.42	6,259,682,361.11	3,604,335,176.04

(2) Differences in net profit and net assets in financial reports disclosed simultaneously in accordance with overseas accounting standards and Chinese Accounting Standards (CAS)

☐ Applicable ☒ Not applicable

(3) Explanation of the reasons for differences in accounting data under domestic and overseas accounting standards; if difference reconciliation is performed on data audited by an overseas audit institution, the name of the overseas institution shall be indicated

☐ Applicable ☒ Not applicable

Fibocom 广和通