



CHENGDU SIWI SCIENCE AND TECHNOLOGY COMPANY LIMITED

(a sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 1202



ANNUAL REPORT
2025

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CORPORATE PROFILE

Chengdu SIWI Science and Technology Company Limited (the “Company”) is a technology company specialising in telecommunications in the People’s Republic of China (the “PRC”).

The Company was incorporated in the PRC on 1 October 1994 after its restructuring and has listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 December 1994 through the placing and public offer of 160,000,000 H shares (“H Shares”). On 10 November 2021, China Potevio Company Limited (中國普天信息產業股份有限公司) (“China Potevio”) has entered into an equity transfer agreement with Chengdu Siwi Electronic Co., Ltd. (成都四威電子有限公司) (“Chengdu Siwi Electronic”), a wholly-owned subsidiary of 29th Research Institute of China Electronics Technology Group Corporation (中國電子科技集團公司第二十九研究所) (the “29th Research Institute”), a subordinate business of China Electronics Technology Group Corporation (中國電子科技集團有限公司) (“China Electronics Technology”), for the transfer of 240,000,000 domestic shares (the “Domestic Shares”) of the Company at nil consideration to Chengdu Siwi Electronic. On 5 February 2024, Chengdu Siwi Electronic has entered into an equity transfer agreement with Chengdu Siwi High-Tech Industrial Co., Limited* (成都四威高科技產業園有限公司) (“Siwi High-Tech”), a wholly-owned subsidiary of 29th Research Institute, a subordinate business of China Electronics Technology, for the transfer of 136,000,000 Domestic Shares of the Company at nil consideration to Siwi High-Tech, and Siwi High-Tech became the controlling shareholder of the Company.

The business scope of the Group is as follows:

Permitted items:

Wire and cable manufacturing; entry-exit quarantine arrangement at borders. (Items subject to approval in accordance with the laws shall commence operation with approval obtained from the relevant authorities. Definitive operating items shall be subject to the approval documents or license documents granted by the relevant authorities)

General items:

Wire and cable business; optical fiber manufacturing; sale of optical fibers; optical cable manufacturing; sale of optical cables; communication equipment manufacturing; sale of communication equipment; optical communication equipment manufacturing; sale of optical communication equipment; electric power facilities and equipment manufacturing; sale of electric power facilities and equipment; mechanical and electrical equipment manufacturing; sale of mechanical and electrical equipment; electrical machinery special equipment manufacturing; special equipment manufacturing (excluding licensed professional equipment manufacturing); special electronic material manufacturing;

Energy storage technology services; research and development of emerging energy technologies; research and development of technologies for resource recycling and reuse; research and development of online energy monitoring technologies; research and development of wind farm related systems; research and development of offshore wind power related systems; solar power generation technology services; research and development of motors and their control systems; intelligent control system integration; information system integration services;

Research and development of switch control equipment for electricity distribution; new energy original equipment manufacturing; power generator and generator set manufacturing; electricity transmission and distribution and relevant control equipment manufacturing; sale of intelligent electricity transmission and distribution and relevant control equipment; contract energy management; sale of batteries; sale of battery swap facilities of new energy vehicles; sale of photovoltaic equipment and components; sale of electric accessories of new energy vehicles;

Registered office and office address of the Company in the PRC:

No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC
Postal Code: 611731

FINANCIAL HIGHLIGHTS

SUMMARY OF OPERATIONS

	2025 RMB'000	2024 RMB'000
Operating revenue	366,043.10	302,066.67
Operating profit/("–" represents loss)	4,168.21	671.35
Share of profit/("–" represents loss) of associates and joint ventures	75.67	–1,881.78
Profit/("–" represents loss) before income tax	4,154.01	1,241.46
Profit/("–" represents loss) attributable to equity holders of the Company	2,982.51	1,149.74
Basic earnings/("–" represents loss) per share	RMB0.0075	RMB0.0029

SUMMARY OF NET ASSETS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total liabilities	171,593.91	137,858.80
Total net assets	865,260.76	866,858.72
Total assets	1,036,854.67	1,004,717.52
Net assets per share*	RMB2.16	RMB2.17

* As at 31 December 2025, net assets per share is calculated on the basis of shareholders' equity of the Group of RMB865,260,761.57 (31 December 2024: RMB866,858,718.21) and the total number of issued shares of 400,000,000 shares (31 December 2024: 400,000,000 shares).

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 (the "Year") and would like to express our kind regards to all shareholders of the Company (the "Shareholders") on behalf of the board of directors (the "Board") and all staff of the Company.

During the Year, the Group's profit before tax was RMB4,154,009.11 and profit attributable to Shareholders of the Company amounted to approximately RMB2,982,510.29. Basic earning per share was approximately RMB0.0075.

The year 2025 marks the conclusion of our Group's three-year business development plan. In alignment with the Party Committee's vision for the "14th Five-Year Plan" and the objectives of the "Quality Enhancement, Cost Reduction, and Core Competency Strengthening 2.0" targeted programme, we have remained resolutely focused on our core responsibilities and key business areas, driving forward innovation and the commercialisation of new products. This has led to the launch of 15 new products, the resolution of 10 technological challenges, and the acquisition of 91 new customers. Simultaneously, we have enhanced our manufacturing capabilities and cultivated a robust talent pool. These achievements have laid the foundation for the Company's overall profitability, setting the stage for dynamic momentum as we move into the "15th Five-Year Plan" and positioning the Company for sustained success in the years to come.

As we embark on the "15th Five-Year Plan" in 2026, the Company will remain resolutely aligned with the Party Committee's directives on "Quality Enhancement, Cost Reduction, and Core Competency Strengthening". While embracing the guiding principles of "Innovation-Driven" and "Quality Upgrading". With a strategic focus on "Survival through Quality" and "Transformation through Innovation," we will prioritise emerging application scenarios, address the specific needs of niche markets, and strengthen the collaborative development of our optoelectronic interconnection business. We will accelerate the mass production of core products and their expansion into new markets, while ensuring the timely completion of our digital assembly line. United in purpose and action, we will press forward with determination, laying a strong foundation for the successful realisation of the "15th Five-Year Plan."

Lastly, I, on behalf of the Board, would like to take this opportunity to express my gratitude to all Shareholders and staff of the Group for their support and trust in the Company throughout the Year.

Li Tao

Chairman

25 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the Company faced multiple challenges in the process of transformation and development, including “shrinking traditional markets, weak R&D foundation, insufficient core production capacity, and initial establishment of operating mechanisms”. Based on the principles of “deepening market penetration, innovation-driven development, expanding capacity and improving quality, and refining management and efficiency”, the Company mobilized all employees to overcome difficulties and work diligently to steadily promote the implementation and effectiveness of key tasks.

1. Deepening market penetration and strengthening brand competitiveness to forge new ground

During the Year, the Company participated in major events including the 26th China International Optoelectronics Expo and the China International West China Optoelectronics Conference. Through multi-dimensional, in-depth communication and promotional activities, we have consistently reinforced our brand’s core values, enhanced brand credibility, and elevated the profile of our products. Focusing on its core business, the Company has obtained 15 key qualifications and certifications, including those related to energy systems, dual carbon technology, and thin-walled cables for high-speed trains. We have also obtained certifications from Chengdu Enterprise Technology Center and Sichuan Provincial Specialized and New Small and Medium Sized Enterprises, and applied for policy support funding of RMB2.29 million to further bolster the development of core business operations.

Based on our brand positioning and according to our own development reality and market status, the Company has established the market strategy of “intensively cultivating civilian products customers and developing incremental markets”. On the one hand, we have closely followed emerging application scenarios, delved deeply into the needs of traditional clients, expanded into overseas fibre optic markets, and further enhanced customer loyalty. Throughout the Year, we secured 78 new civilian product customers and were shortlisted for CRRC Zhuzhou Locomotive’s first centralised procurement, resulting in a significant increase in both the contract completion rate and the contract amount. On the other hand, we have been actively addressing the needs of new customers, developing specialized fields such as underwater and aviation applications, strengthening internal support systems, expanding branch operations, and broadening the market for new products including cable components and optical products.

2. Innovation-driven development to enhance new momentum in core R&D

We improved the R&D system, standardized the R&D process, and stimulated the vitality of scientific and technological innovation. During the Year, the Company released documents regarding product implementation, agile development, optimization plan reports and other document templates. We invited Changjiang Scholars and chief experts to give lectures and held more than 10 technical salons, applied for 18 patents of various types, of which 7 invention patents were granted, and participated in the finals of the Disruptive Technology Innovation Competition of the 14th China Innovation and Entrepreneurship and won the highest award, effectively stimulating the enthusiasm for innovation.

We increased investment in R&D, tackled new product development, and supplemented product lineup. To address emerging market demands, 22 R&D projects were deployed throughout the Year, overcoming 10 technical challenges and yielding 15 new products. This effectively expanded the product portfolio for optical modules, specialized cables and other business lines, catering to diverse application scenarios.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Expanding capacity and enhancing quality to solidify robust support for production delivery

During the Year, in the face of multiple challenges such as increasing business volume and on-site support, the Company leveraged digital capability enhancement as a key driver. This strengthened top-down planning coordination, optimized supply chain management, and refined quality control, enabling effective responses to severe pressures concerning kit completeness, production capacity, and quality inspection. During the Year, the Company completed the first phase of the construction of the digital workshop, achieving rapid expansion of production lines and increasing the overall production capacity of the component business by more than 50%. We deployed a data collection system and established a comprehensive dashboard to enable real-time tracking of task progress. This facilitates efficient recording of production processes and quality data, ensuring full traceability throughout. Consequently, we have successfully completed our annual targets with both quality and quantity assured, achieving a 71% year-on-year reduction in low-level quality issues.

4. Streamlined management and improved efficiency: igniting a new engine for management effectiveness

In terms of party building leadership, we focused on the 2.0 work of “improving quality, reducing costs, and practicing internal skills”, sorted out and improved the list of rights and responsibilities, and solidified 15 processes/systems. No major quality issues occurred throughout the Year.

In terms of platform launch, the Company made its debut at the CETC Industrial Finance Conference and investor exchange event for listed subsidiaries, implemented a scheme to utilize retained earnings to offset losses, and enhanced its capacity and standards for delivering investor returns.

In terms of talent development, we focused on attracting and nurturing both R&D and skilled personnel, thereby continuously strengthening the support provided by professional talent. Throughout the Year, 7 R&D personnel and 15 skilled technicians were recruited, addressing shortcomings in both hardware and software capabilities within R&D and technical roles. This further optimized the talent structure, providing robust personnel support for innovation-driven development and technological breakthroughs.

In terms of risk internal control and compliance, we have made solid progress in refining our institutional framework, revising 6 systems including compliance risk management. We have completed rectification of 9 internal control deficiencies for 2024 and conducted the 2025 internal control self-assessment. Through the regularization and precision of oversight and disciplinary enforcement, we have effectively fortified the defenses for compliant operations and risk prevention.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to RMB366,043,095.86, representing an increase of 21.18% as compared with RMB302,066,668.88 for the year ended 31 December 2024 (the "Previous Year"). The increase in turnover was attributable to a rise in business volume for cable components, with operating revenue increasing by 72.30%, alongside a recovery in the optical fiber market and an increase in optical fiber unit prices, resulting in an increase of 6.08% in operating revenue.

During the Year, the turnover of the Company amounted to RMB196,111,688.99, representing an increase of 42.87% as compared with the corresponding period of the Previous Year. The turnover of products related to cable assemblies was RMB120,199,342.44, representing an increase of 72.30% as compared with the Previous Year; the turnover of optical communication products (optical fibers and optical products) was RMB168,089,023.39, representing an increase of 6.08% as compared with the Previous Year; and the turnover of railway and other industrial cable-related products was RMB39,849,226.43, representing an increase of 17.73% as compared with the Previous Year; and the turnover of park operation business was RMB37,905,503.60, representing a decrease of 5.23% as compared with the Previous Year.

Net profit attributable to equity holders of the Company for the Year

The net profit attributable to equity holders of the Company for the Year amounted to RMB2,982,510.29, while a net profit attributable to equity holders of the Company of RMB1,149,744.65 was recorded for the Previous Year.

Asset structure analysis

As at 31 December 2025, the Group's total assets amounted to RMB1,036,854,668.93, representing an increase of 3.2% as compared to RMB1,004,717,519.26 as at 31 December 2024. Total current assets amounted to RMB798,749,601.04, accounting for 77.04% of the total assets, representing an increase of 4.76% as compared with RMB762,450,955.52 as at 31 December 2024. Property, plant and equipment amounted to RMB174,614,717.39, accounting for 16.84% of the total assets and representing a decrease of 0.65% as compared with RMB175,752,758.43 as at 31 December 2024.

As at 31 December 2025, the Group's bank deposits and cash totalled to RMB371,427,135.02, representing a decrease of 15.74% as compared with RMB440,790,899.45 as at 31 December 2024.

Debt structure analysis

As at 31 December 2025, the Group's total liabilities amounted to RMB171,593,907.36, representing an increase of 24.47% as compared to RMB137,858,801.05 as at 31 December 2024, of which the current liabilities amounted to RMB122,011,522.92, accounting for 71.10% of the total liabilities and representing an increase of 52.01% as compared with RMB80,264,502.46 as at 31 December 2024; non-current liabilities were RMB49,582,384.44, accounting for 28.90% of the total liabilities and representing a decrease of 13.91% as compared with RMB57,594,298.59 as at 31 December 2024.

Non-current liabilities or loans

As at 31 December 2025, the Group's long-term borrowings (inclusive of loans due within one year) for the purchase of French accelerators amounted to RMB0 (equivalent to 0 million euros). As at 31 December 2024, the amount was RMB3,986,304.82. The loan was repaid early in February 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

As at 31 December 2025, the Group's gearing ratio (total liabilities divided by total assets) was 16.55%, representing an increase of 2.83 percentage points as compared with the gearing ratio of 13.72% as at 31 December 2024. The Group's gearing ratio is currently at a relatively reasonable level.

Operating expenses

During the Year, the Group's selling expenses, administration expenses, research and development expenses and finance expenses amounted to RMB8,702,859.10, RMB43,344,161.25, RMB16,776,583.28 and RMB- 7,926,692.97 respectively, representing an increase of 36.64%, a decrease of 2.86%, an increase of 11.27% and an increase of 14.63% as compared with RMB6,369,106.82, RMB44,618,379.45, RMB15,077,845.62 and RMB-9,285,332.62 for the Previous Year respectively.

Analysis of Financial Resources

As at 31 December 2025, the Group's bank and other short-term loans amounted to RMB0 (inclusive of loans due within one year), representing a decrease of 100% as compared with RMB3,986,304.82 as at 31 December 2024, which was due to the Group's early repayment of long-term borrowings.

During the Year, the Group did not conduct other capital raising activities.

Analysis of Capital Liquidity

As at 31 December 2025, the Group's accounts receivables and notes receivables amounted to RMB72,516,395.02 and RMB225,217,370.10 respectively, representing a decrease of 39.65% and an increase of 111.58% as compared to RMB120,157,148.01 and RMB106,447,579.95 as at 31 December 2024 respectively.

As at 31 December 2025, the Group's current assets amounted to RMB798,749,601.04 (as at 31 December 2024: RMB762,450,955.52), current liabilities amounted to RMB122,011,522.92 (as at 31 December 2024: RMB80,264,502.46), the annual receivables turnover period was 144 days, and the annual inventory turnover period was 154 days. The above data indicates that the Company has strong solvency but its liquidity ability and management are yet to be improved.

Capital Structure of the Group

The Group's capital is derived from its profit, proceeds raised, bank and other loans and proceeds from the disposal of the land use rights of the old site of the Company. The use of raised proceeds has strictly complied with the relevant legal requirements. In addition, in order to ensure the proper utilization of capital, the Group has strengthened its existing financial management system. The Group has also paid attention to avoiding high risks and to improving its return on investments. During the Year, debts and obligations were repaid and performed when due in accordance with the relevant contractual terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Source of Funds

During the Year, the Group's net cash flow from operating activities amounted to RMB-46,239,491.26 (Previous Year: RMB86,125,476.16, representing a decrease of RMB132,364,967.42), mainly due to the fact that the main recoveries during the Year were bank acceptance bills, which did not reach the acceptance period during the Year.

During the Year, the Group spent RMB18,454,744.95 for the purchase of property, plant and equipment and expenses on the construction in progress (Previous Year: RMB20,220,861.06, representing a decrease of RMB1,766,116.11).

As at 31 December 2025, the Group's liabilities and shareholders' equity amounted to RMB1,036,854,668.93 (as at 31 December 2024: RMB1,004,717,519.26). The Group's interest expenses amounted to RMB22,068.83 for the Year (Previous Year: RMB65,109.12).

Contingent Liabilities

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

Final dividend

The Board has resolved to recommend the payment of a cash dividend of RMB0.10 per 10 shares (including tax) for the Year (the "Final Dividend") (Previous Year: nil) based on the total share capital of 400,000,000 shares as at 31 December 2025 to the Shareholders whose name appear on the Register of Member on 30 June 2026. Subject to the passing of the relevant resolution at the forthcoming annual general meeting of the Company to be held on Thursday, 18 June 2026, the Final Dividend is expected to be paid to the Shareholders on or before Friday, 31 July 2026.

Events after the reporting period

Nil.

BUSINESS OUTLOOK

In 2026, the Group will adopt a strategy of stability as the foundation and progress as the priority. It will focus on two key areas: intelligent computing, supercomputing and artificial intelligence, and military electronics. The Group will drive the development of key technologies and digital transformation, accelerate the formation of a market structure with the component market as the core and optical products as the growth driver, mitigate supply chain risks, and commit to improving quality and efficiency while ensuring compliant operations, so as to achieve a strong start to the 15th Five-Year Plan.

1. Market expansion

With the market strategy of "consolidating the foundation and pursuing innovation through collaborative development", we will deepen our efforts and expand profits. Firstly, we shall strive to expand our market share in the cable market by targeting breakthroughs in new energy photovoltaic and wind power applications, as well as cables for drones. At the same time, we will promote fluoroplastics and PEEK cables, expand the lineage of internal products, and strive for orders in aerospace and other fields. Secondly, we shall strive to expand our field support capabilities for component product delivery, securing orders for sub-assembly and optical cable components while extending our scope to include chassis product-level delivery. Thirdly, we are promoting products such as fiber optic rings, wavelength division multiplexers and optical modules to meet customer requirements. Fourthly, we shall expand the scale of optical fiber exports, prioritizing key markets such as India and Indonesia. We will intensify sales efforts for high-value-added products including specialized custom-made optical fibers, while continuing to develop the ultra-high voltage smart grid market.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Technological research and development

We will consolidate the foundation of R&D and enhance R&D capabilities. With product realization processes and agile development as the two main pillars, we shall refine documentation templates, enhance drafting standards, and optimize management systems; we shall implement the PLM system to streamline R&D task decomposition and control, boost collaborative design efficiency, establish structured and parameterized process design capabilities, and increase knowledge reuse rates; we will improve the checklist of all aspects such as self-inspection, review, and assessment to improve the quality of R&D; we will also build a three-layer process system of “process management + basic process + product technology” to improve product manufacturability, quality stability and production efficiency.

We shall make breakthroughs in core key technologies and enhance our product portfolio. We will carry out standardized design of optical cable wiring and components, tackle key optical cable technologies, and develop new optical cable components. We will strengthen the common key process technology of optical modules and improve product mass production capabilities. To meet the evolving needs of mainstream equipment and next-generation technologies, we will develop new products and enhance the core competitiveness of our new track products. By focusing on cable design and process optimization, we will develop cable products for emerging application areas, form system interconnection solution capabilities, and meet the incremental needs of customers.

We shall continue to build a culture of scientific and technological innovation and cultivate talent. We will continue to invite domain experts to conduct regular training sessions, focusing on developing product managers’ innovative thinking, leadership skills, and team-building capabilities. This initiative will enhance the reporting of technological achievements, facilitate the selection of awards for scientific and technological accomplishments, and develop training materials such as design standards and specialised “one-finger tap” guides. These efforts will foster the formation of a talent pipeline.

3. Manufacturing

Focusing on building an information-based foundation for production and manufacturing, we will continue to promote digital transformation, form a full-process product management system, and improve the product’s automated processing capabilities. Firstly, by leveraging the PLM system to codify structural and process parameters, a “process-equipment-operation” mapping is established. Through measures such as automated process parameter transfer and equipment retrofitting, average equipment utilization rates and production capacity are further enhanced. Secondly, we will achieve dynamic scheduling of production plans by launching online production assistance systems, improve automation levels through automatic pre-processing equipment and flexible testing fixtures, and strive to eliminate low-level quality problems through test data management platforms, automatic barcode scanning, and photo systems. Thirdly, we will carry out the construction of digital production lines and jointly develop equipment such as automatic winding machines and automatic testing equipment to improve production capacity.

REPORT OF THE DIRECTORS

The Board is pleased to present its report and the audited financial statements of the Group for the Year.

RESULTS AND DISTRIBUTION

1. The results of the Group are set out in the consolidated income statement on pages 65 to 67 of this annual report.
2. The financial position of the Group as at 31 December 2025 is set out in the consolidated balance sheet on pages 60 to 62 of this annual report.
3. The changes in equity of the Group are set out in the consolidated statement of changes in shareholders' equity on pages 75 to 76 of this annual report.
4. The cash flows of the Group are set out in the consolidated cash flow statement on pages 70 to 72 of this annual report.
5. The Company implemented a profit distribution proposal: The Board proposes to pay a cash dividend of RMB0.1 (including tax) per 10 shares to all shareholders, based on the total share capital of 400 million shares as of the end of 2025, amounting to a total distribution of RMB4 million (Previous Year: nil).

BUSINESS REVIEW

A review of the business of the Group and its future business development and outlook are set out in the "Management Discussion and Analysis" on pages 5 to 10 of this annual report. These discussions form a part of the "Report of the Directors".

REPORT OF THE DIRECTORS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Operating income	366,043.10	302,066.67	403,641.15	304,013.61	300,424.37
Profit/("–" represents loss) before income tax	4,154.01	1,241.46	3,465.74	1,485.56	–58,988.50
Income tax expense/("–" represents income)	1.53	0	0	–101.32	–1,358.36
Profit/("–" represents loss) for the Year	4,152.48	1,241.46	3,465.74	1,586.88	–57,630.14
Of which:					
Profit/("–" represents loss) attributable to shareholders of the Company	2,982.51	1,149.74	2,771.71	–2,224.26	–52,268.29
Minority interests	1,169.97	91.71	694.03	3,811.14	–5,361.85
Total assets	1,036,854.67	1,004,717.52	995,768.00	1,017,995.41	1,004,554.11
Total liabilities	171,593.91	137,858.80	130,693.33	174,414.93	165,748.68
Minority interests	83,877.77	88,522.40	88,427.35	87,733.32	83,922.18
Total net assets	865,260.76	866,858.72	865,074.68	843,580.48	838,805.43

PRINCIPAL ACTIVITIES

The principal activities of the Group are electric wires and cables, optical fiber and cables, wire and cable specific materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products (except categories restricted or prohibited by the State Council of the PRC) devices and equipment technology research and development, product manufacturing, sales and service. The analysis of the Group's turnover and contribution to the operating results for the Year according to the Group's principal activities and markets segment is set out in section V (II) 1 of notes to the financial statement on pages 146 to 147 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Based on the business nature of the Group, the disciplinary audit, legal compliance and risk control department of the Group carries out compliance evaluation annually to identify applicable laws and regulations on quality, environmental protection and occupational and health safety in an effort to ensure continuous compliance with relevant requirements under applicable laws and regulations.

RELATIONSHIPS WITH SUPPLIERS AND CUSTOMERS

The Group strives to maintain fair and co-operating relationship with the suppliers and does not have any major supplier that has significant influence on the operations. Relationship with customers is the fundamental to the Group's business. The Group fully understands this principle and has maintained close relationship with customers through various means to fulfill their immediate and long-term needs. The analysis of the Group's single largest supplier, the top five largest suppliers, the single largest customer and the top five largest customers for the Year are as follows:

	Percentage (%)	
	2025	2024
Purchase		
Single largest supplier	29.18	57.36
Five largest suppliers	54.92	67.61
Sales		
Single largest customer	30.42	26.46
Five largest customers	46.34	52.08

To the best knowledge of the directors (the "Directors") of the Company, none of the Directors or their respective close associates or any Shareholders holding more than 5% of the Company's share capital had any direct or indirect interests in any of the five largest suppliers or the five largest customers of the Group.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2025 are set out in section VII of notes to the financial statement on pages 161 to 162 of this annual report.

PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS

Details of the changes in the property, plant and equipment and construction-in-progress of the Group during the Year are set out in section V (l) 11/12/13 of notes to the financial statement on pages 130 to 133 of this annual report respectively.

SHARE CAPITAL

Details of the share capital of the Company are set out in section V (l) 29 of notes to the financial statement on page 144 of this annual report.

The Company did not have any proposal for bonus issue, placing of shares or issue of new shares during the Year and there was no change in the share capital of the Company during the Year and up to the date of this annual report.

REPORT OF THE DIRECTORS

BANK BALANCES

Details of changes in bank balances of the Group for the Year are set out in section V (I) 1 of notes to the financial statement on page 110.

THE GROUP'S DISTRIBUTABLE RESERVES

The Group's reserves available for distribution to shareholders are the accumulated profits contained in the Group's financial statements prepared in accordance with the (Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance). Accumulated undistributed profit as at 31 December 2025 was approximately RMB4,003,849.38 (2024: Accumulated undistributed profit was approximately RMB-272,912,958.36) as set out in section V (I) 33 of notes to the financial statement on page 146 of this annual report.

OVERDUE TIME DEPOSITS

As at 31 December 2025, the Group did not have any deposit and trust deposit with non-banking financial institutions or time deposits that cannot be recovered on maturity.

INCOME TAX

Chengdu SEI Optical Fiber Co., Ltd., a subsidiary of the Company, obtained the High-tech Enterprise Certificate on 16 October 2023, jointly issued by the Science & Technology Department of Sichuan Province, the Sichuan Provincial Finance Department and the Sichuan Provincial Tax Service, State Taxation Administration, with a validity period of three years. The certificate number is GR202351002814. The enterprise income tax will be paid at a reduced tax rate of 15% from 2023 to 2025.

RISK MANAGEMENT

The Group is committed to the principle that risk management should be subordinate to the overall strategy of the Group and serve its strategic concept while strengthening the risk classification and identification management and implementing the routine practice of risk management. The Group's risk management targets to seek the appropriate balance between the risks and benefits and minimize the effects of the risks on the Group's financial performance and maximize the interests of the shareholders and other equity investors. In 2025, the Group will closely combine the actual situation and industry characteristics, and carry out an annual risk assessment based on the risk classification table, conduct an in-depth analysis of the causes of risk occurrence, comprehensively assess the internal and external risks of the enterprise, analysis the possible impact of risk occurrence, and determine five risks required to be managed and controlled. Combined with the operating status and operating environment of the enterprise, the Company set up three monitoring indicators for each key controlled risk, and established early warning thresholds and indicator weights.

1. Market risk

The market risks faced by the Group refer to the risks arising from factors such as high product homogeneity, excessive market supply, industry downturn, and slow development of core businesses, which lead to a decrease in product market share, a decline in product prices, and a reduction in customer demand for existing products. The Group will actively expand its customer base and increase sales of high-profit products, strengthen market development and continuously increase market share, carry out various promotional activities to expand corporate influence, and promptly provide feedback on customer needs and opinions to improve product quality and enhance customer satisfaction.

2. Research and development risk

The R&D risks faced by the Group include damage to the Company's reputation and finances, impact on project delivery progress and customer use, missed opportunities to gain market share, slow product development progress, failure to deliver on time, and risk of breach of contract due to factors such as outdated R&D technology, unclear overall layout of technological innovation, few core competitive products, insufficient detailed management of scientific research projects, and failure to meet customer requirements. The Group will proactively ascertain customer requirements, analyze market development trends, and promptly gather industry intelligence to periodically refine its technological development roadmap. Efforts will be intensified in developing new technologies and products, enhancing the technical sophistication of new offerings while continuously strengthening the core competitiveness of existing products. We will strengthen the implementation of product planning, design and development planning, review, verification and validation processes, and enhance supervision and inspection. We shall increase R&D investment, improve the execution capabilities of the team, optimize workflows, and enhance R&D efficiency. We will strengthen planning control and process management, enhance coordination of plans, analyse internal and external factors that may cause project delays, promptly mitigate technical and schedule risks, and complete all milestones according to schedule.

3. Quality risk

The quality risks faced by the Group include the potential delivery of non-compliant products (including outsourced products) without proper risk assessment and corresponding handling, as well as without user approval; the risk of failing to address severe product quality issues effectively; and the risk of encountering major quality problems. The Group will strengthen job knowledge and operational skills training to improve employees' business quality and capabilities and establish the system to achieve full-process quality control and the handling of product quality issues. During implementation, the Group will strictly implement process, technical and management requirements, report quality problems in a timely manner, and control the process according to problem reporting, problem identification, control of non-conforming products, and, when necessary, take corrective measures (including zeroing out quality problems) and other process controls to analyze, handle, and confirm quality problems to prevent their unintended use. The Group will summarize experience to prevent recurrence of similar quality issues. The Group will strictly follow the "Quality Responsibility and Incentive Management Measures" to investigate quality responsibilities and dishonest behaviors, and provide incentives to those who contribute to product quality assurance, improvement and quality management. The Company will strengthen communication with customers, understand the actual usage environment of products, and fully understand customer needs; respond to customer feedback in a timely manner, provide excellent customer service and satisfy customers. We will establish quality assessment targets for outsourced products and strictly control their quality, strengthen process quality supervision and management of outsourced products, increase the frequency of process discipline inspections and special quality inspections (supervisory inspections/surprise inspections/reviews of quality issues, etc.), and conduct on-site acceptance or factory inspections when necessary. We will also hold regular communication meetings with outsourced suppliers to report on product quality status, typical quality cases, and promptly convey the latest control requirements.

REPORT OF THE DIRECTORS

4. Procurement and supply chain management risk

The procurement and supply chain management risks faced by the Group include inadequate assurance of raw material supply from suppliers, potential quality issues with procured materials posing latent risks to finished product quality, and varying supplier capabilities potentially undermining supply chain resilience, which may lead to supply chain disruptions due to policy changes or market fluctuations. The Group will actively expand the supply channels of core raw materials to ensure the stability of the supply chain. When introducing suppliers, they are evaluated and screened according to the requirements of the task to ensure that they have good supply and production capabilities, so as to meet production needs and ensure the stability of supplier procurement. We also maintain timely communication with suppliers based on production needs, and formulate material safety stock levels according to tasks, procurement trends, and inventory requirements to ensure timely material supply. We will sign quality control agreements and PCN agreements with Category A suppliers to regulate the quality of their products.

5. “Two Funds” management risk

The Group’s management risk of “Two Funds” refers to accounts receivable not collected on time due to historical reasons such as customer cancellations, frequent changes in business models or personnel, and inability to contact the customers; an overall increase in accounts receivable due to increased production value; and an increase in inventory due to unreasonable safety stock settings and increased raw material reserves, leading to a rise in the proportion of “two funds” in current assets. The Group will strengthen the management of collection plans, continue to settle long-aged accounts receivable, collect accounts receivable through various means and recover accounts receivable by legal means when necessary. The Group will maintain regular reconciliation traceability, promote accelerated recovery, revitalize existing assets, accelerate capital flow, reduce the risk of bad debt losses and regulate the total annual procurement and delivery amount. The Group will set up safety inventory reasonably, closely monitor the actual inventory quantity and production planning arrangement, and avoid excessive inventory through timely procurement and appropriately increasing the frequency of procurement. The Group will continue to reduce long-aged inventory.

NUMBER OF SHAREHOLDERS

Details of the number of Shareholders as recorded in the register of members of the Company as at 31 December 2025 are as follows:

Classification	Number of Shareholders
State-owned legal person shares	2
Overseas listed foreign invested shares — H Shares	131
Total number of Shareholders	<u>133</u>

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the largest Shareholder of the Company was Siwi High-Tech, holding 136,000,000 issued state-owned legal person shares, representing 34% of the total issued share capital of the Company. On 5 February 2024, the board of directors the Company was informed by 29th Research Institute, the indirect controlling shareholder of the Company, that Chengdu Siwi Electronic has entered into an equity transfer agreement with Siwi High-Tech on 5 February 2024, pursuant to which Chengdu Siwi Electronic has agreed to transfer 34% of its equity interest in the Company to Siwi High-Tech at nil consideration. As at the date of this Report, Chengdu Siwi Electronics, Siwi High-Tech and the public held 26%, 34% and 40% of the equity interests of the Company respectively. For details, please refer to the Company's announcements dated 8 January 2024 and 5 February 2024. At the beginning of the Year, HKSCC Nominees Limited ("HKSCC", holding shares of the Company on behalf of various customers) held 158,086,999 H Shares of the Company, representing 39.52% of the total issued share capital of the Company. At the end of the Year, HKSCC held 158,832,999 H Shares of the Company, representing 39.70% of the total issued share capital of the Company.

As indicated by HKSCC, as at 31 December 2025, the following Central Clearing and Settlement System ("CCASS") participants held 5% or more of the total number of H Shares issued:

CCASS participant	Number of H Shares held at the end of the Year	Percentage of H Shares	Percentage of total issued share capital
The Hongkong and Shanghai Banking Corporation Limited	28,035,000	17.52%	7.00%
Dah Sing Securities Limited	14,858,000	9.28%	3.71%
BOCI Securities Limited	12,488,000	7.80%	3.12%
Interactive Brokers Hong Kong Limited	8,284,000	5.17%	2.07%

Save as disclosed above, as at 31 December 2025, the Company was not aware of any other shareholding interests which were required to be disclosed pursuant to the SFO. The Board was not aware of any person holding, directly or indirectly, 5% or more of the interests in the issued H Shares of the Company.

REPORT OF THE DIRECTORS

Purchase, sale or redemption of listed securities of the Company

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Convertible securities, share options, warrants or relevant entitlements

During the Year, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

Sufficient public float

According to public information available to the Company and to the best knowledge of each of the Directors, the Company has confirmed that the public have held sufficient shares during the Year and up to the date of this announcement.

DIRECTORS

During the Year and up to the date of this report, the Directors of the Company are as follows:

Executive Directors

Ms. Li Tao (Chairman)

Mr. Wu Xiaodong

Non-executive Directors

Mr. Chen Wei (resigned on 27 November 2025)

Mr. Li Qiangbin (Appointed on 27 November 2025)

Mr. Xu Jiaxin

Mr. Xu Ningbo

Mr. Zeng Li (Employee representative Director)

Independent Non-executive Directors

Ms. Fu Wenjie

Mr. Kang Yiguo

Mr. Li Shaorong

PROFILE OF DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT

1. Directors

Executive Directors

Ms. Li Tao, aged 55, graduated from Southwestern University of Finance and Economics (西南財經大學) with a bachelor's degree in management majoring in accounting. She is a senior accountant, and currently serves as an executive Director and Chairman of the eleventh session of the Board of the Company. Ms. Li is also the deputy chief accountant of the 29th Research Institute of China Electronic Technology Group Corporation (the "29th Research Institute"). Ms. Li has successively held various positions, including the deputy director and director of the finance department of the 29th Research Institute. Ms. Li joined the Company in November 2021 and has accumulated extensive experience in financial management.

Mr. Wu Xiaodong, aged 56, graduated from Xidian University (西安電子科技大學) with a bachelor's degree in engineering majoring in industrial management and engineering. He is senior engineer, and currently serves as an executive Director of the eleventh session of the Board, the secretary of the Party Committee, and the general manager of the Company and the general manager of Siwi High-Tech. Mr. Wu has successively held various positions in the 29th Research Institute, including the deputy director, director and the secretary to the relevant branch committees of the Party in the departments of business, planning and finance, etc. Mr. Wu joined the Company in November 2021 and has accumulated extensive experience in planning and management and supply chain management.

Non-executive Directors

Mr. Li Qiangbin, aged 46, is a professorate senior engineer. He holds a master of science degree from the University of Electronic Science and Technology of China (電子科技大學) with a major in Microelectronics and Solid State Electronics, and is currently the director of the material security department of the 29th Research Institute. Prior to joining the 29th Research Institute, Mr. Li has previously served at the Science and Technology Bureau of Pixian District, Chengdu. Mr. Li joined the 29th Research Institute in the year of 2007, where he successively served different positions including deputy director of the R&D Department, and the secretary of the relevant branch committees of the Party. Mr. Li possesses extensive expertise in operations and supply chain management.

Mr. Xu Jiaxin, aged 41, is a professorate senior engineer with a master of science degree in optics from Jilin University (吉林大學), currently serves as a non-executive Director of the eleventh session of the Board of the Company. Mr. Xu is also the professional technical leader (presiding over the work) of the 29th Research Institute. Mr. Xu has successively served different positions including assistant engineer, engineer and senior engineer of the 29th Research Institute. Mr. Xu has extensive experience in the fields of optical information processing and application.

Mr. Xu Ningbo, aged 47, has a postgraduate degree and obtained a master's degree in mechanical engineering from the School of Manufacturing Science and Engineering of the Sichuan University (四川大學製造科學與工程學院). He currently serves as a non-executive Director of the eleventh session of the Board of the Company and is also the deputy general manager of Siwi High-Tech. Mr. Xu worked at the 29th Research Institute and successively held various positions, including department head and business unit manager of Siwi High-Tech. Mr. Xu has over twenty years of extensive experience in the field of mechanical and intelligent manufacturing.

REPORT OF THE DIRECTORS

Mr. Zeng Li, aged 56, graduated from Chengdu University (成都大學) majoring in industrial electrical automation. He currently serves as a non-executive Director of the eleventh session of the Board of the Company (as an employee representative) and is also a senior engineer, the director of the Assembly Manufacturing Department and the Chief Specialist of the Company. Mr. Zeng joined the Company in 1990 and has held several positions, including technical staff at Chengdu Cable Plant of the Posts and Telecommunications Ministry (the predecessor of the Company), deputy manager of the equipment engineering department, and general manager of the electrical equipment cable business department at Chengdu PUTIAN Telecommunications Cable Company Limited (the former name of the Company). Mr. Zeng has been recognized as a “high tech craftsman” in Chengdu High-Tech Zone and has extensive experience in the design of automation equipment and component processes.

Independent Non-executive Directors

Ms. Fu Wenjie, aged 57, obtained a master’s degree in business administration from Sichuan Institute of Business Administration (四川省工商管理學院), is a qualified asset valuer, a member of the Jiusan Society (九三學社), a technical consultant of the Expert Pool of Sichuan Asset Appraisal Industry (四川省資產評估行業專家庫), and an expert in the Expert Pool of Sichuan Government and Social Capital Cooperation (PPP) (四川省政府與社會資本合作(PPP)專家庫). Currently, she is an independent non-executive Director of the tenth session of the Board. Ms. Fu once worked at Sichuan TianJianHuaHeng Assets Appraisal Co., Ltd. (四川天健華衡資產評估有限公司), serving as the deputy general manager. She has formerly served as the vice chairman of the fourth session of the appeal committee of the Sichuan Asset Appraisal Association (四川省資產評估協會). Since her career began, Ms. Fu has participated in writing or drafting numerous works and standards; and participated in the practice quality assurance team of the asset appraisal industry organized by the Ministry of Finance and the China Asset Appraisal Association (中國資產評估協會) for many times; and took part, as an asset appraisal expert, in the relevant inspection and approval work undertaken by the securities regulatory department, the audit department, the state-owned asset department of the government of Sichuan Province and the state-owned enterprises in Sichuan Province for many times; and organized and undertook the listing projects, asset restructuring, share placement, mergers and acquisitions and other projects of a number of companies as well as hundreds of large and medium-sized asset appraisal projects and consulting projects; and participated in expert reviews of dozens of PPP projects. Ms. Fu joined the Company in August 2021 and has nearly thirty years of extensive experience in asset appraisal and corporate restructuring and mergers.

Mr. Kang Yiguo, aged 63, graduated from the Department of Electronic Engineering of University of Electronic Science and Technology of China (電子科技大學) with a major in radio remote control and telemetry, and is a professorate senior engineer. Mr. Kang has successively held various positions, including the deputy chief engineer and deputy division chief of the technology department and deputy director of the 29th Research Institute. Mr. Kang has extensive experience in radio remote technology, scientific research and market management.

Mr. Li Shaorong, aged 61, graduated from Chengdu Radio Engineering College (成都電訊工程學院), currently known as University of Electronic Science and Technology of China (電子科技大學), majoring in laser technology. Being a professor-grade senior engineer, Mr. Li has been teaching at the University of Electronic Science and Technology of China for a long time and has extensive experience in areas such as photoelectric technology, sensors and microelectronics.

Independence of Independent Non-executive Directors

The Company has received annual written confirmation of independence from all independent non-executive Directors under Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

Service Contracts of Directors

Each of the existing Directors appointed or re-elected on 12 November 2024 and 27 November 2025, as well as those appointed on 14 October 2024, has entered into a service contract with the Company, with a term commencing from the date of appointment or re-election to the date when a new session of the Board is elected at an extraordinary general meeting at the end of the eleventh session of the Board. All the executive Directors and the non-executive Directors will not receive Director's remuneration. Instead, their remuneration will be determined with reference to his/her specific administrative duties and upon assessment in accordance with relevant requirements of the PRC and its internal remuneration management regulations. The remuneration for each independent non-executive Director for his/her services provided under his/her service contract is RMB50,000 per annum (before tax).

No Director has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation). No Director (including independent non-executive Directors) waived any emoluments (if any).

2. Company Secretary

Mr. Shum Shing Kei, aged 54, joined the Company on 1 August 2017. Mr. Shum holds a Bachelor Degree (Hon) in Accountancy from Hong Kong Polytechnics and a Master Degree in Financial Management from University of London, United Kingdom. Mr. Shum is a fellow member of The Hong Kong Institute of Certified Public Accountants and has extensive working experience in financial management and company secretarial fields.

3. Senior Management

Mr. Wu Hualin, aged 44, graduated from Sichuan University (四川大學) with a master's degree in management. He currently serves as the deputy secretary of the Party Committee and secretary of the discipline inspection commission of the Company, and holds the position of secretary of the discipline inspection commission at Chengdu SIWI Electronic Co., Ltd.. Mr. Wu has previously worked at the Shaoguan Branch of China Mobile Group Guangdong Co., Ltd., Sichuan Communication Research Planning & Designing Co., Ltd., the 29th Research Institute, and Chengdu SIWI High-Tech Industrial Co, Ltd.. He joined the Company in January 2026 and possesses extensive experience in internal controls and disciplinary supervision.

Ms. Dai Xiaoyi, aged 52, graduated from faculty of telecommunication engineering of Chongqing Institute of Posts and Telecommunications (重慶郵電大學) with a college degree in fiber-optic communication. She currently serves as the deputy general manager of the Company. Ms. Dai joined the Company in 1995. She served as a technician of quality division, an engineer of examination center, the deputy director and director of Party-Masses Work Department, the vice chairman of the labor union, the deputy secretary of Disciplinary Commission, assistant to general manager, etc.

Mr. Wang Yanwei, aged 48, graduated from Hefei University of Technology (合肥工業大學) with a bachelor's degree in business administration and is a senior engineer, and currently serves as the deputy general manager of the Company. Mr. Wang has held the position of deputy director of industrial development department of the 29th Research Institute. Mr. Wang joined the Company in September 2021 and has extensive experience in industrial development planning.

Mr. Xu Guangde, aged 40, graduated from Southwestern University of Finance and Economics (西南財經大學) and Central China Normal University (華中師範大學) with a master's degree in accounting and a bachelor's degree in financial accounting education, respectively. He is a senior accountant, and currently serves as the chief financial officer of the Company. Prior to joining the Company in October 2022, Mr. Xu worked in the financial department of the 29th Research Institute. He has accumulated extensive experience in financial management.

REPORT OF THE DIRECTORS

Mr. Bao Bizhen, aged 41, graduated from the University of Electronic Science and Technology of China (電子科技大學) with a master's degree in mechatronic engineering. He is a senior engineer and currently serves as the deputy general manager of the Company. Mr. Bao has held various positions at Chengdu SIWI High-Tech Industrial Co, Ltd., including deputy director and director of the technology department, intelligent integration division, intelligent equipment division, and product R&D Department, as well as a committee member of the company's Party Branch and secretary of the product party branch. He has also served as an assistant general manager of the Company. Mr. Bao joined the Company in July 2025 and has rich experience in optoelectronic technology and R&D management.

Ms. Wu Dian, aged 36, graduated from Sichuan University (四川大學) with a master's degree in administration and is currently the deputy general manager of the Company. Ms. Wu has worked in the asset department and Party-Masses Work Department of the 29th Research Institute. Ms. Wu joined the Company in September 2021 and has extensive experience in organisational management and external cooperation.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

It is the Company's policy to comply with all the relevant laws and regulations in the places where we operate. The management always keeps abreast of the latest development in the laws and regulations which are relevant and have a significant impact on the Group.

During the Year, there was no significant non-compliance of any laws, regulations or rules that have a significant impact on the Group and its operations.

ENVIRONMENT, EMPLOYEES AND SOCIAL RESPONSIBILITY

Environmental Protection

The Company has established an environmental management system in accordance with the GB/T 24001-2004 (idt ISO 14001:2004). Adhering to the principle of "care for environment", the Company has identified and evaluated environmental factors and dangerous sources based on the Evaluation and Control Procedures for Environmental Factors and the Evaluation and Control Procedures for Identification of Dangerous Sources. In compliance with laws and regulations, the Company's emission of waste met the relevant requirements during the Year. Incidents such as pollution, fire, explosion, electric shock and traffic accidents were prevented and energy and resources were saved under the requirements of the system. The environmental management system continued to operate effectively.

The details of environmental, social and governance policies will be disclosed in the "2025 Environmental, Social and Governance Report" to be issued by the Company in accordance with Appendix C2 to the Listing Rules.

Employees

In strict compliance with laws and regulations including the Labor Law of the PRC and the Labor Contract Law of the PRC, the Group has entered into labor contracts with all its staff and contributed to the social insurance for staff in accordance with the regulatory requirements. Sexual or racial discrimination, child labor and forced labor are strictly prohibited, and the remunerations for all male and female staff are solely based on their positions. The Company has established a corporate democratic management system based on the labor congress and labor union, effectively guaranteeing the staff's right to participate, express, and supervise. All employees are encouraged to report to the Company at any time for any non-compliance incidents such as employment of child labor and forced labor during the course of recruitment and operation.

Staff and Remuneration Policy of the Group

As at 31 December 2025, the Group had 428 staff members (436 members: including labour dispatch).

The Group has established a complete remuneration system and specified the remuneration structure, remuneration standards and remuneration management. Employees are remunerated based on their position levels, working ability and performance levels, and they are awarded with performance bonus and remuneration adjustment according to their results of performance assessment. Other benefits offered to the staff include basic pension insurance scheme, basic medical insurance scheme, and housing fund scheme. The Group also provides technical trainings to its staff.

All the executive Directors and the non-executive Directors do not receive Director's remuneration. Directors do not receive bonuses of any kind for their roles as directors of the Company. However, the Company will pay compensation and performance bonuses to Supervisors in accordance with their positions, duties and responsibilities in the Company (as the employees of the Company).

Basic Pension Insurance Scheme for Employees

According to the Labor Law of the PRC and the relevant laws and regulations, the Company and its subsidiaries shall contribute to basic pension insurance for their employees. After employees reach the national retirement age or leave their jobs for other reasons, the social insurance authorities will pay them a pension in accordance with the law. The Group will then be no longer responsible for providing further retirement benefits to the employees.

Basic Medical Insurance Scheme for Employees

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002. The Company made a total contribution amounting to approximately RMB3,346,600 in the Year (Previous Year: approximately RMB3,609,500). The Board believes that the participation in the basic medical insurance scheme for employees did not have any significant impact on the financial position of the Company.

Social Responsibility

During the Year, the Company strictly complied with relevant laws, regulations and policies. In particular, the Company paid all taxes in a timely manner, duly fulfilled its responsibility of energy-saving and emission reduction and achieved energy-saving and emission reduction targets. The Company adopted strict accountability for production safety and allocated extra resources to maintain safe production to prevent material safety incidents. The Company also entered into and fulfilled labor contracts with employees in accordance with the law and fully paid social insurance on time.

REPORT OF THE DIRECTORS

MATERIAL INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed “Continuing Connected Transactions” in this report, there were no other transactions, arrangements and contracts of significance relating to the Company’s business (to which the Company or any of its subsidiaries was a party) in which any Director or Supervisor or their associated entity had significant interests, whether directly or indirectly at any time during the Year and at the end of the Year.

MANAGEMENT CONTRACTS

Other than Directors’ service contracts and employment contracts with the Group’s senior management in full-time employment, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

COMPETING BUSINESS INTERESTS OF DIRECTORS AND SUPERVISORS

During the Year, none of the Directors nor Supervisors have any interests in a business which directly or indirectly competes or may compete with the business of the Company (excluding the Company’s business) and is discloseable under the Listing Rules.

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2025, the Directors and chief executives of the Company and their associates had an interests and short positions 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 & Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Name	Capacity	Number of H shares held at the end of the year	Percentage of H shares held	Percentage of the total issued share capital	Nature of the interest
Mr. Kang Yiguo ^(Note 1)	Interest of spouse	658,000	0.41125	0.1645	Long position

Note 1: Mr. Kang Yiguo was deemed to be interested in 658,000 H shares of the Company through the interest of his spouse, Ms. Huang Ping (黄萍).

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under Part XV of the SFO), or which would have to be, pursuant to section 352 of the SFO, entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules.

EQUITY-LINKED AGREEMENT

No equity-linked agreement has been entered into during the Year or subsisted at the end of the Year.

PURCHASE AND SALE OF SHARES OR DEBENTURES BY DIRECTORS AND SUPERVISORS

At no time during the Year was the Company or any of its subsidiaries, holding companies or any fellow subsidiaries a party to any arrangement which enables the Directors and Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporations.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details about the remuneration of Directors and senior management are set out in section XI (II) 3/4 of notes to the financial statement on pages 173 to 175 of this annual report.

FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the five highest paid individuals in the Group during the Year are set out in section XI (II) 5 of notes to the financial statement on page 175 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group are set out in section V (I) 24/26 of notes to the financial statement on page 142 of this annual report.

REPORT OF THE DIRECTORS

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in section V(l) 11 of notes to the financial statement on page 130, no significant investment was held by the Group as at 31 December 2025.

As of the date of this report, the Group does not have any concrete future plan for material investment or capital assets. Meanwhile, the Group will continue to actively and regularly review its investment plan, and explore any strategic investment opportunities for the Group's business development, and will use its internal resources for such investment should suitable opportunity arise.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

PLEDGE OF ASSETS

During the Year, due to sufficient working capital for production and operation, the Group did not take out any loan from banks which was secured by the Group's assets (2024: the Group did not obtain any loan from banks which was secured by the Group's assets). As of 31 December 2025, the Group did not pledge any asset as security (2024: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. The Group undertook certain transactions in foreign currency (mainly in US Dollar and Euro).

During the Year, the Group did not conduct any hedging activity against foreign currency risk. The management manages the currency risk closely by paying attention to the scale of foreign currency transactions and foreign currency assets and liabilities of the Company to minimize the risk of foreign exchange exposure.

PRE-EMPTIVE RIGHTS

Pursuant to the articles of association of the Company (the "Articles of Association") and the Company Law of the PRC, there are no pre-emptive rights which require the Company to offer new shares of the Company to the existing Shareholders in proportion to their respective shareholdings.

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR RELEVANT ENTITLEMENTS

During the Year, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

PERMITTED INDEMNITY PROVISION

The Company has purchased and maintained liability insurance for its Directors and senior management for any possible legal liabilities arising from the performance of their duties, so that they are secured harmless against all actions, costs, losses, damages and expenses which they may incur or sustain arising from any act of execution of their duties in the Company.

SIGNIFICANT EVENTS

1. Continuing connected transactions

2024 Optical Cable and Electric Cable Component Manufacturing Framework Agreement

On 25 September 2024, the Company entered into the 2024 Optical Cable and Electric Cable Component Manufacturing Framework Agreement, in relation to the provision of optical cable and electric cable components by the Group to Chengdu SIWI High-Tech Industrial Co., Ltd. ("SIWI High-Tech") and the supply of relevant components and services to SIWI High-Tech.

As Siwi High-Tech is a wholly-owned subsidiary of 29th Research Institute, which is the indirect controlling shareholder of the Company, and Siwi High-Tech became the direct controlling shareholder of the Company on 5 February 2024, Siwi High-Tech is a connected person of the Company under the Listing Rules.

The principal terms under the 2024 Optical Cable and Electric Cable Component Manufacturing Framework Agreement are as follows:

Date	:	25 September 2024
Parties	:	The Company and Siwi High-Tech
Subject matter	:	Subject to the terms and conditions of each relevant purchase order, the Company has agreed that, during the term of the 2024 Optical Cable and Electric Cable Component Manufacturing Framework Agreement, it will manufacture optical cable and electric cable components from time to time and supply the relevant components and services to Chengdu SIWI High-Tech.
Term	:	Effective from 1 January 2025 to 31 December 2027, both dates inclusive

All components and products sold by the Company to Siwi High-Tech are custom-made in accordance with Siwi High-Tech's specifications. The prices of such components and products are not fixed. The prices of each transaction is determined on a "cost-plus" basis, with reference to the Company's operating costs, including the cost of raw materials and other direct costs incurred in bringing the products to a saleable condition, together with the intended profit margin.

For the current year, the annual cap under the Optical Cable and Electric Cable Component Manufacturing Framework Agreement is RMB180,000,000. During the year, the Company has received a total of approximately RMB169,037,022.56 from SIWI High-Tech.

REPORT OF THE DIRECTORS

2025 23rd Research Institute Supply Framework Agreement and Supplemental Agreement

On 27 December 2024, 18 June 2025, and 27 November 2025, the Company entered into the 2025 23rd Research Institute Supply Framework Agreement and Supplemental Agreement, in relation to the provision of accessories, cables, and cable joints for high and low-frequency components by the 23rd Research Institute of China Electronics Technology Group Corporation (the “23rd Research Institute”) to the Group.

As the 23rd Research Institute is a subsidiary of China Electronics Technology, which is indirect controlling shareholder of the Company, the 23rd Research Institute is a connected person of the Company under the Listing Rules.

The principal terms under the 2025 23rd Research Institute Supply Framework Agreement and Supplementary Agreement are as follows:

Date	:	27 December 2024, 18 June 2025, and 27 November 2025
Parties	:	The Company and the 23rd Research Institute
Subject matter	:	The Company will, from time to time, purchase accessories, cables, and cable joints for high and low-frequency components from the 23rd Research Institute during the term of the 2025 23rd Research Institute Supply Framework Agreement.
Term	:	Commence from 1 January 2025 and end on 31 December 2025, both dates inclusive

The prices at which the 23rd Research Institute sells accessories, cables, and cable joints for high and low-frequency components to the Group are not fixed and will be determined based on the prevailing market price, which is comparable to the prices offered by independent third parties to the Group.

For the current year, the revised annual cap under the 2025 23rd Research Institute Supply Framework Agreement is RMB14,000,000. During the year, the Company has paid a total of approximately RMB6,822,126.00 to the 23rd Research Institute.

2025 40th Research Institute Supply Framework Agreement

On 27 December 2024, the Company entered into the 2025 40th Research Institute Supply Framework Agreement and Supplementary Agreement, in relation to the provision of connectors for high and low-frequency components by the 40th Research Institute of China Electronics Technology Group Corporation (the “40th Research Institute”) to the Group.

As the 40th Research Institute is a subsidiary of China Electronics Technology, which is the indirect controlling shareholder of the Company, the 40th Research Institute is a connected person of the Company under the Listing Rules.

REPORT OF THE DIRECTORS

The principal terms under the 2025 40th Research Institute Supply Framework Agreement and Supplementary Agreement are as follows:

Date	:	27 December 2024
Parties	:	The Company and the 40th Research Institute
Subject matter	:	The Company will, from time to time, purchase connectors for high and low-frequency components from the 40th Research Institute during the term of the 2025 40th Research Institute Supply Framework Agreement
Term	:	Commence from 1 January 2025 and end on 31 December 2025, both dates inclusive

The prices at which the 40th Research Institute sells cable joints for high and low-frequency components to the Group are not fixed. They will be determined based on the prevailing market price, which is comparable to the prices offered by independent third parties to the Group, and will be agreed upon by the parties.

For the current year, the annual cap under the 2025 40th Research Institute Supply Framework Agreement is RMB5,000,000. During the year, the Company has paid a total of approximately RMB1,407,462.80 to the 40th Research Institute.

2025 Seekon Microwave Supply Framework Agreement

On 23 October 2024, the Company entered into the 2025 Seekon Microwave Supply Framework Agreement, in relation to the supply of accessories and optical products and the provision of related services by Chengdu Seekon Microwave Communications Co., Ltd. ("Seekon Microwave") to the Group.

As Seekon Microwave is a subsidiary of the 29th Research Institute, which is the indirect controlling shareholder of the Company, the 29th Research Institute is a connected person of the Company under the Listing Rules.

The principal terms under the 2025 Seekon Microwave Supply Framework Agreement are as follows:

Date	:	23 October 2024
Parties	:	The Company and the 40th Research Institute
Subject matter	:	The Company will, from time to time, supply accessories and optic products and provide related services to 2025 Seekon Microwave Supply Framework Agreement
Term	:	Effective from 1 January 2025 to 31 December 2025, both dates inclusive

REPORT OF THE DIRECTORS

The prices at which the Company sells accessories and optical products and provide related services to Seekon Microwave are not fixed. They will be determined based on the prevailing market price, which is comparable to the prices offered to independent third parties by the Company, and will be agreed upon by the parties, as well as in accordance with the procurement price guidelines issued by China Electronics Technology for all its subsidiaries..

For the current year, the revised annual cap under the Seekon Microwave Supply Framework Agreement is RMB5,000,000. During the year, the Company has received a total of approximately RMB0 from Seekon Microwave.

Production Framework Agreement for High and Low Frequency Cable Assemblies

On 28 March 2025, the Company entered into the Production Framework Agreement for High and Low Frequency Cable Assemblies in relation to the production and supply of high and low frequency cable assemblies by the Company to CETC Rongwei Electronic Technology Co., Ltd.* (中電科蓉威電子技術有限公司)(“Rongwei Electronic”).

As Rongwei Electronic is a wholly-owned subsidiary of the 29th Research Institute, an indirect controlling shareholder of the Company, Rongwei Electronic is a connected person of the Company under the Listing Rules.

The principal terms under the Production Framework Agreement for High and Low Frequency Cable Assemblies are as follows:

Date	:	28 March 2025
Parties	:	The Company and Rongwei Electronic
Subject matter	:	The Company will produce high and low frequency cable assemblies and supply the same to Rongwei Electronic from time to time during the term of the Production Framework Agreement
Term	:	Commence from 28 March 2025 and end on 31 December 2026, subject to early termination by either party giving at least one month’s prior written notice to the other party

The unit prices of high and low frequency cable assemblies sold by the Company to Rongwei Electronic are not fixed and to be determined on the prevailing market prices which are comparable to the prices offered to independent third parties by the Group.

The annual caps under the Production Framework Agreement for High and Low Frequency Cable Assemblies for the Year is RMB5,000,000. During the Year, the total payment received by the Company from Rongwei Electronic was approximately RMB0.

2025 29th Research Institute Supply Framework Agreement and Supplemental Agreement

On 9 April 2025 and 18 June 2025, the Company entered into the 2025 29th Research Institute Supply Framework Agreement and Supplemental Agreement in relation to the provision of accessories, cables and cable joints for high and low frequency components by 29th Research Institute of China Electronics Technology Group Corporation (“29th Research Institute”) to the Group.

As 29th Research Institute is a subordinate business entity of China Electronics Technology, an indirect controlling shareholder of the Company, 29th Research Institute is a connected person of the Company under the Listing Rules.

The principal terms under the 2025 29th Research Institute Supply Framework Agreement and Supplemental Agreement are as follows:

Date	:	9 April 2025 and 18 June 2025
Parties	:	The Company and 29th Research Institute
Subject matter	:	The Company will purchase accessories, cables and cable joints for high and low frequency components from 29th Research Institute from time to time during the term of the 2025 29th Research Institute Supply Framework Agreement
Term	:	Commence from 1 January 2025 and end on 31 December 2025, both dates inclusive

The transactions under the 2025 29th Research Institute Supply Framework Agreement and Supplemental Agreement will be conducted in the ordinary and usual course of business and on normal commercial terms and such pricing basis and payment terms and conditions shall be negotiated on arm’s length basis and be no less favourable to the Company than those available from independent third parties.

The annual caps under the 2025 29th Research Institute Supply Framework Agreement for the Year is RMB5,000,000. During the Year, the aggregate payment made by the Company to 29th Research Institute was approximately RMB806,396.36.

REPORT OF THE DIRECTORS

51st Research Institute Supply Framework Agreement

On 27 November 2025, the Company entered into the 51st Research Institute Supply Framework Agreement in relation to the production and supply of optical cable assemblies and optical device sub-modules by the Company to 51st Research Institute of China Electronics Technology Group Corporation (“51st Research Institute”).

As 51st Research Institute is a subordinate business entity of China Electronics Technology, an indirect controlling shareholder of the Company, 51st Research Institute is a connected person of the Company under the Listing Rules.

The principal terms under the 51st Research Institute Supply Framework Agreement are as follows:

Date	:	27 November 2025
Parties	:	The Company and 51st Research Institute
Subject matter	:	The Company will supply optical cable assemblies and optical device sub-modules to the 51st Research Institute Group from time to time during the term of the 51st Research Institute Supply Framework Agreement
Term	:	From 27 November 2025 to 31 December 2026, both dates inclusive

The selling prices of optical cable assemblies and optical device sub-modules sold by the Company to the 51st Research Institute are not fixed and to be determined based on the prevailing market prices which are comparable to the prices offered to independent third parties by the Company.

The annual caps under the 51st Research Institute Supply Framework Agreement for the Year is RMB3,500,000. During the Year, the total payment received by the Company from 51st Research Institute was approximately RMB0.

Sumitomo Framework Purchase Agreement

On 27 December 2024, Chengdu SEI Optical Telecommunications Co. Ltd * (成都中住光纖有限公司) (“SEI Optical”) entered into the 2024 Sumitomo Framework Purchase Agreement, in respect of the purchase of optical fibre preforms and coating and subscription for related technical services by SEI Optical from Sumitomo Electric Industries, Ltd. (“Sumitomo Electric”) and its subsidiaries (collectively, “Sumitomo Electric Group”).

As Sumitomo Electric is a substantial shareholder of SEI Optical, a non-wholly owned subsidiary of the Group, Sumitomo Electric is a connected person of the Group at subsidiary level. The principal terms under the 2025 Sumitomo Framework Purchase Agreement are as follows:

Date	:	27 December 2024
Parties	:	SEI Optical and Sumitomo Electric
Subject matter	:	SEI Optical shall purchase optical fibre preforms and related equipment, spare parts and technical services from Sumitomo Electric Group from time to time during the tenure of the 2025 Sumitomo Framework Purchase Agreement
Term	:	Commence from 1 January 2025 and end on 31 December 2025, both dates inclusive

The selling prices of the optical fibre preforms and related equipment, spare parts sold by Sumitomo Electric Group to SEI Optical as well as the fees of the related technical services provided by Sumitomo Electric Group to SEI Optical are not fixed and to be determined in accordance with prevailing market prices that is comparable to the price offered to SEI Optical by its other independent third parties and to be agreed between the parties.

The annual caps under the 2025 Sumitomo Framework Purchase Agreement for the Year is RMB200,000,000. During the Year, the aggregate payment made by the Company to Sumitomo Electric was approximately RMB106,514,282.29.

REPORT OF THE DIRECTORS

2025 8th Research Institute Framework Supply Agreement

On 27 December 2024, SEI Optical entered into the 2025 8th Research Institute Framework Supply Agreement in respect of the supplying of optical fiber products by SEI Optical to 8th Research Institute of China Electronics Technology Group Corporation ("8th Research Institute").

As 8th Research Institute is a subordinate business entity of China Electronics Technology, an indirect controlling shareholder of the Company, 8th Research Institute is a connected person of the Company under the Listing Rules.

Date	:	27 December 2024
Parties	:	SEI Optical and 8th Research Institute
Subject matter	:	SEI Optical will supply optical fiber products to 8th Research Institute from time to time during the effective term of the 2025 8th Research Institute Framework Supply Agreement
Term	:	Commence from 1 January 2025 and end on 31 December 2025, both dates inclusive

The selling prices of optical fiber products sold by SEI Optical to 8th Research Institute are not fixed and to be determined based on the prevailing market prices which are comparable to the prices offered to independent third parties by SEI Optical and to be agreed between Parties.

The revised annual caps under the 2025 8th Research Institute Framework Supply Agreement for the Year is RMB6,000,000. During the Year, the aggregate payment made by 8th Research Institute to the Company was approximately RMB3,307.50.

Confirmations from the independent non-executive Directors and auditors of the Company

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

- (a) in the ordinary and usual course of the business of the Group;
- (b) on normal commercial terms; and
- (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with the Listing Rules.

REPORT OF THE DIRECTORS

The Company's auditors have confirmed to the Board of Directors that nothing has come to their attention that would cause them to believe that the above continuing connected transactions for the current year:

- were not approved by the Board;
- were not conducted, in all material respects, in accordance with the Group's pricing policies (in respect of transactions involving the provision of goods and services by the Group);
- were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- have exceeded the relevant annual caps as disclosed in the previous announcements dated 25 September 2024, 23 October 2024, 27 December 2024, 28 March 2025, 9 April 2025, 18 June 2025 and 27 November 2025 and the circular dated 25 October 2024 of the Company.

Confirmations from the Company

The Company has conducted a review of its continuing connected transactions and confirmed that all such transactions have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. The Company also confirmed that it has followed its pricing policies when determining the price and terms of continuing connected transactions conducted during the Year.

Details of the above continuing connected transaction are set out in the announcements dated 25 September 2024, 23 October 2024, 27 December 2024, 28 March 2025, 9 April 2025, 18 June 2025 and 27 November 2025 and the circular dated 25 October 2024.

2. Related party transactions

Related party transactions of the Company are set out in section XI of notes to the financial statements. Save as those disclosed in the paragraph headed "Continuing Connected Transactions" on pages 27 to 35, the remaining related party transactions constituted connected transactions or continuing connected transactions of the Company but these transactions are fully exempt from the requirements under Chapter 14A of the Listing Rules.

3. Contract of significance

Save as disclosed in the section headed "Continuing Connected Transactions" of this Report of the Directors, none of the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

4. Change of directors and change of composition of special committees under the Board

On 27 November 2025, Mr. Chen Wei has resigned as a non-executive Director and a member of the Remuneration and Appraisal Committee of the Company as he requires to devote more time on pursuing other business commitment. At the same time, the Board appointed Mr. Li Qiangbin as a non-executive Director and a member of the Remuneration and Appraisal Committee. On 18 December 2025, the Company held the second extraordinary general meeting in 2025 to re-elect Mr. Li Qiangbin as a non-executive Director for a term until the expiry of the term of eleventh session of the Board. For details, please refer to the Company's announcement and circular to Shareholders dated 27 November 2025 respectively.

REPORT OF THE DIRECTORS

MATERIAL LITIGATION

There were no material litigation during the year.

CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE CODE

During the Year, save as disclosed in this annual report, the Company has complied with the provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules. Details are set out in the corporate governance report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

The Company has adopted the latest ESG reporting guidelines issued by the Stock Exchange. The Environmental, Social and Governance Report together with this Annual Report will be published on the Company’s website (<http://cdc.com.cn>) and the website of the Stock Exchange (www.hkexnews.hk) in due course in accordance with the ESG reporting guidelines set out in Appendix C2 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

After specific enquiries to the Directors and Supervisors of the Company, the Board confirmed that all Directors and Supervisors had fully complied with the codes as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules during the Year.

AUDIT COMMITTEE OF THE BOARD (“AUDIT COMMITTEE”) AND REVIEW OF THE ANNUAL RESULTS

The Company established the Audit Committee in accordance with the Listing Rules. The members of the Audit Committee are Ms. Fu Wenjie (Chairman of the Audit Committee), Mr. Kang Yiguo and Mr. Li Shaorong, all being the independent non-executive Director. The Audit Committee is responsible for matters such as conducting reviews of the risk management and internal control and financial reports and has reviewed the Company’s audited financial statements and annual results for 2025.

The Audit Committee considered that the audited financial statements and annual results of the Company for the Year were in full compliance with the requirements of the applicable accounting standards, laws and regulations and appropriate disclosure was made.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the Company's AGM, the register of members of the Company will be closed from Friday, 12 June 2026 to Thursday, 18 June 2026 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for the holders of H shares; or the registered office of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postal code: 611731) for the holders of domestic shares for registration by 4:30 p.m. on 11 June 2026 (Thursday). The record date for attending and voting at the AGM is Thursday, 18 June 2026.

CHANGE IN AUDITOR IN THE PRECEDING 3 YEARS

The terms of office of Da Hua Certified Public Accountants (Special General Partnership) as the auditor of the Company have expired on 20 June 2025. Pan-China Certified Public Accountants has been appointed as the auditor of the Company with effect from 12 August 2025 to fill the casual vacancy.

AUDITORS

The Company appointed Pan-China Certified Public Accountants (天健會計師事務所) as its auditors at the 2025 First Extraordinary General Meeting held on 12 August 2025.

The auditors will retire at the forthcoming annual general meeting and is eligible for re-appointment at the forthcoming annual general meeting. The financial statements of the Group prepared in accordance with the Accounting Standards issued by Ministry of Finance of the PRC have been audited by the auditors, Pan-China Certified Public Accountants.

By order of the Board

Li Tao

Chairman

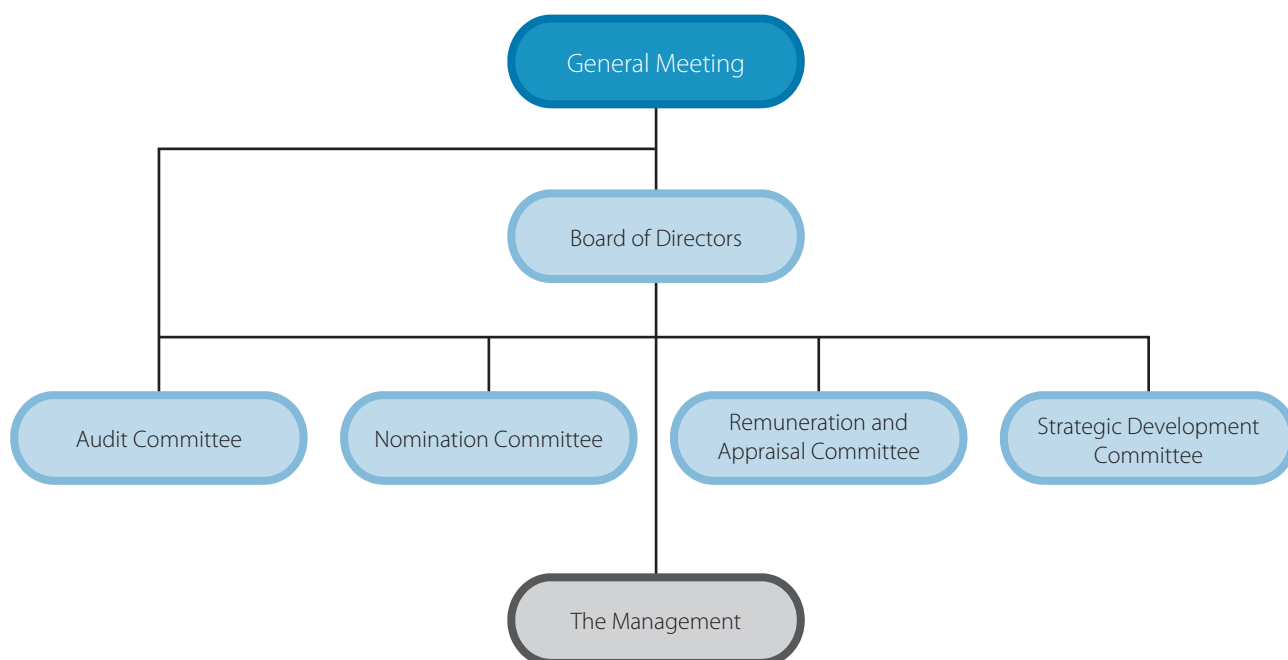
25 March 2026

CORPORATE GOVERNANCE REPORT

The Board hereby reports to the Shareholders in respect of the Company's undertakings and its performance on corporate governance for the year ended 31 December 2025 (the "Year").

The Company attaches great importance to corporate governance principles that emphasize a quality Board, effective internal controls, stringent disclosure practices and transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture. The Company is committed to maintain a good framework of corporate governance and to comply with applicable statutory and regulatory requirements with a view to assure the conduct of the management of the Company as well as protecting the interests of all Shareholders. The Board mainly assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company.

Set out below is the corporate governance structure of the Company:



GOVERNANCE STRUCTURE

(i) Corporate Governance and Corporate Governance Code

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholder's value. For the Year, the Company had applied the principles and complied with the code provisions, and also complied with the applicable recommended best practices, of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules. The Group's corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to Shareholders.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these practices continue to meet the requirements of the CG Code.

(ii) Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the guidelines for the Directors' dealing in the securities of the Company. Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the Year in relation to their securities dealings, if any.

(iii) The Board of Directors

The eleventh session of the Board was elected at the second extraordinary general meeting for 2024 held on 12 November 2024 and at the second extraordinary general meeting for 2025 held on 18 December 2025 and at the employee representative meeting of the Company held on 14 October 2024. The Board currently comprises a total of 9 members, with 2 executive Directors, 4 Non-executive Directors (including 1 employee representative Director) and 3 independent non-executive Directors.

Executive Directors

Ms. Li Tao (Chairman)
Mr. Wu Xiaodong

Non-executive Directors

Mr. Chen Wei (Resigned on 27 November 2025)
Mr. Li Qiangbin (Appointed on 27 November 2025)
Mr. Xu Jiaxin
Mr. Xu Ningbo
Mr. Zeng Li (Employee representative Director)

Independent non-executive directors

Ms. Fu Wenjie
Mr. Kang Yiguo
Mr. Li Shaorong

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

CORPORATE GOVERNANCE REPORT

Each of the existing Directors appointed or re-elected on 12 November 2024, 14 October 2024 and 18 December 2025 has entered into a service contract with the Company, commencing from the date of appointment or re-election to the date when a new session of Board is elected at an extraordinary general meeting to be held in 2027. Each of the existing Directors has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 12 November 2024, 14 October 2024 and 25 November 2025 respectively, and has confirmed that each of them understood his/her obligations as a Director. Members of the Board come from different backgrounds and they have extensive experience in different sectors including corporate management, supply chain management, optical communication technology, financial accounting and capital operation, etc. The biographical details of each of the Directors are set out in the section headed "Profile of Directors, Company Secretary and Senior Management" of this Annual Report. Saved as disclosed in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board. The Board of the Company is able to fulfill the requirements set out in Rules 3.10(1) and (2) of the Listing Rules.

Directors are elected in or replaced by way of the general meetings or employee representative meetings. Shareholders or the Board are entitled to nominate a candidate for directorship by written notice. Directors have a term of office of three years and are eligible to offer themselves for re-appointment upon expiry of the term.

The main responsibilities of the Board include overseeing all major matters of the Company, such as exercising management decisions power with the authority delegated by the general meetings in respect of the Company's strategic development and planning, business planning, management structure, investment and financing, human resources and financial control. The Board is also responsible for developing and reviewing the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors. The Board has to make decisions that are of the best interests of the Company and the Shareholders and all substantial transactions or transactions of the Company with conflicts of interests are to be decided by the Board. Set out below are the corporate governance functions carried out by the Board:

- to determine the policy of corporate governance;
- to develop and review the Company's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Year, 9 meetings of the Board of the Company were held to discuss the Company's business development plans and progress, operating results and financial performance, internal control and risk management system operations and continuing connected transactions. Directors could attend meetings in person or through other electronic communication devices.

CORPORATE GOVERNANCE REPORT

The Company has put in place various measures, including but not limited to providing the right for Directors to seek advice from independent advisers, confirming the independence of independent non-executive Directors on an annual basis in accordance with the Listing Rules, ensuring that independent non-executive Directors account for at least one-third of the Board, and reviewing investor relations on an annual basis. In addition, the Audit Committee, which is composed entirely of independent non-executive Directors, is responsible for overseeing the Group's financial reporting process and reviewing the Group's internal control and internal audit functions. For other committees, a majority of the members are independent non-executive Directors. By appointing independent non-executive Directors to the above committees, the Company ensures that independent views are fully represented at the operational level of the Company.

Names of Directors	Board Meeting Attended/ Eligible to Attend	2024 Annual General Meeting Attended	2025 First Extraordinary General Meeting Attended	2025 Second Extraordinary General Meeting Attended
Executive Directors				
Ms. Li Tao (Chairman)	9/9	✓	✓	✓
Mr. Wu Xiaodong	9/9			
Non-executive Directors				
Mr. Chen Wei (Resigned on 27 November 2025)	7/9			
Mr. Li Qiangbin (Appointed on 27 November 2025)	0/0			
Mr. Xu Jiaxin	8/9			
Mr. Xu Ningbo	9/9	✓	✓	✓
Mr. Zeng Li	9/9	✓	✓	✓
Independent Non-executive Directors				
Ms. Fu Wenjie	9/9			
Mr. Kang Yiguo	8/9			
Mr. Li Shaorong	9/9			

The reporting responsibilities of the Company's external auditors on the financial statements of the Group are set out in the "Auditor's Report" in this annual report. Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage of any legal liabilities which may arise in the course of performing their duties.

Independent non-executive Directors

The Company has three independent non-executive Directors, representing one-third of the total number of Directors on the Board, which complies with the requirement of rules 3.10(1), (2) and 3.10(A) of the Listing Rules. Independent non-executive Directors were assumed by the persons who are independent of any Directors, Chief Executives and substantial shareholders (as defined in the Listing Rules) or such individuals without any connection thereto (the independent third parties). The term of office of all independent non-executive Directors is three years commencing from 12 November 2024. Independent non-executive Directors including Ms. Fu Wenjie, Mr. Kang Yiguo and Mr. Li Shaorong meet the independence requirements under the Listing Rules. According to the Listing Rules, each independent non-executive Director had confirmed his/her independence to the Stock Exchange prior to his/her appointment. The three independent non-executive Directors assume membership in the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategic Development Committee under the Board.

CORPORATE GOVERNANCE

REPORT

The Company has received written confirmation of independence from all independent non-executive Directors, confirming their independent status to the Company. The Company continues to consider them independent under Rule 3.13 of the Listing Rules. The independent non-executive Directors of the Company play an important role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on issues of the Company's strategies, performance and control. Our independent non-executive Directors possess extensive academic, professional and industry experience and management experience and have provided their independent, constructive and professional advice to the Board. The backgrounds of independent non-executive Directors are also in compliance with the requirements of Rule 3.10(2) of the Listing Rules, which requires that at least one independent non-executive Director has appropriate professional qualifications, accounting or related financial management expertise.

The independent non-executive Directors expressed their analysis and opinions in respect of various issues as far as the Shareholders and the Company are concerned, and their extensive experience in business and finance are essential for the smooth development of the Company.

Board meetings

Meetings of the Board are held regularly and there was good attendance for Board meetings. Regular Board meetings are scheduled in advance to give the directors an opportunity to attend. All directors are invited to include matters in the agenda for regular Board meetings and Directors can attend Board meetings either in person or by electronic means of communication.

Notices of Board meetings or special committees' meetings are delivered to the Directors or special committee members at least 14 days before the meetings for the Directors to prepare for the relevant meetings and incorporate other matters into the agenda. The meeting materials and the agenda of the Board meeting or special committee meeting are distributed to Directors or members of special committees at least 3 days before the meetings to allow sufficient time to enable them to review the relevant materials and prepare for the meetings.

Directors are free to express their views in the meetings. Important decisions will only be made after detailed discussions in the Board meetings. Directors confirm that they have the responsibility to act in the interests of the Shareholders and shall not ignore the interests of minority Shareholders.

Minutes of Board meetings or special committees' meetings must record in detail issues considered by the Directors during the meeting as well as the resolutions made including any concerns or objections put forward by the Directors.

Minutes of Board meetings or special committees' meetings are to be kept by the secretary to the Board to which the Directors have free access. The management shall on their own accord or upon enquiries provide appropriate and sufficient information to the Directors and special committees members and/or respond as soon as possible so as to keep them informed of the Company's latest development to facilitate their performance of duties.

Each Director is provided with a Director's Handbook containing guidance on practice. Provisions of relevant legislations or the Listing Rules are quoted in the Director's Handbook to remind Directors of the need to discharge their responsibilities including disclosure to the supervisory bodies of their interests, potential conflict of interests and details about changes of personal data. The Director's Handbook will be updated from time to time as per changes in laws and regulations as well as the Listing Rules.

The Board and the special committees are provided with sufficient resources for performance of duties including but not limited to hiring consultants as and when necessary with fees borne by the Company. Individual Directors can also engage consultants for advice on any specific issues of the Company with fees borne by the Company. All Directors can obtain from the company secretary timely information and latest development about rules and regulations and other continual responsibilities which directors of listed companies must observe so as to ensure that each Director is informed of his own duties and that the Company implements Board procedures consistently and complies with the laws and regulations as appropriate.

(iv) Chairman and General Manager

The Company's Chairman and the General Manager are appointed by the Board. The positions are respectively taken up by Ms. Li Tao and Mr. Wu Xiaodong. The role of the Chairman is separate from that of the General Manager so as to delineate their respective areas of responsibility, power and authority. The Chairman focuses on the Group's strategic planning while the General Manager has overall executive responsibility for the Group's development and management. They receive significant support from the Directors and the senior management team.

The Chairman has a clear responsibility to ensure that the whole Board receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable. The Board, led by the Chairman, sets the overall directions, strategy and policies of the Company.

The Chairman provides leadership for the Board to ensure that it works effectively, performs its responsibilities and acts in the best interests of the Company. The Chairman is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures.

The Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings. The Chairman also encourages the Directors to make full and active contributions to the Board's affairs, to voice their concerns or different views and ensure that the decisions fairly reflect the consensus.

CORPORATE GOVERNANCE REPORT

(v) Professional Trainings Taken by Directors

Directors shall keep abreast of the responsibilities as a Director and of the conduct, business activities and development of the Company. All Directors are encouraged to participate in continuous professional development to further develop their knowledge and skills. The Company has arranged lawyers' training and in-house trainings for Directors in the form of seminar and reading materials, journals and newsletters. All Directors are encouraged to attend relevant training courses at the Company's expenses. A summary of training received by Directors during the Year according to the records provided by the Directors is as follows:

Name of Directors	Types of continuous professional training	
	Corporate governance, regulatory development and other related training	Read articles, publications, newsletter and updates relating to director's duty
Executive Directors		
Ms. Li Tao (Chairman)	✓	✓
Mr. Wu Xiaodong	✓	✓
Non-executive Directors		
Mr. Chen Wei (Resigned on 27 November 2025)	✓	✓
Mr. Li Qiangbin (Appointed on 27 November 2025)	✓	✓
Mr. Xu Jiabin	✓	✓
Mr. Xu Ningbo	✓	✓
Mr. Zeng Li	✓	✓
Independent Non-executive Directors		
Ms. Fu Wenjie	✓	✓
Mr. Kang Yiguo	✓	✓
Mr. Li Shaorong	✓	✓

(vi) Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee currently comprises five members, comprising three independent non-executive Directors, Ms. Fu Wenjie, Mr. Kang Yiguo and Mr. Li Shaorong and non-executive Directors, Mr. Li Qiangbin and Mr. Zeng Li. The committee is chaired by Mr. Kang Yiguo. The Remuneration and Appraisal Committee holds meetings in due course every year.

The purpose of the committee is to make recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Group. The committee is responsible for making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy on all Directors and senior management and for determining remuneration packages of individual executive Directors and senior management. It also assesses the performance of executive Directors and approves the terms of executive Director service contracts. It also makes recommendations to the Board on the remuneration of non-executive Directors (including independent non-executive directors), to supervise the execution of the remuneration system, to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with agreement terms; and if compensation payable could not be consistent with agreement terms, it should be fair and not excessive. The committee consults the chairman and/or the general manager about their remuneration proposals for other executive Directors.

The Group's remuneration policy seeks to provide fair and reasonable market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance.

The Remuneration and Appraisal Committee shall report the passed resolution(s) and voting results to the Board after each meeting. The terms of reference of the Remuneration and Appraisal Committee shall be made available for inspection on request, details of which are also published at the website of the Company (<http://cdc.com.cn>).

In evaluating the performance of the Directors and senior management, the Company used budget targets and audited financial reports as benchmarks. At the same time, sales revenue, net profits, and key performances were used as business indices. The Company's remuneration policy is that remuneration is linked with Company's performance. By adopting such initiatives, the Company aims to attract, retain and encourage talents and provide supports for the achievement of operating targets of the Group.

During the Year, all the executive Directors and non-executive Directors did not receive Director's remuneration. However, the Company will pay compensation and performance bonuses in accordance with their positions, duties and responsibilities in the Company (as the employees of the Company). Remuneration of independent Directors are determined in general meetings according to related policies or regulations of the PRC and the actual position of the Company. Total income of senior management comprises of a basic annual salary and a performance-based annual bonus. Performance bonuses received by senior management are adjusted based on the review of their annual performance.

During the Year, the Remuneration and Appraisal Committee convened two meetings to (among others) discuss the 2024 appraisal results of the management, the 2025 payroll, and the appraisal results of the management team's term (2022–2024).

CORPORATE GOVERNANCE REPORT

(vii) Nomination Committee

The Nomination Committee currently comprises five members, including three independent non-executive Directors, Ms. Fu Wenjie, Mr. Kang Yiguo and Mr. Li Shaorong and an executive Director, Ms. Li Tao and a non-executive Directors, Mr. Xu Jiaxin. The committee is chaired by Ms. Li Tao. The Nomination Committee holds meetings in due course every year.

The purpose of the committee is to determine the policy for the nomination of directors performed by the Nomination Committee. It is to lead the process of identifying and nominating candidates for Board appointment and securing Board approval for such appointment. The Nomination Committee is also responsible for reviewing the structure, size, composition and diversity (including but not limited to gender, ages, cultural and education backgrounds, occupations, experience, skills, knowledge and length of service) of the Board at least annually and identifying and selecting individuals suitably qualified to become members of the Board in line with the Company's corporate strategy for the recommendations to the Board on the selection of individuals nominated for directorships. The committee supervises the implementation of Board Diversity Policy, reviews such policy at least once a year to ensure its effectiveness, and advise the Board on any proposed revision of the policy. The committee carries out extensive search for qualified candidates for Directors and managers and it is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the general manager of the Company. The committee consults the chairman of the Board about his/her proposals relating to the process for Board appointments and for identifying and nominating candidates as members of the Board.

The criteria for the committee to select and recommend a candidate for directorship include the candidate's skills, knowledge, experience and integrity and whether he/she can demonstrate a standard of competence commensurate with his/her position as a director of the Company. The chairman of the Nomination Committee shall report the approved resolution(s) and the voting results to the Board after each meeting in writing.

The terms of reference of the Nomination Committee shall be made available for inspection on request, details of which are also published at the website of the Company (<http://cdc.com.cn>).

During the Year, the Nomination Committee had convened two meetings to discuss the appointment of a deputy general manager by the Company and the change of a director and his appointment as a member of a special committee, respectively and reviewed the diversity policy and its effectiveness of the Board. The current members of the Board are in line with the diversity policy in terms of gender, age, cultural and educational background, occupation, experience and skills, in line with the Company's current business development needs, and is conducive to improving corporate governance and standardized operation of the Company. The Board currently includes two female members, which complies with the relevant requirements under Rule 13.92 of the Listing Rules. The Board expects to have at least one female member in order to establish a pipeline of potential director successors that can achieve gender diversity. Should suitable candidates be identified in the future, the Board will continue to seek opportunities to increase the proportion of female members.

(viii) Audit Committee

The Audit Committee currently comprises three members, including the existing three independent non-executive Directors of the Company, namely Ms. Fu Wenjie, Mr. Kang Yiguo and Mr. Li Shaorong, and is chaired by Ms. Fu Wenjie. The Audit Committee holds meetings in due course every year.

Members of the Audit Committee have a term of three years. Terms of reference of the committee are formulated in accordance with the Company Law of PRC, the recommendations of "A Guide for Effective Audit Committee" promulgated by the Hong Kong Institute of Certified Public Accountants and the requirements of the Listing Rules. Its major duties include: to report to the Board, examine quality and procedure of the Group's interim and annual reports, review the connected transactions, monitor the financial reporting procedure, review soundness and effectiveness of compliance management, risk management, internal control and internal audit systems of the Company, study written reports of internal audit staff and review feedback from the management to such reports, consider the appointment of independent auditors, co-ordinate and review its efficiency and work quality, supervise directors and senior management, and hold accountable for the illegal corporate operations.

The terms of reference of the Audit Committee shall be made available for inspection on request, details of which are also published at the website of the Company (<http://cdc.com.cn>).

During the Year, the Audit Committee had convened six meetings to review the annual results and its corresponding accounts for 2024, the interim results and its corresponding accounts for the six months ended 30 June 2025, the auditors' management proposal, the appointment of auditors, the Company's connected transactions, and internal control and risk management. The Committee also discussed other works as required under the CG Code. All resolutions passed during the meetings of the committee were duly recorded in accordance with related rules, and the records were filed upon perusal by all members of the Audit Committee with amendments. After each meeting, the chairman submitted reports on the significant matters discussed to the Board.

(ix) Strategic Development Committee

The Strategic Development Committee currently comprises five members, including three independent non-executive Directors, Ms. Fu Wenjie, Mr. Kang Yiguo and Mr. Li Shaorong and an executive Director, Mr. Wu Xiaodong and a non-executive Director, Mr. Xu Ningbo. The committee is chaired by Mr. Wu Xiaodong. The Strategic Development Committee holds meetings in due course every year.

The role and main duties of the Strategic Development Committee include studying and advising on the Company's mid to long-term strategic development and planning; studying and advising on the material investment, financing proposal, significant use of capital and project of asset operation subject to approval of the Board pursuant to the Articles of Association; studying and advising on any other material events which have influence on the development of the Company; and checking the implementation of the above matters.

CORPORATE GOVERNANCE REPORT

During the Year, the Strategic Development Committee convened six meetings to discuss and review the Company's 2025 budget report, fixed asset investment plans and disposals, write-off of accounts receivable and disposal of inventory, equity transfers, profit distribution plan and loss recovery plan, the Company's "15th Five-Year Plan" development strategy, and the 2024 ESG report.

Name of Directors	Audit Committee Meeting Attended/ Eligible to Attend	Nomination Committee Meeting Attended/ Eligible to Attend	Remuneration and Appraisal Committee Meeting Attended/ Eligible to Attend	Strategic Development Committee Meeting Attended/ Eligible to Attend
Executive Directors				
Ms. Li Tao (Chairman)	-	2/2	-	-
Mr. Wu Xiaodong	-	-	-	6/6
Non-executive Directors				
Mr. Chen Wei (Resigned on 27 November 2025)	-	-	1/2	-
Mr. Li Qiangbin (Appointed on 27 November 2025)	-	-	-	-
Mr. Xu Jiabin	-	2/2	-	-
Mr. Xu Ningbo	-	-	-	5/6
Mr. Zeng Li	-	-	2/2	-
Independent Non-executive Directors				
Ms. Fu Wenjie	6/6	2/2	2/2	6/6
Mr. Kang Yiguo	6/6	2/2	2/2	6/6
Mr. Li Shaorong	6/6	2/2	2/2	6/6

(x) Auditor's Remuneration

The auditor engaged by the Company is nominated by the Board and is approved by Shareholders in the general meeting. Apart from annual audit, the auditor of the Company has also reviewed the interim reports of the Company. Its remuneration was determined by the Board as authorized by the general meeting. On 12 August 2025, Pan-China Certified Public Accountants was appointed as the auditor of the Company, and is eligible for re-appointment at the latest annual general meeting.

During the Year, the remuneration paid or payable to Pan-China Certified Public Accountants for audit and non-audit services is as follows:

Services rendered	Remuneration paid/payable RMB'000
Audit service	
— Statutory audit service	600.00
Non-audit service	0
	<u>600.00</u>

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board is responsible for the establishment and maintenance of the Company's risk management and internal control systems for reviewing relevant financial, operating and supervisory control procedures to protect Shareholders' interests and the Group's assets. The management is authorized by the Board to adopt such internal control system. For the Year, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The internal control system includes a management framework with clearly defined duties for the purposes of assisting the Company in reaching various business targets and ensuring that assets of the Company will not be defalcated or disposed of; ensuring that the Company's accounting records provide reliable financial data for internal use or public disclosure; and ensuring compliance with related legislations and requirements.

The Company set up an internal audit department in October 2003 to inspect, monitor and assess the disclosure of financial information, operations and internal control activities of the Company and its associates on a regular basis and when necessary, based on different potential risks and the importance of internal control systems for different businesses and workflows, so as to ensure the transparency of information disclosure, operating efficiency and effectiveness of the corporate monitoring mechanism of the Company. The external auditors are entitled to have access to all information of the Company and to make enquiries to relevant persons in performing their duties. The manager of the internal audit department reports the relevant outcomes and its opinions to the management of the Company for consideration. Upon receipt and consideration of the reports from the management, the Audit Committee makes recommendation and reports to the Board on a regular basis.

The Company has established an integrated management system for compliance, internal control, and risk management. The Company also set up a Compliance and Risk Management Committee (chaired by the General Manager, with the General Counsel serving as the Chief Compliance Officer and involving heads of functional management departments). This committee is responsible for the organization, leadership, and coordination of risk management, internal control management, and compliance management, as well as researching significant risk management matters. It oversees, guides, and organizes the construction of risk management, internal control management, and compliance management systems. It also supervises and guides the development of regulations and systems for these areas and monitors and guides the preparation of semi-annual and annual internal control and risk management reports. The Company has also clarified the specific responsibilities and authorities of organizational structures and personnel, delineated the main workflows and business handling departments involved in compliance, internal control, and risk management, and strengthened monitoring and adherence to the procedures of the Listing Rules. The Compliance and Risk Management Committee is required to report on risk management activities to the management, who will submit a report to the Audit Committee and the Board for reviewing the compliance, internal control, risk management system of the Company. The Company formulated the Internal Control Manual which summarizes and clarifies the principle, objectives, content, methods and obligations of the internal control system, reviews the effectiveness and appropriateness of the systems in the Internal Control Manual on an annual basis. This will facilitate the Company's continuing inspection and assessment on implementation of the existing systems and the effectiveness of internal controls.

During the Year, the Board conducted a review to examine whether the compliance, internal control and risk management systems of the Company and its subsidiaries are effective and adequate. Subjects of review included the supervision of the Company's finance, operation, compliance and risk management. During the Year, the Board reviewed the effectiveness and adequacy of the compliance, internal control and risk management systems of the Group and considered them effective and adequate. The Board also reviewed risk management, accounting and training of internal audit staff in full and ensured the business quality and risk assessment awareness of the staff and that sufficient budget was provided.

CORPORATE GOVERNANCE

REPORT

To further implement internal control more efficiently, the Board had confirmed the following major procedures:

- The Company has a framework with well-defined authority and duties with a hierarchical chain of supervision. The heads of all the departments participate in the formulation of strategic plans and business plans. Entrepreneurial strategies were formulated for achievement of annual operation plan and annual business and financial targets. Strategic plans and business plans and operational plan for the year are the basis for annual budgets, and according to the budgets, the Company had confirmed and allocated resources in view of the priorities of different business opportunities. The strategic plans and business plans are approved by the Board (subject to yearly review), annual business plans and annual budgets are also to be approved by the Board each year.
- The Company has a comprehensive account management system providing the management with an index for assessing financial and business performance as well as notifiable and discloseable financial information. In case discrepancy occurs in budgets, analysis and explanation will be made and appropriate action will be taken to rectify the problems as and when necessary.
- The Company has set up systems and procedures for confirmation, assessment, handling and controlling of risks. Based on the actual business operations, the Company categorizes risks into five major types: strategic risk, market risk, financial risk, legal risk, and operational risk. Each category of risk can be further subdivided into subcategories and detailed classifications, including legal, credit, market, operational, environmental, behavioral risks, as well as risks that may impact the company's development.

The internal audit department is responsible for implementing the risk management, internal control, and compliance management system initiatives of the Company. It develops management policies and procedures, oversees the construction and supervision of the internal control system, organizes the rectification of internal control deficiencies, and establishes a risk management information database and a risk event repository. It is also tasked with the daily monitoring of key controlled risks to provide reasonable assurance to management and the audit committee that relevant risks have been properly addressed and are under comprehensive surveillance.

The Company has formulated the Provisions on the Management of Confidentiality of Business/Work Secrets for all employees in the Company to handle the disclosure of the work secrets and business secrets and trading of securities. The employees shall comply with the relevant policy and sign the Confidentiality Undertaking and the Insider Information Confidentiality Agreement if they are aware of any work secrets and business secrets or insider information of the Company. The Company has announced such policy on the internal website of the Company and notified such matter to all employees in the Company.

The chief financial officer is responsible for preparing financial statements in accordance with the PRC accounting principles and to ensure compliance with disclosure requirements as stipulated by the China Securities Regulatory Commission and the Stock Exchange. The chief financial officer is also responsible for arranging and preparing the Company's annual budget scheme and the annual final accounting proposal, as well as monitoring the implementation of the Company's annual financial and operating plans. In addition, the chief financial officer shall work with and give recommendation to the Board in establishing relevant internal control systems.

REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration for Directors and top five persons in respect of remuneration are set out in section XI (II) 5 of notes to the financial statement on page 175 of this annual report. For the year ended 31 December 2025, the scope of remuneration for the senior management of the Company is set out below:

Scope of remuneration (RMB'000)	Number of members of senior management
0–1,000	5

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for ensuring that the financial statements for each financial year are prepared to give a true and fair view of the state of affairs, profitability and cash flow of the Group in accordance with the disclosure requirements of the relevant laws and regulations and disclosure provisions of the Listing Rules.

In preparing the financial statements of the Group for the Year, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards and the financial statements have been prepared on a basis that the Company will be able to continue as a going concern.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RELATIONS WITH SHAREHOLDERS, INVESTORS AND OTHER INTERESTED PARTIES

The Company is committed to ensuring that all Shareholders, especially the minority Shareholders, can enjoy equal status and fully exercise their rights, and that investors receive effective, balanced, and timely information about the Company based on proper and sufficient disclosure practices, to enhance mutual understanding and recognition between investors and the Company, thereby improving our corporate governance standards and overall corporate value.

During the Year, the Company communicated with investors by means of convening general meetings, participating in investor briefings, publishing periodic reports and timely announcements, actively responding to daily inquiries from the Hong Kong Stock Exchange, and addressing on-site and email inquiries from shareholders and industry analysts. Information disclosures were made as appropriate and a fair and transparent communication platform for the investors was provided to improve the transparency of the Company.

After review, the Board of the Company believes that the current shareholder communication policy has provided an effective channel for communication and full expression of opinions for Shareholders and potential investors, and that the Company has complied with the above measures and policies during the Year, and the Board is of the view that such measures and policies are effective.

For data on the Group's investor relations management, please refer to pages 27 to 28 of the Environmental, Social and Governance Report of the Company for the Year.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company is allowed to distribute dividends pursuant to the Articles of Association and the Administrative Measures of Dividends Distribution of the Company. The Company may distribute profit in the form of cash, shares, or by the combination of cash and shares, and shall adopt cash distribution as the prioritised mean to distribute profit provided that the conditions for cash distribution are satisfied. Subject to the fulfilment of the conditions for declaring cash dividend, in addition to propose a cash dividend proposal, the Board can propose and implement a scrip dividend proposal if it considers the scale of the share capital and shareholding structure of the Company are reasonable.

Subject to compliance with the principle of profit distribution, and provided that normal operation and long term development of the Company is guaranteed, if the conditions for declaring cash dividends are fulfilled, the Company shall, in principle, declare cash dividends once a year. The Board may also propose to the Company to make interim cash dividends based on the Company's profitability and capital needs.

In formulating a dividend plan, the Board will consider factors including but not limited to: the actual and expected financial results of the Group; the retained earnings and distributable reserves of the Group; the debt-to-equity ratio and return on equity of the Group, and the financial restrictions of the Group; the overall economic situation, the business cycle of the Group's business, and other internal or external factors that may affect the Company's business or financial performance and position, etc. In principle, the dividend pay-out ratio of the Company shall not be less than 50% of the net profit for the year, subject to a moderate decrease of 20 percentage points if there is an urgent need for cash flow guarantee due to priority business development, but not less than 30%.

For the purposes of determining the dividend payable by the Company, the Company's statutory surplus reserve fund and the Company's public welfare fund will not form part of the distributable profit of the Company. The statutory surplus reserve fund of the Company can only be used for making up any losses of the Company by being transformed into share capital of the Company. The distributable profit is based on the net profit attributable to the owner of the parent company in the current interim financial statements audited by the accounting firm or the net profit in the parent company's statement, whichever is higher, after deducting the unrecovered losses of the previous year and the balance of statutory provident fund after allocation.

The profit distribution plan shall be proposed by the Board and finally submitted to the Shareholders for consideration and approval at the Shareholders' general meeting. The Company shall actively communicate with Shareholders (especially minority Shareholders) through various channels to listen to opinions and demands of minority Shareholders.

For ordinary Shareholders, including holder of Domestic Shares, the dividends of the Company will be distributed in RMB. For holders of H Shares, the dividends of the Company will be distributed in Hong Kong dollars in accordance with the regulations of the State Administration of Foreign Exchange (SAFE) of the PRC.

COMPANY SECRETARY

The Company engages an external service provider company secretarial services and Mr. Shum Shing Kei is appointed as the Company Secretary. The primary contact person in the Company for Mr. Shum in relation to company secretarial matters is Mr. Wu Xiaodong, an executive Director. The Company Secretary is responsible for advising the Board on governance matters. For the Year, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training and has complied with the requirements in Rule 3.29 of the Listing Rules.

GENERAL MEETING

The general meeting, as the highest authority of the Company, exercises its rights under the law to make decisions on significant events of the Company. The Company establishes and maintains various communication channels with Shareholders by way of publication of annual reports, interim reports and announcements. The relevant reports and announcements are also published on the Company's website. Each year, the annual general meeting or extraordinary general meeting (if applicable) serves as a direct communication channel between the Board and the Shareholders. All Directors understand that the general meetings serve as an effective platform for Shareholders and provide a major venue for direct communication among Directors, Supervisors and other senior management and Shareholders and exchange of opinions with Directors, who shall report to Shareholders with regard to the Group's operations and respond to their enquiries to secure effective communications with Shareholders.

Accordingly, the Company had attached much importance to the general meetings. In addition to a 20 Hong Kong working days' notice (in the case of an annual general meeting) and a 15 days or 10 Hong Kong working days' notice (whichever is earlier) (in the case of an extraordinary general meeting) before the holding of the general meeting, the Company requires that all Directors and senior management shall use their best endeavors to attend the general meetings. In addition, the Company also encourages all Shareholders to attend general meeting. Shareholders can ask questions about the operating conditions or financial data of the Company, and are also welcome to speak at general meeting. Results of polls will be published on the websites of the Stock Exchange and the Company in due course.

In 2025, the Company convened one annual general meeting and two extraordinary general meetings.

CORPORATE GOVERNANCE REPORT

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

- (I) Two or more than two shareholders holding not less than 10% of voting shares in such proposed meeting may request the Board to convene an extraordinary general meeting or class meeting by signing and submitting one or several written requests with the same format and contents specifying the agenda of the meeting. An extraordinary general meeting or class meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid proportion of shareholding shall be calculated on the date on which the relevant shareholders submit the written request.
- (II) Where the Board fails to issue a notice of meeting within 30 days after receiving the aforesaid written request, the Shareholder(s) who made such request may convene a meeting within four months after the Board receiving such request, in the same manner, as nearly as possible, as that in which the general meetings are convened by the Board.

In the annual shareholders' meeting of the Company, shareholders holding more than one percent (including one percent) of the total voting shares of the Company, are entitled to propose new resolutions in written form. The Company shall include those matters which are within the scope of duties of the shareholders' meeting into the agenda.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could email their enquiries to siwi@cetc.com.cn or send their enquiries to the following address:

No. 18, Xinhang Road,
The West Park of Hi-tech Development Zone, Chengdu,
Sichuan Province, The PRC

INDEPENDENT AUDITOR'S REPORT



PCCPAAR [2026] No.1-296

To the Shareholders of Chengdu SIWI Science and Technology Company Limited:

I. AUDIT OPINION

We have audited the financial statements of Chengdu SIWI Science and Technology Company Limited (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2025, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the "Chinese Certified Public Accountant Independence Standard No. 1 — Independence Requirements for Financial Statement Audit and Review Engagements" and the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. In conducting our audit, we have complied with the independence requirements applicable to audits of public interest entities. 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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

(I) Net realizable value of inventories

1. Key audit matters

Please refer to section III (XII) and V (I) 7 of notes to the financial statements for details.

As of December 31, 2025, the book balance of inventories amounted to 138,001,503.40 yuan, with provision for inventory write-down of 15,752,298.33 yuan, and the carrying amount of 122,249,205.07 yuan.

Inventories are measured at the lower of cost and net realizable value. The net realizable value is determined by the Company's management (the "Management") based on the amount of the estimated selling price less the cost to be incurred upon completion, estimated selling expenses and relevant taxes and surcharges. As the amount of inventories is significant and determination of net realizable value involves significant judgment of the Management, we have identified net realizable value of inventories as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for net realizable value of inventories are as follows:

- (1) Understand the key internal controls related to the net realizable value of inventories, evaluate the design of these controls, determine whether they have been implemented, and test the operating effectiveness of the relevant internal controls;
- (2) Review the results of management's previous-year estimates regarding the net realizable value of inventories or subsequent re-estimates made by management;
- (3) Select items to evaluate the reasonableness of the estimated selling prices of inventories, and review whether the estimated selling prices are consistent with sales contract prices, market selling prices, historical data, etc.; For inventories without signed sales contracts, obtain market selling prices and compare them with the estimated selling prices; For inventories sold after the balance sheet date, compare the estimated selling prices with the actual selling prices;
- (4) Evaluate the reasonableness of management's estimates regarding the costs to be incurred for inventories to reach completion, selling expenses, and related taxes and fees;
- (5) Test the accuracy of management's calculations of the net realizable value of inventories;
- (6) In conjunction with inventory observation, identify whether there are situations such as long inventory age, obsolete models, declining production volumes, fluctuations in production costs or selling prices, changes in technology or market demand, etc., and evaluate the reasonableness of management's estimates regarding the net realizable value of inventories;
- (7) Check whether information related to the net realizable value of inventories has been appropriately presented in the financial statements.

(II) Impairment of accounts receivable

1. Key audit matters

Please refer to section III (X), III (XI) and V (I) 3 of notes to the financial statements for details.

As of December 31, 2025, the book balance of accounts receivable amounted to 105,291,450.07 yuan, with provision for bad debts of 32,775,055.05 yuan, and the carrying amount of 72,516,395.02 yuan.

Based on credit risk features of accounts receivable, the Management measures the loss allowance at the amount of lifetime expected credit losses, either on an individual basis or on a collective basis. As the amounts of accounts receivable and contract assets are significant and the impairment test involves significant judgment of the Management, we have identified impairment of accounts receivable and contract assets as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for impairment of accounts receivable are as follows:

- (1) Understand the key internal controls related to the impairment of accounts receivable, evaluate the design of these controls, determine whether they have been implemented, and test the operational effectiveness of the relevant internal controls;
- (2) Review the results of management's previous-year estimates regarding the allowance for doubtful debts or subsequent re-estimates made by management;
- (3) Review the relevant considerations and objective evidence used by management in assessing the credit risk of accounts receivable, and evaluate whether management has appropriately identified the credit risk characteristics of each accounts receivable item;
- (4) For accounts receivable measured on an individual basis for expected credit losses, review management's projections of expected cash flows to be collected, evaluate the appropriateness of significant assumptions used in the projections, as well as the appropriateness, relevance, and reliability of the data, and verify them against external evidence obtained;
- (5) For accounts receivable measured on a portfolio basis for expected credit losses, evaluate the reasonableness of management's grouping of accounts receivable by credit risk characteristics; evaluate the reasonableness of the expected credit loss rates for accounts receivable determined by management, including the appropriateness of significant assumptions used and the appropriateness, relevance, and reliability of the data; test the accuracy of management's calculations of the allowance for doubtful debts;
- (6) Evaluate the reasonableness of management's provision for doubtful debts in conjunction with the confirmation of accounts receivable and subsequent collection situations;
- (7) Check whether information related to the impairment of accounts receivable has been appropriately presented in the financial statements.

INDEPENDENT AUDITOR'S REPORT

IV. OTHER INFORMATION

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

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

VI. CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP

Chinese Certified Public Accountant: Jin Jingyu
(Engagement Partner)

Hangzhou • China

Chinese Certified Public Accountant: Yang Mei

Date of Report: 25 March 2026

CONSOLIDATED BALANCE SHEET

As at December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	371,427,135.02	440,790,899.45
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2	30,927,045.37	58,717,569.49
Accounts receivable	3	72,516,395.02	120,157,148.01
Receivables financing	4	194,290,324.73	47,730,010.46
Advances paid	5	4,447,425.32	3,610,696.10
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	2,411,038.41	2,152,865.05
Financial assets under reverse repo			
Inventories	7	122,249,205.07	89,207,650.30
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	8	481,032.10	84,116.66
Total current assets		798,749,601.04	762,450,955.52
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	9		27,779,669.92
Other equity instrument investments	10	27,855,337.85	
Other non-current financial assets			
Investment property	11	66,350,606.30	61,989,892.43
Fixed assets	12	106,301,788.29	111,466,556.05
Construction in progress	13	1,962,322.80	2,296,309.95
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	14	22,946,756.49	30,683,357.48
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term prepayments	15	10,457,955.16	6,805,744.01
Deferred tax assets	16		
Other non-current assets	17	2,230,301.00	1,245,033.90
Total non-current assets		238,105,067.89	242,266,563.74
Total assets		1,036,854,668.93	1,004,717,519.26

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

CONSOLIDATED BALANCE SHEET

As at December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	18	76,644,185.54	44,177,929.28
Advances received	19	562,743.10	233,463.10
Contract liabilities	20	3,399,983.39	699,194.91
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	21	9,080,110.20	10,447,963.95
Taxes and rates payable	22	1,501,568.88	6,507,160.51
Other payables	23	21,671,062.05	15,814,184.96
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	24		451,436.19
Other current liabilities	25	9,151,869.76	1,933,169.56
Total current liabilities		122,011,522.92	80,264,502.46
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	26		3,534,868.63
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable	27	9,673,715.84	11,529,061.96
Provisions			
Deferred income	28	39,908,668.60	42,530,368.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		49,582,384.44	57,594,298.59
Total liabilities		171,593,907.36	137,858,801.05

CONSOLIDATED BALANCE SHEET

As at December 31, 2025

Liabilities & Equity	Note No.	Closing balance	Opening balance
Equity:			
Share capital	29	400,000,000.00	400,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	30	375,606,399.78	641,928,122.08
Less: Treasury shares			
Other comprehensive income			
Special reserve	31	658,391.11	594,228.96
Surplus reserve	32	1,114,348.46	8,726,923.61
General risk reserve			
Undistributed profit	33	4,003,849.38	-272,912,958.36
		<u>781,382,988.73</u>	<u>778,336,316.29</u>
Total equity attributable to the parent company		781,382,988.73	778,336,316.29
Non-controlling interest		83,877,772.84	88,522,401.92
		<u>865,260,761.57</u>	<u>866,858,718.21</u>
Total equity		865,260,761.57	866,858,718.21
Total liabilities & equity		1,036,854,668.93	1,004,717,519.26

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

PARENT COMPANY BALANCE SHEET

As at December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		250,708,445.13	327,017,287.44
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable		5,541,523.72	26,769,465.26
Accounts receivable	1	57,132,581.73	93,163,051.11
Receivables financing		150,919,729.65	13,499,179.15
Advances paid		2,355,089.20	2,019,486.83
Other receivables	2	3,898,622.91	1,916,466.04
Inventories		93,151,951.76	70,245,137.00
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		480,893.46	
Total current assets		564,188,837.56	534,630,072.83
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	104,938,195.86	131,299,756.42
Other equity instrument investments		27,855,337.85	
Other non-current financial assets			
Investment property		45,372,802.62	44,575,100.98
Fixed assets		51,485,110.04	49,869,648.24
Construction in progress		1,962,322.80	2,296,309.95
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		15,843,462.10	18,803,752.82
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term prepayments		4,255,153.07	2,098,498.25
Deferred tax assets			
Other non-current assets		2,230,301.00	1,030,355.00
Total non-current assets		253,942,685.34	249,973,421.66
Total assets		818,131,522.90	784,603,494.49

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

PARENT COMPANY BALANCE SHEET

As at December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Liabilities and equity	Section XVI	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		55,849,566.64	25,151,965.29
Advances received		446,064.39	99,498.53
Contract liabilities		613,665.00	635,490.18
Employee benefits payable		8,338,692.89	9,392,058.96
Taxes and rates payable		1,170,156.63	4,636,441.92
Other payables		19,935,397.06	23,691,306.62
Liabilities held for sale			
Non-current liabilities due within one year			451,436.19
Other current liabilities		5,791,867.13	98,507.54
Total current liabilities		92,145,409.74	64,156,705.23
Non-current liabilities:			
Long-term borrowings			3,534,868.63
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable		9,673,715.84	11,529,061.96
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		9,673,715.84	15,063,930.59
Total liabilities		101,819,125.58	79,220,635.82
Equity:			
Share capital/Paid-in capital		400,000,000.00	400,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		304,793,633.84	571,115,356.14
Less: Treasury shares			
Other comprehensive income			
Special reserve		375,278.85	589,224.83
Surplus reserve		1,114,348.46	8,726,923.61
Undistributed profit		10,029,136.17	-275,048,645.91
Total equity		716,312,397.32	705,382,858.67
Total liabilities & equity		818,131,522.90	784,603,494.49

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	1	366,043,095.86	302,066,668.88
Including: Operating revenue	1	366,043,095.86	302,066,668.88
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
		-----	-----
II. Total operating cost		363,666,444.72	304,066,172.35
Including: Operating cost	1	294,119,787.88	238,929,176.04
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	8,649,746.18	8,356,997.04
Selling expenses	3	8,702,859.10	6,369,106.82
Administrative expenses	4	43,344,161.25	44,618,379.45
R&D expenses	5	16,776,583.28	15,077,845.62
Financial expenses	6	-7,926,692.97	-9,285,332.62
Including: Interest expenses		22,068.83	65,109.12
Interest income		8,281,455.94	9,207,605.36
Add: Other income	7	3,040,755.38	2,931,971.25
Investment income (or less: losses)	8	32,220.97	-1,929,102.69
Including: Investment income from associates and joint ventures		75,667.93	-1,881,779.43
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss	9	1,144,927.57	2,212,193.83
Assets impairment loss	10	-2,346,768.18	-1,980,034.03
Gains on asset disposal (or less: losses)	11	-79,577.28	1,435,826.36
		-----	-----
III. Operating profit (or less: losses)		4,168,209.60	671,351.25
Add: Non-operating revenue	12	50,001.39	576,728.26
Less: Non-operating expenditures	13	64,201.88	6,621.62
		-----	-----
IV. Profit before tax (or less: total loss)		4,154,009.11	1,241,457.89
Less: Income tax expenses	14	1,533.32	
		-----	-----

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

Items	Note No.	Current period cumulative	Preceding period comparative
V. Net profit (or less: net loss)		4,152,475.79	1,241,457.89
(I) Categorized by the continuity of operations:			
1. Net profit from continuing operations (or less: net loss)		4,152,475.79	1,241,457.89
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership:			
1. Net profit attributable to owners of parent company (or less: net loss)		2,982,510.29	1,149,744.65
2. Net profit attributable to non-controlling shareholders (or less: net loss)		1,169,965.50	91,713.24
VI. Other comprehensive income after tax			
Items attributable to the owners of the parent company			
(I) Not to be reclassified subsequently to profit or loss			
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
Items attributable to non-controlling shareholders			

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2025

Items	Note No.	Current period cumulative	Preceding period comparative
VII. Total comprehensive income		4,152,475.79	1,241,457.89
Items attributable to the owners of the parent company		2,982,510.29	1,149,744.65
Items attributable to non-controlling shareholders		1,169,965.50	91,713.24
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.0075	0.0029
(II) Diluted EPS (yuan per share)		0.0075	0.0029

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

PARENT

COMPANY INCOME STATEMENT

For the year ended December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	196,111,688.99	137,261,335.50
Less: Operating cost	1	149,856,074.47	92,705,939.45
Taxes and surcharges		6,339,792.66	5,885,676.83
Selling expenses		5,962,760.51	4,646,258.85
Administrative expenses		28,584,113.57	35,900,273.61
R&D expenses	2	10,004,043.92	9,152,165.34
Financial expenses		-6,581,639.36	-8,071,366.55
Including: Interest expenses		22,068.83	65,109.12
Interest income		6,694,348.52	7,986,526.34
Add: Other income		60,207.29	21,955.02
Investment income (or less: losses)	3	10,450,330.33	-1,929,102.69
Including: Investment income from associates and joint ventures		75,667.93	-1,881,779.43
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		890,103.11	2,407,635.64
Assets impairment loss		-2,110,734.40	-1,814,535.84
Gains on asset disposal (or less: losses)		-79,577.28	1,435,950.68
		11,156,872.27	-2,835,709.22
II. Operating profit (or less: losses)		11,156,872.27	-2,835,709.22
Add: Non-operating revenue		50,000.00	47,100.03
Less: Non-operating expenditures		63,387.64	
III. Profit before tax (or less: total loss)		11,143,484.63	-2,788,609.19
Less: Income tax expenses			

PARENT COMPANY INCOME STATEMENT

For the year ended December 31, 2025

Items	Note No.	Current period cumulative	Preceding period comparative
IV. Net profit (or less: net loss)		11,143,484.63	-2,788,609.19
(I) Net profit from continuing operations (or less: net loss)		11,143,484.63	-2,788,609.19
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax		-----	-----
(I) Not to be reclassified subsequently to profit or loss		-----	-----
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others		-----	-----
(II) To be reclassified subsequently to profit or loss		-----	-----
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others		-----	-----
VI. Total comprehensive income		11,143,484.63	-2,788,609.19
VII. Earnings per share (EPS):		-----	-----
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)		-----	-----

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		289,868,595.61	356,607,753.39
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund			51,090.25
Other cash receipts related to operating activities	2.(1)	12,213,212.89	11,937,365.09
Subtotal of cash inflows from operating activities		302,081,808.50	368,596,208.73
Cash payments for goods purchased and services received		217,161,392.49	171,791,328.30
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		79,152,206.72	72,539,667.80
Cash payments for taxes and rates		22,345,957.87	14,706,921.61
Other cash payments related to operating activities	2.(2)	29,661,742.68	23,432,814.86
Subtotal of cash outflows from operating activities		348,321,299.76	282,470,732.57
Net cash flows from operating activities		-46,239,491.26	86,125,476.16

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

Items	Note No.	Current period cumulative	Preceding period comparative
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			
Cash receipts from investment income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	1.(1)	61,200.00	1,864,738.00
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities			
		-----	-----
Subtotal of cash inflows from investing activities		61,200.00	1,864,738.00
		-----	-----
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1.(2)	18,454,744.95	20,220,861.06
Cash payments for investments			
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
		-----	-----
Subtotal of cash outflows from investing activities		18,454,744.95	20,220,861.06
		-----	-----
Net cash flows from investing activities		-18,393,544.95	-18,356,123.06
		-----	-----
III. Cash flows from financing activities:			
Cash receipts from absorbing investments			
Including: Cash received by subsidiaries from non-controlling shareholders as investments			
Cash receipts from borrowings			
Other cash receipts related to financing activities			
		-----	-----
Subtotal of cash inflows from financing activities			
		-----	-----
Cash payments for the repayment of borrowings		4,052,215.17	447,330.91
Cash payments for distribution of dividends or profits and for interest expenses		622,068.83	65,109.12
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities			
		-----	-----
Subtotal of cash outflows from financing activities		4,674,284.00	512,440.03
		-----	-----
Net cash flows from financing activities		-4,674,284.00	-512,440.03
		-----	-----

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

Items	Note No.	Current period cumulative	Preceding period comparative
IV. Effect of foreign exchange rate changes on cash and cash equivalents		<u>-56,444.22</u>	<u>6,043.18</u>
V. Net increase in cash and cash equivalents		<u>-69,363,764.43</u>	<u>67,262,956.25</u>
Add: Opening balance of cash and cash equivalents		<u>440,790,899.45</u>	<u>373,527,943.20</u>
VI. Closing balance of cash and cash equivalents		<u>371,427,135.02</u>	<u>440,790,899.45</u>

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

PARENT COMPANY CASH FLOW STATEMENT

For the year ended December 31, 2025

Chengdu SIWI Science and Technology Company Limited

Expressed in Renminbi Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		94,809,210.76	205,255,779.53
Receipts of tax refund			
Other cash receipts related to operating activities		10,234,872.58	15,136,273.64
Subtotal of cash inflows from operating activities		105,044,083.34	220,392,053.17
Cash payments for goods purchased and services received		75,567,440.54	62,833,359.97
Cash paid to and on behalf of employees		54,966,837.06	55,650,605.12
Cash payments for taxes and rates		16,470,214.91	10,329,476.03
Other cash payments related to operating activities		24,822,742.00	18,010,063.90
Subtotal of cash outflows from operating activities		171,827,234.51	146,823,505.02
Net cash flows from operating activities		-66,783,151.17	73,568,548.15
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			
Cash receipts from investment income		9,000,000.00	
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		61,200.00	1,861,688.00
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities		9,061,200.00	1,861,688.00
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		14,512,607.14	16,384,955.38
Cash payments for investments			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		14,512,607.14	16,384,955.38
Net cash flows from investing activities		-5,451,407.14	-14,523,267.38

PARENT

COMPANY CASH FLOW STATEMENT

For the year ended December 31, 2025

Items	Note No.	Current period cumulative	Preceding period comparative
III. Cash flows from financing activities:			
Cash receipts from absorbing investments			
Cash receipts from borrowings			
Other cash receipts related to financing activities			
		-----	-----
Subtotal of cash inflows from financing activities		-----	-----
Cash payments for the repayment of borrowings		4,052,215.17	447,330.91
Cash payments for distribution of dividends or profits and for interest expenses		22,068.83	65,109.12
Other cash payments related to financing activities			
		-----	-----
Subtotal of cash outflows from financing activities		4,074,284.00	512,440.03
Net cash flows from financing activities		-4,074,284.00	-512,440.03
		-----	-----
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-76,308,842.31	58,532,840.74
Add: Opening balance of cash and cash equivalents		327,017,287.44	268,484,446.70
		-----	-----
VI. Closing balance of cash and cash equivalents		250,708,445.13	327,017,287.44
		-----	-----

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended December 31, 2025

Items	Other equity instruments				Equity attributable to parent company				Current period cumulative					
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Non-controlling interest	Total equity
I. Balance at the end of prior year	400,000,000.00				641,928,122.08				594,228.96	8,726,923.61		-272,912,998.36	88,532,401.92	866,888,716.21
Add: Cumulative changes of accounting policies														
Error correction of prior period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	400,000,000.00				641,928,122.08				594,228.96	8,726,923.61		-272,912,998.36	88,532,401.92	866,888,716.21
III. Current period increase (or less; decrease)					-266,321,722.30				64,162.15	-7,612,575.15		276,916,807.74	-4,644,629.08	-1,597,956.64
(I) Total comprehensive income														
(II) Capital contributed or withdrawn by owners														
1. Ordinary shares contributed by owners														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in equity														
4. Others														
(III) Profit distribution														
1. Appropriation of surplus reserve										1,114,348.46		-1,114,348.46	-6,000,000.00	-6,000,000.00
2. Appropriation of general risk reserve										1,114,348.46		-1,114,348.46		
3. Appropriation of profit to owners														
4. Others														
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital														
2. Transfer of surplus reserve to capital														
3. Surplus reserve to cover losses														
4. Changes in defined benefit plan carried over to retained earnings														
5. Other comprehensive income carried over to retained earnings														
6. Others														
(V) Special reserve														
1. Current period appropriation														
2. Current period use														
Others														
IV. Balance at the end of current period	400,000,000.00				375,606,399.78				658,391.11	1,114,348.46		4,003,849.38	83,877,772.84	865,560,761.57

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended December 31, 2025

Items	Other equity instruments				Equity attributable to parent company			Preceding period comparative			Total equity		
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Non-controlling interest
I. Balance at the end of prior year	400,000,000.00				641,928,122.08			54,983.07	87,265,923.61		-274,062,703.01	88,427,352.60	865,074,678.35
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	400,000,000.00				641,928,122.08			54,983.07	87,265,923.61		-274,062,703.01	88,427,352.60	865,074,678.35
III. Current period increase (or less: decrease)								539,245.89			1,149,744.65	95,049.32	1,784,039.86
(I) Total comprehensive income													
(II) Capital contributed or withdrawn by owners													
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners													
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve								539,245.89				333,608	542,581.97
1. Current period appropriation								2,444,914.30				615,785.38	3,060,699.68
2. Current period use								-1,905,668.41				-612,449.30	-2,518,117.71
Others													
IV. Balance at the end of current period	400,000,000.00				641,928,122.08			594,228.96	87,265,923.61		-272,912,958.36	88,522,401.92	866,852,182.21

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

PARENT

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

Items	Other equity instruments				Current period cumulative				Total equity		
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profit
I. Balance at the end of prior year	400,000,000.00				571,115,356.14			589,224.83	8,726,923.61	-275,048,645.91	705,382,858.67
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	400,000,000.00				571,115,356.14			589,224.83	8,726,923.61	-275,048,645.91	705,382,858.67
III. Current period increase (or less: decrease)					-266,321,722.30			-213,945.98	-7,612,575.15	285,077,782.08	10,929,538.65
(i) Total comprehensive income											
(ii) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(iii) Profit distribution											
1. Appropriation of surplus reserve									1,114,348.46	-1,114,348.46	
2. Appropriation of profit to owners									1,114,348.46	-1,114,348.46	
3. Others											
(iv) Internal carry-over within equity					-266,321,722.30				-8,726,923.61	275,048,645.91	
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(v) Special reserve											
1. Current period appropriation								-213,945.98			-213,945.98
2. Current period use								1,292,965.26			1,292,965.26
Others								-1,506,911.24			-1,506,911.24
IV. Balance at the end of current period	400,000,000.00				304,793,633.84			375,278.85	1,114,348.46	10,029,136.17	716,312,397.32

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

PARENT

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

Expressed in Renminbi Yuan

Chengdu SIWI Science and Technology Company Limited

Items	Other equity instruments			Preceding period comparative			Total equity				
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Treasury shares		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
I. Balance at the end of prior year	400,000,000.00				571,115,356.14			54,983.07	8,726,923.61	-272,260,036.72	707,637,226.10
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	400,000,000.00				571,115,356.14			54,983.07	8,726,923.61	-272,260,036.72	707,637,226.10
III. Current period increase (or less decrease)								534,241.76		-2,788,609.19	-2,254,367.43
(I) Total comprehensive income											
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	400,000,000.00				571,115,356.14			589,224.83	8,726,923.61	-275,048,645.91	705,382,838.67

Legal representative: Li Tao

Officer in charge of accounting: Xu Guangde

Head of accounting department: Li Sha

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

I. COMPANY PROFILE

Chengdu SIWI Science and Technology Company Limited (the “Company”) was incorporated and registered with the Chengdu Administration Bureau of Industry and Commerce on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as “China PUTIAN Corporation”), as independent promoter, under the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province. The Company currently holds a business license with unified social credit code of 9151010020193968XY, with registered capital of RMB400,000,000. There are a total of 400,000,000 shares in issue with the nominal value of RMB1 each, of which: 240,000,000 non-tradable shares and 160,000,000 tradable H-shares. The Company’s shares were listed at the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) respectively on 13 December 1994.

The Company operates in the manufacturing sector. Its principal business activities include: R&D, production, sales, and after-sales services of wire and cable, optical fiber cables, optical communication equipment, photovoltaic equipment and components, and irradiation processing.

The financial statements were approved and authorized for issue by the Board of Directors dated 25 March 2026.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Important note: The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, revenue recognition, etc., based on the Company's actual production and operation features.

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Determination method and basis for selection of materiality

The Company prepares and discloses financial statements in compliance with the principle of materiality. The items disclosed in notes to the financial statements involving materiality judgements, determination method and basis for selection of materiality are as follows:

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant accounts receivable with provision for bad debts made on an individual basis	Single item amount \geq 1 million yuan
Significant provisions for bad debts of accounts receivable collected or reversed	Single item amount \geq 1 million yuan
Significant accounts receivable written off	Single item amount \geq 1 million yuan
Significant other receivables with provision for bad debts made on an individual basis	Single item amount \geq 1 million yuan
Significant construction in progress	Single project under construction balance at the end of the period \geq 1 million yuan
Significant accounts payable with age over one year	Single item amount \geq 1 million yuan
Significant contract liabilities with age over one year	Single item amount \geq 1 million yuan
Significant other payables with age over one year	Single item amount \geq 1 million yuan
Significant not wholly-owned subsidiaries	Net assets \geq 10 million yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(VI) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VII) Judgement criteria for control and compilation method of consolidated financial statements

1. Judgement of control

An investor controls an investee if and only if the investor has all the following: (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the investor's returns.

2. Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 — Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement 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.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(IX) Foreign currency translation

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities

(1) *Recognition criteria and measurement method of financial assets and financial liabilities*

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, they are measured at the transaction price in accordance with "CASBE 14 — Revenues".

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities (Continued)

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities (Continued)

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 — Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 — Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities (Continued)

(4) Derecognition of financial assets and financial liabilities

- 1) Financial assets are derecognized when:
 - a. the contractual rights to the cash flows from the financial assets expire; or
 - b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE 23 — Transfer of Financial Assets".
- 2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions for derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

- (1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;
- (3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

5. Impairment of financial instruments (Continued)

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in “CASBE 14 — Revenues”, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XI) Recognition criteria and accrual method for expected credit losses of receivables

1. Receivables with expected credit losses measured on a collective basis by similar credit risk features

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable Trade acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Accounts receivable — Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable — Portfolio grouped with related party receivables	Receivables from related parties as a credit risk characteristic	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Other receivables — Portfolio grouped with non-related party receivables of deposit, reserve and assurance Other receivables — Other portfolio	Nature of receivables	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables — Portfolio grouped with related party receivables	Receivables from related parties as a credit risk characteristic	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.

2. Recognition criteria for receivables and contract assets with expected credit losses measured on an individual basis

For receivables whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XII) Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials, supplies, etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatched inventories

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

3. Inventory system

Perpetual inventory method.

4. Amortization method of low-value consumables and packages

(1) *Low-value consumables*

Low-value consumables are amortized with one-off method.

(2) *Packages*

Packages are amortized with one-off method.

5. Provision for inventory write-down

Recognition criteria and accrual method of provision for inventory write-down

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIII) Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

- (1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

2. Determination of investment cost (Continued)

- (2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

- 1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.
- 2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.
- (3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 — Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 — Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of profit or loss

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

4. Disposal of a subsidiary in stages resulting in the Company's loss of control

(1) *Judgement principles of "bundled transaction"*

For disposal of a subsidiary in stages resulting in the Company's loss of control, the Company determines whether it is a "bundled transaction" based on the agreement terms for each stage, disposal consideration obtained separately, object of the equity sold, disposal method, disposal time point, etc. If the terms, conditions and economic effect of each transaction meet one or more of the following conditions, these transactions are usually considered as a "bundled transaction":

- 1) these transactions are entered into at the same time or in contemplation of each other;
- 2) these transactions form a single transaction designed to achieve an overall commercial effect;
- 3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction;
and
- 4) one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

(2) *Accounting treatments of non-bundled transactions*

- 1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 — Financial Instruments: Recognition and Measurement".

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIII) Long-term equity investments (Continued)

4. Disposal of a subsidiary in stages resulting in the Company's loss of control (Continued)

(2) Accounting treatments of non-bundled transactions (Continued)

2) Consolidated financial statements

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

(3) Accounting treatment of bundled transaction

1) Stand-alone financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the carrying amount of long-term equity investments corresponding to the disposed investments is recognized as other comprehensive income at the stand-alone financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

2) Consolidated financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIV) Investment property

1. Investment property includes land use right of leased-out property and buildings that have been leased out.
2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

(XV) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	15–30	3	3.23–6.47
Machinery	Straight-line method	5–18	3	5.39–19.40
Transport facilities	Straight-line method	4–6	3	16.17–24.25
Other equipment	Straight-line method	4–15	3	6.47–24.25

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XVI) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.
2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress is not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Standards and time point of transferring construction in progress to fixed assets
Buildings and structures	When the main construction and supporting projects have been substantially completed and accepted with the predetermined design requirements being met
Machinery	When the design requirements or standards specified in the contract are met after installation and commissioning

(XVII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

- (1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.
- (2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.
- (3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XVII) Borrowing costs (Continued)

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the excess of the accumulative capital disbursements over the special borrowings by the capitalization rate of the general borrowing used.

(XVIII) Intangible assets

1. Intangible assets include land use right, software use right, franchises, etc. The initial measurement of intangible assets is based on its cost.
2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Useful life and determination basis	Amortization method
Land use right	The useful life is determined to be 50 years based on the period registered on the certificate of titles.	Straight-line method
Software use right	The useful life is determined to be 5–10 years based on the expected benefit period.	Straight-line method
Franchises	The useful life is determined to be 10–15 years based on the expected benefit period.	Straight-line method
Others	The useful life is determined to be 10–15 years based on the expected benefit period.	Straight-line method

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XVIII) Intangible assets (Continued)

3. Permitted scope of R&D costs

(1) Personnel costs

Personnel costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, occupational injuries premiums, maternity premiums and housing provident funds for the Company's R&D personnel, as well as labor costs for external R&D personnel.

If R&D personnel serve for multiple R&D projects at the same time, personnel costs are recognized based on their working hour records provided by the Company's administrative department, and proportionately allocated among different R&D projects.

If personnel directly engaged in R&D activities and external R&D personnel are engaged in non-R&D activities at the same time, the Company, based on their working hour records at different positions, allocates personnel costs actually incurred between R&D expenses and production and operating expenses using reasonable methods such as the ratio of actual working hours.

(2) Direct input costs

Direct input costs refer to relevant expenses actually incurred by the Company for R&D activities, which include: 1) materials, fuel and power costs directly consumed by R&D activities; 2) development and manufacturing costs of molds and craft equipment used for intermediate tests and trial production, acquisition costs of samples, prototypes and general testing methods that do not constitute fixed assets, and inspection costs of trial production; and 3) operation and maintenance, adjustment, inspection, testing and repairing costs of instruments and equipment used for R&D activities.

(3) Depreciation and long-term prepayments

Depreciation refers to the depreciation of instruments, equipment and in-use buildings used for R&D activities.

For instruments, equipment and in-use buildings both used for R&D activities and non-R&D activities, necessary records shall be kept on their usage, and depreciation actually incurred is allocated between R&D expenses and production and operating expenses in a reasonable manner based on the actual working hours, the usable area, etc.

Long-term prepayments refer to those incurred during renovation, modification, decoration and repairing of R&D facilities, which are collected based on actual amount and amortized evenly over a specified period.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XVIII) Intangible assets (Continued)

3. Permitted scope of R&D costs (Continued)

(4) Amortization of intangible assets

Amortization of intangible assets refer to the amortization of software, intellectual property, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used for R&D activities.

(5) Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to R&D activities, including technical books and materials fees, data translation fees, expert consultation fees, high-tech R&D insurance premiums, R&D outcomes search, demonstration, evaluation, appraisal and acceptance fees, intellectual property application, registration and agency fees, conference fees, business travelling fees, communication fees, etc.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(XIX) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress,, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XX) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXI) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. **Short-term employee benefits**

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. **Post-employment benefits**

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

- (1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.
- (2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:
 - 1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;
 - 2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;
 - 3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXI) Employee benefits (Continued)

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

(XXII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXIII) Revenue

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation 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 can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXIII) Revenue (Continued)

2. Revenue measurement principle

- (1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.
- (2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- (3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period.
- (4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method

The Company sells copper cables, cable assemblies and related products, optical cables and related products, optical communication and related products, among others. Its performance obligations are fulfilled at a specific point in time. For domestic sales revenue, it is recognized when the company delivers the products to the delivery location specified in the contract and the customer confirms receipt, the major risks and rewards of ownership of the goods have been transferred, the control of the goods has been transferred, the payment has been received or the right to receive payment has been obtained, and it is probable that the related economic benefits will flow in. For export sales revenue, it is recognized when the company has completed customs declaration of the products in accordance with the contract, obtained the bill of lading, received the payment or obtained the right to receive payment, and it is probable that the related economic benefits will flow in.

The Company's agency and processing service businesses also involve performance obligations fulfilled at a specific point in time. Revenue is recognized when the agency and processing services are completed as per the contract and accepted by the customer, the control of the related services has been transferred, the service payment has been recovered or a payment voucher has been obtained, and it is probable that the related economic benefits will flow in.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXIV) Costs to obtain a contract and costs to fulfill a contract

The Company recognizes as an asset the incremental costs to obtain a contract if those costs are expected to be recovered.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

1. the costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), costs that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. the costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
3. the costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XXV) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXVI) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. **Government grants related to assets**

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. **Government grants related to income**

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXVII) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.
2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence indicating that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.
3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.
4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.
5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either: 1) the same taxable entity; or 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXVIII) Leases

1. The Company as the lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

(1) *Right-of-use assets*

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) *Lease liabilities*

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXVIII) Leases (Continued)

1. The Company as the lessee (Continued)

(2) Lease liabilities (Continued)

After the commencement date, if there is a change in the following items: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

2. The Company as the lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

(1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXIX) Work safety fund

The Company appropriates work safety fund in accordance with the “Circular on Management Measures on the Appropriation and Use of Work Safety Fund” (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management. Standard work safety fund is included in the cost or profit or loss, meanwhile accounted for under “special reserve”. When work safety fund is used as an expense, it is to offset special reserve directly. When work safety fund is qualified to be included in the cost of fixed assets, it is accounted for under “construction in progress” and transferred to fixed assets when related safety projects reach the designed useful conditions; meanwhile, the cost included in fixed assets is to offset “special reserve”, and accumulated depreciation shall be recognized at the same amount. Such fixed assets shall not be depreciated in future periods.

(XXX) Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

IV. TAXES

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	3%, 5%, 6%, 9%, 13%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income	1.2%, 12%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Enterprise income tax	Taxable income	15%, 25%
Urban land use tax	Land area actually occupied	6元/m ² , 8元/m ²
Resource tax	Water actually consumed	2.69/m ³

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Chengdu SEI Optical Fiber Co., Ltd.	15%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

Chengdu SEI Optical Fiber Co., Ltd., a subsidiary of the Company, obtained the High-tech Enterprise Certificate on 16 October 2023, jointly issued by the Science & Technology Department of Sichuan Province, the Sichuan Provincial Finance Department and the Sichuan Provincial Tax Service, State Taxation Administration, with a validity period of 3 years. The certificate number is GR202351002814. The enterprise income tax will be paid at a reduced tax rate of 15% for the current period.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

Items	Closing balance	Opening balance
Cash on hand		200.00
Cash in bank	371,427,135.02	440,790,699.45
Total	371,427,135.02	440,790,699.45

2. Notes receivable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	28,822,803.98	32,060,211.76
Trade acceptance	2,104,241.39	26,657,357.73
Total	30,927,045.37	58,717,569.49

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

2. Notes receivable (Continued)

(2) Provision for bad debts

1) Details on categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision					
made on a collective basis	31,100,940.69	100.00	173,895.32	0.56	30,927,045.37
Including: Bank acceptance	28,822,803.98	92.68			28,822,803.98
Trade acceptance	2,278,136.71	7.32	173,895.32	7.63	2,104,241.39
Total	31,100,940.69	100.00	173,895.32	0.56	30,927,045.37

(Continued)

Categories	Book balance		Opening balance		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision					
made on a collective basis	59,001,778.25	100.00	284,208.76	0.48	58,717,569.49
Including: Bank acceptance	32,060,211.76	54.34			32,060,211.76
Trade acceptance	26,941,566.49	45.66	284,208.76	1.05	26,657,357.73
Total	59,001,778.25	100.00	284,208.76	0.48	58,717,569.49

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

2. Notes receivable (Continued)

(2) Provision for bad debts (Continued)

2) Notes receivable with provision for bad debts made on a collective basis

Items	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	28,822,803.98		
Trade acceptance portfolio	2,278,136.71	173,895.32	7.63
Subtotal	31,100,940.69	173,895.32	0.56

(3) Changes in provision for bad debts

Items	Opening balance	Accrual	Increase/Decrease			Closing balance
			Recovery or reversal	Write-off	Others	
Receivables with provision made on a collective basis	284,208.76	-110,313.44				173,895.32
Total	284,208.76	-110,313.44				173,895.32

(4) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance	
	derecognized	not yet derecognized
Bank acceptance	36,718,693.47 [Note]	7,103,413.99
Trade acceptance		1,606,457.93
Subtotal	36,718,693.47	8,709,871.92

Note: Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable

(1) Details

1) Details on categories

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	25,278,379.19	24.00	25,278,379.19	100.00	
Receivables with provision made on a collective basis	80,013,070.88	76.00	7,496,675.86	9.37	72,516,395.02
Total	105,291,450.07	100.00	32,775,055.05	31.13	72,516,395.02

(Continued)

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	25,279,572.67	16.37	25,279,572.67	100.00	
Receivables with provision made on a collective basis	129,142,625.05	83.63	8,985,477.04	6.96	120,157,148.01
Total	154,422,197.72	100.00	34,265,049.71	22.19	120,157,148.01

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(1) Details (Continued)

2) Significant accounts receivable with provision made on an individual basis

Debtors	Opening balance		Closing balance			Basis for provision made
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	
KAB/VOLEKABKableprektion	2,058,597.74	2,058,597.74	2,058,597.74	2,058,597.74	100.00	Expected to be uncollectible
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	1,985,718.44	1,985,718.44	1,985,718.44	1,985,718.44	100.00	Expected to be uncollectible
Shenyang Hengyuanda Communication Equipment Co., Ltd.	1,621,814.62	1,621,814.62	1,621,814.62	1,621,814.62	100.00	Expected to be uncollectible
Sichuan Chuandong Electromechanical Equipment Installation Company	1,606,692.41	1,606,692.41	1,606,692.41	1,606,692.41	100.00	Expected to be uncollectible
Chongqing Xiongying Communication Co., Ltd.	1,414,724.47	1,414,724.47	1,414,724.47	1,414,724.47	100.00	Expected to be uncollectible
Yiwu Zhihaoda E-commerce Co., Ltd.	1,344,969.65	1,344,969.65	1,344,969.65	1,344,969.65	100.00	Expected to be uncollectible
Hangzhou Hanyi Plastic Pipe Materials Co., Ltd.	1,156,614.94	1,156,614.94	1,156,614.94	1,156,614.94	100.00	Expected to be uncollectible
China National Postal & Telecommunications APPLIANCE Middle & SOUTH Corp.	1,116,797.27	1,116,797.27	1,116,797.27	1,116,797.27	100.00	Expected to be uncollectible
Zhejiang Wanneng Communication Equipment Group Co., Ltd.	1,079,528.38	1,079,528.38	1,079,528.38	1,079,528.38	100.00	Expected to be uncollectible
Chengdu Cable Factory Sales Branch	1,062,382.43	1,062,382.43	1,062,382.43	1,062,382.43	100.00	Expected to be uncollectible
The Trade Division of Henan Qingfeng County Federation of Industry and Commerce	1,007,986.64	1,007,986.64	1,007,986.64	1,007,986.64	100.00	Expected to be uncollectible
Sichuan Huiyuan Optical Communication Co., Ltd.	1,007,072.46	1,007,072.46	1,007,072.46	1,007,072.46	100.00	Expected to be uncollectible
Subtotal	16,462,899.45	16,462,899.45	16,462,899.45	16,462,899.45	-	-

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(1) Details (Continued)

- 3) Accounts receivable with provision for bad debts made on a collective basis

Items	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	41,616,654.62	7,304,693.78	17.55
Related party portfolio	38,396,416.26	191,982.08	0.50
Subtotal	80,013,070.88	7,496,675.86	9.37

- 4) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	31,455,858.61	1,056,957.80	3.36
1-2 years	3,107,344.03	1,087,553.29	35.00
2-3 years	165,053.56	101,342.89	61.40
Over 3 years	6,888,398.42	5,058,839.80	73.44
Subtotal	41,616,654.62	7,304,693.78	17.55

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(2) Age analysis

Ages	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	69,185,300.77	1,245,605.01	1.80	117,431,517.03	1,606,124.15	1.37
1-2 years	3,315,259.99	1,088,592.87	32.84	784,603.81	278,445.39	35.49
2-3 years	165,053.56	101,342.89	61.40	2,650,590.54	1,497,053.54	56.48
Over 3 years	32,625,835.75	30,339,514.28	92.99	33,555,486.34	30,883,426.63	92.04
Total	105,291,450.07	32,775,055.05	31.13	154,422,197.72	34,265,049.71	22.19

(3) Changes in provision for bad debts

Items	Opening balance	Accrual	Increase/Decrease			Closing balance
			Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis	25,279,572.67		1,193.48			25,278,379.19
Receivables with provision made on a collective basis	8,985,477.04	-1,034,718.02		454,083.16		7,496,675.86
Total	34,265,049.71	-1,034,718.02	1,193.48	454,083.16		32,775,055.05

(4) Accounts receivable actually written off in the current period

Items	Amount written off
Accounts receivable actually written off	454,083.16

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(5) Details of the top 5 debtors with largest balances of accounts receivable

Debtors	Closing book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts of accounts receivable
Chengdu SIWI High-Tech Industrial Co., Ltd.	28,963,654.46	27.51	144,818.27
Chengdu Xike Microwave Communication Co., Ltd.	4,639,058.70	4.41	23,195.29
Chengdu Guoguang Electric Co., Ltd.	3,680,490.00	3.50	262,249.78
Chengdu Gaoxin Pukang Hospital	2,505,817.02	2.38	309,089.58
KAB/VOLEXKABKableprektion	2,058,597.74	1.96	2,058,597.74
Subtotal	41,847,617.92	39.76	2,797,950.66

4. Receivables financing

Items	Closing balance	Opening balance
Bank acceptance	194,290,324.73	47,730,010.46
Total	194,290,324.73	47,730,010.46

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

5. Advances paid

(1) Age analysis

Ages	Book balance	Closing balance		Carrying amount
		% to total	Provision for impairment	
Within 1 year	4,239,574.84	95.33		4,239,574.84
1-2 years	207,850.48	4.67		207,850.48
Total	4,447,425.32	100.00		4,447,425.32

(Continued)

Ages	Book balance	Opening balance		Carrying amount
		% to total	Provision for impairment	
Within 1 year	3,401,409.83	94.20		3,401,409.83
1-2 years	209,286.27	5.80		209,286.27
Total	3,610,696.10	100.00		3,610,696.10

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
State Grid Sichuan Electric Power Company	1,733,971.23	38.99
Sumitomo Electric Asia Ltd.	614,847.02	13.82
Sichuan Haohan Yuancheng Technology Co., Ltd.	238,500.00	5.36
Excelitas Technologies (Shenyang) Special Light Source Co., Ltd.	185,985.00	4.18
Chengdu Strong Tech Co., Ltd.	133,500.00	3.00
Subtotal	2,906,803.25	65.35

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables

(1) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Security deposits and petty cash funds	1,776,479.25	1,901,480.14
Temporary advance payment receivable	24,426,876.33	24,042,404.71
Book balance	26,203,355.58	25,943,884.85
Less: Provision for bad debts	23,792,317.17	23,791,019.80
Carrying amount	2,411,038.41	2,152,865.05

(2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	1,146,695.53	831,672.12
1–2 years	167,921.15	160,036.56
2–3 years	2,019.35	375,908.31
3–4 years	355,767.66	70,003.70
4–5 years	57,930.72	314,397.02
Over 5 years	24,473,021.17	24,191,867.14
Book balance	26,203,355.58	25,943,884.85
Less: Provision for bad debts	23,792,317.17	23,791,019.80
Carrying amount	2,411,038.41	2,152,865.05

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables (Continued)

(3) Provision for bad debts

1) Details on categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	3,248,940.91	12.40	3,248,940.91	100.00	
Receivables with provision made on a collective basis	22,954,414.67	87.60	20,543,376.26	89.50	2,411,038.41
Total	26,203,355.58	100.00	23,792,317.17	90.80	2,411,038.41

(Continued)

Categories	Book balance		Opening balance		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	3,248,940.91	12.52	3,248,940.91	100.00	
Receivables with provision made on a collective basis	22,694,943.94	87.48	20,542,078.89	90.51	2,152,865.05
Total	25,943,884.85	100.00	23,791,019.80	91.70	2,152,865.05

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables (Continued)

(3) Provision for bad debts (Continued)

2) Significant other receivables with provision made on an individual basis

Debtors	Opening balance		Closing balance			Basis for provision made
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	
XIA Chade	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	100.00	Expected to be uncollectible
Subtotal	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>-</u>	<u>-</u>

3) Other receivables with provision made on a collective basis

Portfolios	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Portfolio grouped with related party receivables	657,116.54	3,285.58	0.50
Portfolio grouped with other portfolio	<u>22,297,298.13</u>	<u>20,540,090.68</u>	<u>92.12</u>
Subtotal	<u>22,954,414.67</u>	<u>20,543,376.26</u>	<u>89.50</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables (Continued)

(4) Changes in provision for bad debts

Items	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	10,818.41		23,780,201.39	23,791,019.80
Opening balance in the current period				
— Transferred to stage 2				
— Transferred to stage 3				
— Reversed to stage 2				
— Reversed to stage 1				
Provision made in the current period	-2,166.73		3,464.10	1,297.37
Provision recovered or reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance	8,651.68		23,783,665.49	23,792,317.17
Provision proportion (%)	0.50		97.18	90.80

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables (Continued)

(5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Tazishan park	temporary receivables payable	7,191,138.00	Over 5 years	27.44	7,191,138.00
Tianyun Technology (Suzhou) Co., Ltd.	deposits and security deposits	4,786,324.75	Over 5 years	18.27	4,786,324.75
Shenzhen Fuzhang Industrial Co., Ltd.	temporary receivables payable	3,566,915.53	Over 5 years	13.61	3,566,915.53
XIA Chade	temporary receivables payable	3,000,000.00	Over 5 years	11.45	3,000,000.00
CRRC Logistics Co., Ltd.	deposits and security deposits	800,000.00	within 1 year, 3-4 years, over 5 years	3.05	4,000.00
Subtotal	-	19,344,378.28	-	73.82	18,548,378.28

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

7. Inventories

(1) Details

Items	Book balance	Closing balance Provision for write-down/ impairment	Carrying amount
Raw materials	66,209,804.82	3,476,723.14	62,733,081.68
Work in process	14,866,396.78	1,281,710.93	13,584,685.85
Goods on hand	42,303,000.77	3,211,565.47	39,091,435.30
Goods dispatched	14,622,301.03	7,782,298.79	6,840,002.24
Total	138,001,503.40	15,752,298.33	122,249,205.07

(Continued)

Items	Book balance	Opening balance Provision for write-down/ impairment	Carrying amount
Raw materials	51,246,411.15	3,765,038.56	47,481,372.59
Work in process	23,482,974.73	2,087,136.97	21,395,837.76
Goods on hand	19,225,134.93	1,576,666.72	17,648,468.21
Goods dispatched	9,428,969.19	6,746,997.45	2,681,971.74
Total	103,383,490.00	14,175,839.70	89,207,650.30

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

7. Inventories (Continued)

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or transfer-out	Others	
Raw materials	3,765,038.56	48,549.38		336,864.80		3,476,723.14
Work in process	2,087,136.97			805,426.04		1,281,710.93
Goods on hand	1,576,666.72	2,030,084.01		88,194.25	306,991.01	3,211,565.47
Goods dispatched	<u>6,746,997.45</u>	<u>1,064,128.60</u>	<u>306,991.00</u>	<u>335,818.26</u>		<u>7,782,298.79</u>
Total	<u>14,175,839.70</u>	<u>3,142,761.99</u>	<u>306,991.00</u>	<u>1,566,303.35</u>	<u>306,991.01</u>	<u>15,752,298.33</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

7. Inventories (Continued)

(2) Provision for inventory write-down (Continued)

- 2) Determination basis of net realizable value and reasons for the reversal or transfer-out of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for transfer-out of provision for inventory write-down
Raw materials	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used/sold in the current period.
Work in process	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used/sold in the current period.
Goods on hand	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used/sold in the current period.
Goods dispatched	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used/sold in the current period.

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

8. Other current assets

Items	Closing balance		Book balance	Opening balance	
	Book balance	Provision for impairment		Provision for impairment	Carrying amount
Input VAT to be deducted, input VAT awaiting certification, and carried — forward input VAT	431,464.82		84,116.66		84,116.66
Profit and loss on property pending disposal	49,567.28				
Total	481,032.10		84,116.66		84,116.66

9. Long-term equity investments

(1) Categories

Items	Closing balance		Book balance	Opening balance	
	Book balance	Provision for impairment		Provision for impairment	Carrying amount
Investments in associates			27,952,326.29	172,656.37	27,779,669.92
Total			27,952,326.29	172,656.37	27,779,669.92

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

9. Long-term equity investments (Continued)

(2) Details

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates						
Putian Fasten Cable Telecommunication Co., Ltd.	27,779,669.92				75,667.93	
Chengdu Yuexin Communication Materials Co., Ltd.	172,656.37	172,656.37				
Total	27,952,326.29	172,656.37			75,667.93	

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Putian Fasten Cable Telecommunication Co., Ltd.				-27,855,337.85		
Chengdu Yuexin Communication Materials Co., Ltd.				-172,656.37		
Total				-28,027,994.22		

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

10. Other equity instrument investments

Items	Opening balance	Investments increased	Investments decreased	Increase/Decrease	
				Gains or losses included into other comprehensive income in the current period	Others
Holds a 10% equity stake in Putian Fasten Cable Telecommunication Co., Ltd. [Note 1]					27,855,337.85
Holds equity in Sichuan Xinlong Network Technology Co., Ltd. [Note 2]					
Total					27,855,337.85

(Continued)

Items	Closing balance	Dividend income recognized in the current period	Accumulated gains or losses included into other comprehensive income at the end of the period
Holds a 10% equity stake in Putian Fasten Cable Telecommunication Co., Ltd. [Note 1]	27,855,337.85		
Holds equity in Sichuan Xinlong Network Technology Co., Ltd. [Note 2]			
Total	27,855,337.85		

[Note 1] The company holds a 10% equity stake in Putian Farsighted Optical Communication Co., Ltd., with an investment cost of RMB50,000,000. Due to the loss of significant influence, the investment has been reclassified from long-term equity investment to other equity instrument investment for accounting purposes.

[Note 2] The company holds a 16.65% equity stake in Sichuan Xinlong Network Technology Co., Ltd., with an investment cost of RMB1,535,000. A full provision for impairment has been made for this investment.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

11. Investment property

(1) Details

Items	Buildings and structures	Land use rights	Total
Cost			
Opening balance	128,136,583.62		128,136,583.62
Increase	6,017,092.68	9,541,798.81	15,558,891.49
1) Transferred in from fixed assets	6,017,092.68		6,017,092.68
2) Transferred in from intangible assets		9,541,798.81	9,541,798.81
Decrease			
Closing balance	134,153,676.30	9,541,798.81	143,695,475.11
Accumulated depreciation and amortization			
Opening balance	66,146,691.19		66,146,691.19
Increase	8,385,763.16	2,812,414.46	11,198,177.62
1) Accrual or amortization	4,086,048.42		4,086,048.42
2) Transferred in from fixed assets	4,299,714.74		4,299,714.74
3) Transferred in from intangible assets		2,812,414.46	2,812,414.46
Decrease			
Closing balance	74,532,454.35	2,812,414.46	77,344,868.81
Carrying amount			
Closing carrying amount	59,621,221.95	6,729,384.35	66,350,606.30
Opening carrying amount	61,989,892.43		61,989,892.43

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	33,701,279.62	The process is underway, and has not yet been completed.
Subtotal	33,701,279.62	

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

12. Fixed assets

(1) Details

Items	Buildings and structures	Machinery and equipment	Transport facilities	Other equipment	Total
Cost					
Opening balance	132,399,531.44	272,140,771.43	3,915,959.05	28,167,108.44	436,623,370.36
Increase		8,673,788.48		955,919.47	9,629,707.95
1) Acquisition		483,238.93		60,875.22	544,114.15
2) Transferred in from construction in progress		8,190,549.55		895,044.25	9,085,593.80
Decrease	6,017,092.68	3,380,008.04		927,111.90	10,324,212.62
1) Disposal/Scrapping		3,380,008.04		927,111.90	4,307,119.94
2) Transfer to investment real estate	6,017,092.68				6,017,092.68
Closing balance	126,382,438.76	277,434,551.87	3,915,959.05	28,195,916.01	435,928,865.69
Accumulated depreciation					
Opening balance	76,491,085.77	218,281,644.36	3,688,492.72	20,565,727.83	319,026,950.68
Increase	4,237,028.16	6,975,745.32	27,103.80	1,703,483.91	12,943,361.19
Accrual	4,237,028.16	6,975,745.32	27,103.80	1,703,483.91	12,943,361.19
Decrease	4,299,714.74	2,267,043.61		876,874.30	7,443,632.65
1) Disposal/Scrapping		2,267,043.61		876,874.30	3,143,917.91
2) Transfer to investment real estate	4,299,714.74				4,299,714.74
Closing balance	76,428,399.19	222,990,346.07	3,715,596.52	21,392,337.44	324,526,679.22
Provision for impairment					
Opening balance	166,865.16	5,919,800.65		43,197.82	6,129,863.63
Increase					
Decrease		1,015,683.08		13,782.37	1,029,465.45
Disposal/Scrapping		1,015,683.08		13,782.37	1,029,465.45
Closing balance	166,865.16	4,904,117.57		29,415.45	5,100,398.18
Carrying amount					
Closing carrying amount	49,787,174.41	49,540,088.23	200,362.53	6,774,163.12	106,301,788.29
Opening carrying amount	55,741,580.51	47,939,326.42	227,466.33	7,558,182.79	111,466,556.05

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

12. Fixed assets (Continued)

(2) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	14,473,422.86	The process is underway, and has not yet been completed.
Subtotal	14,473,422.86	

13. Construction in progress

(1) Details

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Installation equipment	1,962,322.80		1,962,322.80	1,238,232.34		1,238,232.34
Reinforcement Project of Pukang Hospital				1,058,077.61		1,058,077.61
Total	1,962,322.80		1,962,322.80	2,296,309.95		2,296,309.95

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

13. Construction in progress (Continued)

(2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decreases	Closing balance
Wire frame and gold wire bonding machine	3,273,000.00	1,170,796.46	1,726,460.19	1,170,796.46		1,726,460.19
Subtotal	-	1,170,796.46	1,726,460.19	1,170,796.46		1,726,460.19

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in the current period	Annual capitalization rate (%)	Source of funds
Wire frame and gold wire bonding machine	88.52	89.00				Own funds
Subtotal	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

14. Intangible assets

Items	Land use right	Franchises	Software use right	Total
Cost				
Opening balance	44,270,385.35	1,071,672.28	7,950,618.40	53,292,676.03
Increase				
Decrease	9,541,798.81			9,541,798.81
Transfer to investment real estate	9,541,798.81			9,541,798.81
Closing balance	34,728,586.54	1,071,672.28	7,950,618.40	43,750,877.22
Accumulated amortization				
Opening balance	14,473,029.29	1,071,672.28	7,064,616.98	22,609,318.55
Increase	910,561.92		96,654.72	1,007,216.64
Accrual	910,561.92		96,654.72	1,007,216.64
Decrease	2,812,414.46			2,812,414.46
Transfer to investment real estate	2,812,414.46			2,812,414.46
Closing balance	12,571,176.75	1,071,672.28	7,161,271.70	20,804,120.73
Carrying amount				
Closing carrying amount	22,157,409.79		789,346.70	22,946,756.49
Opening carrying amount	29,797,356.06		886,001.42	30,683,357.48

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

15. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
5G project cost amortization	109,129.87		109,129.87		
Renovation and transformation costs	6,696,614.14	6,309,475.50	2,548,134.48		10,457,955.16
Total	6,805,744.01	6,309,475.50	2,657,264.35		10,457,955.16

16. Deferred tax assets

(1) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	116,768,932.65	120,423,905.97
Deductible losses	140,249,345.23	320,407,044.82
Total	257,018,277.88	440,830,950.79

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

16. Deferred tax assets (Continued)

(2) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2025	–	45,685,854.49	
Year 2026	3,906,807.27	29,797,412.59	
Year 2027	6,871,220.06	46,275,605.49	
Year 2028	28,902,476.23	57,389,958.93	
Year 2029	30,668,388.47	57,209,990.58	
Year 2030	44,101,843.69	56,807,723.54	
Year 2031	19,408,602.29	19,408,602.29	
Year 2032			
Year 2033		2,024,545.74	
Year 2034	3,968,025.81	5,807,351.17	
Year 2035	2,421,981.41		
Total	140,249,345.23	320,407,044.82	

17. Other non-current assets

Items	Closing balance		Opening balance		
	Book balance	Provision for impairment	Book balance	Provision for impairment	Carrying amount
Prepayment for the acquisition of long — term assets	2,230,301.00		1,245,033.90		1,245,033.90
Total	2,230,301.00		1,245,033.90		1,245,033.90

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

18. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Material purchase	72,565,335.54	42,165,624.41
Equipment and engineering fund	3,076,181.38	1,949,790.75
Payable operating expense	1,002,668.62	62,514.12
Total	76,644,185.54	44,177,929.28

(2) Age analysis

Ages	Closing balance
Within 1 year	65,132,445.81
1–2 years	5,859,993.25
2–3 years	4,236,150.90
Over 3 years	1,415,595.58
Total	76,644,185.54

(3) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
Beijing Zhongpuda Technology Co., Ltd.	1,407,100.00	Pending settlement
Chengdu Zhonghe Electronic Technology Co., Ltd.	1,249,003.29	Pending settlement
Chengdu Jinrui Technology Co., Ltd.	1,113,056.99	Pending settlement
Subtotal	3,769,160.28	

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

19. Advances received

Items	Closing balance	Opening balance
Lease	<u>562,743.10</u>	<u>233,463.10</u>
Total	<u>562,743.10</u>	<u>233,463.10</u>

20. Contract liabilities

Items	Closing balance	Opening balance
Goods	<u>3,399,983.39</u>	<u>699,194.91</u>
Total	<u>3,399,983.39</u>	<u>699,194.91</u>

21. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	10,182,850.65	71,773,531.99	73,141,385.74	8,814,996.90
Post-employment benefits — defined contribution plan	265,113.30	6,684,365.10	6,684,365.10	265,113.30
Termination benefits		42,000.00	42,000.00	
Total	<u>10,447,963.95</u>	<u>78,499,897.09</u>	<u>79,867,750.84</u>	<u>9,080,110.20</u>

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

21. Employee benefits payable (Continued)

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	434,179.67	50,363,820.33	50,798,000.00	
Employee welfare fund		3,360,951.93	3,360,951.93	
Social insurance premium	82,035.55	3,750,927.09	3,750,927.09	82,035.55
Including: Medicare premium	76,730.75	3,346,623.49	3,346,623.49	76,730.75
Occupational injuries premium	292.34	404,303.60	404,303.60	292.34
Maternity premium	5,012.46			5,012.46
Housing provident fund	494.00	3,545,288.48	3,545,288.48	494.00
Trade union fund and employee education fund	5,479,696.59	1,051,135.63	1,146,605.32	5,384,226.90
Other short-term compensation	4,186,444.84	9,701,408.53	10,539,612.92	3,348,240.45
Subtotal	10,182,850.65	71,773,531.99	73,141,385.74	8,814,996.90

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	265,113.30	6,433,735.68	6,433,735.68	265,113.30
Unemployment insurance premium		241,266.42	241,266.42	
Company annuity payment		9,363.00	9,363.00	
Subtotal	265,113.30	6,684,365.10	6,684,365.10	265,113.30

Pursuant to the Labor Law of the People's Republic of China and relevant laws and regulations, the Company and its subsidiaries in the People's Republic of China participated in defined contribution retirement schemes for its employees. The local government authorities are responsible for the entire pension obligations payable to retired employees who reach retirement age pursuant to relevant regulations or quit the work force due to other reasons. The Company and its subsidiaries have no other obligation to make payment in respect of pension benefits.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

22. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	93,428.59	5,350,521.42
Individual income tax withheld for tax authorities	1,071,924.87	437,508.66
Urban maintenance and construction tax	6,594.90	364,671.87
Housing property tax	247,452.62	50,390.06
Education surcharge	2,826.39	156,287.94
Local education surcharge	1,884.26	104,191.97
Others	77,457.25	43,588.59
Total	1,501,568.88	6,507,160.51

23. Other payables

(1) Details

Items	Closing balance	Opening balance
Dividend payable	5,400,000.00	
Other payables	16,271,062.05	15,814,184.96
Total	21,671,062.05	15,814,184.96

(2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	5,400,000.00	
Subtotal	5,400,000.00	

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

23. Other payables (Continued)

(3) Other payables

1) Details

Items	Closing balance	Opening balance
Payable security deposits and guarantees	4,724,921.37	4,467,328.26
Long-term assets payable	333,283.56	333,283.56
Temporary receipts payable	6,711,834.90	7,137,767.87
Others	4,501,022.22	3,875,805.27
Subtotal	16,271,062.05	15,814,184.96

2) Significant other payables with age over one year

Items	Closing balance	Reasons for unsettlement
Potevio Company Limited	1,440,800.00	Payment not yet made
Subtotal	1,440,800.00	

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

24. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year		451,436.19
Total		451,436.19

25. Other current liabilities

Items	Closing balance	Opening balance
Pending output VAT (Value-Added Tax)	441,997.84	87,789.14
Endorsed but undue notes receivable	8,709,871.92	1,845,380.42
Total	9,151,869.76	1,933,169.56

26. Long-term borrowings

Items	Closing balance	Opening balance
Guaranteed borrowings		3,534,868.63
Total		3,534,868.63

27. Long-term employee benefits payable

Items	Closing balance	Opening balance
Termination benefits	9,673,715.84	11,529,061.96
Total	9,673,715.84	11,529,061.96

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

28. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	42,530,368.00		2,621,699.40	39,908,668.60	
Total	42,530,368.00		2,621,699.40	39,908,668.60	

(2) Other remarks

According to the Supreme County People's Government of Chengdu City, "Reply on the Approval of the Acquisition of Real Estate of Chengdu Cable Shuangliu Heat Shrinking Products Factory"(Shuangfutu [2008] No. 129) and "Management Measures for Land Acquisition and Reserve of Shuangliu County", March 2009, Subsidiary Chengdu Cable Shuangliu Heat Shrinking Products Factory (now known as Chengdu Putian New Materials Co., Ltd.) signed the "State-Owned Land Acquisition Agreement" with Shuangliu County Land Reserve Centre, and agreed to Shuangliu County Government to recover the Baijia Town in Shuangliu County, Chengdu for RMB87.2043 million. Among them, RMB20 million was received for the first phase relocation in 2009, RMB35 million for the second phase relocation in 2010, RMB17 million for the third phase relocation in 2011, and RMB15.2043 million for the fourth phase relocation in 2012. Nearly the village has 47,767.75 square meters of stateowned land use rights. The relocation funds that the subsidiary Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant mainly received is mainly used for the construction of the new plant. For the period of January 1 to December 31 2025, the non-operating income of RMB2,430,299.40 was recognized according to the depreciation of the plant..

According to 《Detailed Implementing Rules of <Policies of Chengdu High-tech Zone on supporting the development of the electronic information industry> (Chenggao Dianfa [2018] No. 1), Chengdu SEI Optical Fiber Co., Ltd., a subsidiary of the Company, received RMB906,000.00 of intelligent transformation funds for the production line in 2018, and for the period of January 1 to December 31 2025, the non-operating income of RMB90,600.00 was recognized.

According to the <Notice on Organizing the Solicitation of Provincial Industrial Development Fund Projects in 2019> from the Sichuan Provincial Economic and Information Commission, Chengdu SEI Optical Fiber Co., Ltd., a subsidiary of the Company, received RMB1.008 million of provincial industrial development funds for technological transformation in 2019, and the amount of other income for the period of January 1 to December 31 2025 was RMB100,800.00.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

29. Share capital

Items	Opening balance	Issue of new shares	Bonus shares	Movements		Subtotal	Closing balance
				Conversion of reserve to shares	Others		
Non-tradable shares	240,000,000.00						240,000,000.00
Held by domestic legal persons	240,000,000.00						240,000,000.00
Outstanding shares	160,000,000.00						160,000,000.00
H shares	160,000,000.00						160,000,000.00
Total	400,000,000.00						400,000,000.00

30. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	302,343,510.57	246,929,300.00	266,321,722.30	282,951,088.27
Other capital reserve	339,584,611.51		246,929,300.00	92,655,311.51
Total	641,928,122.08	246,929,300.00	513,251,022.30	375,606,399.78

(2) Other remarks

The decrease in capital premium during the current period is primarily due to the utilization of capital reserves to cover losses. The increase in capital premium and the decrease in other capital reserves during the current period are mainly attributable to the reclassification of a portion of other capital reserves — specifically, those originally classified as capital reserves under the previous system but which actually represent share premium — into the capital premium category.

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

31. Special reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	594,228.96	2,194,284.44	2,130,122.29	658,391.11
Total	594,228.96	2,194,284.44	2,130,122.29	658,391.11

(2) Other remarks

The Company shall calculate the work safety expenses based on the operating income of the previous year in accordance with the provisions of the Administrative Measures for the Withdrawal and Use of Enterprise Work Safety Expenses (Cai Zi [2022] No. 136).

32. Surplus reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	8,726,923.61	1,114,348.46	8,726,923.61	1,114,348.46
Total	8,726,923.61	1,114,348.46	8,726,923.61	1,114,348.46

(2) Other remarks

The increase in surplus reserves this year represents the statutory surplus reserves withdrawn at 10% of the parent company's net profit, while the decrease during this period is due to the utilization of surplus reserves to cover losses.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of the consolidated balance sheet (Continued)

33. Undistributed profit

(1) Details

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	-272,912,958.36	-274,062,703.01
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	-272,912,958.36	-274,062,703.01
Add: Net profit attributable to owners of the parent company	2,982,510.29	1,149,744.65
Other adjustment factors	275,048,645.91	
Less: Appropriation of statutory surplus reserve	1,114,348.46	
Closing balance	4,003,849.38	-272,912,958.36

(2) Other remarks

Other adjustment items primarily relate to the utilization of RMB266,321,722.30 in capital reserves and RMB8,726,923.61 in surplus reserves during the current period to cover accumulated losses.

(II) Notes to items of the consolidated income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	324,200,393.71	281,856,772.10	259,596,918.71	227,410,791.75
Other operations	41,842,702.15	12,263,015.78	42,469,750.17	11,518,384.29
Total	366,043,095.86	294,119,787.88	302,066,668.88	238,929,176.04
Including: Revenue from contracts with customers	328,137,592.26	286,856,429.15	270,245,909.12	235,567,353.23

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

1. Operating revenue/Operating cost (Continued)

(2) Breakdown of revenue

- 1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Products related to cable assemblies	120,199,342.44	95,473,474.04	69,760,651.67	47,835,823.64
Optical communication products (optical fibers and optical products)	168,089,023.39	146,340,503.40	158,459,535.71	145,355,015.59
Railway and other industrial cable-related products	39,849,226.43	45,042,451.71	33,848,154.45	35,578,453.55
Park operations			8,177,567.29	6,798,060.45
Subtotal	328,137,592.26	286,856,429.15	270,245,909.12	235,567,353.23

- 2) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	328,137,592.26	270,245,909.12
Subtotal	328,137,592.26	270,245,909.12

- (3) Contract liabilities with opening balance of 339,147.21 yuan were carried over to revenue in the current period.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Housing property tax	5,027,279.28	4,717,826.14
Land use tax	2,396,164.60	2,396,164.60
Urban maintenance and construction tax	552,086.91	608,926.59
Stamp duty	276,227.30	194,143.47
Education surcharge	236,608.70	260,968.56
Local education surcharge	157,739.11	173,979.02
Vehicle and vessel use tax	3,540.00	4,920.00
Environmental protection tax	100.28	68.66
Total	8,649,746.18	8,356,997.04

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Staff salaries	6,808,939.98	4,861,287.71
Office and traveling expenses	545,663.65	650,765.66
Depreciation	334,437.00	265,129.42
Operating expenses	236,814.31	325,356.09
Advertising and promotion Expenses	23,204.62	
Others	753,799.54	266,567.94
Total	8,702,859.10	6,369,106.82

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Staff salaries	25,258,740.57	25,085,556.17
Depreciation and amortization	5,040,859.46	5,788,691.89
Property management fees	3,463,089.80	3,690,728.77
Agency fee	3,382,104.20	3,465,572.88
Repairs and maintenance	1,712,437.63	1,008,297.62
Office and traveling fee	728,512.15	1,104,762.37
Utility bills	398,683.68	588,944.29
Disability security fund contribution	149,040.00	720,954.26
Business hospitality	20,087.92	45,858.58
Others	3,190,605.84	3,119,012.62
Total	43,344,161.25	44,618,379.45

Current period administrative expenses of 600,000.00 yuan (2024: 798,000.00 yuan) is the auditor's remuneration.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Staff salaries	8,657,794.57	8,826,096.43
Material Costs	2,615,539.95	2,248,238.59
Testing, laboratory and processing fees	1,958,287.88	225,701.89
Depreciation	1,381,468.91	2,033,386.36
Lease expenses	1,379,403.32	937,718.20
Travel expenses	153,528.63	166,336.26
Utility expenses	70,866.69	168,106.14
Service fees		169,453.89
Others	559,693.33	302,807.86
Total	16,776,583.28	15,077,845.62

6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	22,068.83	65,109.12
Interest income	-8,281,455.94	-9,207,605.36
Gains & losses on foreign exchange	282,236.48	-163,386.28
Bank charges	50,457.66	20,549.90
Total	-7,926,692.97	-9,285,332.62

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets	2,621,699.40	2,694,399.40	2,621,699.40
Government grants related to income	387,067.41	177,631.42	387,067.41
Refund of handling fees for withholding individual income tax	31,988.57	59,940.43	
Total	3,040,755.38	2,931,971.25	3,008,766.81

8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	75,667.93	-1,881,779.43
Investment income from debt restructuring	-43,446.96	-47,323.26
Total	32,220.97	-1,929,102.69

9. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	1,144,927.57	2,212,193.83
Total	1,144,927.57	2,212,193.83

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

10. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-2,346,768.18	-1,980,034.03
Total	-2,346,768.18	-1,980,034.03

11. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains or losses arising from the disposal of non-current assets	-79,577.28	1,435,826.36	-79,577.28
Total	-79,577.28	1,435,826.36	-79,577.28

12. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Income from default compensation		6,858.56	
Payments not required		529,501.13	
Others	50,001.39	40,368.57	50,001.39
Total	50,001.39	576,728.26	50,001.39

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

13. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Administrative fines and late payment penalties	2,016.38	6,621.62	2,016.38
Expenditures on compensation, liquidated damages and fines	62,185.50		62,185.50
Total	64,201.88	6,621.62	64,201.88

14. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	1,533.32	
Total	1,533.32	

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the consolidated income statement (Continued)

14. Income tax expenses (Continued)

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	4,154,009.11	1,241,457.89
Income tax expenses based on tax rate applicable to the parent company	1,038,502.28	310,364.48
Effect of different tax rate applicable to subsidiaries	-292,491.38	-22,928.31
Effect of prior income tax reconciliation	1,533.32	
Effect of non-taxable income	-18,916.98	470,444.86
Effect of non-deductible costs, expenses and losses	24,355.15	185,366.54
Effect of utilization of deductible losses not previously recognized as deferred tax assets		-163,674.54
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets in the current period	622,250.39	685,372.30
Additional Tax-Deductible Expenses under Tax Law (e.g., Super-Deduction for R&D Expenditures)	-1,373,699.46	-1,464,945.33
Income tax expenses	1,533.32	

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Notes to items of the consolidated cash flow statement

1. Cash receipts or payments related to significant investing activities

(1) Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets

Items	Current period cumulative	Preceding period comparative
Disposal of fixed assets	61,200.00	1,864,738.00
Total	61,200.00	1,864,738.00

(2) Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets

Items	Current period cumulative	Preceding period comparative
Fixed assets and construction in progress	13,620,411.98	15,007,959.21
Long-term deferred expenses	4,834,332.97	5,212,901.85
Total	18,454,744.95	20,220,861.06

2. Other cash receipts or payments related to operating activities

(1) Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Refund of deposit for letters of credit and guarantees	837,137.69	79,681.03
Interest income	8,281,455.94	9,207,605.36
Government grants	387,067.41	250,331.42
Others	2,707,551.85	2,399,747.28
Total	12,213,212.89	11,937,365.09

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Notes to items of the consolidated cash flow statement (Continued)

2. Other cash receipts or payments related to operating activities (Continued)

(2) Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Administrative expenses	20,254,655.23	13,023,177.13
Marketing expenses	1,399,913.27	1,242,689.69
Research and development expenses	2,321,236.90	4,218,362.83
Service fee	50,457.66	20,549.90
Others	5,635,479.62	4,928,035.31
Total	29,661,742.68	23,432,814.86

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Notes to items of the consolidated cash flow statement (Continued)

3. Supplementary information to the cash flow statement

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	4,152,475.79	1,241,457.89
Add: Provision for assets impairment	2,346,768.18	1,980,034.03
Provision for credit impairment	-1,144,927.57	-2,212,193.83
Depreciation of fixed assets, right-of-use assets, oil and gas assets, productive biological assets	17,029,409.61	17,711,237.83
Amortization of intangible assets	1,007,216.64	1,003,631.75
Amortization of long-term prepayments	2,657,264.35	1,798,047.16
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	79,577.28	-1,435,826.36
Fixed assets retirement loss (Less: gains)		
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	78,513.05	-141,697.00
Investment losses (Less: gains)	-32,220.97	1,929,102.69
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease of inventories (Less: increase)	-34,618,013.40	8,591,424.84
Decrease of operating receivables (Less: increase)	-70,135,547.95	46,818,173.74
Increase of operating payables (Less: decrease)	32,275,831.58	10,841,519.82
Others	64,162.15	-1,999,436.40
Net cash flows from operating activities	-46,239,491.26	86,125,476.16
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Right-of-use assets increased in the current period		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	371,427,135.02	440,790,899.45
Less: Cash at the beginning of the period	440,790,899.45	373,527,943.20
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-69,363,764.43	67,262,956.25

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(III) Notes to items of the consolidated cash flow statement (Continued)

4. Composition of cash and cash equivalents

Items	Closing balance	Opening balance
(1) Cash	371,427,135.02	440,790,899.45
Including: Cash on hand		200.00
Cash in bank on demand for payment	371,427,135.02	440,790,699.45
(2) Cash equivalents		
Including: Bond investments maturing within three months		
(3) Cash and cash equivalents at the end of the period	371,427,135.02	440,790,899.45
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

5. Changes in liabilities related to financing activities

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Long-term borrowings (including long-term borrowings due within one year)	3,986,304.82		65,910.35	4,052,215.17		
Subtotal	3,986,304.82		65,910.35	4,052,215.17		

6. Significant activities not involving cash receipts and payments

Amount of endorsed commercial acceptance not involving cash receipts and payments

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	56,571,268.87	
Including: Payments for goods	56,571,268.87	

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IV) Others

1. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			
Including: USD	941,823.60	7.0288	6,619,889.72
Accounts receivable			
Including: USD	108,895.59	7.0288	765,405.32

2. Leases

(1) The Company as the lessee

- Please refer to section III (XXVIII) of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases included into profit or loss are as follows:

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	1,982,551.66	1,907,209.82
Total	1,982,551.66	1,907,209.82

- Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Total cash outflows related to leases	1,607,116.68	2,091,137.67

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(IV) Others (Continued)

2. Leases (Continued)

(2) The Company as the lessor

1) Operating lease

① Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	29,063,303.15	31,820,759.76
Including: Income relating to variable lease payments not included in the measurement of the lease liabilities	29,063,303.15	31,820,759.76

② Assets leased out under operating leases

Items	Closing balance	Opening balance
Investment property	143,695,475.11	128,136,583.62
Subtotal	143,695,475.11	128,136,583.62

③ Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	Opening balance
Within 1 year	22,106,296.88	23,586,838.40
1–2 years	13,815,156.56	15,965,924.75
2–3 years	8,665,163.08	11,293,176.11
3–4 years	4,343,065.88	7,292,923.69
4–5 years	964,279.52	3,329,540.31
Total	49,893,961.92	61,468,403.26

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

VI. R&D COSTS

Items	Current period cumulative	Preceding period comparative
Staff salaries	8,657,794.57	8,826,096.43
Material Costs	2,615,539.95	2,248,238.59
Testing, laboratory and processing fees	1,958,287.88	225,701.89
Depreciation	1,381,468.91	2,033,386.36
Lease expenses	1,379,403.32	937,718.20
Travel expenses	153,528.63	166,336.26
Utility expenses	70,866.69	168,106.14
Service fees		169,453.89
Others	559,693.33	302,807.86
Total	16,776,583.28	15,077,845.62
Including: R&D costs to be expensed	16,776,583.28	15,077,845.62

VII. INTEREST IN OTHER ENTITIES

(I) Composition of the consolidation scope

- The Company has brought 2 subsidiaries including Chengdu SEI Optical Fiber Co., Ltd. into the consolidation scope.

2. Basic information of significant subsidiaries

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Chengdu SEI Optical Fiber Co., Ltd.	17 million USD	Chengdu	Manufacturing	60.00		Business combination not under common control
Chengdu PUTIAN New Material Co., Ltd.	59.82 million RMB	Chengdu	Manufacturing	100.00		Business combination not under common control

(II) Significant not wholly-owned subsidiaries

1. Details

Subsidiaries	Holding proportion of non-controlling shareholders (%)	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Chengdu SEI Optical Fiber Co., Ltd.	40.00	1,169,965.50	6,000,000.00	83,877,772.84

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

VII. INTEREST IN OTHER ENTITIES (CONTINUED)

(II) Significant not wholly-owned subsidiaries (Continued)

2. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance		Total assets	Current liabilities	Non-current liabilities	Total liabilities
	Current assets	Non-current assets				
Chengdu SEI Optical Fiber Co., Ltd.	<u>209,675,114.39</u>	<u>34,997,487.31</u>	<u>244,672,601.70</u>	<u>34,244,469.52</u>	<u>733,700.00</u>	<u>34,978,169.52</u>

(Continued)

Subsidiaries	Opening balance		Total assets	Current liabilities	Non-current liabilities	Total liabilities
	Current assets	Non-current assets				
Chengdu SEI Optical Fiber Co., Ltd.	<u>207,471,618.83</u>	<u>38,923,996.71</u>	<u>246,395,615.54</u>	<u>24,164,510.66</u>	<u>925,100.00</u>	<u>25,089,610.66</u>

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Chengdu SEI Optical Fiber Co., Ltd.	<u>165,768,405.17</u>	<u>2,924,913.75</u>	<u>2,924,913.75</u>	<u>18,969,994.98</u>

(Continued)

Subsidiaries	Preceding period comparative			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
Chengdu SEI Optical Fiber Co., Ltd.	<u>158,459,535.71</u>	<u>229,283.11</u>	<u>229,283.11</u>	<u>11,148,194.60</u>

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

VIII. GOVERNMENT GRANTS

(I) Government grants increased in the current period

Items	Amount
Government grants related to income Including: Included into other income	387,067.41 387,067.41
Total	387,067.41

(II) Liabilities related to government grants

Presented under	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	42,530,368.00		2,621,699.40	
Subtotal	<u>42,530,368.00</u>		<u>2,621,699.40</u>	

(Continued)

Presented under	Amount offsetting expenses	Amount offsetting assets	Other changes	Closing balance	Related to assets/income
Deferred income				39,908,668.60	Related to assets
Subtotal				<u>39,908,668.60</u>	

(III) Government grants included into profit or loss

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	3,008,766.81	2,872,030.82
Total	<u>3,008,766.81</u>	<u>2,872,030.82</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Credit risk (Continued)

1. Credit risk management practice (Continued)

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 2, 3, 4 and 6 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of loss allowances of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of December 31, 2025, 39.76% (December 31, 2024: 53.10%) of the total accounts receivable and contract assets was due from the five largest customers of the Company. The Company has no significant central credit risk.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Items	Carrying amount	Contract amount not yet discounted	Closing balance		
			Within 1 year	1–3 years	Over 3 years
Accounts payable	76,644,185.54	76,644,185.54	76,644,185.54		
Other payables	21,671,062.05	21,671,062.05	21,671,062.05		
Subtotal	98,315,247.59	98,315,247.59	98,315,247.59		

(Continued)

Items	Carrying amount	Contract amount not yet discounted	Opening balance		
			Within 1 year	1–3 years	Over 3 years
Bank borrowings	3,534,868.63	3,534,868.63		1,805,744.75	1,729,123.88
Accounts payable	44,177,929.28	44,177,929.28	44,177,929.28		
Other payables	15,814,184.96	15,814,184.96	15,814,184.96		
Non-current liabilities due within one year	451,436.19	451,436.19	451,436.19		
Subtotal	63,978,419.06	63,978,419.06	60,443,550.43	1,805,744.75	1,729,123.88

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to section V (IV) 1 of notes to the financial statements for details on foreign currency financial assets and liabilities at the balance sheet date.

X. FAIR VALUE DISCLOSURE

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as at the balance sheet date			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement			222,145,662.58	222,145,662.58
1. Receivables financing			194,290,324.73	194,290,324.73
2. Other equity instrument investments			27,855,337.85	27,855,337.85
Total assets at recurring fair value measurement			222,145,662.58	222,145,662.58

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

X. FAIR VALUE DISCLOSURE (CONTINUED)

(II) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair value measurement

The receivables financing measured at level 3 fair value held by the Company refers to bank acceptance receivable. Given the low credit risk and short remaining term, the Company determines their fair value based on the par value.

The other equity instrument investments measured at level 3 fair value held by the Company refer to equity of unlisted companies. For these unlisted equity instrument investments, For investees where there have been no significant changes in the business environment, operations, or financial condition, the Company uses the investment cost as a reasonable estimate of fair value.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Related party relationships

1. Parent company

(1) Details

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Chengdu SIWI High-Tech Industrial Co, Ltd.	Chengdu	Manufacturing of computers, communications and other electronic equipment	3,000.00	34.00	34.00

(2) The Company's ultimate controlling party is China Electronics Technology Group Corporation.

2. Please refer to section VII of notes to the financial statements for details on the Company's subsidiaries.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

3. Other related parties of the Company

Related parties	Relationships with the Company
China Electronic Technology Group Corporation Eighth Research Institute	Under common control
China Electronic Technology Group Corporation Twenty-third Research Institute	Under common control
China Electronic Technology Group Corporation Twenty-sixth Research Institute	Under common control
China Electronic Technology Group Corporation Twenty-ninth Research Institute	Under common control
China Electronic Technology Group Corporation Fortieth Research Institute	Under common control
Beijing Tirit Certification Co., Ltd.	Under common control
Beijing Guoxinan Information Technology Co., Ltd.	Under common control
Chengdu SIWI Power Electronic Technology Co., Ltd.	Under common control
Chengdu Seekon Microwave Communications Co., Ltd.	Under common control
CETC Instruments Co., Ltd.	Under common control
CETC Rongwei Electronics Technology Co., Ltd.	Under common control
CETC Metrology, Testing and Certification (Beijing) Co., Ltd.	Under common control
Cecb Microelectronics Technology Co., Ltd.	Under common control
Shanghai Kechen Optoelectronic Cable Equipment Co., Ltd.	Under common control
Anhui Bawei Joint Control Technology Co., Ltd.	Under common control
Anhui Fengtai Technology Development Co., Ltd.	Under common control
Anhui Gaochuang Optoelectronic Communication Technology Co., Ltd.	Under common control
Anhui Wanrui Cryogenic Technology Co., Ltd.	Under common control
Anhui Xinjiyuan Technology Co., Ltd.	Under common control
Anhui CETC Guangda Communication Technology Co., Ltd.	Under common control
Bawei Terahertz Information Technology Co., Ltd.	Under common control
Hefei Bawei Tamura Electric Co., Ltd.	Under common control
Hefei Institute of Public Safety Technology	Under common control
Sichuang Electronics Co., Ltd.	Under common control
Space-Ground Information Network Institute (Anhui) Co., Ltd.	Under common control
China Potevio Company Limited	Under common control
Nanjing Putian Telega Intelligent Building Co., Ltd.	Under common control
Hangzhou Hongyan Digital Marketing Co. Ltd.	Under common control
Sumiden Asia (Shenzhen) Co. Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the Subsidiary's shares
Sumitomo Electric Asia Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the Subsidiary's shares

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

3. Other related parties of the Company (Continued)

Related parties	Relationships with the Company
Futong Sumitomo Electric Optical Fiber (Hangzhou) Co., Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the Subsidiary's shares
Futong Sumitomo Electric Optical Fiber (Tianjin) Co., Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the Subsidiary's shares
Sumitomo Electric Industries Ltd.	Shareholder holding more than 5% of the subsidiary's shares

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving of services

(1) Purchase of goods and receiving of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Sumiden Asia (Shenzhen) Co. Ltd.	Purchase of raw material	75,989,007.43	83,251,526.30
China Electronic Technology Group Corporation Twenty-third Research Institute	Purchase of raw material	10,158,401.77	1,121,988.51
Sumitomo Electric Asia Ltd.	Purchase of raw material	3,603,506.05	2,044,183.84
China Electronic Technology Group Corporation Twenty-ninth Research Institute	Purchase of raw material	2,185,032.06	1,472,764.03
Futong Sumitomo Electric Optical Fiber (Hangzhou) Co., Ltd.	Receiving of services	2,100,546.69	2,819,576.41
China Electronic Technology Group Corporation Fortieth Research Institute	Purchase of raw material	998,369.21	563,667.07
CETC Instruments Co., Ltd.	Purchase of equipment	825,663.71	1,331,607.96
Sumitomo Electric Industries Ltd.	Technology royalty	149,900.25	133,172.51
Beijing Tirit Certification Co., Ltd.	Training expense	99,150.96	3,207.55
Beijing Guoxinan Information Technology Co., Ltd.	Receiving of services	39,298.10	
Chengdu SIWI High-Tech Industrial Co, Ltd.	Purchase of raw material	229.20	1,255,193.96
Shanghai Kechen Optoelectronic Cable Equipment Co., Ltd.	Purchase of equipment		1,518,584.07
Shanghai Kechen Optoelectronic Cable Equipment Co., Ltd.	Purchase of raw material		152,212.40
China Electronic Technology Group Corporation Eighth Research Institute	Purchase of raw material		7,168.14
Total	-	96,149,105.43	95,674,852.75

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

1. Purchase and sale of goods, rendering and receiving of services (Continued)

(2) Sale of goods and rendering of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Chengdu SIWI High-Tech Industrial Co, Ltd.	Sale of component	113,278,237.28	69,075,725.48
China Electronic Technology Group Corporation Eighth Research Institute	Sale of optical fibre	2,926.99	631,808.85
China Potevio Company Limited	Sales of copper Wires		183,996.43
Chengdu Seekon Microwave Communications Co., Ltd.	Sale of component	4,104,354.66	141,661.95
Chengdu SIWI Power Electronic Technology Co., Ltd.	Sale of component	668,566.10	
CETC Rongwei Electronics Technology Co., Ltd.	Sale of component	1,116,389.23	
China Electronic Technology Group Corporation Twenty-sixth Research Institute	Sale of optical fibre	190,840.71	17,699.11
Sumiden Asia (Shenzhen) Co. Ltd.	Sale of optical fibre		799.12
Futong Sumitomo Electric Optical Fiber (Tianjin) Co., Ltd.	Sales of cardboard boxes, etc.	635,260.18	
Chengdu SIWI High-Tech Industrial Co, Ltd.	Sale of water and electricity	74,172.00	144,058.32
Chengdu SIWI Power Electronic Technology Co., Ltd.	Sale of water and electricity	29,161.15	142,134.92
China Electronic Technology Group Corporation Twenty-ninth Research Institute	Sale of water and electricity	16,702.33	141,300.74
Cecb Microelectronics Technology Co., Ltd.	Sale of water and electricity	1,942.78	3,539.67
CETC Metrology, Testing and Certification (Beijing) Co., Ltd.	Sale of water and electricity	886.84	
Total	–	120,119,440.25	70,482,724.59

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

2. Related party leases

The Company as the lessor

Lessees	Types of assets leased	Lease income for the current period	Lease income for the preceding period
China Electronic Technology Group Corporation Twenty-ninth Research Institute	Leasing buildings	2,122,746.90	1,984,947.88
Chengdu SIWI High-Tech Industrial Co, Ltd.	Leasing buildings	1,191,192.55	871,980.26
Chengdu SIWI Power Electronic Technology Co., Ltd.	Leasing buildings	757,570.87	736,074.06
Chengdu Seekon Microwave Communications Co., Ltd.	Leasing buildings	163,939.56	188,531.65
Cecb Microelectronics Technology Co., Ltd.	Leasing buildings	1,354.55	168,710.30
CETC Metrology, Testing and Certification (Beijing) Co., Ltd.	Leasing buildings	89,080.94	51,602.58
Anhui Bawei Joint Control Technology Co., Ltd.	Leasing buildings	13,375.53	
Anhui Fengtai Technology Development Co., Ltd.	Leasing buildings	13,375.53	
Anhui Gaochuang Optoelectronic Communication Technology Co., Ltd.	Leasing buildings	13,375.53	
Anhui Wanrui Cryogenic Technology Co., Ltd.	Leasing buildings	13,375.53	
Anhui Xinjiyuan Technology Co., Ltd.	Leasing buildings	13,375.53	
Anhui CETC Guangda Communication Technology Co., Ltd.	Leasing buildings	13,375.53	
Bawei Terahertz Information Technology Co., Ltd.	Leasing buildings	13,375.53	
Hefei Bawei Tamura Electric Co., Ltd.	Leasing buildings	13,375.53	
Sichuang Electronics Co., Ltd.	Leasing buildings	26,751.07	
Space-Ground Information Network Institute (Anhui) Co., Ltd.	Leasing buildings	13,375.53	
Subtotal		4,473,016.21	4,001,846.73

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

3. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Emoluments	150,000.12	150,095.86
Wage, bonus, allowance and subsidy	2,396,332.00	2,469,568.00
Payment of pension plan	286,266.24	303,139.20
Housing provident fund	180,641.00	211,788.00
Other interest	167,427.73	206,548.36
Total	3,180,667.09	3,341,139.42

4. Directors' and supervisors' emoluments

Items	Current period cumulative					Benefit in kind	Total
	Fees	Wage, bonus, allowance, and subsidy	Housing provident fund	Payment of pension plan	Other social insurance premiums		
Executive directors							
Li Tao							
Wu Xiaodong							
Non-executive directors							
Li Qiangbin [Note 12]							
Chen Wei [Note 13]							
Xu Jiaxin							
Xu Ningbo							
Zeng Li		361,988.00	30,118.00	44,040.96	26,688.96		462,835.92
Independent non-executive directors							
Fu Wenjie	50,000.04						50,000.04
Kang Yiguo	50,000.04						50,000.04
Li Shaorong	50,000.04						50,000.04
Total	150,000.12	361,988.00	30,118.00	44,040.96	26,688.96		612,836.04

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

4. Directors' and supervisors' emoluments (Continued)

(Continued)

Items	Fees	Preceding period comparative				Benefit in kind	Total
		Wage, bonus, allowance, and subsidy	Housing provident fund	Payment of pension plan	Other social insurance premiums		
Executive directors							
Li Tao							
Wu Xiaodong							
Hu Jiangbing [Note 1]							
Zhu Rui [Note 2]							
Jin Tao [Note 3]							
Chen Wei							
Xu Jiaxin [Note 4]							
Xu Ningbo [Note 5]							
Zeng Li [Note 6]							
Independent non-executive directors							
Fu Wenjie	50,000.04						50,000.04
Zhong Qishui [Note 7]	43,199.26						43,199.26
Xue Shujin [Note 8]	43,199.26						43,199.26
Kang Yiguo [Note 9]	6,848.65						6,848.65
Li Shaorong [Note 10]	6,848.65						6,848.65
Supervisors [Note 11]							
Wang Cheng							
Gao Bo		343,180.00	29,148.00	43,305.60	24,986.86		440,620.46
Liu Jun		209,583.00	23,046.00	43,305.60	24,980.98		300,915.58
Total	150,095.86	552,763.00	52,194.00	86,611.20	49,967.84		891,631.90

[Note 1] Hu Jiangbing resigned from his position as Executive Director on November 12, 2024.

[Note 2] Zhu Rui resigned from his positions as Executive Director and member of the Nomination Committee on June 28, 2024.

[Note 3] Jin Tao resigned from his position as Executive Director on November 12, 2024.

[Note 4] Xu Jiaxin was appointed as a Non-Executive Director of the Eleventh Board of Directors on November 12, 2024.

[Note 5] Xu Ningbo was appointed as a Non-Executive Director and member of the Strategic Development Committee of the Eleventh Board of Directors on November 12, 2024.

[Note 6] Zeng Li was elected as a Non-Executive Director representing the employees on the Eleventh Board of Directors on October 14, 2024.

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

4. Directors' and supervisors' emoluments (Continued)

[Note 7] Zhong Qishui resigned from his position as Independent Non-Executive Director on November 12, 2024.

[Note 8] Xue Shujin resigned from his position as Independent Non-Executive Director on November 12, 2024.

[Note 9] Kang Yiguo was appointed as an Independent Non-Executive Director of the Eleventh Board of Directors on November 12, 2024.

[Note 10] Li Shaorong was appointed as an Independent Non-Executive Director of the Eleventh Board of Directors on November 12, 2024.

[Note 11] In accordance with the provisions of the Company Law and the Company's Articles of Association, a limited liability company registered and established under Chinese law is not required to establish a Supervisory Board or appoint supervisors. Therefore, following the conclusion of the Extraordinary General Meeting on November 12, 2024, there is no need to re-elect or appoint supervisors.

[Note 12] Li Qiangbin was appointed as a Non-Executive Director and member of the Remuneration and Assessment Committee on November 27, 2025.

[Note 13] Chen Wei was appointed as a Non-Executive Director and member of the Remuneration and Assessment Committee of the Eleventh Board of Directors on November 12, 2024. He resigned from his positions as Non-Executive Director and member of the Remuneration and Assessment Committee on November 27, 2025.

5. Five highest-paid employees

The five employees whose emoluments were the highest for the year include 0 (2024: 0) directors whose emoluments are reflected in the section XI (II) 4 of notes to the financial statements. The total emoluments payable to the remaining 5 (2024: 5) non-director employees during the year are as follows:

Items	Current period cumulative	Preceding period comparative
Wage, bonus, allowance, and subsidy	2,034,344.00	1,916,805.00
Payment of pension plan	242,225.28	216,528.00
Housing provident fund	150,523.00	159,594.00
Other social insurance premiums	140,738.77	156,580.52
Total	2,567,831.05	2,449,507.52

The ranges of emoluments payable to 5 (2024: 5) non-director employees during the year are as follows:

Items	Number of individuals (2025)	Number of individuals (2024)
HKD nil–HKD1,000,000	5	5

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(III) Balances due to or from related parties

1. Balances due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Chengdu SIWI High-Tech Industrial Co, Ltd.	28,963,654.46	144,818.27	69,378,914.73	346,894.57
	Chengdu Seekon Microwave Communications Co., Ltd.	4,639,058.70	23,195.29	17,357.48	86.79
	Hangzhou Hongyan Digital Marketing Co. Ltd.	1,339,641.66	6,698.21		
	CETC Rongwei Electronics Technology Co., Ltd.	1,261,519.80	6,307.60		
	China Potevio Company Limited	1,196,450.00	532,810.77	1,196,450.00	532,810.77
	Chengdu SIWI Power Electronic Technology Co., Ltd.	1,157,922.34	5,789.61	453,340.36	2,266.70
	China Electronic Technology Group Corporation Twenty-sixth Research Institute	153,100.00	765.50	9,600.00	48.00
	CETC Metrology, Testing and Certification (Beijing) Co., Ltd.	49,503.52	247.52	1,174.40	5.87
	Sichuang Electronics Co., Ltd.	29,466.27	147.33		
	Nanjing Putian Telega Intelligent Building Co., Ltd.	28,192.96	28,192.96	28,192.96	28,192.96
	Anhui Bawei Joint Control Technology Co., Ltd.	14,733.13	73.67		
	Anhui Fengtai Technology Development Co., Ltd.	14,733.13	73.67		
	Anhui Gaochuang Optoelectronic Communication Technology Co., Ltd.	14,733.13	73.67		
	Anhui Wanrui Cryogenic Technology Co., Ltd.	14,733.13	73.67		
	Anhui Xinjiyuan Technology Co., Ltd.	14,733.13	73.67		
	Anhui CETC Guangda Communication Technology Co., Ltd.	14,733.13	73.67		
	Bawei Terahertz Information Technology Co., Ltd.	14,733.13	73.67		
	Hefei Bawei Tamura Electric Co., Ltd.	14,733.13	73.67		
	Space-Ground Information Network Institute (Anhui) Co., Ltd.	14,733.13	73.67		
	China Electronic Technology Group Corporation Twenty-ninth Research Institute	2,736.64	13.65	3,684.40	18.42
	Cecb Microelectronics Technology Co., Ltd.	240.60	1.20	16,445.80	82.23
Subtotal		38,954,085.12	749,650.94	71,105,160.13	910,406.31

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(III) Balances due to or from related parties (Continued)

1. Balances due from related parties (Continued)

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable					
	Chengdu SIWI High-Tech Industrial Co, Ltd.			24,115,365.53	120,576.83
	Chengdu SIWI Power Electronic Technology Co., Ltd.	407,490.84	2,037.45	509,216.16	2,546.08
	China Electronic Technology Group Corporation Eighth Research Institute			465,454.40	2,327.27
	Chengdu Seekon Microwave Communications Co., Ltd.			161,252.00	806.26
Subtotal		407,490.84	2,037.45	25,251,288.09	126,256.44
Receivables financing					
	Chengdu SIWI High-Tech Industrial Co, Ltd.	150,919,729.65			
Subtotal		150,919,729.65			
Advances paid					
	Sumitomo Electric Asia Ltd			97,867.47	
	Beijing Tirit Certification Co., Ltd.	5,600.00		5,600.00	
Subtotal		5,600.00		103,467.47	
Other receivables					
	Chengdu SIWI High-Tech Industrial Co, Ltd.	646,337.72	3,231.69	115,615.82	578.08
	Chengdu Seekon Microwave Communications Co., Ltd.	9,902.68	49.51		
	China Electronic Technology Group Corporation Twenty-third Research Institute	876.14	4.38		
Subtotal		657,116.54	3,285.58	115,615.82	578.08

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(III) Balances due to or from related parties (Continued)

2. Balances due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Sumiden Asia (Shenzhen) Co. Ltd.	2,258,839.31	16,214,942.32
	China Electronic Technology Group Corporation Twenty-third Research Institute	5,448,007.08	1,268,413.37
	Chengdu SIWI High-Tech Industrial Co, Ltd.	4,957,762.85	
	China Electronic Technology Group Corporation Twenty-ninth Research Institute	2,922,914.75	
	China Electronic Technology Group Corporation Fortieth Research Institute	121,970.98	369,144.07
	Hangzhou Hongyan Digital Marketing Co. Ltd.		26,967.07
Subtotal		15,709,494.97	17,879,466.83
Advances received			
	Hefei Institute of Public Safety Technology	2,071.17	
Subtotal		2,071.17	
Other payables			
	China Potevio Company Limited	1,440,800.00	1,440,800.00
	Chengdu SIWI High-Tech Industrial Co, Ltd.	292,316.62	250,500.86
	Sumitomo Electric Industries Ltd.	5,400,000.00	57,528.61
	Chengdu Seekon Microwave Communications Co., Ltd.	43,327.50	43,327.50
	Chengdu SIWI Power Electronic Technology Co., Ltd.	1,000.00	1,000.00
Subtotal		7,177,444.12	1,793,156.97

XII. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

As of the balance sheet date, the Company has no material commitments that require disclosure.

(II) Contingencies

As of the balance sheet date, the Company has no material contingent liabilities or events that require disclosure.

XIII. EVENTS AFTER THE BALANCE SHEET DATE

Profit distribution after the balance sheet date

Profit or dividend planned to be distributed	Based on a total share capital of 400 million shares as of the end of 2025, a cash dividend of RMB0.1 (tax inclusive) per 10 shares will be distributed to all shareholders, amounting to a total distribution of RMB4.00 million (tax inclusive).
Profit or dividend approved to be distributed	Based on a total share capital of 400 million shares as of the end of 2025, a cash dividend of RMB0.1 (tax inclusive) per 10 shares will be distributed to all shareholders, amounting to a total distribution of RMB4.00 million (tax inclusive).

XIV. OTHER SIGNIFICANT EVENTS

(I) Segment information

1. Identification basis for reportable segments

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on business segments. Assessments are respectively performed on the operation performance of cable assembly business, optical communication business, railway and other industrial cable business and park operation business. Assets and liabilities shared by different segments are allocated among segments proportionate to their respective sizes.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XIV. OTHER SIGNIFICANT EVENTS (CONTINUED)

(I) Segment information (Continued)

2. Financial information of reportable segments

Business segment

Items	Products related to cable assemblies	Optical communication products (optical fibers and optical products)	Railway and other industrial cable-related products	Park operations	Inter-segment offsetting	Total
Operating income from external transactions	120,199,342.44	168,089,023.39	39,849,226.43	37,905,503.60		366,043,095.86
Inter-segment revenue		679,555.24		3,465,437.44	-4,144,992.68	
Including: Revenue from contracts with customers	120,199,342.44	168,768,578.63	39,849,226.43		-679,555.24	328,137,592.26
Operating cost	95,473,474.04	146,929,490.18	45,042,451.71	10,311,376.34	-3,637,004.39	294,119,787.88
Total assets	468,806,623.47	351,875,199.27	105,713,459.25	223,229,336.06	-112,769,949.12	1,036,854,668.93
Total liabilities	60,933,687.58	42,341,713.37	14,999,433.29	60,896,335.75	-7,577,262.63	171,593,907.36

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	19,481,573.43	23.18	19,481,573.43	100.00	
Receivables with provision made on a collective basis	64,560,245.03	76.82	7,427,663.30	11.51	57,132,581.73
Total	84,041,818.46	100.00	26,909,236.73	32.02	57,132,581.73

(Continued)

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	19,482,766.91	16.05	19,482,766.91	100.00	
Receivables with provision made on a collective basis	101,903,082.84	83.95	8,740,031.73	8.58	93,163,051.11
Total	121,385,849.75	100.00	28,222,798.64	23.25	93,163,051.11

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

1. Accounts receivable (Continued)

(1) Details (Continued)

2) Significant accounts receivable with provision made on an individual basis

Debtors	Opening balance		Book balance	Closing balance		Basis for provision made
	Book balance	Provision for bad debts		Provision for bad debts	Provision proportion (%)	
KAB/VOLEXKABKableprektion	2,058,597.74	2,058,597.74	2,058,597.74	2,058,597.74	100.00	Expected to be uncollectible
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	1,985,718.44	1,985,718.44	1,985,718.44	1,985,718.44	100.00	Expected to be uncollectible
Shenyang Hengyuanda Communication Equipment Co., Ltd.	1,621,814.62	1,621,814.62	1,621,814.62	1,621,814.62	100.00	Expected to be uncollectible
Sichuan Chuandong Electromechanical Equipment Installation Company	1,606,692.41	1,606,692.41	1,606,692.41	1,606,692.41	100.00	Expected to be uncollectible
Yiwu Zhihaoda E-commerce Co., Ltd.	1,344,969.65	1,344,969.65	1,344,969.65	1,344,969.65	100.00	Expected to be uncollectible
China National Postal & Telecommunications APPLIANCE Middle & SOUTH Corp.	1,116,797.27	1,116,797.27	1,116,797.27	1,116,797.27	100.00	Expected to be uncollectible
Chengdu Cable Factory Sales Branch	1,062,382.43	1,062,382.43	1,062,382.43	1,062,382.43	100.00	Expected to be uncollectible
The Trade Division of Henan Qingfeng County Federation of Industry and Commerce Communication Co., Ltd.	1,007,986.64	1,007,986.64	1,007,986.64	1,007,986.64	100.00	Expected to be uncollectible
Communication Co., Ltd.	1,007,072.46	1,007,072.46	1,007,072.46	1,007,072.46	100.00	Expected to be uncollectible
Subtotal	12,812,031.66	12,812,031.66	12,812,031.66	12,812,031.66	-	

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

1. Accounts receivable (Continued)

(1) Details (Continued)

3) Accounts receivable with provision for bad debts made on a collective basis

Items	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	26,163,828.77	7,235,681.22	27.66
Related party portfolio	38,396,416.26	191,982.08	0.50
Subtotal	64,560,245.03	7,427,663.30	11.51

4) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	16,152,676.91	988,543.82	6.12
1-2 years	2,957,699.88	1,086,954.71	36.75
2-3 years	165,053.56	101,342.89	61.40
Over 3 years	6,888,398.42	5,058,839.80	73.44
Subtotal	26,163,828.77	7,235,681.22	27.66

(2) Age analysis

Ages	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	53,882,119.07	1,177,191.03	2.18	90,253,855.50	1,380,895.26	1.53
1-2 years	3,165,615.84	1,087,994.29	34.37	722,723.13	258,228.97	35.73
2-3 years	165,053.56	101,342.89	61.40	2,650,590.54	1,497,053.54	56.48
Over 3 years	26,829,029.99	24,542,708.52	91.48	27,758,680.58	25,086,620.87	90.37
Total	84,041,818.46	26,909,236.73	32.02	121,385,849.75	28,222,798.64	23.25

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

1. Accounts receivable (Continued)

(3) Changes in provision for bad debts

Items	Opening balance	Accrual	Increase/Decrease			Closing balance
			Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis	19,482,766.91		1,193.48			19,481,573.43
Receivables with provision made on a collective basis	8,740,031.73	-858,285.27		454,083.16		7,427,663.30
Total	28,222,798.64	-858,285.27	1,193.48	454,083.16		26,909,236.73

(4) Accounts receivable actually written off in the current period

Items	Amount written off
Accounts receivable actually written off	454,083.16

(5) Details of the top 5 debtors with largest balances of accounts receivable

Debtors	Closing book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts of accounts receivable
Chengdu SIWI High-Tech Industrial Co, Ltd.	28,963,654.46	34.46	144,818.27
Chengdu Seekon Microwave Communications Co., Ltd.	4,639,058.70	5.52	23,195.29
Chengdu Guoguang Electric Co., Ltd.	3,680,490.00	4.38	262,249.78
Chengdu Gaoxin Pukang Hospital KAB/VOLEXKABKableprektion	2,505,817.02	2.98	309,089.58
	2,058,597.74	2.45	2,058,597.74
Subtotal	41,847,617.92	49.79	2,797,950.66

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables

(1) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Security deposits	1,007,983.14	1,150,280.14
Temporary advance payment receivable	25,559,408.57	23,424,994.10
Book balance	26,567,391.71	24,575,274.24
Less: Provision for bad debts	22,668,768.80	22,658,808.20
Carrying amount	3,898,622.91	1,916,466.04

(2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	2,641,755.33	748,242.79
1–2 years	167,921.15	5,878.95
2–3 years	2,019.35	375,908.31
3–4 years	355,767.66	70,003.70
4–5 years	57,930.72	314,397.02
Over 5 years	23,341,997.50	23,060,843.47
Book balance	26,567,391.71	24,575,274.24
Less: Provision for bad debts	22,668,768.80	22,658,808.20
Carrying amount	3,898,622.91	1,916,466.04

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(3) Provision for bad debts

1) Details on categories

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	3,248,940.91	12.23	3,248,940.91	100.00	
Receivables with provision made on a collective basis	23,318,450.80	87.77	19,419,827.89	83.28	3,898,622.91
Total	26,567,391.71	100.00	22,668,768.80	85.33	3,898,622.91

(Continued)

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	3,248,940.91	13.22	3,248,940.91	100.00	
Receivables with provision made on a collective basis	21,326,333.33	86.78	19,409,867.29	91.01	1,916,466.04
Subtotal/Total	24,575,274.24	100.00	22,658,808.20	92.20	1,916,466.04

2) Significant other receivables with provision made on an individual basis

Debtors	Opening balance		Closing balance		Basis for provision made	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts		
XIA Chade	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	100.00	Expected to be uncollectible
Subtotal	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	-	

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(3) Provision for bad debts (Continued)

3) Other receivables with provision made on a collective basis

Portfolios	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Portfolio grouped with related party receivables	2,169,726.54	10,848.64	0.50
Portfolio grouped with other portfolio	21,148,724.26	19,408,979.25	91.77
Subtotal	23,318,450.80	19,419,827.89	83.28

(4) Changes in provision for bad debts

Items	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (credit not impaired)	Stage 3 Lifetime expected credit losses (credit impaired)	Total
Opening balance	9,630.48		22,649,177.72	22,658,808.20
Opening balance in the current period				
— Transferred to stage 2				
— Transferred to stage 3				
— Reversed to stage 2				
— Reversed to stage 1				
Provision made in the current period	6,496.50		3,464.10	9,960.60
Provision recovered or reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance	16,126.98		22,652,641.82	22,668,768.80
Provision proportion (%)	0.50		97.05	85.33

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Tazishan park	temporary receivables payable	7,191,138.00	Over 5 years	27.07	7,191,138.00
Tianyun Technology (Suzhou) Co., Ltd.	deposits and security deposits	4,786,324.75	Over 5 years	18.02	4,786,324.75
Shenzhen Fuzhang Industrial Co., Ltd.	temporary receivables payable	3,566,915.53	Over 5 years	13.43	3,566,915.53
XIA Chade	temporary receivables payable	3,000,000.00	Over 5 years	11.29	3,000,000.00
Chengdu PUTIAN New Material Co., Ltd.	temporary receivables payable	1,512,610.00	within 1 year	5.69	7,563.05
Subtotal	-	20,056,988.28	-	75.50	18,551,941.33

3. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	104,938,195.86		104,938,195.86	104,938,195.86		104,938,195.86
Investments in associates				26,534,216.93	172,656.37	26,361,560.56
Total	104,938,195.86		104,938,195.86	131,472,412.79	172,656.37	131,299,756.42

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

Investees	Opening balance		Investments increased	Increase/Decrease			Others	Closing balance	
	Carrying amount	Provision for impairment		Investments decreased	Provision for impairment			Carrying amount	Provision for impairment
Chengdu SEI Optical Fiber Co., Ltd.	70,424,819.71							70,424,819.71	
Chengdu PUTIAN New Material Co., Ltd.	34,513,376.15							34,513,376.15	
Subtotal	104,938,195.86							104,938,195.86	

(3) Investments in associates

Investees	Opening balance		Investments increased	Investments decreased	Increase/Decrease	
	Carrying amount	Provision for impairment			Investment income recognized under equity method	Adjustment in other comprehensive income
Associates						
Putian Farsight Optical Communication Co., Ltd.	26,361,560.56				75,667.93	
Chengdu Yuexin Communication Materials Co., Ltd.	172,656.37	172,656.37				
Total	26,534,216.93	172,656.37			75,667.93	

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

3. Long-term equity investments (Continued)

(3) Investments in associates (Continued)

(Continued)

Investees	Changes in other equity	Increase/Decrease			Closing balance	
		Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Putian Farsight Optical Communication Co., Ltd.				-26,437,228.49		
Chengdu Yuexin Communication Materials Co., Ltd.				-172,656.37		
Total				-26,609,884.86		

(II) Notes to items of the parent company income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	162,267,808.73	142,265,598.39	103,608,806.12	83,414,277.19
Other operations	33,843,880.26	7,590,476.08	33,652,529.38	9,291,662.26
Total	196,111,688.99	149,856,074.47	137,261,335.50	92,705,939.45
Including: Revenue from contracts with customers	163,048,742.33	142,546,258.01	110,807,280.06	89,450,246.93

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the parent company income statement (Continued)

1. Operating revenue/Operating cost (Continued)

(2) Breakdown of revenue

1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Products related to cable assemblies	120,199,342.44	95,473,474.04	69,760,651.67	47,835,823.64
Optical communication products (optical fibers and optical products)	3,000,173.46	2,030,332.26		
Railway and other industrial cable-related products	39,849,226.43	45,042,451.71	33,848,154.45	35,578,453.55
Park operations			7,198,473.94	6,035,969.74
Subtotal	<u>163,048,742.33</u>	<u>142,546,258.01</u>	<u>110,807,280.06</u>	<u>89,450,246.93</u>

2) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	<u>163,048,742.33</u>	<u>110,807,280.06</u>
Subtotal	<u>163,048,742.33</u>	<u>110,807,280.06</u>

(3) Contract liabilities with opening balance of 278,550.27 yuan were carried over to revenue in the current period.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the parent company income statement (Continued)

2. R&D expenses

Items	Current period cumulative	Preceding period comparative
Staff salaries	3,501,594.65	4,502,775.82
Material Costs	2,056,453.74	2,145,749.87
Testing, laboratory and processing fees	1,958,287.88	225,701.89
Lease expenses	1,379,403.32	1,256,098.27
Depreciation	413,584.11	441,838.84
Travel expenses	153,528.63	166,336.26
Utility expenses	70,866.69	168,106.14
Others	470,324.90	245,558.25
Total	10,004,043.92	9,152,165.34

3. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	75,667.93	-1,881,779.43
Investment income from long-term equity investments under cost method	9,000,000.00	
Investment income from disposal of long-term equity investments	1,418,109.36	
Investment income from debt restructuring	-43,446.96	-47,323.26
Total	10,450,330.33	-1,929,102.69

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XVI. OTHER SUPPLEMENTARY INFORMATION

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss

Details

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-79,577.28	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	3,008,766.81	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities		
Fund possession charge from non-financial entities and included in profit or loss		
Gains on assets consigned to the third party for investment or management		
Gains on designated loans		
Losses on assets incurred due to force majeure such as natural disasters		
Reversed provision for impairment of receivables based on impairment testing on an individual basis	1,193.48	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Gains on non-cash assets exchange		
Gains on debt restructuring	-43,446.96	
One-off expenses incurred due to the discontinuation of relevant operating activities, such as severance payments		
One-off effects on profit or loss due to amendments of laws and regulations on taxation, accounting, etc.		
Share-based payments recognized at one time due to cancellation or modification of equity incentive plan		
Gains arising from changes in the fair value of employee benefits payable after the vesting date for cash-settled share-based payment		

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XVI. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(I) Non-recurring profit or loss (Continued)

1. Schedule of non-recurring profit or loss (Continued)

Details (Continued)

Items	Amount	Remarks
Gains on changes in fair value of investment properties with subsequent measurement using the fair value model		
Gains on transactions with unfair value		
Contingent gains on non-operating activities		
Management charges for consigned operations		
Other non-operating revenue or expenditures	-14,200.49	
Other profit or loss satisfying the definition of non-recurring profit or loss	-1,631,170.84	
Subtotal	1,241,564.72	
Less: Enterprise income tax affected		
Non-controlling interest affected (after tax)	216,916.41	
Net non-recurring profit or loss attributable to shareholders of the parent company	1,024,648.31	

(II) ROE and EPS

1. Details

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	0.38	0.0075	0.0075
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	0.25	0.0049	0.0049

NOTES TO FINANCIAL STATEMENTS

Monetary unit: RMB Yuan For the year ended December 31, 2025

XVI. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(II) ROE and EPS (Continued)

2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	2,982,510.29
Non-recurring profit or loss	B	1,024,648.31
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	1,957,861.98
Opening balance of net assets attributable to shareholders of ordinary shares	D	778,336,316.29
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Others Increase in net assets arising from changes in special reserves	I	64,162.15
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J	6
Number of months in the reporting period	K	12
Weighted average net assets	$L = D + A/2 + E \times F / K - G \times H / K \pm I \times J / K$	779,859,652.51
Weighted average ROE	$M = A/L$	0.38%
Weighted average ROE after deducting non-recurring profit or loss	$N = C/L$	0.25%

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025 Monetary unit: RMB Yuan

XVI. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(II) ROE and EPS (Continued)

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	2,982,510.29
Non-recurring profit or loss	B	1,024,648.31
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	1,957,861.98
Opening balance of total shares	D	400,000,000
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the shares were increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / K - H \times I / K - J$	400,000,000
Basic EPS	$M=A / L$	0.0075
Basic EPS after deducting non-recurring profit or loss	$N=C / L$	0.0049

(2) Calculation process of diluted EPS

The process of calculating the diluted earnings per share is same as the calculation of the basic earnings per share.

Chengdu SIWI Science and Technology Company Limited

25 March 2026

REGISTERED NAME OF THE COMPANY

成都四威科技股份有限公司

ENGLISH NAME OF THE COMPANY

Chengdu SIWI Science and Technology Company Limited

LEGAL REPRESENTATIVE

Li Tao

EXECUTIVE DIRECTORS

Li Tao (*Chairman*)
Wu Xiaodong

NON-EXECUTIVE DIRECTORS

Li Qiangbin
Xu Jiaxin
Xu Ningbo
Zeng Li

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fu Wenjie
Kang Yiguo
Li Shaorong

COMPANY SECRETARY

Shum Shing Kei

QUALIFIED ACCOUNTANT

Xu Guangde

AUTHORIZED REPRESENTATIVES

Wu Xiaodong
Shum Shing Kei

BOARD COMMITTEES

AUDIT COMMITTEE

Fu Wenjie (*Chairman*)
Kang Yiguo
Li Shaorong

REMUNERATION AND APPRAISAL COMMITTEE

Kang Yiguo (*Chairman*)
Li Qiangbin
Zeng Li
Fu Wenjie
Li Shaorong

NOMINATION COMMITTEE

Li Tao (*Chairman*)
Xu Jiaxin
Fu Wenjie
Kang Yiguo
Li Shaorong

STRATEGIC DEVELOPMENT COMMITTEE

Wu Xiaodong (*Chairman*)
Xu Ningbo
Fu Wenjie
Kang Yiguo
Li Shaorong

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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BUSINESS REGISTRATION NUMBER

Qihechuanrongzong business license No.1972

SOCIAL CREDIT CODE

9151010020193968XY

PLACE OF LISTING OF H SHARES

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TIME OPEN FOR SHAREHOLDERS RECEPTION

On 8th and 18th every month (or the following day in case of
holiday in the PRC)
9:00 am to 12:00 noon
2:00 pm to 5:00 pm
Tel: (028) 8787 7008
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