Fibocom Wireless Inc.
深圳市廣和通無線股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00638)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The unaudited condensed consolidated results of the Group for the six months ended June 30, 2026, with comparative figures as follows:

	For the six months ended June 30,		
	2026	2025	**Change**
	RMB	*RMB*	
	(Unaudited)	(Unaudited)	
Revenue	**3,778,175,398.47**	3,706,976,517.27	1.92%
Gross profit	**571,798,120.19**	608,811,177.44	-6.08%
Operating profit	**77,403,214.35**	229,745,918.66	-66.31%
Net profit	**72,741,144.65**	218,481,277.35	-66.71%
Profit attributable to owners of the Company	**61,824,266.04**	217,901,677.71	-71.63%
Earnings per share attributable to owners of the Company:			
—Basic (RMB per share)	**0.07**	0.29	-75.86%
—Diluted (RMB per share)	**0.07**	0.28	-75.00%

INTERIM RESULTS

The Board of Directors (the "**Board**") of Fibocom Wireless Inc. (the "**Company**" and its subsidiaries, the "**Group**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2026 (the financial statements below are prepared in accordance with CASBE and relevant regulations).

FINANCIAL INFORMATION

The financial information set out in this announcement has been reviewed by the Audit Committee, the Board and the Company's external auditor — Grant Thornton Zhitong Certified Public Accountants LLP. The data contained in this announcement relating to the Group's consolidated statement of financial position for the six months ended June 30, 2026 and consolidated statement of profit or loss and other comprehensive income from January to June 2026 and relevant notes, does not constitute the Company's statutory financial statements for the Reporting Period, but is derived from the condensed consolidated financial statements prepared in accordance with CASBE, which have been reviewed by the Company's external auditor.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Item	**1H 2026**	1H 2025
I. Total Operating Revenue	**3,778,175,398.47**	3,706,976,517.27
Including: revenue	**3,778,175,398.47**	3,706,976,517.27
Interest income		
Earned premium		
Handling fees and commissions income		
II. Total Operating Costs	**3,698,322,106.86**	3,496,056,011.11
Including: cost of sales	**3,206,377,278.28**	3,098,165,339.83
Interest expense		
Handling fee and commission expenses		
Surrender money		
Net payments for insurance claims		
Net amount of insurance contract reserves		
Policyholder dividend expense		
Reinsurance expense		
Taxes and surcharges	**7,201,218.60**	7,633,748.17
Selling expenses	**88,617,191.71**	82,069,507.09
Administrative expenses	**83,017,825.89**	72,085,503.45
Research and development expenses	**288,771,122.85**	239,240,963.93
Finance costs	**24,337,469.53**	-3,139,051.36
Including: Interest expense	**13,377,916.23**	16,341,000.47
Interest income	**23,712,201.92**	10,383,911.47
Add: Other income	**10,341,443.33**	27,821,240.35
Investment income ("-" indicates loss)	**7,180,017.15**	2,867,308.92
Including: Investment income from associates and joint ventures	**-3,334,768.93**	-2,881,942.88
Gain on derecognition of financial assets at amortised cost		

Item	1H 2026	1H 2025
Foreign exchange gains ("-" indicates loss)		
Net exposure hedging gains ("-" indicates loss)		
Gains from changes in fair value ("-" indicates loss)	**14,941,312.56**	3,523,188.11
Credit impairment losses ("-" indicates loss)	**-6,825,800.50**	-5,809,121.54
Asset impairment losses ("-" indicates loss)	**-28,049,798.22**	-9,558,675.34
Gain on disposal of assets ("-" indicates loss)	**-37,251.58**	-18,528.00
III. Operating profit ("-" indicates loss)	**77,403,214.35**	229,745,918.66
Add: Non-operating income	**191.03**	
Less: Non-operating expenses	**4,607,354.31**	357,712.57
IV. Total profits ("-" indicates total loss)	**72,796,051.07**	229,388,206.09
Less: Income tax expense	**54,906.42**	10,906,928.74
V. Net profit ("-" indicates net loss)	**72,741,144.65**	218,481,277.35
(I) Classified by continuity of operations:		
1. Profit from continuing operations ("-" indicates net loss)	**72,741,144.65**	218,481,277.35
2. Profit from discontinued operations ("-" indicates net loss)		
(II) Classified by ownership attribution:		
1. Net profit attributable to shareholders of the parent company ("-" indicates net loss)	**61,824,266.04**	217,901,677.71
2. Profit and loss of minority shareholders ("-" indicates net loss)	**10,916,878.61**	579,599.64
VI. Net Amount of Other Comprehensive Income After Tax	**-38,833,771.29**	-1,042,920.93
Other comprehensive income attributable to owners of the parent company, net of tax	**-38,833,771.29**	-1,042,920.93
(I) Other comprehensive income that cannot be reclassified to profit or loss		17,386,970.10
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income not transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		17,386,970.10
4. Changes in fair value of enterprise's own credit risk		
5. Others		

Item	**1H 2026**	1H 2025
(II) Other comprehensive income to be reclassified to profit or loss ("-" indicates net loss)	**-38,833,771.29**	-18,429,891.03
1. Other comprehensive income convertible to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Exchange differences on translation of foreign currency financial statements	**-38,833,771.29**	-18,429,891.03
7. Others		
Other comprehensive income attributable to minority shareholders, net after tax		
VII. Total comprehensive income	**33,907,373.36**	217,438,356.42
Total comprehensive income attributable to owners of the parent company	**22,990,494.75**	216,858,756.78
Total comprehensive income attributable to minority shareholders	**10,916,878.61**	579,599.64
VIII Earnings per share:		
(I) Basic earnings per share	**0.07**	0.29
(II) Diluted earnings per share	**0.07**	0.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2026

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	**2,000,207,357.66**	3,423,803,670.00
Settlement provisions	**0.00**	0.00
Placement of funds	**0.00**	0.00
Financial assets held for trading	**279,231,669.94**	316,102,632.97
Derivative financial assets	**0.00**	0.00
Notes receivable	**56,277,277.08**	86,450,296.71
Accounts receivable	**2,041,094,210.95**	1,662,676,569.07
Receivables financing	**114,248,860.11**	82,589,635.78
Prepayments	**262,861,486.77**	21,422,754.17
Premiums receivable	**0.00**	0.00
Reinsurance accounts receivable	**0.00**	0.00
Reinsurance contract reserve receivable	**0.00**	0.00
Other receivables	**83,816,640.75**	58,184,183.78
Including: Interest receivable	**0.00**	0.00
Dividends receivable	**0.00**	0.00
Financial assets held under resale agreements	**0.00**	0.00
Inventory	**3,232,525,823.12**	1,347,574,914.21
Including: Data resources	**0.00**	0.00
Contract assets	**0.00**	0.00
Assets held for sale	**0.00**	0.00
Non-current assets due within one year	**120,342,177.43**	107,137,163.98
Other current assets	**948,805,541.04**	1,136,475,432.41
Total current assets	**9,139,411,044.85**	8,242,417,253.08
Non-current assets:		
Loans and advances to customers	**0.00**	0.00
Debt investments	**0.00**	0.00
Other debt investments	**0.00**	0.00
Long-term receivables	**0.00**	0.00
Long-term equity investments	**74,983,839.39**	59,468,608.32
Investments in other equity instruments	**395,976,021.38**	355,976,021.38
Other non-current financial assets	**0.00**	0.00
Investment properties	**0.00**	0.00
Fixed assets	**72,089,363.88**	71,793,771.55

Item	Closing balance	Opening balance
Construction in progress	**303,710,489.14**	211,487,187.73
Productive biological assets	**0.00**	0.00
Oil and gas assets	**0.00**	0.00
Right-of-use assets	**54,146,123.36**	86,995,197.29
Intangible assets	**379,679,102.18**	399,375,030.95
Including: Data resources	**0.00**	0.00
Development expenditure	**9,336,833.44**	11,365,687.76
Including: Data resources	**0.00**	0.00
Goodwill	**12,902,093.27**	12,902,093.27
Long-term deferred expenses	**48,421,586.44**	53,388,666.00
Deferred income tax assets	**147,711,031.47**	140,795,419.72
Other non-current assets	**11,484,147.35**	43,499,113.10
Total non-current assets	**1,510,440,631.30**	1,447,046,797.07
Total assets	**10,649,851,676.15**	9,689,464,050.15
Current liabilities:		
Short-term borrowings	**975,487,190.07**	622,289,392.88
Borrowings from the Central Bank	**0.00**	0.00
Borrowed funds	**0.00**	0.00
Trading financial liabilities	**0.00**	6,537,931.64
Derivative financial liabilities	**0.00**	0.00
Notes payable	**305,705,627.50**	384,032,973.27
Accounts payable	**2,301,495,134.74**	1,672,403,303.69
Receipts in advance	**0.00**	0.00
Contract liabilities	**74,910,115.48**	50,996,166.99
Financial assets sold under repurchase agreements	**0.00**	0.00
Deposits and Balances from Banks and Other Financial Institutions	**0.00**	0.00
Payable for securities traded on behalf of others	**0.00**	0.00
Payable for securities underwritten on behalf of others	**0.00**	0.00
Employee benefits payable	**54,192,719.35**	76,117,368.65
Taxes payable	**21,172,808.09**	47,599,392.56
Other payables	**186,751,169.36**	119,226,414.61
Including: Interest payable	**0.00**	0.00
Dividends payable	**31,458,712.84**	0.00
Handling fees and commissions payable	**0.00**	0.00
Payables for reinsurance ceded	**0.00**	0.00
Liabilities held for sale	**0.00**	0.00

Item	Closing balance	Opening balance
Non-current liabilities due within one year	**102,023,448.14**	269,017,859.04
Other current liabilities	**26,257,160.64**	7,407,397.87
Total current liabilities	**4,047,995,373.37**	3,255,628,201.20
Non-current liabilities:		
Insurance contract reserve	**0.00**	0.00
Long-term borrowings	**400,000,000.00**	48,750,000.00
Bonds payable	**0.00**	0.00
Including: Preference Shares	**0.00**	0.00
Perpetual bonds	**0.00**	0.00
Lease liabilities	**15,234,094.73**	23,964,548.59
Long-term payables	**0.00**	0.00
Long-term employee benefits payable	**0.00**	0.00
Provisions	**612,899.93**	0.00
Deferred income	**6,697,860.80**	6,597,747.67
Deferred tax liabilities	**87,025,906.14**	87,033,324.03
Other non-current liabilities	**0.00**	0.00
Total non-current liabilities	**509,570,761.60**	166,345,620.29
Total liabilities	**4,557,566,134.97**	3,421,973,821.49
Owners' equity:		
Share capital	**899,265,844.00**	899,265,844.00
Other equity instruments	**0.00**	0.00
Including: Preference Shares	**0.00**	0.00
Perpetual bonds	**0.00**	0.00
Capital reserve	**3,119,778,501.69**	3,119,230,724.72
Less: Treasury Shares	**57,942,447.54**	58,099,491.54
Other comprehensive income	**127,135,072.56**	165,968,843.85
Special reserve	**0.00**	0.00
Surplus reserve	**244,193,309.27**	244,193,309.27
General risk reserve	**0.00**	0.00
Retained profit	**1,741,130,515.04**	1,889,123,130.81
Total equity attributable to owners of the parent company	**6,073,560,795.02**	6,259,682,361.11
Minority interests	**18,724,746.15**	7,807,867.55
Total owners' equity	**6,092,285,541.18**	6,267,490,228.66
Total liabilities and owners' equity	**10,649,851,676.15**	9,689,464,050.15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2026

1. GENERAL INFORMATION

Fibocom Wireless Inc. (the "**Company**") was incorporated in Shenzhen as a limited liability company on November 11, 1999. Its headquarters are located in Shenzhen, Guangdong. Its H Shares and A Shares are listed on the Main Board of The Stock Exchange of Hong Kong and the Shenzhen Stock Exchange, respectively. The Company's H-Shares were listed on The Stock Exchange of Hong Kong on October 22, 2025. The consolidated financial statements are presented in RMB, which is also the functional currency of the Company and its domestic subsidiaries. The Group is principally engaged in the design, research and development, and sales services of wireless communication modules and communication solutions for their application industries.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have disclosed relevant financial information in accordance with the CASBE issued by the China Ministry of Finance and the applicable disclosure provisions of Hong Kong Listing Rules.

These financial statements are presented on a going concern basis.

The Company's accounting is prepared on an accrual basis. Except for certain financial instruments, these financial statements are prepared on a historical cost basis. If assets are impaired, corresponding impairment provisions are made in accordance with relevant regulations.

2.2 Revised Standards Adopted by the Group

Not applicable

2.3 New and Revised Standards Not Yet Adopted

Not applicable

2.4 Changes in Accounting Policies

The accounting policies adopted in preparing the interim consolidated financial information are consistent with those adopted in preparing the Group's annual consolidated financial statements for the year ended December 31, 2025, except for the accounting policies changed in accordance with the Chinese Accounting Standards for Business Enterprises, as described below.

① Implementation of "Interpretation No. 19 of the Accounting Standards for Business Enterprises"

On December 5, 2025, the Ministry of Finance issued "Interpretation No. 19 of the Accounting Standards for Business Enterprises" (Cai Kuai [2025] No. 32) (hereinafter referred to as "Interpretation No. 19"), which clarifies matters including "accounting treatment of compensatory assets in business combinations not under common control", "accounting treatment of related capital reserve upon disposal of subsidiaries previously acquired through business combinations under common control", "derecognition of financial liabilities settled through electronic payment systems", "assessment of the contractual cash flow characteristics of financial assets and related disclosures", and "disclosure of equity instruments designated as at fair value through other comprehensive income". Interpretation No. 19 became effective from January 1, 2026. The Company has adopted the provisions of Interpretation No. 19 from January 1, 2026. The adoption of the relevant provisions of Interpretation No. 19 has had no impact on the Company's financial statements during the Reporting Period.

② Implementation of "Interpretation No. 20 of the Accounting Standards for Business Enterprises"

On June 4, 2026, the Ministry of Finance issued "Interpretation No. 20 of the Accounting Standards for Business Enterprises" (Cai Kuai [2026] No. 7) (hereinafter referred to as "Interpretation No. 20"), which specifies the interpretation of matters including "assessment of the contractual cash flow characteristics of financial assets" and "accounting treatment and related disclosures when a currency lacks exchangeability", effective from the date of promulgation. The Company has adopted the provisions of Interpretation No. 20 from January 1, 2026. The adoption of the relevant provisions of Interpretation No. 20 has had no impact on the Company's financial statements during the Reporting Period.

2.5 Summary of Significant Accounting Policies

2.5.1 Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the consolidated and company financial position of the Company as at June 30, 2026, as well as the consolidated and company results of operations and consolidated and company cash flows from January to June in 2026, and other relevant information.

2.5.2 Accounting Period

The Company adopts the calendar year as its accounting period, which runs from January 1 to December 31, each year.

2.5.3 Operating Cycle

The Company's operating cycle is 12 months.

2.5.4 Functional Currency

The Company and its domestic subsidiaries adopt RMB as their functional currency. The Company's overseas subsidiaries determine their functional currency based on the currency of the primary economic environment in which they operate, and translate it into RMB when preparing their financial statements. The currency used by the Company in preparing these financial statements is RMB.

2.5.5 Method and Basis for Determining Materiality Standards

Item	Materiality Standard
Significant individual receivables for which impairment provisions are made	Amount of individual receivables for which impairment provisions are made ≥ 0.5% of the Company's consolidated net assets
Significant construction in progress	Amount of individual construction in progress ≥ 1% of the Company's consolidated net assets
Significant investment projects	Amount of individual investment activity ≥ 1% of the Company's consolidated net assets
Significant research and development projects	Year-end balance of individual project ≥ 1% of the Company's consolidated net assets
Significant joint ventures or associates	Investment income recognized from a single entity ≥ 10% of the Company's consolidated pre-tax profit

2.5.6 Accounting Treatment for Business Combinations under Common Control and Not under Common Control

(1) Business Combinations under Common Control

For business combinations under common control, the assets and liabilities of the acquiree obtained by the acquirer in the combination are measured at their book values in the ultimate controlling party's consolidated financial statements as of the combination date. The difference between the Book Value of the consideration paid and the Book Value of the net assets acquired in the combination is adjusted against capital reserve. If the capital reserve is insufficient to offset the difference, retained earnings are adjusted.

Business Combinations under Common Control Achieved in Stages through Multiple Transactions

The assets and liabilities of the acquiree obtained by the acquirer in the combination are measured at their book values in the ultimate controlling party's consolidated financial statements as of the combination date; the sum of the Book Value of the investment held prior to the combination and the Book Value of the new consideration paid on the combination date, and the difference from the Book Value of the net assets acquired in the combination, is adjusted against capital reserve, and if the capital reserve is insufficient to offset the difference, retained earnings are adjusted. For long-term equity investments held by the acquirer before obtaining control over the acquiree, the relevant profits or losses, other comprehensive income, and other changes in owners' equity recognized from the later of the date of original acquisition of equity or the date when both the acquirer and acquiree were under the common ultimate control, up to the combination date, should be debited against the opening retained earnings or current profit or loss of the comparative financial statement period, respectively.

(2) Business Combinations Not under Common Control

For business combinations not under common control, the cost of combination is the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. On the acquisition date, the assets, liabilities, and contingent liabilities of the acquiree obtained are recognized at their fair values.

The excess of the consideration paid over the fair value of the identifiable net assets acquired in a business combination is recognized as goodwill and subsequently measured at cost less accumulated impairment losses. The excess of the fair value of the identifiable net assets acquired over the consideration paid, after review, is recognized in current profit or loss.

Business Combinations Achieved in Stages under Non-Common Control

The consideration for the combination is the sum of the consideration paid on the acquisition date and the fair value on the acquisition date of the equity interest in the acquiree held before the acquisition date. For the equity interest in the acquiree held before the acquisition date, it is remeasured at its fair value on the acquisition date, with the difference between the fair value and its Book Value recognized in current investment income. Other comprehensive income and other changes in owners' equity related to the equity interest in the acquiree held before the acquisition date are reclassified to current period's profit or loss on the acquisition date, excluding other comprehensive income arising from the investee's remeasurement of net defined benefit liabilities or assets and other comprehensive income related to non-trading equity instrument investments originally designated at fair value through other comprehensive income.

(3) *Treatment of Transaction Costs in Business Combinations*

The intermediary fees for audit, legal services, valuation and consultation, and other related administrative expenses incurred for the business combination are recognized in current profit or loss when incurred. The transaction costs for equity instruments or debt instruments issued as consideration for a business combination are included in the initial recognition amount of the equity instruments or debt instruments.

2.5.7 Criteria for Determining Control and Method for Preparing Consolidated Financial Statements

(1) *Criteria for Determining Control*

The scope of consolidation for consolidated financial statements is determined based on control. Control refers to the Company's power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of its returns. The Company reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the elements of the definition of control.

When determining whether to consolidate a structured entity, the Company assesses whether it controls the structured entity by considering all facts and circumstances, including evaluating the purpose and design of the structured entity, identifying the types of variable returns, and assessing whether it is exposed to some or all of the variability of returns through its involvement with the structured entity.

(2) *Method for Preparing Consolidated Financial Statements*

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries, together with other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries are kept consistent, and significant intercompany transactions and balances are eliminated.

For subsidiaries and businesses acquired through business combinations under common control during the reporting period, they are deemed to have been included in the Company's scope of consolidation from the date when they came under the common control of the ultimate controlling party. Their operating results and cash flows from the date of common control are included in the consolidated statement of profit or loss and consolidated cash flow statement, respectively.

For subsidiaries and businesses acquired through business combinations under non-common control during the reporting period, their revenue, expenses, and profits from the acquisition date to the end of the reporting period are included in the consolidated statement of profit or loss, and their cash flows are included in the consolidated cash flow statement.

The portion of a subsidiary's shareholders' equity that is not attributable to the Company is presented as minority interests separately under shareholders' equity in the consolidated balance sheet. The share of a subsidiary's current net profit or loss attributable to minority interests is presented as "Profit or loss attributable to minority interests" under the net profit item in the consolidated statement of profit or loss. When the share of losses of a subsidiary attributable to minority shareholders exceeds minority shareholders' share of the subsidiary's equity at the beginning of the period, the excess is still offset against minority interests.

(3) Acquisition of Minority Interests in Subsidiaries

The difference between the cost of newly acquired long-term equity investment due to the acquisition of minority interests and the share of the subsidiary's net assets calculated based on the newly increased shareholding percentage from the acquisition date or combination date, as well as the difference between the disposal proceeds obtained from partial disposal of equity investment in a subsidiary without losing control and the share of the subsidiary's net assets corresponding to the disposed long-term equity investment, calculated continuously from the acquisition date or combination date, are both adjusted against capital reserve in the consolidated balance sheet. If the capital reserve is insufficient to offset the difference, retained earnings are adjusted.

(4) Treatment of Loss of Control over Subsidiaries

When the control over an original subsidiary is lost due to partial disposal of equity investment or other reasons, the remaining equity is remeasured at its fair value on the date control is lost. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of Book Value of the original subsidiary's net assets (continuously calculated from the acquisition date based on the original shareholding percentage) and goodwill, results in a difference that is recognized in investment income for the period in which control is lost.

Other comprehensive income related to the equity investment in the original subsidiary is accounted for on the same basis as if the original subsidiary had directly disposed of the related assets or liabilities at the time of losing control. Other changes in owners' equity related to the original subsidiary accounted for under the equity method are reclassified to current profit or loss at the time of losing control.

2.5.8 Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement is an arrangement jointly controlled by two or more parties. The Company's joint arrangements are classified as joint operations and joint ventures.

(1) Joint Operations

A joint operation is a joint arrangement where the Company has rights to the assets and obligations for the liabilities relating to the arrangement.

The Company recognizes the following items related to its interest in a joint operation and accounts for them in accordance with the relevant requirements of the Accounting Standards for Business Enterprises:

A. Recognizes assets it holds individually, and its share of any assets held jointly;

B. Recognizes liabilities it incurs individually, and its share of any liabilities incurred jointly;

C. Recognizes revenue from the sale of its share of the output from the joint operation;

D. Recognizes its share of the revenue from the sale of the output by the joint operation; and

E. Recognizes expenses it incurs individually, and its share of any expenses incurred by the joint operation.

(2) Joint Ventures

A joint venture is a joint arrangement where the Company has rights only to the net assets of the arrangement.

The Company accounts for investments in joint ventures in accordance with the provisions for long-term equity investments under the equity method.

2.5.9 Revenue

(1) General Principles

The Company recognizes revenue when it satisfies a performance obligation in the contract, which is when the customer obtains control of the relevant goods or services.

If a contract contains two or more performance obligations, the Company, at contract inception, allocates the transaction price to each distinct performance obligation based on the relative standalone selling prices of the promised goods or services for each distinct performance obligation, and measures revenue based on the transaction price allocated to each distinct performance obligation.

A performance obligation is satisfied over time if one of the following conditions is met; otherwise, it is satisfied at a point in time:

① The customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs.

② The customer controls the goods as they are created by the Company's performance.

③ The goods produced by the Company in the process of fulfilling the contract have no alternative use, and the Company has an enforceable right to payment for performance completed to date throughout the contract period.

For performance obligations satisfied over time, the Company recognizes revenue over that period based on the progress of performance. When the progress of performance cannot be reasonably determined and if the costs incurred by the Company are expected to be recovered, revenue is recognized based on the amount of costs incurred, until the progress of performance can be reasonably determined.

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the related goods or services. When determining whether a customer has obtained control of goods or services, the Company considers the following indicators:

① The Company has a present right to payment for the goods or services, meaning the customer has a present obligation to pay for the goods.

② The Company has transferred the legal title of the goods to the customer, meaning the customer has obtained legal title of the goods.

③ The Company has transferred physical possession of the goods to the customer, meaning the customer has physical possession of the goods.

④ The Company has transferred the significant risks and rewards of ownership of the goods to the customer, meaning the customer has obtained the significant risks and rewards of ownership of the goods.

⑤ The customer has accepted the goods or services.

⑥ Other indicators that the customer has obtained control of the goods.

(2) Specific Methods

The Company recognizes revenue with the following methods:

(1) Module Products, Solutions, and Others

Product sales are mainly divided into domestic sales and overseas sales. The specific methods for revenue recognition are as follows:

Specific method for domestic sales revenue recognition: Revenue is recognized based on relevant documents when products have been shipped and the delivery note or consignment note signed by the buyer has been obtained;

Specific method for overseas sales revenue recognition: overseas sales are settled mainly based on FOB. Under FOB terms, the Company recognizes revenue when customs declaration and commodity inspection procedures are completed.

(2) Service Business

The Company provides IoT data connection services and aggregation management services. Revenue is recognized based on the customer's progress in utilizing global data communication service traffic.

2.5.10 Inventories

(1) Classification of inventories

The Company's inventories are classified as outsourced processing materials, finished goods in stock, goods shipped, goods in transit, raw materials, contract performance costs, work in progress, etc.

(2) Valuation method for the issued inventory

Inventories are initially measured at cost when acquired. Raw materials, finished goods in stock and outsourced processing materials are issued using the moving weighted average method.

(3) The basis for determining the net realisable value of inventories and the method for making a provision for inventory write-down

On the balance sheet date, inventory is measured at the lower of cost or net realizable value. When the net realizable value is below cost, the Company makes a provision for inventory write-down.

Net realizable value is the amount estimated selling price minus estimated costs of completion, selling expenses and related taxes. In determining net realizable value, it is based on verifiable evidence, considering the purpose of holding inventory and the impact of post-balance-sheet-date events.

The Company usually makes a provision for inventory write-down based on individual inventory items. However, for inventories with large quantity and low unit price, provision for inventory write-down shall be made according to the inventory category.

On the balance sheet date, if the factors affecting the previous write-down of the inventory value have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original provision for inventory depreciation.

(4) Inventory count system

The Company maintains a perpetual inventory system.

(5) Amortisation method for low-value consumables

Low-value consumables of the Company are written off once.

2.6 Significant Accounting Judgments and Estimates

2.6.1 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and Derecognition of Financial Instruments

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when one of the following conditions is met:

① The contractual rights to receive cash flows from the financial asset expire; or

② The financial asset has been transferred, and the conditions for derecognition of financial asset transfers, as described below, are met.

A financial liability (or a part of it) is derecognized when the current obligation (or a part of it) has been discharged or canceled or has expired. If the Company (as a debtor) enters into an agreement with a lender to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the existing financial liability, the existing financial liability is derecognized, and a new financial liability is simultaneously recognized.

Financial assets bought and sold on a regular way basis are recognized and derecognized on the trade date.

(2) Classification and Measurement of Financial Assets

Upon initial recognition, the Company classifies financial assets into the following three categories based on the business model for managing the financial assets and their contractual cash flow characteristics: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI), and financial assets measured at fair value through profit or loss (FVTPL).

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, transaction costs are directly recognized in profit or loss; for other categories of financial assets, transaction costs are included in the initial recognition amount. For receivables arising from the sale of goods or rendering of services that do not contain a significant financing component or for which the Company does not consider a significant financing component, the Company recognizes the initial amount at the transaction price expected to be received.

Financial Assets Measured at Amortized Cost

The Company classifies financial assets as measured at amortized cost if they meet both of the following conditions and have not been designated as FVTPL:

- The financial asset is held within a business model whose objective is to collect contractual cash flows;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are measured at amortized cost using the effective interest method. Gains or losses arising from financial assets measured at amortized cost that are not part of a hedging relationship are recognized in profit or loss when the financial asset is derecognized, amortized using the effective interest method, or impaired.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

The Company classifies financial assets as measured at FVTOCI if they meet both of the following conditions and have not been designated as FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment gains or losses, and foreign exchange gains or losses are recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial Assets Measured at Fair Value Through Profit or Loss

Except for the financial assets mentioned above that are measured at amortized cost or FVTOCI, the Company classifies all other financial assets as FVTPL. At initial recognition, to eliminate or significantly reduce an accounting mismatch, the Company may irrevocably designate certain financial assets that would otherwise be measured at amortized cost or FVTOCI as FVTPL.

After initial recognition, these financial assets are subsequently measured at fair value, and any gains or losses (including interest and dividend income) arising from them are recognized in profit or loss, unless the financial asset is part of a hedging relationship.

However, for non-trading equity instrument investments, the Company irrevocably designates them at initial recognition as financial assets measured at fair value through other comprehensive income. This designation is made on an investment-by-investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective.

After initial recognition, these financial assets are subsequently measured at fair value. Qualifying dividend income is recognized in profit or loss, while other gains or losses and fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from other comprehensive income to retained earnings.

The business model for managing financial assets refers to how the Company manages its financial assets to generate cash flows. The business model determines whether the source of cash flows from the financial assets managed by the Company is collecting contractual cash flows, selling financial assets, or both. The Company determines the business model for managing financial assets based on objective facts and the specific business objectives for managing financial assets decided by key management personnel.

The Company assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated on specified dates from the relevant financial assets are solely payments of principal and interest on the outstanding principal amount. Wherein, principal refers to the fair value of the financial asset at initial recognition; interest includes consideration for the time value of money, credit risk associated with the outstanding principal amount for a particular period, and other basic lending risks, costs, and profit. Furthermore, the Company assesses contractual terms that could change the timing or amount of the contractual cash flows of a financial asset to determine whether they meet the aforementioned contractual cash flow characteristics.

Only when the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model; otherwise, financial assets are not reclassified after initial recognition.

(3) Classification and Measurement of Financial Liabilities

The Company's financial liabilities are classified at initial recognition as: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For financial liabilities not classified as measured at fair value through profit or loss, related transaction costs are included in their initial recognition amount.

Financial Liabilities Measured at Fair Value Through Profit or Loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss at initial recognition. For such financial liabilities, subsequent measurement is at fair value; gains or losses arising from changes in fair value, as well as dividends and interest expenses related to these financial liabilities, are recognized in current profit or loss.

Financial Liabilities Measured at Amortized Cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method; gains or losses arising from derecognition or amortization are recognized in current profit or loss.

Distinction Between Financial Liabilities and Equity Instruments

A financial liability is a liability that meets one of the following conditions:

① A contractual obligation to deliver cash or another financial asset to another entity.

② A contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity.

③ A non-derivative contract that will or may be settled in the entity's own equity instruments, and under which the entity is or may be obliged to deliver a variable number of its own equity instruments.

④ A derivative contract that will or may be settled in the entity's own equity instruments, with the exception of a derivative contract that involves the exchange of a fixed number of the entity's own equity instruments for a fixed amount of cash or other financial assets.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid a contractual obligation to deliver cash or another financial asset, then that contractual obligation meets the definition of a financial liability.

If a financial instrument will or may be settled in the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are a substitute for cash or other financial assets, or whether they allow the holder of the instrument to have a residual interest in the issuer's assets after deducting all liabilities. If it is the former, the instrument is a financial liability of the Company; if it is the latter, the instrument is an equity instrument of the Company.

(4) Derivative Financial Instruments and Embedded Derivatives

The Company's derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. Derivative financial instruments with a positive fair value are recognized as assets, and those with a negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value that do not meet the requirements for hedge accounting are directly recognized in current profit or loss.

For hybrid instruments that contain embedded derivatives, if the host contract involves a financial asset, the hybrid instrument as a whole applies the relevant provisions for the classification of financial assets. If the host contract involves a non-financial asset, and the hybrid instrument is not accounted for at fair value through profit or loss, the embedded derivative is not closely related to the host contract in terms of economic characteristics and risks, and a stand-alone instrument with the same terms as the embedded derivative would meet the definition of a derivative, then the embedded derivative is separated from the hybrid instrument and accounted for as a separate derivative financial instrument. If an embedded derivative cannot be measured separately at inception or on subsequent balance sheet dates, the entire hybrid instrument is designated as a financial asset or financial liability measured at fair value through profit or loss.

(5) Fair Value of Financial Instruments

The methods for determining the fair value of financial assets and financial liabilities are detailed in Item 12 of Note 3.

(6) Impairment of Financial Assets

The Company performs impairment accounting and recognizes loss allowances for the following items based on expected credit losses:

- Financial assets measured at amortized cost;
- Receivables and debt instrument investments measured at fair value through other comprehensive income;
- Contract assets as defined by *CAS 14 – Revenue;*
- Lease receivables;
- Financial guarantee contracts (excluding those measured at fair value through profit or loss, those resulting from financial asset transfers that do not qualify for derecognition, or those arising from continuing involvement in transferred financial assets).

Measurement of Expected Credit Losses

Expected credit losses refer to the weighted average of credit losses of financial instruments, weighted by the risk of default occurring. Credit loss is the difference between all contractual cash flows due to the Company according to the contract, discounted at the original effective interest rate, and all cash flows that the Company expects to receive, i.e., the present value of all cash shortfalls.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the contractual cash flows due and the expected cash flows to be received, using reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions, weighted by the risk of default.

The Company measures expected credit losses for financial instruments at different stages separately. A financial instrument is classified in Stage 1 if its credit risk has not increased significantly since initial recognition. The Company measures the loss allowance at an amount equal to 12-month expected credit losses. A financial instrument is classified in Stage 2 if its credit risk has increased significantly since initial recognition but there is no evidence of credit impairment. The Company measures the loss allowance at an amount equal to lifetime expected credit losses. A financial instrument is classified in Stage 3 if it has become credit-impaired since initial recognition. The Company measures the loss allowance at an amount equal to lifetime expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition, and measures the loss allowance based on 12-month expected credit losses.

Lifetime expected credit losses refer to the expected credit losses that result from all possible default events over the entire expected life of a financial instrument. 12-month expected credit losses refer to the expected credit losses that result from possible default events of a financial instrument occurring within twelve months after the balance sheet date (or over the expected life of the financial instrument if that is less than 12 months), and are a portion of the lifetime expected credit losses.

When measuring expected credit losses, the maximum period the Company considers is the maximum contractual period over which the entity is exposed to credit risk (including consideration of renewal options).

For financial instruments in Stage 1, Stage 2, and those with low credit risk, the Company calculates interest income based on their gross book balance before deducting impairment allowance and the effective interest rate. For financial instruments in Stage 3, interest income is calculated based on their amortized cost (i.e., the book balance less accumulated impairment allowance) and the effective interest rate.

For receivables such as notes receivable, accounts receivable, receivables financing, other receivables, if a customer's credit risk characteristics are significantly different from other customers in the portfolio, or if the customer's credit risk characteristics have significantly changed, the Company individually makes an impairment allowance for that receivable. Except for receivables for which impairment allowance is individually assessed, the Company groups receivables based on their credit risk characteristics and calculates impairment allowance on a portfolio basis.

Notes Receivable, Accounts Receivable

For notes receivable, accounts receivable, regardless of whether they contain a significant financing component, the Company always measures their loss allowance at an amount equal to lifetime expected credit losses.

When the information to assess expected credit losses for an individual financial asset cannot be obtained at a reasonable cost, the Company groups notes receivable and accounts receivable based on their credit risk characteristics and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

A. Notes Receivable

- Notes Receivable Portfolio 1: Bank acceptance bills

- Notes Receivable Portfolio 2: Commercial acceptance bills

B. Accounts Receivable

- Accounts Receivable Portfolio 1: Related party balances within the scope of consolidation

- Accounts Receivable Portfolio 2: Receivables from other customers

For notes receivable grouped into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through the exposure to default risk and the lifetime expected credit loss rate.

For accounts receivable grouped into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, and by preparing a matrix of accounts receivable aging and lifetime expected credit loss rates. The aging of accounts receivable is calculated from the date of initial recognition.

Other Receivables

The Company classifies other receivables into several portfolios based on their credit risk characteristics, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

- Other Receivables Portfolio 1: Related party balances within the scope of consolidation

- Other Receivables Portfolio 2: Export tax refund receivables

- Other Receivables Portfolio 3: Deposits and margin receivables

- Other Receivables Portfolio 4: Receivables from related parties and other investments

- Other Receivables Portfolio 5: Intercompany balances and other characteristics

For other receivables grouped into portfolios, the Company calculates expected credit losses using the exposure to default risk and the 12-month or lifetime expected credit loss rate. For other receivables grouped by aging, the aging is calculated from the date of initial recognition.

Debt Investments and Other Debt Investments

For debt investments and other debt investments, the Company, based on the nature of the investment and considering various types of counterparties and risk exposures, calculates expected credit losses using the exposure to default risk and the 12-month or lifetime expected credit loss rate.

Assessment of Significant Increase in Credit Risk

The Company assesses whether the credit risk of a financial instrument has significantly increased since initial recognition by comparing the risk of a default occurring at the balance sheet date with the risk of a default occurring at initial recognition, in order to determine the relative change in the risk of default over the expected life of the financial instrument.

When determining whether the credit risk has significantly increased since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:

- Instances where the debtor fails to pay the principal and interest on the contractual maturity date;

- A significant deterioration in the external or internal credit ratings (if any) of the financial instrument that have occurred or are expected;

- A significant deterioration in the operating results of the debtor that has occurred or is expected;

- Existing or expected changes in the technological, market, economic, or legal environment that will have a significant adverse effect on the debtor's ability to repay the Company.

Depending on the nature of the financial instrument, the Company assesses whether credit risk has significantly increased on an individual financial instrument basis or on a portfolio of financial instruments basis. When assessments are performed on a portfolio basis, the Company may categorize financial instruments based on shared credit risk characteristics, such as past-due information and credit risk ratings.

Credit-Impaired Financial Assets

At each balance sheet date, the Company assesses whether financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- Significant financial difficulty of the issuer or debtor;

- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;

- The Company grants the debtor concessions that it would not otherwise consider, due to economic or contractual considerations related to the debtor's financial difficulties;

- The debtor is likely to enter bankruptcy or undergo other financial reorganization;

- The issuer's or debtor's financial difficulties have caused the active market for that financial asset to disappear.

Presentation of Expected Credit Losses Allowance

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures expected credit losses at each balance sheet date. The resulting increase or reversal in the loss allowance is recognized as an impairment loss or gain in current profit or loss. For financial assets measured at amortized cost, the loss allowance reduces the Book Value of the financial asset presented in the balance sheet. For debt investments measured at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income and does not reduce the Book Value of the financial asset.

Write-off

If the Company no longer reasonably expects that the contractual cash flows of a financial asset can be recovered in full or in part, the book balance of that financial asset is directly written down. Such a write-down constitutes the derecognition of the related financial asset. This usually occurs when the Company determines that the debtor has no assets or income sources to generate sufficient cash flows to repay the amount to be written down. However, in accordance with the Company's procedures for collecting maturing amounts, written-down financial assets may still be subject to enforcement activities.

If financial assets that have been written down are subsequently recovered, the recovery is recognized as a reversal of impairment loss in profit or loss for the period of recovery.

(7) Transfer of Financial Assets

Transfer of financial assets refers to transferring or delivering a financial asset to a party other than the issuer of that financial asset (the transferee).

If the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, the financial asset is derecognized. If the Company has retained substantially all the risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: If the control over the financial asset has been surrendered, the financial asset is derecognized and the resulting assets and liabilities are recognized; if the control over the financial asset has not been surrendered, the Company continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset, and recognizes an associated liability.

(8) Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are presented in the balance sheet at their net amount if the Company has a legally enforceable right to offset the recognized financial assets and financial liabilities, currently has the legal right to enforce such offsetting, and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

2.6.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures relevant assets or liabilities at fair value, assuming that the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability. If there is no principal market, the Company assumes that the transaction takes place in the most advantageous market for the asset or liability. The principal market (or most advantageous market) is the market that the Company can access at the measurement date. The Company uses the assumptions that market participants would use when pricing the asset or liability, acting in their economic best interest.

For financial assets or financial liabilities that have an active market, the Company determines their fair value using quoted prices from that active market. If a financial instrument does not have an active market, the Company uses valuation techniques to determine its fair value.

When measuring non-financial assets at fair value, the Company considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available, prioritizing relevant observable inputs. Unobservable inputs are used only when observable inputs are not available or are not practically feasible to obtain.

For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value hierarchy is determined based on the lowest-level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the asset or liability; Level 3 inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Company re-evaluates assets and liabilities that are continuously measured at fair value in the financial statements to determine whether there have been any transfers between the fair value hierarchy levels.

2.6.3 Intangible Assets

The Company's intangible assets include land use rights, development platforms, software, customer relationships, trademark and patent rights, etc.

Intangible assets are initially measured at cost, and their useful lives are analyzed and assessed upon acquisition. For intangible assets with a finite useful life, amortization begins when the asset is available for use, using an amortization method that reflects the expected manner in which the economic benefits related to the asset are consumed over its estimated useful life. If the expected manner of consumption cannot be reliably determined, the straight-line method is used for amortization. Intangible assets with indefinite useful lives are not amortized.

The amortization methods for intangible assets with finite useful lives are as follows:

Category	Useful Life (Years)	Basis for Determining Useful Life	Amortization Method	Remarks
Development platform	5-10	Benefit period	Straight-line method	
Software	3-10	Benefit period	Straight-line method	
Trademarks, patent rights, etc.	2-10	Benefit period	Straight-line method	
Land use rights	30	Land use period	Straight-line method	
Customer relationships	7	Benefit period	Straight-line method	

At the end of each fiscal year, the Company reviews the useful lives and amortization methods of intangible assets with finite useful lives. If there is a difference from previous estimates, the original estimates are adjusted and accounted for as a change in accounting estimate.

If, at the balance sheet date, an intangible asset is no longer expected to bring future economic benefits to the enterprise, its entire Book Value is transferred to current profit or loss.

2.6.4 Asset Impairment

Asset impairment for long-term equity investments in subsidiaries and associates, fixed assets, construction in progress, right-of-use assets, intangible assets, and goodwill (excluding inventories, deferred tax assets, and financial assets) is determined by the following methods:

At each balance sheet date, the Company assesses whether there are any indications that an asset may be impaired. If such indications exist, the Company estimates the asset's recoverable amount and conducts an impairment test. The goodwill acquired in a business combination, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment annually, regardless of whether there are any indications of impairment.

The recoverable amount is determined as the higher of an asset's fair value less costs to sell and the present value of its estimated future cash flows. The Company estimates the recoverable amount for an individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is identified based on whether its main cash inflows are largely independent of those from other assets or cash-generating units.

When the recoverable amount of an asset or cash-generating unit is less than its Book Value, the Company writes down the Book Value to its recoverable amount. The amount of the write-down is recognized in current profit or loss, and a corresponding impairment allowance is recognized.

For the purpose of the goodwill impairment test, the Book Value of goodwill acquired in a business combination is allocated to the relevant cash-generating units from the date of acquisition using a reasonable method. If it is not possible to allocate it to individual cash-generating units, it is allocated to a combination of cash-generating units. The relevant cash-generating unit or combination of cash-generating units is one that is expected to benefit from the synergies of the business combination and is not larger than the Company's identified reporting segment.

When conducting an impairment test, if a cash-generating unit or combination of cash-generating units to which goodwill has been allocated shows indications of impairment, the Company first performs an impairment test on the cash-generating unit or combination of cash-generating units that does not include goodwill, calculates its recoverable amount, and recognizes any impairment loss. Subsequently, an impairment test is performed on the cash-generating unit or combination of cash-generating units that includes goodwill by comparing its Book Value with its recoverable amount. If the recoverable amount is less than the Book Value, an impairment loss for goodwill is recognized.

Once an asset impairment loss is recognized, it is not reversed in subsequent accounting periods.

2.6.5 Significant Accounting Judgments and Estimates

The Company continually evaluates the significant accounting estimates and key assumptions it uses, based on historical experience and other factors, including the reasonable expectations of future events. Significant accounting estimates and key assumptions that are likely to result in a material adjustment to the Book Values of assets and liabilities in the next accounting year are listed below:

Classification of Financial Assets

Significant judgments involved in the Company's determination of the classification of financial assets include the analysis of the business model and contractual cash flow characteristics.

The Company determines the business model for managing financial assets at the portfolio level. Factors considered include how the performance of financial assets is evaluated and reported to key management personnel, the risks that affect the performance of financial assets and how those risks are managed, and how business managers are compensated.

In assessing whether the contractual cash flows of a financial asset are consistent with the basic lending arrangement, the Company makes the following key judgments: whether the principal amount could vary in timing or amount over the life of the instrument due to reasons such as prepayments; and whether interest only includes consideration for the time value of money, credit risk, other basic lending risks, and a profit margin. For example, whether the amount of prepayment solely reflects unpaid principal and interest on the outstanding principal, and reasonable compensation for the early termination of the contract.

Measurement of Expected Credit Losses for Accounts Receivable

The Company calculates expected credit losses on accounts receivable by considering the accounts receivable's default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on the probability of default and loss given default. When determining the rate of expected credit losses, the Company uses internal historical credit loss experience and other data, and adjusts historical data to reflect current conditions and forward-looking information. Indicators used by the Company when considering forward-looking information include the risk of economic downturns, changes in the external market environment, technological environment, and customer circumstances. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

Goodwill Impairment

The Company assesses at least annually whether goodwill is impaired. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. When estimating value in use, the Company needs to estimate future cash flows from the cash-generating unit and select an appropriate discount rate to calculate the present value of future cash flows.

Development Expenses

When determining the amount to be capitalized, the management must make assumptions regarding the expected future cash generation of the asset, the discount rate to be applied, and the expected period of benefit.

Deferred Income Tax Assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. This requires the management to exercise significant judgment in estimating the timing and amount of future taxable profits, and to consider tax planning strategies in determining the amount of deferred income tax assets to be recognized.

3. REVENUE

3.1 Revenue and Operating Costs

Unit: RMB

Item	Amount for the current period Revenue	Cost	Amount for the last period Revenue	Cost
Principal business	**3,733,839,898.42**	**3,169,036,010.70**	3,685,364,305.64	3,079,739,648.03
Other business	**44,335,500.05**	**37,341,267.58**	21,612,211.63	18,425,691.80
Total	**3,778,175,398.47**	**3,206,377,278.28**	3,706,976,517.27	3,098,165,339.83

3.2 Revenue and Operating Costs by Product Type

	Six months ended June 30, 2026		2025		Change
	RMB	Percentage of revenue	*RMB*	Percentage of revenue	
Module products	**3,467,690,424.42**	**91.78%**	3,446,371,246.25	92.97%	0.62%
Solutions	**238,504,137.28**	**6.31%**	214,839,886.86	5.80%	11.01%
Others	**71,980,836.77**	**1.91%**	45,765,384.16	1.23%	57.28%
Total	**3,778,175,398.47**	**100.00%**	3,706,976,517.27	100.00%	1.92%

Note

(1) Others: mainly includes (i) sales of complementary electronic components and (ii) IoT data connection services, which refer to providing supplementary cellular data connection services to customers at comparable market prices.

3.3 Revenue and Operating Costs by Region

Unit: RMB

Main operating areas	Amount for the current period Revenue	Cost	Amount for the last period Revenue	Cost
Domestic	**1,846,375,585.59**	**1,478,480,231.61**	1,370,850,061.74	1,197,139,155.11
Overseas	**1,931,799,812.88**	**1,727,897,046.67**	2,336,126,455.53	1,901,026,184.72
Sub-total	**3,778,175,398.47**	**3,206,377,278.28**	3,706,976,517.27	3,098,165,339.83

3.4 Revenue and Operating Costs by Timing of Transfer of Goods

Unit: RMB

Item	Amount for the current period Revenue	Cost
Principal business	3,733,839,898.42	3,169,036,010.70
Including: Recognised at a point in time	3,715,972,098.82	3,162,899,298.56
Recognised over time:	17,867,799.60	6,136,712.14
Other business	44,335,500.05	37,341,267.58
Including: Recognised at a point in time	44,335,500.05	37,341,267.58
Total	**3,778,175,398.47**	**3,206,377,278.28**

4. SELLING EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Employee remuneration	**61,832,770.67**	63,188,824.46
Travel expenses	**6,216,417.32**	5,653,021.94
Office expenses	**5,100,367.32**	1,360,827.94
Advertising expenses	**4,827,637.29**	2,334,901.37
Hospitality expenses	**3,789,763.19**	5,233,516.49
Depreciation and amortization charges	**2,639,868.35**	1,532,315.94
Rental fees	**956,586.28**	528,062.76
Share-based incentives	**31,552.28**	339,289.48
Market expansion fee	**–**	42,150.01
Other	**3,222,229.01**	1,856,596.70
Total	**88,617,191.71**	82,069,507.09

5. ADMINISTRATIVE EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Employee remuneration	**51,269,478.46**	46,504,630.18
Intermediary fees	**11,410,410.35**	3,921,571.87
Depreciation and amortization charges	**7,824,180.78**	7,663,854.67
Utility and management fees	**3,237,792.23**	3,853,867.66
Office expenses	**2,895,738.86**	2,398,446.64
Hospitality expenses	**2,172,704.44**	2,228,767.42
Travel expenses	**1,130,320.77**	1,550,663.18
Rental fees	**466,122.01**	352,762.82
Share-based incentives	**372,446.18**	1,331,022.90
Car fees	**235,987.82**	284,660.64
Training fees	**68,937.80**	–
Other	**1,933,706.19**	1,995,255.47
Total	**83,017,825.89**	72,085,503.45

6. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Employee remuneration	**200,330,405.13**	158,663,720.85
Depreciation and amortization charges	**45,448,787.59**	47,332,213.65
Materials	**18,249,632.31**	9,408,628.70
Technical consultancy fee	**5,957,946.82**	2,158,016.57
Travel expenses	**4,819,166.39**	4,536,223.50
Test certification fee	**4,090,159.56**	10,399,037.10
Office expenses	**3,053,995.44**	388,606.39
Utility and management fees	**1,320,406.58**	847,775.12
Trademark royalties	**584,710.84**	856,269.91
Rental fees	**202,834.24**	327,632.97
Share-based incentives	**152,428.70**	131,597.03
Other	**4,560,649.25**	4,191,242.14
Total	**288,771,122.85**	239,240,963.93

7. FINANCE EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Interest expenses	**13,377,916.23**	16,341,000.47
Less: Interest capitalised	**–**	–
Interest income	**23,712,201.92**	10,383,911.47
Exchange gains and losses	**33,859,771.52**	-9,638,456.38
Less: Exchange gains and losses capitalised	**–**	–
Handling fees and others	**811,983.70**	542,316.02
Total	**24,337,469.53**	-3,139,051.36

8. GAINS ON DISPOSAL OF ASSETS

Unit: RMB

Sources of Gains on Disposal of Assets	Amount for the current period	Amount for the previous period
Gains on disposal of fixed assets ("-" indicates loss)	**-37,251.58**	-3,997.67
Gains on disposal of right-of-use assets ("-" indicates loss)		-14,530.33
Total	**-37,251.58**	-18,528.00

9. INCOME TAX EXPENSE

9.1 Components of Income Tax Expense

Unit: RMB

Item	Amount for the current period	Amount for the last period
Current income tax calculated in accordance with tax laws and relevant regulations	**8,016,041.77**	4,332,572.54
Deferred income tax expense	**-7,961,135.35**	6,574,356.20
Total	**54,906.42**	10,906,928.74

10. EARNINGS PER SHARE

Profit during the Reporting Period	Weighted average return on net assets (%)	Earnings per share Basic earnings per share *RMB*	Diluted earnings per share *RMB*
Net profit attributable to ordinary shareholders of the Company	0.99%	0.07	0.07

11. INVENTORIES

11.1 Classification of Inventories

Unit: RMB

Item	Book balance	Closing balance provision for depreciation of inventories/ provision for impairment of contract performance costs	Book value	Book balance	Balance at the end of last year provision for depreciation of inventories/ provision for impairment of contract performance costs	Book value
Entrusted processed materials	1,514,450,668.79	8,991,656.52	1,505,459,012.27	412,897,902.08	9,566,367.96	403,331,534.12
Finished goods in stock	417,703,942.78	20,229,046.49	397,474,896.29	371,695,624.08	15,094,714.01	356,600,910.07
Goods shipped	59,799,754.38	164,025.66	59,635,728.72	22,309,443.50	120,735.36	22,188,708.14
Goods in transit	172,357,523.49	0.00	172,357,523.49	47,233,718.21	0.00	47,233,718.21
Raw materials	1,076,915,221.74	9,659,060.97	1,067,256,160.77	480,470,583.22	4,240,120.91	476,230,462.31
Work in progress	25,069,742.76	0.00	25,069,742.76	36,748,681.99	0.00	36,748,681.99
Contract performance costs	5,272,758.82	0.00	5,272,758.82	5,240,899.37	0.00	5,240,899.37
Total	**3,271,569,612.76**	**39,043,789.64**	**3,232,525,823.12**	**1,376,596,852.45**	**29,021,938.24**	**1,347,574,914.21**

11.2 Provision for Impairment of Inventories and Contract Performance Costs

Unit: RMB

Item	Opening balance	Increase during the period		Decrease during the period			Closing balance
		Provision	Other	Reversal or write-off	Foreign currency translation	Changes in scope of consolidation	
Consigned processing materials	9,566,367.96	1,288,299.84	0.00	1,863,005.24	6.04	0.00	8,991,656.52
Finished goods in stock	15,094,714.01	14,806,873.33	0.00	9,666,118.28	6,422.57	0.00	20,229,046.49
Goods shipped	120,735.36	164,025.66	0.00	120,735.36	0.00	0.00	164,025.66
Goods in transit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Raw materials	4,240,120.91	6,403,999.52	0.00	985,059.46	0.00	0.00	9,659,060.97
Work in progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract performance costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**29,021,938.24**	**22,663,198.35**	**0.00**	**12,634,918.34**	**6,428.61**	**0.00**	**39,043,789.64**

Provision for Impairment of Inventories and Contract Performance Costs (Continued)

Item	Basis for determining net realizable value/ remaining consideration and estimated costs	Reason for reversal or write-off of provision for impairment of inventories/contract performance cost in the current period
Entrusted processed materials	Estimated selling prices of inventories less estimated costs to completion, estimated selling expenses and related taxes	Used
Finished goods in stock	Estimated selling prices of inventories less estimated selling expenses and related taxes	Sold externally
Goods shipped	Estimated selling prices of inventories less estimated selling expenses and related taxes	Sold externally
Goods in transit	Estimated selling prices of inventories less estimated costs to completion, estimated selling expenses and related taxes	–
Raw materials	Estimated selling prices of inventories less estimated costs to completion, estimated selling expenses and related taxes	Used
Work in progress	Estimated selling prices of inventories less estimated costs to completion, estimated selling expenses and related taxes	–
Contract performance costs	Estimated selling price of service projects less the estimated costs to complete the performance obligations, estimated selling expenses, and relevant taxes	–

12. TRADE AND NOTE RECEIVABLES AT AMORTIZED COST

12.1 Note Receivables

Unit: RMB

Types of bills	Book balance	Closing balance Bad debt provision	Book Value	Book balance	Balance at the end of last year Bad debt provision	Book Value
Bank acceptance bills	50,507,376.59	–	50,507,376.59	38,862,615.66	–	38,862,615.66
Trade acceptance bills	5,857,767.00	87,866.51	5,769,900.49	49,892,738.73	2,305,057.68	47,587,681.05
Total	**56,365,143.59**	**87,866.51**	**56,277,277.08**	**88,755,354.39**	**2,305,057.68**	**86,450,296.71**

(1) No notes receivable pledged by the Group at the end of the period

(2) Notes receivable endorsed or discounted by the Group but not yet due at the end of the period

Unit: RMB

Types	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bills	–	36,421,096.67
Trade acceptance bills	–	–
Total	**–**	**36,421,096.67**

(3) At the end of the period, there were no notes receivable that the Group had transferred to trade receivables due to the default of the acceptor

(4) By method of provision for bad debt

	Closing balance				
	Book balance		Provision for bad debts		
Types	**Amount**	**Ratio (%)**	**Amount**	**Expected credit loss rate (%)**	**Book Value**
Provision for bad debts on an individual basis	–	–	–	–	–
Provision for bad debts on a collective basis	56,365,143.59	100.00	87,866.51	0.16	56,277,277.08
Including:					
Trade acceptance bills	5,857,767.00	10.39	87,866.51	1.50	5,769,900.49
Bank acceptance bills	50,507,376.59	89.61	–	0.00	50,507,376.59
Total	**56,365,143.59**	**100.00**	**87,866.51**	**0.16**	**56,277,277.08**

Continued:

	Balance at the end of last year				
	Book balance		Provision for bad debts		
Types	**Amount**	**Ratio (%)**	**Amount**	**Expected credit loss rate (%)**	**Book Value**
Provision for bad debts on an individual basis	–	0.00	–	0.00	–
Provision for bad debts on a collective basis	88,755,354.39	100.00	2,305,057.68	2.60	86,450,296.71
Including:					
Trade acceptance bills	49,892,738.73	56.21	2,305,057.68	4.62	47,587,681.05
Bank acceptance bills	38,862,615.66	43.79	–	0.00	38,862,615.66
Total	**88,755,354.39**	**100.00**	**2,305,057.68**	**2.60**	**86,450,296.71**

Notes receivable provided for bad debts on a collective basis

(5) Bad debts provision accrued, recovered or reversed during the period

	Provision for bad debts amount *RMB*
Opening balance	2,305,057.68
Accrued during the period	-2,217,191.17
Recovered or reversed during the period	–
Written off during the period	–
Closing balance	87,866.51

12.2 Accounts Receivable

(1) Disclosure by ageing

As at the end of the Reporting Period, the aging analysis of trade receivables based on the revenue recognition date is as follows:

Unit: RMB

Ageing	**Closing balance**	**Balance at the end of last year**
Within 1 year	2,043,904,568.76	1,662,508,319.75
1-2 years	31,258,731.54	34,733,080.78
2-3 years	12,152,662.23	3,313,690.79
Over 3 years	1,834,939.85	2,209,603.46
Sub-total	2,089,150,902.38	1,702,764,694.78
Less: Provision for bad debts	48,056,691.43	40,088,125.71
Total	2,041,094,210.95	1,662,676,569.07

(2) Disclosure by the method of provision for bad debts

Type	Closing balance Book balance Amount	Ratio (%)	Provision for bad debts Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debts on an individual basis	7,087,911.87	0.34	7,087,911.87	100.00	–
Provision for bad debts on a collective basis	2,082,062,990.51	99.66	40,968,779.56	1.97	2,041,094,210.95
Including:	–		–		–
Receivables from other clients	2,082,062,990.51	99.66	40,968,779.56	1.97	2,041,094,210.95
Total	**2,089,150,902.38**	**100.00**	**48,056,691.43**	**2.30**	**2,041,094,210.95**

Continued:

Type	Balance at the end of last year Book balance Amount	Ratio (%)	Provision for bad debts Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debts on an individual basis	7,598,928.33	0.45	7,598,928.33	100.00	0.00
Provision for bad debts on a collective basis	1,695,165,766.45	99.55	32,489,197.38	1.92	1,662,676,569.07
Including:					
Receivables from other clients	1,695,165,766.45	99.55	32,489,197.38	1.92	1,662,676,569.07
Total	**1,702,764,694.78**	**100.00**	**40,088,125.71**	**2.35**	**1,662,676,569.07**

Accounts receivable provided for bad debts on an individual basis

Name	Closing balance Book balance	Provision for bad debts	Expected credit loss rate (%)	Basis for provision
Customer A	4,003,628.87	4,003,628.87	100.00	Expected not to be recoverable
Customer B	3,084,283.00	3,084,283.00	100.00	Expected not to be recoverable
Total	**7,087,911.87**	**7,087,911.87**	**100.00**	

Continued:

Name	Balance at the end of last year			
	Book balance	**Provision for bad debts**	**Expected credit loss rate (%)**	**Basis for provision**
Customer A	4,514,645.33	4,514,645.31	100.00	Expected not to be recoverable
Customer B	3,084,283.00	3,084,283.00	100.00	Expected not to be recoverable
Total	**7,598,928.33**	**7,598,928.31**	**100.00**	

Accounts receivable provided for bad debts on a collective basis

Provision on a collective basis: receivables from other clients

	Closing balance			Balance at the end of last year		
	Book balance	**Provision for bad debts**	**Expected credit loss rate (%)**	**Book balance**	**Provision for bad debts**	**Expected credit loss rate (%)**
Within 1 year	2,043,205,229.96	35,667,758.05	1.75	1,662,503,137.50	28,322,370.15	1.70
1-2 years	31,258,731.54	3,125,873.15	10.00	30,285,795.79	3,028,579.56	10.00
2-3 years	5,764,089.16	1,152,817.83	20.00	167,229.70	33,445.94	20.00
Over 3 years	1,834,939.85	1,022,330.53	55.71	2,209,603.46	1,104,801.73	50.00
Total	**2,082,062,990.51**	**40,968,779.56**	**1.97**	**1,695,165,766.45**	**32,489,197.38**	**1.92**

(3) Provision for bad debts accrued, recovered or reversed during the period

	Provision for bad debts amount *RMB*
Opening balance	40,088,125.71
Accrued during the period	8,467,969.22
Recovered or reversed during the period	–
Written off during the period	–
Carry-forward during the period	–
Foreign currency translation	499,403.50
Closing balance	48,056,691.43

(4) No write-off of accounts receivable during the period

(5) Top five debtors of accounts receivable in terms of closing balance

The top five debtors of accounts receivable in terms of closing balance amounted to RMB1,032,294,549.99, representing 49.41% of the total closing balance of accounts receivable; the corresponding provision for bad debts in terms of closing balance amounted to RMB17,311,226.93.

12.3 Receivables Financing

Item	Closing balance *RMB*	Balance at the end of last year *RMB*
Bill receivables	114,248,860.11	81,691,329.11
Receivables certificates	–	898,306.67
Sub-total		
Less: Other comprehensive income — fair value changes	114,248,860.11	82,589,635.78
Fair value at the end of the period	**114,248,860.11**	**82,589,635.78**

Explanations:

The Group discounts and endorses part of its bank acceptance bills/receivables certificates according to its daily capital management needs. Therefore, such bank acceptance bills/receivables certificates are classified as financial assets measured at fair value through other comprehensive income.

The Group has no bank acceptance bills/receivables certificates that are provision for impairment on an individual basis. At the end of the period, the Group believes that its bank acceptance bills/receivables certificates are not exposed to significant credit risk, and will not cause significant losses due to default.

(1) No notes receivable pledged by the Group at the end of the period

(2) Bill receivables which have been endorsed or discounted by the Group but have not matured at the end of the period

Unit: RMB

Type	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	275,544,002.58	–
Receivables certificates	–	–
Total	**275,544,002.58**	**–**

13. BORROWINGS

13.1 Short-term Borrowings

Unit: RMB

Item	Closing balance	Balance at the end of last year
Credit borrowings	348,159,667.23	348,201,827.89
Pledged borrowings	–	200,114,722.22
Bills discounting	627,327,522.84	73,972,842.77
Total	**975,487,190.07**	**622,289,392.88**

13.2 Long-term Borrowings

Unit: RMB

Item	Closing balance	Balance at the end of last year
Credit borrowings	447,705,088.89	238,863,003.56
Sub-total	447,705,088.89	238,863,003.56
Less: long-term borrowings due within one year	47,705,088.89	190,113,003.56
Total	**400,000,000.00**	**48,750,000.00**

As of June 30, 2026, the annual interest rates for the above borrowings ranged from 2.14%-2.19%.

13.3 Borrowings by repayment term

Unit: RMB

	Current period balance	Balance at the end of last year
Within 1 year	1,023,192,278.96	812,402,396.44
1-2 years	400,000,000.00	48,750,000.00
Total	**1,423,192,278.96**	**861,152,396.44**

14. TRADE PAYABLE AND NOTES PAYABLE

14.1 Notes payable

Unit: RMB

Type	Closing balance	Balance at the end of last year
Bank acceptance bills	305,705,627.50	384,032,973.27
Total	**305,705,627.50**	**384,032,973.27**

Explanation: As of the end of the period, the Group has no outstanding notes payable that have expired.

14.2 Accounts payable

Unit: RMB

Item	Closing balance	Balance at the end of last year
Payment for goods	2,217,755,509.05	1,598,473,503.68
Payables for construction and equipment	73,795,937.45	70,864,197.66
Service fees and others	9,943,688.24	3,065,602.35
Total	**2,301,495,134.74**	**1,672,403,303.69**

14.3 Disclosure by ageing

As at the end of the Reporting Period, the aging analysis of accounts payable based on transaction dates is as follows:

Unit: RMB

Ageing	Closing balance	Balance at the end of last year
Within 1 year	2,265,927,228.80	1,668,705,391.85
1 – 2 years	34,184,723.71	3,329,244.69
2 – 3 years	1,134,067.34	168,667.15
Over 3 years	249,114.89	200,000.00
Total	**2,301,495,134.74**	**1,672,403,303.69**

15. SHARE CAPITAL

Unit: Shares

Item	Opening balance	Increase or decrease in the period (+, –) Issuance of new shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Closing balance
Total shares	899,265,844.00	–	–	–	–	–	899,265,844.00

16. RETAINED PROFIT

Item	Amount for the current period	Amount for the previous year	Appropriation and distribution rates
Undistributed profit at the end of the previous period (before adjustment)	1,889,123,130.81	1,858,605,130.73	
Total adjustments for undistributed profit at the beginning of the period ("+" for increase; "–" for decrease)	–	–	
Undistributed profit at the beginning of the period (after adjustment)	1,889,123,130.81	1,858,605,130.73	
Add: Net profit for the period attributable to shareholders of the parent company	61,824,266.04	347,040,640.51	
Less: Appropriation for statutory surplus reserve	–	49,533,686.73	
Ordinary share dividends payable	209,816,881.81	266,988,953.70	
Undistributed profit at the end of the period	1,741,130,515.04	1,889,123,130.81	

17. DIVIDEND

During the Reporting Period, the final dividend for the year ended December 31, 2025 of RMB2.34 per 10 shares (tax inclusive), amounting to a total of RMB209,816,881.81, was approved by the shareholders at the annual general meeting of the Company held on May 18, 2026. For the dividend payable on H Shares, the Hong Kong dollar amount was translated into Renminbi for accounting purposes at the spot exchange rate prevailing on the date of the annual general meeting. (For the six months ended June 30, 2025: the final dividend for the year ended December 31, 2024 of RMB3.50 per 10 shares, amounting to a total of RMB266,988,953.70.)

No dividend was paid or declared by the Company in respect of the six months ended June 30, 2026 (six months ended June 30, 2025: Nil).

FINANCIAL REVIEW

REVENUE

The table below sets forth the absolute amounts and percentages of the Group's revenue from principal activities by business segment:

	Six months ended June 30,				
	2026		2025		
	RMB	**% of Revenue**	*RMB*	% of Revenue	**Change**
Module products	**3,467,690,424.42**	**91.78%**	3,446,371,246.25	92.97%	0.62%
Solutions	**238,504,137.28**	**6.31%**	214,839,886.86	5.80%	11.01%
Others(1)	**71,980,836.77**	**1.91%**	45,765,384.16	1.23%	57.28%
Total	**3,778,175,398.47**	**100.00%**	3,706,976,517.27	100.00%	1.92%

Note:

(1) Others: primarily include (i) sales of complementary electronic components and (ii) IoT data connection services, which refer to the provision of supplementary cellular data connection plans to customers at comparable market prices.

For the six months ended June 30, 2026, the Group achieved revenue of RMB3,778,175,398.47, representing a year-on-year increase of 1.92%.

From a business segment perspective, revenue from module products amounted to RMB3,467,690,424.42, representing a year-on-year increase of 0.62%. Revenue from solutions amounted to RMB238,504,137.28, representing a year-on-year increase of 11.01%, mainly due to the increase in revenue from solutions in the smart retail industries.

From a regional contribution perspective, for the six months ended June 30, 2026, revenue from the domestic market amounted to RMB1,846,375,585.59, representing a year-on-year increase of 34.69%, which was primarily attributable to the growth of the automotive electronics and smart home business. Revenue from the overseas market amounted to RMB1,931,799,812.88, representing a year-on-year decrease of 17.31%, mainly due to the decrease of smart home and consumer electronics businesses. The table below sets forth a breakdown of revenue by geographic region of the place of registration of counter-parties to our sales contracts, in absolute amounts and as percentages of the revenue:

	Six months ended June 30,				
	2026		2025		
	Amount ***RMB***	**% of total revenue**	Amount *RMB*	% of total revenue	**Change**
Domestic	**1,846,375,585.59**	**48.87%**	1,370,850,061.74	36.98%	34.69%
Overseas	**1,931,799,812.88**	**51.13%**	2,336,126,455.53	63.02%	-17.31%
Total	**3,778,175,398.47**	**100.00%**	3,706,976,517.27	100.00%	1.92%

GROSS PROFIT AND GROSS PROFIT MARGIN

The table below sets forth the absolute gross profit amounts and gross profit margins of the Group by business segment:

	Six months ended June 30,			
	2026		2025	
Main products type	**Gross profit** *RMB*	**Gross profit margin**	Gross profit *RMB*	Gross profit margin
Module products	**521,575,950.06**	**15.04%**	562,145,235.38	16.31%
Solutions	**31,301,169.83**	**13.12%**	42,723,391.59	19.89%
Others[(1)]	**18,921,000.30**	**26.29%**	3,942,550.47	8.61%
Total	**571,798,120.19**	**15.13%**	608,811,177.44	16.42%

Note:

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

For the six months ended June 30, 2026, the Group's gross profit margin was 15.13%, representing a year-on-year decrease of 1.29 percentage points, mainly due to changes in the product mix of sales and increases in material procurement costs during the Reporting Period.

OTHER INCOME, NET

The Group's other income decreased from RMB27,821,240.35 for the six months ended June 30, 2025 to RMB10,341,443.33 for the six months ended June 30, 2026, primarily attributable to a decrease in the benefits from the VAT refund policy for software businesses upon collection during the Reporting Period.

FINANCE EXPENSES, NET

The Group's net finance expenses increased from RMB-3,139,051.36 for the six months ended June 30, 2025 to RMB24,337,469.53 for the six months ended June 30, 2026, including (1) finance income increased from RMB10,383,911.47 for the six months ended June 30, 2025 to RMB23,712,201.92 for the six months ended June 30, 2026, primarily attributable to an increase in interest income from deposits arising from the growth of monetary funds, as well as an increase in interest income from time deposits. (2) Interest expense decreased from RMB16,341,000.47 for the six months ended June 30, 2025 to RMB13,377,916.23 for the six months ended June 30, 2026, mainly due to a decline in interest rates. (3) Exchange gain/loss increased from RMB-9,638,456.38 for the six months ended June 30, 2025 to RMB33,859,771.52 for the six months ended June 30, 2026, mainly due to the movements of the US dollar exchange rate.

NET PROFIT

The Group's net profit during the Reporting Period decreased from RMB218,481,277.35 for the six months ended June 30, 2025 to RMB72,741,144.65 for the six months ended June 30, 2026, representing a year-on-year decrease of 66.71%, mainly due to a change in product mix and an increase in material procurement costs, resulting in a decline in gross profit, as well as the increase in R&D investment and an increase in foreign exchange losses for the current period.

FINANCIAL POSITION

The table below sets forth the absolute amounts from the Group's consolidated statement of financial position as of June 30, 2026 and December 31, 2025:

	June 30, 2026 *RMB*	December 31, 2025 *RMB*
Total non-current assets	**1,510,440,631.30**	1,447,046,797.07
Total current assets	**9,139,411,044.85**	8,242,417,253.08
Total assets	**10,649,851,676.15**	9,689,464,050.15
Total non-current liabilities	**509,570,761.60**	166,345,620.29
Total current liabilities	**4,047,995,373.37**	3,255,628,201.20
Total liabilities	**4,557,566,134.97**	3,421,973,821.49
Equity attributable to owners of the Company	**6,073,560,795.02**	6,259,682,361.11
Net assets	**6,092,285,541.18**	6,267,490,228.66

The Group's total non-current assets increased from RMB1,447,046,797.07 as at December 31, 2025 to RMB1,510,440,631.30 as at June 30, 2026, primarily attributable to the construction of Shenzhen Longhua intelligent manufacturing base in 2025 and the new investments in other equity instruments during the Reporting Period.

The Group's total current assets increased from RMB8,242,417,253.08 as at December 31, 2025 to RMB9,139,411,044.85 as at June 30, 2026, primarily attributable to an increase in inventories and prepayments to suppliers arising from strategic raw material reserves, as well as an increase in trade receivables from customers driven by the expansion of business scale.

The Group's total non-current liabilities increased from RMB166,345,620.29 as at December 31, 2025 to RMB509,570,761.60 as at June 30, 2026, primarily attributable to an increase in long-term borrowings.

The Group's total current liabilities increased from RMB3,255,628,201.20 as at December 31, 2025 to RMB4,047,995,373.37 as at June 30, 2026, primarily attributable to an increase in accounts payable resulting from strategic raw material reserves, as well as an increase in short-term borrowings.

The Group's net assets decreased from RMB6,267,490,228.66 as at December 31, 2025 to RMB6,092,285,541.18 as at June 30, 2026, primarily attributable to a decrease in retained profits resulting from the 2025 dividend distribution during the Reporting Period.

CASH FLOW

The table below sets forth the absolute amounts from the Group's consolidated statement of cash flows.

	Six months ended June 30,	
	2026	2025
	RMB	*RMB*
Net cash generated from operating activities	**-1,702,238,837.17**	-18,771,726.22
Net cash used in investing activities	**1,183,465,727.12**	-11,790,530.01
Net cash generated from/(used in) financing activities	**415,799,880.00**	107,102,268.14
Net (decrease)/increase in cash and cash equivalents	**-137,030,632.34**	78,636,349.88
Cash and cash equivalents at beginning of period	**1,282,115,632.59**	709,835,674.68
Exchange losses on cash and cash equivalents	**-34,057,402.29**	2,096,337.97
Cash and cash equivalents at end of period	**1,145,085,000.25**	788,472,024.56

For the six months ended June 30, 2026, the Group's net cash generated from operating activities amounted to RMB-1,702,238,837.17. The difference between net cash generated from operating activities and the profit before income tax of RMB1,775,034,888.24 was primarily attributable to depreciation and amortisation of non-current assets and changes in working capital.

For the six months ended June 30, 2026, the Group's net cash used in investing activities amounted to RMB1,183,465,727.12, primarily due to the recovery of principal of time deposits and wealth management products as well as investment income.

For the six months ended June 30, 2026, the Group's net cash generated from financing activities amounted to RMB415,799,880.00, primarily attributable to the acquisition of bank borrowings and bill discounting exceeding the repayment of borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains sufficient cash and cash equivalents to ensure capital flexibility. The Company's cash and cash equivalents mainly comprise cash at banks, cash in hand, and short-term bank deposits with initial terms within three months. The table below sets forth the absolute amounts of cash and cash equivalents of the Group as of June 30, 2026 and December 31, 2025:

	June 30, 2026 ***RMB***	December 31, 2025 *RMB*
Cash at bank and in hand	**1,144,975,208.43**	1,282,115,632.59
Short-term bank deposits with initial terms within three months	**–**	–
Other deposits at financial institutions	**109,791.82**	–
Total	**1,145,085,000.25**	1,282,115,632.59

The Group's cash and cash equivalents decreased from RMB1,282,115,632.59 as at December 31, 2025 to RMB1,145,085,000.25 as at June 30, 2026, primarily due to the increase in payments made for strategic raw material reserves.

The Group obtains financing based on market interest rates and its capital operation plans. The Group's bank loans and bonds are sourced from commercial banks in Chinese mainland and overseas. The table below sets forth the absolute amounts of bank loans and bonds of the Group as of June 30, 2026 and December 31, 2025:

	June 30, 2026 ***RMB***	December 31, 2025 *RMB*
Long-term borrowings	**400,000,000.00**	48,750,000.00
Bonds	**–**	–
Subtotal of non-current	**400,000,000.00**	48,750,000.00
Short-term borrowings	**975,487,190.07**	622,289,392.88
Long-term borrowings due within one year	**47,705,088.89**	190,113,003.56
Subtotal of current	**1,023,192,278.96**	812,402,396.44
Total	**1,423,192,278.96**	**861,152,396.44**

The Group's non-current borrowings increased from RMB48,750,000.00 as at December 31, 2025 to RMB400,000,000.00 as at June 30, 2026, mainly due to new long-term borrowings.

The Group's current borrowings increased from RMB812,402,396.44 as at December 31, 2025 to RMB1,023,192,278.96 as at June 30, 2026, mainly due to the addition of short-term borrowings.

As at June 30, 2026, the total borrowings of the Group amounted to RMB1,423,192,278.96 (as at December 31, 2025: RMB861,152,396.44), of which RMB1,023,192,278.96 was repayable within one year (as at December 31, 2025: RMB812,402,396.44). As at June 30, 2026, the Group's outstanding loans were all RMB-denominated loans. Approximately 56.61% of such outstanding loans bore interest at fixed rates, with the remainder bearing interest at floating rates.

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

The Group maintains a prudent capital ratio to support its business and manages its asset structure through asset-liability ratio. The table below sets forth the absolute amounts of total assets, total liabilities, and the asset-liability ratio of the Group as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Total assets (RMB)	**10,649,851,676.15**	9,689,464,050.15
Total liabilities (RMB)	**4,557,566,134.97**	3,421,973,821.49
Asset-liability ratio	**42.79%**	35.32%

The Company's asset-liability ratio, defined as the proportion of total liabilities to total assets, increased from 35.32% as of December 31, 2025 to 42.79% as of June 30, 2026. This increase was primarily due to an increase in accounts payable arising from advance stock-up in response to rising raw material prices during the Reporting Period.

The Group maintains a healthy cash flow level. For the six months ended June 30, 2026, the Group's operating cash conversion ratio (defined as net cash generated from operating activities divided by profit for the period) was -23.40 times. The cash generated from operating activities of the Group was used to support business operations. As of June 30, 2026, monetary assets accounted for more than 60% of the Group's total current assets. Considering the Group's available financial resources, including cash and cash equivalents, available bank financing, cash flows from operating activities, and net proceeds from Global Offerings of H Shares, the Group has sufficient working capital to operate for at least the next 12 months.

FUNDING AND FINANCIAL POLICIES

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

CAPITAL COMMITMENT

The table below sets forth the amount of the Group's capital commitments as of June 30, 2026 and December 31, 2025:

Capital commitments contracted for but not yet provided for in the financial statements	**Closing balance**	Balance at the end of last year
	(RMB0'000)	*(RMB0'000)*
Commitments for the acquisition of long-term assets	**25,189.72**	23,370.52
Commitments for external investments	**9,965.42**	8,786.19

CAPITAL EXPENDITURE

The table below sets forth the amounts of the Group's capital expenditure for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,	
	2026	2025
	RMB0'000	*RMB0'000*
Capital expenditure	**12,179.45**	9,938.48

During the Reporting Period, the Group's capital expenditure amounted to RMB121.79 million, which primarily comprised the acquisition of equipment, construction of the Shenzhen office building and base facilities, and purchase of long-term assets. The Group primarily funded its capital expenditure with cash generated from operating activities. The Group intends to finance its future capital expenditure and long-term investments using its existing cash balances, bank and other borrowings, and the net proceeds from the Global Offering of H Shares. The Group may reallocate the funding for capital expenditure and long-term investments in accordance with ongoing business needs.

CONTINGENT MATTERS

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

① Panasonic Automotive Systems America, LLC (“**Panasonic**”) filed a lawsuit on January 13, 2026 against the Company’s subsidiary, Shenzhen Link Future Wireless Technology Co., Ltd. (深圳市創聯未來無線技術有限公司) (“**Link Future**”), in the Newnan Division of the United States District Court for the Northern District of Georgia. Panasonic alleges that Link Future breached the indemnification provisions under the “Panasonic Agreement” entered into between the parties (which forms part of the assets acquired by Link Future from Sierra Wireless, Inc. (“**Sierra**”) and subsequently sold to Europasolar S.à r.l.), and seeks indemnification from Link Future for up to USD10,000,000 in liabilities arising from a settled lawsuit between Panasonic and FCA US LLC (“FCA”), a third party not involved in this case. Panasonic asserts in this case that the products provided by Sierra and Link Future, as third-party defendants in this case, were the subject matter alleged to be “infringing” in the above settlement claimed by FCA. Link Future submitted its statement of defence on January 20, 2026. On February 3, 2026, Panasonic, based on the contract between Link Future and Sierra, filed a third-party complaint against Sierra as a third-party defendant in this case, seeking compensation for actual losses. At the same time, based on the contract between Link Future and Europasolar S.à r.l., Panasonic filed a third-party complaint against Europasolar S.à r.l. as a third-party defendant, seeking compensation for actual losses. On May 28, 2026, the court ruled to reject the application for transfer to the federal court, and the case is being heard in state court. On July 16, 2026, a request for evidence disclosure was received from Panasonic, and the case entered the evidence disclosure stage. As of the date of this announcement, there has been no further progress in the case.

(2) As at June 30, 2026, the Company had no other contingent matters requiring disclosure.

FOREIGN EXCHANGE RISK

Foreign exchange risk primarily arises from the impact of fluctuations in foreign currency exchange rates on the Group's financial position and cash flows. In addition to the assets held by the subsidiaries established in Hong Kong, the United States and Germany, which are denominated in Hong Kong dollars, US dollars and Euros, the Group also has foreign currency assets and liabilities denominated in US dollars for its transactions. As a result, the Company is exposed to foreign exchange risk.

As at the end of the Reporting Period, the amounts of the Group's foreign currency financial assets and liabilities, translated into Renminbi, are set out below:

Unit: RMB0'000

	Foreign currency assets		**Foreign currency liabilities**	
Item	**Closing balance**	Balance at the end of last year	**Closing balance**	Balance at the end of last year
USD	**207,896.19**	385,552.23	**183,538.91**	143,151.84
HKD	**2,309.26**	2,885.72	**2,122.60**	2,210.83
EUR	**199.32**	202.13	**276.78**	33.90
NTD	**72.38**	116.37	**26.20**	26.70
AUD	**0.00**	0.00	**0.00**	9.00
JPY	**0.00**	0.00	**18.50**	0.55
KRW	**0.00**	0.05	**10.15**	0.08
INR	**0.00**	0.98	**3.02**	0.71
GBP	**0.00**	0.00	**30.57**	32.00
VND	**0.00**	0.00	**2.46**	0.00
Total	**210,477.15**	388,757.48	**186,029.19**	145,465.61

The Group closely monitors the impact of exchange rate fluctuations on its foreign exchange risk. The Group utilizes foreign exchange forward contracts and other instruments for the purpose of hedging against exchange rate fluctuations. Furthermore, in its daily operations, management maintains ongoing monitoring of exchange rate risks and will, where considered appropriate, hedge material currency exposures as and when required.

As at the end of the Reporting Period, assuming that the Renminbi appreciates or depreciates by 10% against foreign currencies, with all other variables held constant, the Group's cash and cash equivalents, financial assets held for trading, accounts receivable, other receivables, accounts payable, bank borrowings and other payables denominated in foreign currencies would result in an increase or decrease of approximately RMB20.78 million (as at the end of the last year: approximately RMB206.80 million) in the Group's Shareholders' equity and net profit.

PLEDGED ASSETS

As of June 30, 2026, the Group had no significant assets pledged and no material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2026, the Group had no material off-balance sheet arrangements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Principal Business During the Reporting Period

(I) Principal Business Activities and Product Overview

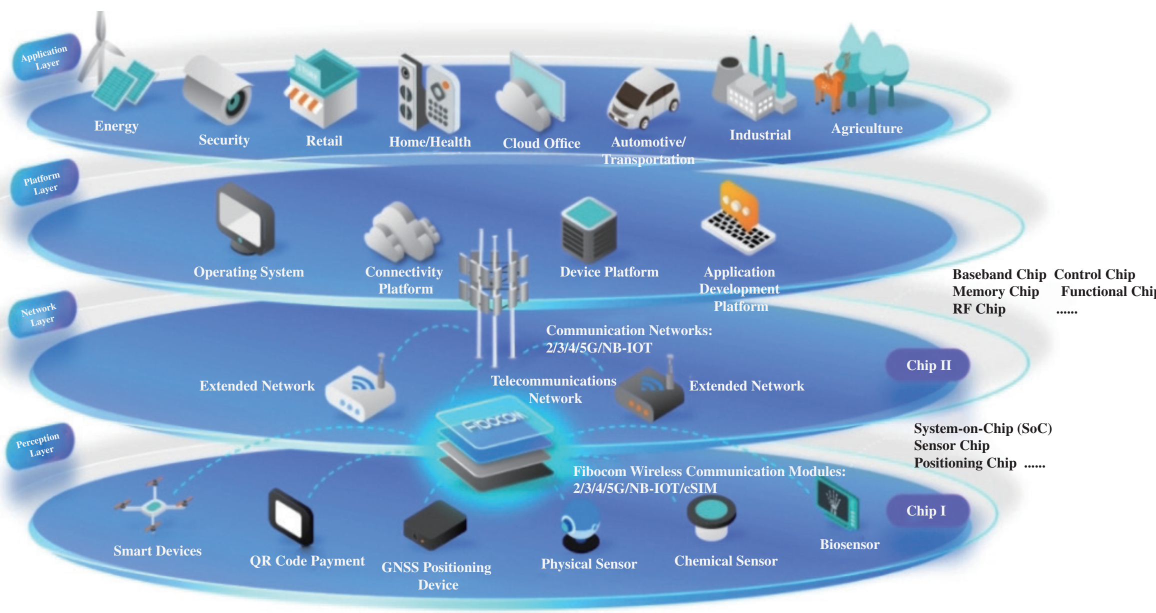


Figure 1: IOT Industry Chain and Architecture

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

Figure 2: Matrix of the Company's Principal Products

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

(II) Key Performance Drivers

During the Reporting Period, the Company recorded operating revenue of RMB3,778,175,398.47, representing a year-on-year increase of 1.92%. By business segment, revenue from the Company's module products amounted to RMB3,467,690,424.42, representing a year-on-year increase of 0.62%, while revenue from solutions amounted to RMB238,504,137.28, representing a year-on-year increase of 11.01%, mainly attributable to the increase in revenue from smart retail solutions. By geographical contribution, the Company recorded domestic revenue of RMB1,846,375,585.59, representing a year-on-year increase of 34.69%, mainly attributable to the growth of its automotive electronics and smart home businesses; overseas revenue amounted to RMB1,931,799,812.88, representing a year-on-year decrease of 17.31%, mainly attributable to the decline in its smart home and consumer electronics businesses. During the Reporting Period, the Company achieved a net profit attributable to shareholders of listed companies of RMB61,824,266.04, representing a year-on-year decrease of 71.63%, mainly attributable to the decrease in gross profit resulting from changes in product shipment structure and increases in raw material procurement prices, as well as the increase in R&D investment and an increase in foreign exchange losses during the period. During the Reporting Period, the Company remained committed to R&D investment, continuously optimized and enriched its product matrix, further strengthened close cooperation with upstream and downstream industry partners, enhanced the breadth and depth of market expansion, and maintained relatively stable operating revenue. The key drivers of the Company's performance during the Reporting Period were as follows:

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

   During the Reporting Period, the Company adhere to independent research and development, continuously optimized and enriched its product lines, and further improved its presence in emerging fields such as AI, edge computing power and intelligent robotics. The Company's R&D investment in the first half of 2026 amounted to RMB286 million, accounting for 7.58% of its operating revenue. As of the end of the Reporting Period, the Company had 414 valid authorised invention patents and 170 utility model patents, mainly relating to cellular wireless communication modules and their application technologies, including system upgrades, RF technology, data transmission, system testing and hardware design. The Company has fully leveraged its intellectual property strengths, established a sustainable innovation mechanism, and enhanced its core competitiveness.

2. Continuously Optimising and Enriching the Product Matrix

During the Reporting Period, the Company continued to focus on vertical sectors within the Internet of Things industry, and launched a number of new products and solutions, thereby enriching its product matrix to meet the IoT needs of different customers and market regions around the world. The Company launched a series of new products and solutions, including the global version of the LTE Cat.1 bis module LE271-GL, a storage-optimized version of the 5G module FG550-EAU based on the Samsung Exynos Modem platform, a CPE solution jointly developed with MediaTek based on the next-generation 5G module FG390 and the Filogic 8800 Wi-Fi 8 chipset, a home converged CPE solution jointly released with operator Du, a series of 5G SoC Dongle solutions and next-generation 5G Dongle solutions, modules and solutions for unmanned intelligent control scenarios based on the Qualcomm X85 5G-Advanced platform, Fibot, a new-generation desktop dual-arm embodied intelligence development platform, a next-generation AI Electronic Cash Register (ECR) solution for unattended and automated retail scenarios, and an AI conference machine solution. Shenzhen Favalon Technology Co., Ltd. ("**Favalon Technology**") launched the new-generation automotive-grade 5G communication modules AN778 and AN976 series based on the 3GPP Release 17 standard, as well as the 5G Redcap communication module AN931, and introduced new-generation intelligent cockpit module products including the AN806S, AN803S and AN752S.

3. *Strengthening close cooperation with industry ecosystem partners*

The Company actively promoted strategic cooperation with leading enterprises in segmented market and worked with industry partners on joint research and co-creation to optimize product performance and accelerate the innovation and development of new products. It also made strategic investments in a number of high-quality edge AI companies to explore synergies in technology R&D, product collaboration and application. In addition, the Company launched a new channel management system, with detailed implementation rules defined across policies, processes and incentives, to pursue shared growth with its extensive distributor network. In the automotive business, Fibocom Auto, a subsidiary, deepened collaboration with mainstream automakers and supply chain partners. During the Reporting Period, it secured multiple new vehicle project design wins, achieving a breakthrough with joint venture automakers while consolidating cooperation with domestic brands. Its Internet of Vehicles ("**IoV**") and intelligent cockpit products and solutions were accelerated into projects of mainstream domestic and international automakers. Fibocom Auto also worked closely with upstream chip vendors to jointly drive technological innovation and rapid deployment of intelligent connected SIP solutions, and partnered with industry ecosystem partners to integrate AI large model capabilities into 5G and intelligent cockpit products, continuously deepening its technological accumulation in areas such as 5G signal optimization and AI multimodal application scenarios.

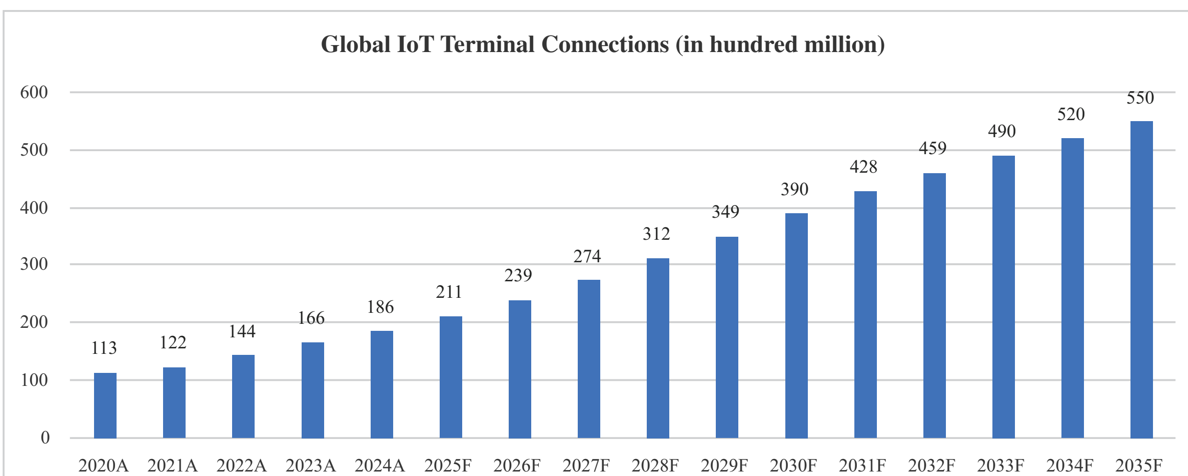
4. *Enhancing the Breadth and Depth of Market Expansion and Building a Global Marketing System*

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

II. Industry Conditions of the Company

(I) Continuous growth in global IoT connections

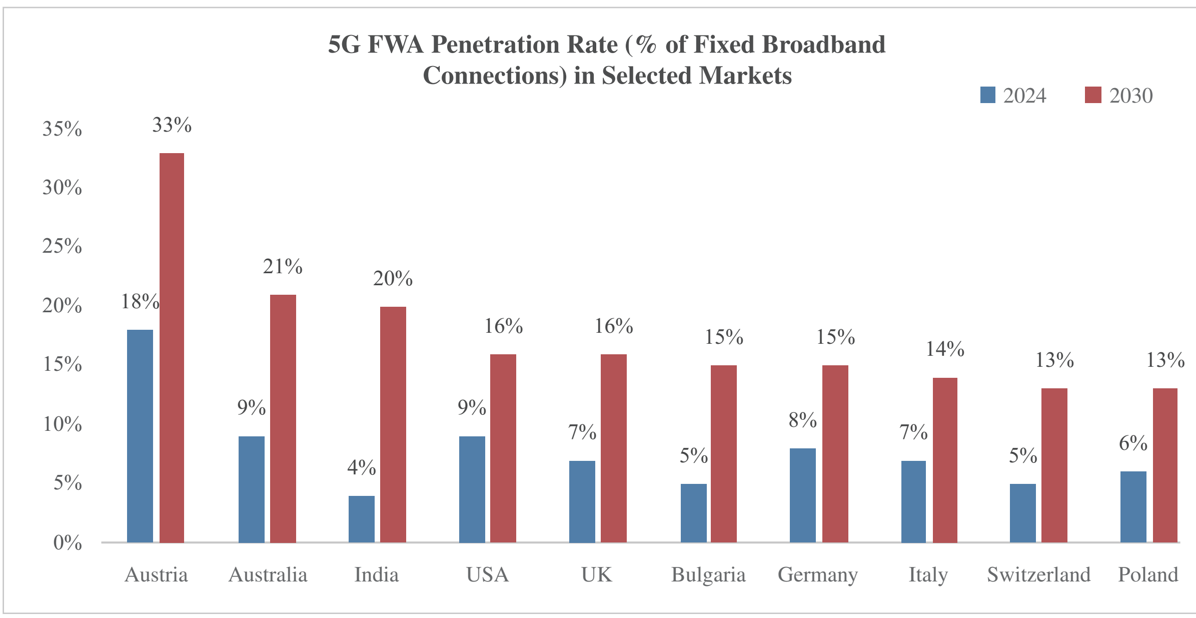
Driven by the rapid advancement of communication technologies, the IoT is witnessing global growth. According to a statistical report released by IoT Analytic in October 2025, the number of global IoT endpoints is projected to reach 21.1 billion in 2025, representing a 13% year-on-year increase, and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



Source: IoT Analytic

(II) Accelerated Industrialization of 5G Technology

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



Source: GSMA

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

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

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

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

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

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

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

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

III. Outlook for Future Development

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

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

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

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

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

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

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

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

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

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

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

IV. Risks Faced by the Company and Countermeasures

1. Risk of Intensified Market Competition

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

2. Risk of Integrated Chips Being Promoted and Mass-Produced as Substitutes for the Company's Core Product, Wireless Communication Modules

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

3. Risk of Loss of Key Technical Personnel and Disclosure of Core Technology

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

4. Risk of Outsourced Manufacturing

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

5. *Risk of Foreign Exchange Fluctuation*

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

6. *Risk of Accounts Receivable*

As at the end of the Reporting Period, the Book Value of the Company's accounts receivable was RMB2,041,094,210.95, accounting for 19.17% of total assets. In recent years, the Company has adhered to a large customer strategy, and with bulk shipments to such customers, the balance of accounts receivable will continue to increase as the Company's operating revenue grows rapidly. In response to the above risks, the Company has established a comprehensive accounts receivable management system and collection control measures. In addition, the Company's major customers are primarily reputable leading enterprises in domestic and overseas. Therefore, the overall accounts receivable risk is considered manageable. However, given the significant amount of accounts receivable, the Company's financial condition could be materially affected if any of its customers encounter solvency issues.

7. *Risk Arising from International Trade Frictions*

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

8. *Risk of Fluctuations in Prices of Key Raw Materials*

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

EMPLOYEES

As of June 30, 2026, the Group had a total of 1,936 regular employees. The Company strictly complies with national labor laws and regulations as well as relevant local rules and policies. The Company enters into labor contracts with employees, and arranges for the registration and makes contributions to social insurance and housing provident fund. Based on its job and grading structure and benchmarked against market compensation in the high-tech industry, the Company has established a diversified compensation policy that reflects the principles of "more pay for more work, more pay for more contribution, and more pay for long-term commitment". Employee compensation comprises fixed salaries, variable bonuses, and other employee benefits. In addition, the Company has implemented equity incentive plans for key backbone personnel in light of actual circumstances. Furthermore, the Company provides employees with abundant training resources covering various aspects essential for talent growth and business development, thereby supporting the synchronous advancement of talent and business. For the six months ended June 30, 2026, the Company's staff costs amounted to RMB348,547,498.04.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company and its subsidiaries did not repurchase, redeem or sell any listed securities (including any sale of Treasury Shares) of the Company. Save for the 2,627,960 A Shares held by the Company as Treasury Shares during the Reporting Period, the Company did not hold any other Treasury Shares as at June 30, 2026. These 2,627,960 treasury A Shares are held by the Company for use in connection with employee stock ownership plan(s) or employee share incentives of our Company or for the issuance of convertible bonds by our Company. Such A Shares were repurchased by the Company during the period from August 29, 2023 to November 30, 2023.

MATERIAL INVESTMENTS, AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Reference is made to the announcement of the Company dated June 29, 2026 in relation to acquisition of the 37.16% equity interests in Shenzhen Hangsheng Electronics Co., Ltd. ("**Hangsheng Electronics**"). On June 29, 2026, the Company entered into the share purchase agreements with each of the sellers for the purchase of 37.16% of the equity interests in Hangsheng Electronics, pursuant to which the Company, as the buyer, has conditionally agreed to acquire the equity interests in Hangsheng Electronics from each of the sellers for a total consideration of RMB1,427.99 million (equivalent to approximately HK$1,642.90 million). Assuming there are no other changes in the share capital of Hangsheng Electronics, the Company will be interested in approximately 37.16% of the share capital of Hangsheng Electronics upon acquisition completion. Meanwhile, the Company has entered into the acting in concert agreement with each of the concert parties (for details, please refer to the Company's announcement dated June 29, 2026), stipulating that following the acquisition, such concert parties, as shareholders of Hangsheng Electronics, will act in concert with the Company. The Company and such concert parties will collectively hold 51.40% of the share capital of Hangsheng Electronics. Hangsheng Electronics (together with its subsidiaries) will become a controlled subsidiary of the Company and the financial results of the Hangsheng Electronics Group will be consolidated into the Group's consolidated financial statements. The Company will pay the consideration for this transaction using its internal resources or self-raised funds. As of the date of this announcement, matters in relation to this transaction have not yet been considered by the general meeting of the Company.

Save for disclosed above, the Company did not have any material investments, and material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period. Save for the disclosures above, as of June 30, 2026, the Company had no plans for any future material investments or acquisition of capital assets.

INTERIM DIVIDEND

The Company does not declare any interim dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: Nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company held the 29th meeting of the 4th session of the Board of Directors on August 20, 2026, at which it reviewed and approved the "Resolution on the Increase in Capital of a Controlling Subsidiary by Way of Debt-to-Equity Swap, Termination of Its Equity Incentive Plan and Sale of Its Equity Interests". The Company will make a capital contribution to Faiot Co., Ltd (hereinafter referred to as "**Shanghai Faiot**") by way of debt-to-equity swap, terminate the implementation of its equity incentive plan, and dispose of all equity interests held by the Company and the employee shareholding platform in it. Upon completion of this transaction, the Company will no longer hold any equity interests in Shanghai Faiot, and Shanghai Faiot and its subsidiaries will no longer be included in the Company's consolidated financial statements. Please refer to the announcement and the overseas regulatory announcement of the Company dated August 21, 2026 for details.

Save for disclosed above, there are no significant events since the end of the Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Board comprises three independent non-executive Directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including the review of the Group's unaudited condensed consolidated financial statements for the six months ended June 30, 2026, and matters in relation to risk management and internal control. There was no objection to such matters.

SCOPE OF WORK OF THE AUDITOR, GRANT THORNTON ZHITONG CERTIFIED PUBLIC ACCOUNTANTS LLP

The Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the six months ended June 30, 2026 have been reviewed by the Group's auditor, Grant Thornton Zhitong Certified Public Accountants LLP. Grant Thornton Zhitong Certified Public Accountants LLP performed a review engagement in this regard, and therefore did not express an audit opinion on the results announcement.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency.

The Company has adopted the code provisions set out in Part 2 of the CG Code contained in Appendix C1 to the Hong Kong Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that for the six months ended June 30, 2026, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Specific enquiry has been made of all the Directors, and all Directors have confirmed that they have complied with the Model Code for the six months ended June 30, 2026.

The Company has also established Measures on Registration of Insiders (《內幕信息知情人登記管理制度》) no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities.

PUBLICATION OF INTERIM RESULTS AND 2026 INTERIM REPORT FOR H SHARES

This results announcement is published on the websites of the Company (www.fibocom.com) and the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk). The H Share interim report of the Company for the six months ended June 30, 2026 will be available on the websites of the Company and the Hong Kong Stock Exchange stated above in due course, and will be provided to Shareholders who have indicated their preference for receiving printed copies in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms or phrases shall have the following meanings:

"A Shares"	domestic ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"Audit Committee"	the audit committee under the Board
"Australian dollars" or "AUD"	Australian dollars, the lawful currency of the Commonwealth of Australia
"Board" or "Board of Directors"	the board of Directors of the Company

"British pounds" or "GBP"	British pounds, the lawful currency of the United Kingdom
"CASBE"	China Accounting Standards for Business Enterprises
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"China" or "the PRC"	the People's Republic of China
"Company", "the Company", "we", "us" or "our"	Fibocom Wireless Inc. (深圳市廣和通無線股份有限公司), a PRC company established on November 11, 1999, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300638), and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0638)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"domestic China" or "Chinese mainland"	Chinese mainland, for the purpose of this announcement only, excluding Chinese Hong Kong, Chinese Macau and Chinese Taiwan
"EUR" or "Euro"	Euros, the lawful currency of the European Union
"H Shares"	overseas listed foreign ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Indian rupees" or "INR"	Indian rupees, the lawful currency of the Republic of India
"IoT"	Internet of Things
"Japanese yen" or "JPY"	Japanese yen, the lawful currency of Japan
"Global Offering"	the offer of H Shares by the Company for subscription, as detailed in the Prospectus

"the Group" or "our Group"	the Company and its consolidated subsidiaries
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
"New Taiwan dollars" or "NTD"	New Taiwan dollars, the lawful currency of Taiwan
"Prospectus"	the prospectus of the Company dated October 14, 2025 in relation to the Global Offering
"Reporting Period"	the six months ended June 30, 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"South Korean won" or "KRW"	South Korean won, the lawful currency of the Republic of Korea
"Treasury Shares"	has the meaning under the Hong Kong Listing Rules
"U.S. dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"year-on-year"	compared with the same period last year
"%"	percent

By order of the Board
Fibocom Wireless Inc.
Zhang Tianyu
Chairman

The PRC, August 26, 2026

As of the date of this announcement, the Board comprises Mr. Zhang Tianyu, Mr. Ying Lingpeng, Mr. Xu Ning and Ms. Chen Qihua as executive directors, Mr. Wang Ning, Ms. Zhao Jing and Mr. Wu Chenggang as independent non-executive directors.

This announcement is prepared in both Chinese and English. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.