

TOPBAND 拓邦

2025

# Annual Report

Shenzhen Topband Co., Ltd.

002139.SZ

Stock code



Topband  
2026.04

# Annual Report 2025

## Section I Important Notes, Contents and Definitions

The Board of Directors, directors, and senior executives of the Company hereby guarantee that the content set out in the Annual Report is free from false records, misleading statements or major omissions, and undertake joint and several liabilities for the authenticity, accuracy and integrity of the Report.

Wu Yongqiang, the principal of the Company, Luo Muchen, the accounting head, and Luo Muchen, the accounting department head (the accountant in charge) hereby guarantee the truth, accuracy and completeness of the financial statements in this Annual Report.

All directors have attended the Board Meeting at which this Annual Report was deliberated.

Forward-looking statements such as future plans and development strategies covered in the Report involve uncertainties, so they do not represent the Company's profit forecasts, nor are they regarded as the substantive commitment to investors.

The Company has no material risks that affect its financial position and sustained profitability, and the potential risks to which the Company may be exposed are described in detail in Section III "Management Discussion and Analysis" of the Report. Investors are kindly reminded to pay attention to relevant content.

The profit distribution plan approved by the Board of Directors of the Company: cash dividends of RMB 0.7 (tax inclusive) per 10 shares are paid to all shareholders based on the 1,228,789,388 shares (excluding the repurchased shares) and 0 bonus share (tax inclusive), and reserves would not be converted into share capital.

**The Report is prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.**

## **Chairman's Statement**

**Dear shareholders, partners, and all friends caring about Topband,**

### **30 Years of Topband**

In 2026, Topband will celebrate its 30th anniversary. 30 years ago, we started with a domestically produced air conditioner control board. Now, we have expanded gradually to fields such as home appliances, tools, new energy, vehicles, and high-end equipment, and established an intelligent control technology product system with the "four electrics and one network" at its core. Relying on long-term experience, the Company's revenue exceeded RMB 10 billion for the first time in 2024, becoming the first enterprise to break through this milestone in China's intelligent control industry; in 2025, the Company's business scale expanded steadily, and the Company also launched AI cloud storage and charging systems, taking the first step in the field of autonomous intelligence.

Over the past three decades, Topband has shipped over 1.8 billion sets, applied for 3,915 patents, established localized operation teams in major markets worldwide, and employed over 10,000 people – always adhering to the same mission: making the world smarter and more low-carbon.

### **2025 Business Review**

In 2025, the Company's revenue was RMB 11.082 billion, growing steadily on the basis of RMB 10 billion, and further improving in overall operation quality. In the past year, external challenges remained formidable – the deep adjustment in the trade pattern, the rapid evolution of AI, and the accelerated iteration of terminal demand. However, our confidence in the direction is even stronger: Behind the steady growth is the continuous release of value from our customer structure, technological accumulation, and global layout.

In terms of intelligent control, the major markets of home appliances and tools have grown steadily, and the cooperation with top customers has kept deepening; the automotive and high-

end equipment market has boomed, and the room for emerging applications such as robots, AI datacenters, and energy has been opened up successively; the new energy business has made breakthroughs in key areas and gradually released its growth potential.

In the meantime, the development of the intelligent control business has also spawned a new product direction – autonomous intelligence products. So-called autonomous intelligence is based on hardware, pivoted on the cloud, and driven by AI, with data constantly circulating among them, allowing products to move from passive response to autonomous decision-making, and making them increasingly intelligent as they are used. The successful implementation of the first batch of cloud storage and charging system projects is the first systematic verification of this concept. Based on self-developed BMS, PCS, EMS and power modules, products have excellent hardware execution capabilities; the cloud aggregates multidimensional data such as electricity prices, weather, loads, and equipment operation, providing a basis for AI to output optimal O&M strategies dynamically; as the deployment scale expands, operational data keeps feeding back AI iteration, and the system achieves "increasingly intelligent" autonomous evolution as it is used.

### **From "four electrics and one network" to "four electrics and one network + AI"**

In the AI era, Topband's technological foundation is upgrading from the "four electrics and one network" to the "four electrics and one network + AI". For the past three decades, the "four electrics and one network" have formed a solid foundation for the intelligent control era; when the wave of AI arrives, this foundation is not outdated, but has gained new room for release. This is not a subversion of existing capabilities, but an extension of capabilities that follows the trend – both stemming from years of endogenous accumulation and benefiting from external catalysis by AI technology.

For the intelligent control business, the "four electrics and one network + AI" have transformed products from being "usable" to "thinking", expanding the value boundary. We are working with our customers to integrate AI capabilities into various business fields, making end products smarter and more user-friendly. Entering the AI era together with customers is Topband's most steadfast direction.

For autonomous intelligence products, the profound experience in the "four electrics and

one network" provides a solid hardware foundation – Only with the technological depth in the fields of perception and execution can we truly achieve a full closed loop from perception and decision-making to execution. This is also a crucial step for Topband to move from a leader in intelligent control to a provider of autonomous intelligence system solutions.

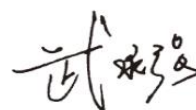
### **Next three decades**

For the past three decades, we have always been doing one thing: creating value for customers and benefiting everyone with intelligent control technology. In the next three decades, the essence of this thing will remain unchanged, but the definition of intelligence will evolve with technological progress – from intelligent control to autonomous intelligence, and from instruction execution to autonomous decision-making. Such experience is the most solid starting point for Topband to move toward the next era.

This path is not created by Topband alone. Thank our shareholders for your long-term trust and patience – It is you who have given us the confidence to adhere to long-termism; thank our worldwide customers for growing with us in the past three decades – Your needs have always been the most genuine driving force behind Topband's innovation; thank over 10,000 Topband people for your consistent efforts – You are the true creators of all these achievements.

**Three decades ago, we began with a control board; in the next three decades, we will begin with autonomous intelligence.**

**Chairman and President of Shenzhen Topband Co., Ltd.**



**April 2, 2026**

## Contents

<b>Section I Important Notes, Contents and Definitions .....</b>	<b>2</b>
<b>Section II Company Profile and Primary Financial Indicators .....</b>	<b>10</b>
<b>Section III Management Discussion and Analysis .....</b>	<b>16</b>
<b>Section IV Corporate Governance, Environment and Society .....</b>	<b>67</b>
<b>Section V Important Matters .....</b>	<b>98</b>
<b>Section VI Share Change and Shareholders .....</b>	<b>108</b>
<b>Section VII Relevant Information of Bonds .....</b>	<b>116</b>
<b>Section VIII Financial Report .....</b>	<b>117</b>

## **Directory of documents for future reference**

- I. The financial statements bearing the signatures and seals of the principal of the Company, the accounting head and the accounting department head.
- II. The original audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant.
- III. The originals of all the Company documents publicly disclosed in newspapers designated by the CSRC during the Reporting Period and the original manuscripts of announcements.
- IV. The original of the Annual Report 2025 bearing the signature of the Chairman.
- V. All the above documents are complete, and are available for reference at the office of the Board of Directors of the Company.

## Interpretations

Terms	Refer to	Contents
Company, the Company, or Topband	Refer to	Shenzhen Topband Co., Ltd.
RMB, RMB ten thousand, and RMB hundred million	Refer to	RMB, RMB ten thousand, and RMB hundred million
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting Period	Refer to	January 1, 2025 to December 31, 2025
Articles of Association	Refer to	The Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Refer to	Huizhou Topband Electrical Technology Co., Ltd.
YAKO Automation	Refer to	Shenzhen YAKO Automation Technology Co., Ltd.
Allied	Refer to	Shenzhen Allied Control System Co., Ltd.
Topband Software	Refer to	Shenzhen Topband Software Technology Co., Ltd.
ORVIBO	Refer to	Shenzhen ORVIBO Technology Co., Ltd.
Ningbo Topband	Refer to	Ningbo Topband Intelligent Control Co., Ltd.
Meanstone Intelligent	Refer to	Shenzhen Meanstone Intelligent Technology Co., Ltd.
HANSC Intelligent	Refer to	Shenzhen HANSC Intelligent Technology Co., Ltd.
Hong Kong Topband	Refer to	Topband (Hong Kong) Co., Ltd.
Topband Romania	Refer to	Topband Smart Europe Company Limited
Topband Mexico	Refer to	Topband Mexico Company Limited
Topband Battery	Refer to	Shenzhen Topband Battery Co., Ltd.
Four electrics and one network	Refer to	Electric control, motor, battery, power and IoT platform
AI	Refer to	Artificial Intelligence
AIoT	Refer to	Artificial Intelligence + Internet of Things (AI + IoT)
E-Bike	Refer to	Electric bike
BLDC Motor	Refer to	Brushless DC Motor
Cell	Refer to	Cell without a protection circuit board
BMS	Refer to	Battery Management System, for monitoring battery status
PACK	Refer to	Battery pack
BG, BU	Refer to	Business Group, Business Unit
IPD	Refer to	Integrated Product Development
ISC	Refer to	Integrated Supply Chain
1C1C3S	Refer to	Cell, cloud platform, BMS, PCS, EMS
PCS	Refer to	Power Conversion System, for controlling discharge/charge and current direction change
EMS	Refer to	Energy Management System, for monitoring the status of the energy system
RTK	Refer to	Real-Time Kinematic
PaaS	Refer to	Platform as a Service, providing a computing platform and solution services

ODM	Refer to	Original Design Manufacturer, a manufacturer that completes product design and development independently, produces it according to the brand owner's needs, and sells the final product in the brand owner's name
Tier1	Refer to	The first tier
Robotaxi	Refer to	Unmanned/autonomous taxi
Robotruck	Refer to	Unmanned/autonomous truck
SLAM	Refer to	Simultaneous Localization and Mapping, a core technology that enables robots to locate and construct environmental maps in unknown environments in real time through sensors

## Section II Company Profile and Primary Financial Indicators

### I. Company information

Stock Abbreviation	Topband	Stock code	002139
Listed stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳拓邦股份有限公司		
Chinese abbreviation of the Company	Topband		
Name of the Company in foreign language (if any)	Shenzhen Topband Co., Ltd.		
Abbreviation of the Company name in foreign language (if any)	Topband		
Legal representative of the Company	Wu Yongqiang		
Registered address	Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen		
Postal code of registered address	518108		
Changes of the Company's registered address	<p>On November 23, 2022, the registered address of the Company was changed from "Room 413, Block B, Research Institute of Tsinghua University, High-tech Industrial Park, Yuehai Sub-district, Nanshan District, Shenzhen" to "1/F, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen".</p> <p>There was no change during the Reporting Period.</p> <p>As of the disclosure date of the report, the registered address of the Company had been changed from "1/F, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen" to "Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen".</p>		
Office address	Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen		
Postal code of office address	518108		
Website	<a href="http://www.topband.com.cn">http://www.topband.com.cn</a>		
Email	wenzh@topband.com.cn		

### II. Contact person and contact information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Wen Zhaohui	Zhang Yuhua
Address	Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen	Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen
Tel	0755-26957035	0755-26957035
Fax	0755-26957440	0755-26957440
Email	wenzh@topband.com.cn	zhangyuhua@topband.com.cn

**III. Information disclosure and storage place**

Website of the stock exchange where the Company discloses the Annual Report	http://www.cninfo.com.cn
Name and website of the media where the Company discloses the Annual Report	Securities Times and CNINFO (http://www.cninfo.com.cn)
Location where the Company's annual report is available	Office of the Board of Directors of the Company

**IV. Changes in registration**

Unified social credit code	91440300192413773Q
Changes in the main business of the Company since listing (if any)	No changes
Previous changes in controlling shareholders (if any)	No changes

**V. Other relevant information**

Name of accounting firm	RSM China CPA LLP (Special General Partnership)
Office address of accounting firm	901-22 to 901-26, Waijingmao Mansion, Building 1, No. 22 Fuchengmenwai Street, Xicheng District, Beijing
Name of accountants	Tian Jingliang, Zhu Aiyin, and Fan Lihua

Accounting firm engaged by the Company

Sponsor institution engaged by the Company to perform ongoing supervisory duties during the Reporting Period

Applicable  Not applicable

Financial consultant engaged by the Company to perform ongoing supervisory duties during the Reporting Period

Applicable  Not applicable

**VI. Main accounting data and financial indicators**

Whether the Company is required to retroactively adjust or restate the accounting data of previous years

Yes  No

	2025	2024	Increase or decrease compared with the previous year	2023
Operating income (RMB)	11,082,209,741.52	10,501,219,821.54	5.53%	8,992,342,169.08

Net profit attributable to shareholders of listed companies (RMB)	363,873,007.86	671,442,652.91	-45.81%	515,513,995.18
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss (RMB)	372,855,020.82	642,049,717.52	-41.93%	511,919,208.82
Net cash flow from operating activities (RMB)	678,366,940.29	1,091,950,718.25	-37.88%	1,465,948,499.18
Basic earnings per share (RMB/share)	0.30	0.55	-45.45%	0.41
Diluted earnings per share (RMB/share)	0.29	0.55	-47.27%	0.41
Weighted return on average equity	5.34%	10.44%	-5.10%	8.54%
	End of 2025	End of 2024	Change at the end of the current Reporting Period compared with the end of the previous year	End of 2023
Total assets (RMB)	13,567,607,196.90	12,848,865,960.24	5.59%	11,184,119,392.80
Net assets attributable to shareholders of listed companies (RMB)	6,982,243,877.55	6,672,327,751.46	4.64%	6,284,917,468.50

The Company's net profit before and after deducting the non-recurring profit and loss (whichever is lower) is negative in the last three fiscal years, and the audit report of the latest year shows uncertainty in the Company's sustainable operation ability.

Yes  No

The lower of the audited total profit, net profit, and net profit after deducting the non-recurring profit and loss during the Reporting Period of the Company is negative.

Yes  No

The Company may disclose its net profit after deducting the impact of share-based payment if it has an equity incentive or employee stock ownership plan.

Key accounting data	2025	2024	YoY increase/decrease (%)	2023
Net profit after deducting the impact of share-based payments (RMB)	421,434,839.98	680,419,160.71	-38.06%	594,804,110.01

## VII. Differences in accounting data under domestic and foreign accounting standards

### 1. Differences in net profit and net assets between financial statements disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP at the same time

Applicable  Not applicable

There is no difference in net profit and net assets between financial statements disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP during the Reporting Period.

### 2. Difference between the net profit and net assets in the financial statements disclosed in accordance with both foreign accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

There is no difference in net profit and net assets between financial statements disclosed in accordance with Overseas Accounting Standards and those disclosed in accordance with PRC GAAP during the Reporting Period.

## VIII. Quarterly primary financial indicators

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	2,671,427,242.07	2,830,908,487.11	2,685,252,142.52	2,894,621,869.82
Net profit attributable to shareholders of listed companies	196,885,296.32	133,192,897.76	90,377,019.93	-56,582,206.15 <sup>注</sup>
Net profit attributable to shareholders of listed companies after deducting the non-recurring profit and loss	186,924,957.96	123,280,456.81	85,654,298.76	-23,004,692.71
Net cash flow from operating activities	58,348,277.70	295,006,288.79	204,541,392.91	120,470,980.89

Note: The Company's fourth quarter profit was negative, mainly due to the disposal and impairment of assets related to cell production equipment, as well as the provision for goodwill impairment, which affected the net profit by approximately RMB 95 million.

Whether there are major differences between the above financial indicators or the total and the financial indicators in the quarterly report and semi-annual report disclosed by the Company

Yes  No

**IX. Items and amount of non-recurring profit and loss** Applicable  Not applicable

Unit: RMB

Items	Amount of 2025	Amount of 2024	Amount of 2023	Note
Profits and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-56,127,422.26	-12,272,827.51	-11,399,766.84	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations, are enjoyed according to certain standards and have a lasting impact on the Company's profits and losses)	34,523,115.94	36,473,349.43	32,905,181.89	
Profits and losses due to fair value changes arising from the financial assets and liabilities held by the non-financial business, as well as the profits and losses arising from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business of the Company	17,197,213.89	-1,934,735.46	-1,302,568.51	
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	133,026.95	3,769,982.90		
Debt restructuring gains and losses		-1,281,246.63		
One-time share-based payment due to cancellation or modification of the stock incentive plan			-28,092,840.35	
Other non-operating income and expenses other than those mentioned above	1,740,201.72	8,149,822.58	21,796,444.13	
Other profits and losses that conform to the definition of non-recurring profit and loss		1,150,853.84	1,477,128.99	
Minus: amount affected by income tax	6,447,924.35	4,660,769.24	11,184,636.52	
Amount affected by minority shareholders' equity (after tax)	224.85	1,494.52	604,156.43	
Total	-8,982,012.96	29,392,935.39	3,594,786.36	--

Details of other items of profits and losses that conform to the definition of non-recurring profit and loss:

 Applicable  Not applicable

None.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit and Loss as recurring profit and loss items

 Applicable  Not applicable

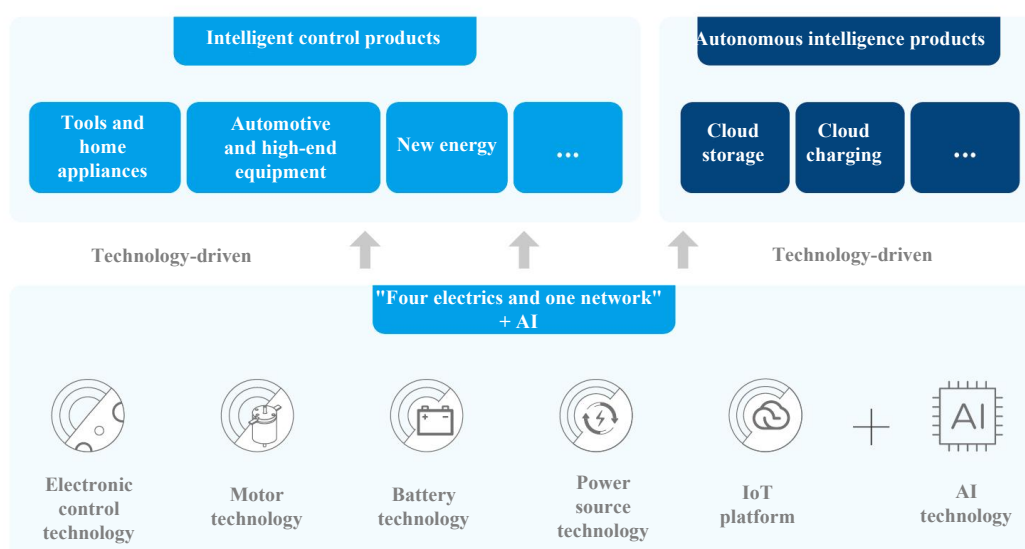
There is no such situation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss as recurring profit and loss items in the Company.

## Section III Management Discussion and Analysis

### I. Main business engaged by the Company during the Reporting Period

Adhering to the core values of "Agility, Innovation and Partnership", and based on the core technology system of the "four electrics and one network, and AI", the Company develops, produces and sells two product categories – intelligent control products and autonomous intelligence products, serves the three major industries of tools and home appliances, automotive and high-end equipment, and new energy, and keeps implementing the intelligence, low-carbon and internationalization strategy.

#### Business Structure of the Company



#### Core technology: "four electrics and one network + AI" technology platform

**Electric control technology:** integrating sensing, power electronics, signal processing, communication, human-computer interaction, and other technologies to achieve the intelligent control of terminal products with microprocessors being the core. The Company has established hundreds of electric control technology platforms, which are applied widely to products such as controllers, mechatronics, power sources, and intelligent batteries.

**Motor technology:** The Company pursues continuous iteration with focus on the four major indicators of high efficiency, low noise, high precision, and high reliability, and has established product platforms such as brushless DC (BLDC) motors, hollow cup motors (including brushed hollow cup motors and brushless slot-less

motors), switched reluctance motors, servo motors, and stepper motors, as well as full-process capabilities from design simulation and testing verification to large-scale intelligent manufacturing.

**Battery technology:** The Company has formed complete design, development, and production capabilities from cell technology and battery management systems (BMS) to battery packs. BMS achieve the real-time monitoring and management of battery status through advanced algorithms, and are applied widely to energy storage, power backup, battery swapping, portable devices, and other scenarios.

**Power technology:** covering analog power supply, switching power supply, digital power supply, and server power supply technologies, and products such as power conversion systems (PCS), photovoltaic inverters, high-power DC charging piles, and efficient server power sources for AI datacenters, and meeting multi-scenario power conversion demand from new energy to computing infrastructure.

**IoT platform:** covering complete technological capabilities from modules and intelligent terminals to apps and PaaS, keeping evolving toward AIoT, and endowing products with perception, learning, and autonomous decision-making capabilities. The Company has built a home energy management cloud platform and a digital energy management cloud platform, supporting intelligent collaboration and data operations for energy storage, charging, photovoltaic and other devices.

**AI technology:** The Company regards AI as the capability base that runs through the "four electrics and one network", and focuses on three directions: The first is product intelligence, where AI algorithms are embedded into controllers, BMS, EMS, and other products to achieve adaptive control, predictive maintenance and intelligent energy scheduling, making products more intelligent as they are used; the second is manufacturing intelligence, where AI quality inspection, process parameter optimization, and intelligent scheduling are deployed in the production process to improve manufacturing efficiency and quality consistency; the third is R&D intelligence, where AI is used to assist in simulation design, testing and verification, and knowledge management to accelerate product development and iteration.

### **1. Intelligent control products**

**The Company's intelligent control products mainly include customized core components such as intelligent controllers, high-efficiency motors, and battery packs, as well as industry system solutions.**

**Intelligent controllers:** This core business of the Company had a shipment volume of 181 million sets in 2025, a year-on-year increase of 1.69%, and a cumulative shipment volume of 1.81 billion sets. The Company maintains deep cooperation with global top brand customers such as TTI, Electrolux, and Johnson Controls, and

its production capacity is mainly from the four major manufacturing bases in the Pearl and Yangtze River Deltas in China. Synchronous overseas delivery is achieved in Vietnam, Mexico, India, and Romania.

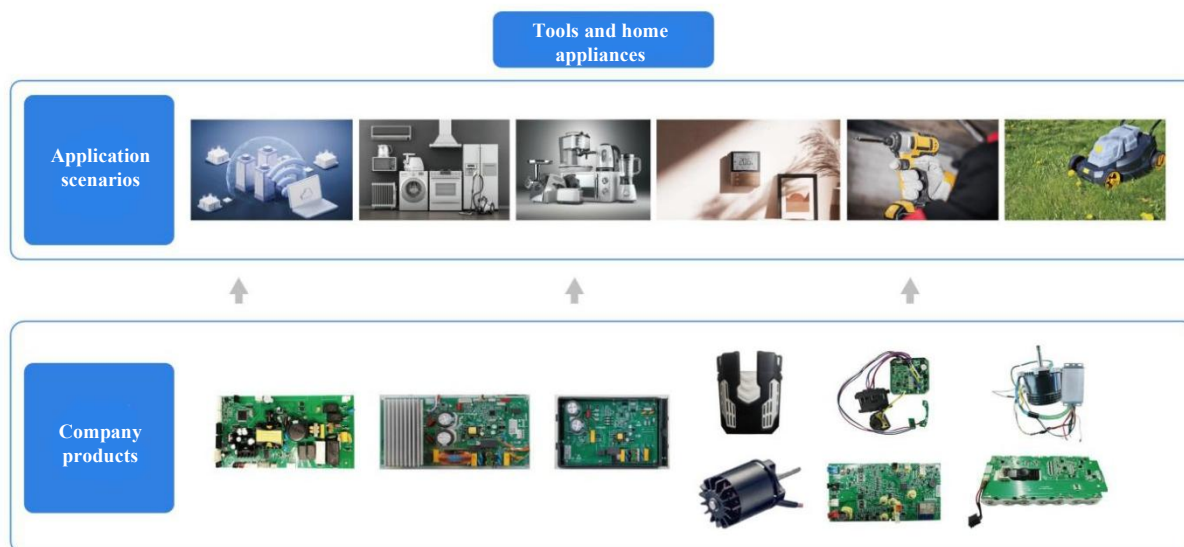
**Efficient motors:** This second largest category of the Company includes external rotor DC brushless motors, LiDAR motors, and hollow cup motors, with a shipment volume of 4.52 million sets in 2025, a year-on-year increase of 28%. Among them, the cumulative shipment volume of LiDAR rotating mirror motors exceeded 1 million units, with a market share of over 30%; the annual production capacity hollow cup motors with outer diameters of  $\Phi 6\sim\Phi 40\text{mm}$  was over 1 million units, which have been applied to intelligent cockpits of vehicles and dexterous hand actuators of humanoid robots.

**Battery packs:** This third largest category of the Company covers power tools E-Bike, vehicle and vessel onboard, industrial and commercial energy storage, home energy storage, communication backup power, and other scenarios, with a shipment volume of 1.09GWh in 2025, a year-on-year increase of 15.38%.

The Company's intelligent control products are applied mainly to three major industries: tools and home appliances, automotive and high-end equipment, and new energy.

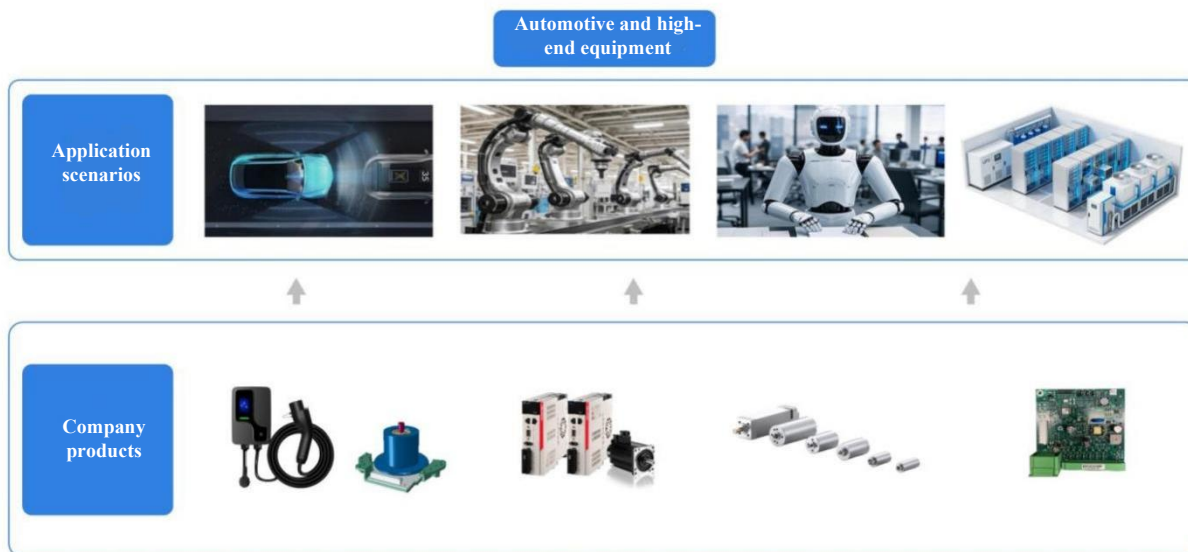
### **1.1 Tools and home appliances**

The Company is deeply involved in the tool and home appliance industry, and provides global brand customers with full process services from product conceptualization, design and development to manufacturing and delivery, and the four core types of components supplied are controllers, motors, batteries, and power sources. Tools cover electric tools, garden tools, and professional tools; home appliances cover a full range of categories including HVAC, ice washing, large kitchen appliances, cleaning appliances, personal healthcare, etc., with a stable global layout of customer resources.



### 1.2 Automotive and high-end equipment

The automotive and high-end equipment industry is a highly flexible future growth direction for the Company, covering four major directions: vehicles, robotics, industry, and AI datacenters. In terms of vehicles, the Company is already supplying LiDAR motors to top automakers in batches, and keeps scaling up charging infrastructure; in terms of robotics, the Company has built a complete servo drive + motor + motion control product platform, and reserved dexterous hand actuator capabilities for active cooperation with top complete machine manufacturers; in terms of industry, the Company supplies servo drives and motor products to industries such as 3C electronics, medical equipment, and semiconductors, and has achieved large-scale supply; in terms of AI datacenters, scenarios such as backup power control are covered, and this direction is expected to become a new growth source.



### 1.3 New energy

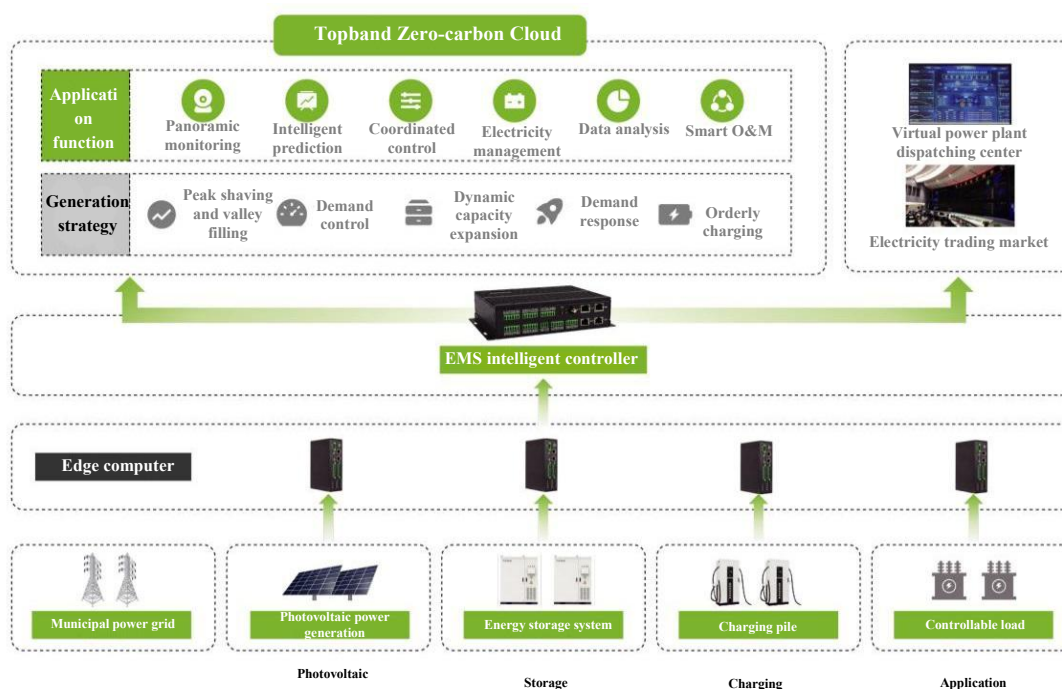
The new energy industry is a core driving direction with high growth potential for the Company, covering two major tracks: energy storage and two-wheeled electric vehicles. In terms of energy storage, the component layer covers cells, BMS, PCS, and EMS, and the complete machine layer covers a full range of products such as home energy storage, industrial and commercial energy storage, and communication backup power; in terms of two-wheeled electric vehicles, the Company provides motor and intelligent control solutions to mainstream domestic and overseas brands, and has established a stable global customer base.



## 2. Autonomous intelligence products

As the second growth curve for the Company, autonomous intelligence products are based on hardware, pivoted on the cloud, and driven by AI, with data constantly circulating among them, allowing products to move from passive response to autonomous decision-making, and making them increasingly intelligent as they are used. As the first batch of autonomous intelligence products of the Company, cloud storage and cloud charging products have been developed and launched successfully, and bulk sale has been achieved.

Based on full-chain self-developed core technologies, cloud storage and cloud charging products cover self-developed BMS, PCS, charging power modules, and energy control units at the hardware level, with independently controllable key components and underlying algorithms; the cloud-based EMS energy management platform can perceive the real-time status of the power grid, loads, and devices, and decide on charging and discharging strategies independently; operational data keeps feeding back AI iteration, enabling the system to achieve autonomous evolution. Cloud storage products cover home, and industrial and commercial energy storage, while cloud charging products cover DC charging piles. They are delivered modularly through the three-layer architecture of "complete machine + scenario solution + cloud platform data", covering scenarios such as home green energy, commercial complex storage and charging, and zero-carbon parks.



Topband Zero-carbon Cloud – Cloud-edge-device Architecture



Interface of the Topband Zero-carbon Cloud (simulated data)

## II. Industry situation of the Company during the Reporting Period

### 1. Basic situation of the industry

Intelligent controllers are core components that connect the perception and execution layers. By integrating microprocessors, sensors, power electronics, and communication modules, they endow terminal products with intelligent control and autonomous decision-making capabilities, and are applied widely to fields such as home appliances, power tools, automotive and high-end equipment, and new energy. In 2025, two major trends are reshaping the industry landscape: First, AI technology is penetrating into hardware terminals at a faster pace, and intelligent controllers are evolving from passive instruction execution to active perception, learning, and decision-making, and new application scenarios such as AI hardware and intelligent robots keep emerging; second, low-carbon digital transformation keeps deepening in the global manufacturing industry, promoting the continuous upgrading of controllers toward high integration and high energy efficiency.

According to data from institutions such as Frost & Sullivan and ASKCI Corporation, the size of the global intelligent controller market was approximately USD 1.96 trillion in 2024, with a compound annual growth rate of approximately 5% in the past decade. With a well-established electronic supply chain system and technological upgrading capabilities of local enterprises, China has become the world's largest intelligent controller market, with a market size of RMB 3.81 trillion in 2024 and a compound annual growth rate of 14% in the past decade, far higher than the global average. Its market size is expected to exceed RMB 4.28 trillion in

2025. In the meantime, the deep integration of AI and intelligent control technologies is pushing the application boundaries of the industry – Intelligent robots driven by AI big models are developing rapidly, and the demand for high-precision motion control, energy management, and sensing execution components is growing significantly, keeping expanding the value boundaries of the intelligent controller industry.

## **2. Position in the industry**

Topband is a "Single Champion Manufacturing Enterprise (Smart Home Control Modules)" recognized by the Ministry of Industry and Information Technology. Founded in 1996, it is the first pioneer in the domestic intelligent control industry, the first listed specialized enterprise, and the largest solution provider. After 30 years of continuous investment, the Company has built an integrated technology system of the "four electrics and one network + AI" (electric control, motor, battery, power, IoT platform, and AI), and taken the lead in expanding from a single category to all categories, and from a single industry to multiple industries. The Company began with air conditioner controllers, covered all categories of home appliances gradually, and then expanded to industries such as electric tools, automotive and high-end equipment, and new energy. This development paradigm of "deepening categories and broadening industries" has become a mainstream direction in the intelligent control industry. The Company has established long-term in-depth partnerships with numerous global industry leaders.

In 2025, the Company's revenue exceeded RMB 11.082 billion, and kept growing steadily, with a compound annual growth rate of 22.59% in the past decade. It had 13,200 employees and a number of manufacturing bases worldwide, providing in-depth services to three major industries: tools and home appliances, automotive and high-end equipment, and new energy. The Company received the second prize in the Scientific and Technological Progress Award of Guangdong Province, its global supply chain collaboration capabilities kept strengthening, and its industry leadership was further consolidated.

## **III. Analysis of core competencies**

### **1. Scale barrier formed by industry leadership**

The intelligent control industry is characterized by being capital and technology intensive, and long customer certification periods, and top enterprises' cost, production capacity, and customer stickiness advantages keep expanding. With 30 years of mass production experience, the Company has formed a fully verified product platform and manufacturing system, constituting a significant scale barrier. On the customer

side, the Company embeds itself deeply into the core supply chain of global top brand customers through joint product definition, early involvement in R&D, and the joint formulation of delivery standards, forming high switching cost partnerships. On the production capacity side, the four major domestic bases and the four major overseas bases form a global delivery network, responding to tariff fluctuations and supply chain risks effectively.

## **2. "Four electrics and one network + AI" integrated technology platform**

The Company is one of the few enterprises in the industry that possess full-stack technological capabilities of electric control, motor, battery, power supply, IoT platform, and AI concurrently. There are many competitors in a single technology field, but only very few enterprises can integrate the six major technologies into integrated solutions, and achieve reuse across industries and continuous iteration. The Company has hundreds of core product platforms that have been verified through mass production, which can be combined and customized quickly based on customer needs to provide differentiated system-level solutions across industries, and form hardly replicable technological synergy advantages.

## **3. Agile operational system**

The Company has built a customer-centric process-oriented organization around four strategic principles: customer intimacy, being innovation-driven, agile operations, and organizational evolution. It promotes IPD (Integrated Product Development) processes on the R&D side, and drives product development based on customer needs; it promotes ISC (Integrated Supply Chain) transformation on the supply chain side to achieve on-demand pull; it has established a CNAS-accredited laboratory on the quality side to provide international certification level quality assurance; it keeps promoting intelligent upgrading on the manufacturing side to improve efficiency and quality consistency. The operation of the above system is supported by the "Agility, Innovation and Partnership" organizational culture formed by the Company's over the past three decades – rapid response driven by agility, value creation driven by innovation, and deep customer collaboration driven by the partnership spirit. This cultural consensus integrated into the organizational DNA integrates the strategies, processes, organization, and global layout into a unified operational system organically, making it a soft barrier that can hardly be replicated by peers in the short term.

## **IV. Analysis of main business**

### **1. Overview**

During the Reporting Period, the Company achieved revenue of RMB 11.082 billion, a year-on-year increase of 5.53%; a net profit attributable to shareholders of the listed company of RMB 364 million, a year-on-year decrease of 45.81%; a net profit attributable to shareholders of the listed company after deducting the non-recurring profit and loss of RMB 373 million, a year-on-year decrease of 41.93%. After excluding the impact of share based payment expenses, the net profit attributable to shareholders of the listed company during the Reporting Period was RMB 421 million, a decrease of 38.06% compared to the same period last year. Among them, the disposal and impairment of assets related to cell production equipment, and goodwill impairment had a total impact of approximately RMB 95 million on the net profit this year.

In the dual background of escalating international trade frictions and the structural cycle of AI development in 2025, there was pressure on the cost side due to the fluctuation of tariff policies, and the upward shift of key commodity and cell prices. In addition, enterprises were also in a critical period of AI industrialization and deepening new energy transformation. The Company responded actively to challenges and seized development opportunities with technology platforms being the core driving force, the global layout as important support, and cost control as the operational cornerstone. During the Reporting Period, the technological platformization capability of the Company's intelligent control business kept enhancing, achieving the reuse of the "platformization capability" among customers in multiple industries, categories, and brands. It served the three major industries of home appliances, automotive and high-end equipment, and new energy deeply, developed autonomous intelligence products on the basis of the intelligent control business, and kept optimizing its business structure, and enhancing its core competencies, laying a solid foundation for medium- to long-term high-quality development.

#### **(I) Business performance by business segment**

##### **1. Intelligent control products**

With 30 years of technological expertise, the Company has built a unique core technology system of the "four electrics and one network + AI" (electric control, motor, battery, power supply, IoT platform, AI technology), and expanded its core technologies to multiple downstream industries with the strategy of "technology platformization and application industrialization". Among them, intelligent control products have achieved solid leadership in the tool and home appliance industries, and are penetrating into high growth tracks

such as vehicles, high-end equipment, and new energy in strategic emerging fields faster. In the future, with the advancement of the "intelligent and low-carbon" strategy and the accelerated penetration of AI technology into hardware terminals, the application boundaries of intelligent controllers will keep expanding.

### **1.1 Tools and home appliances**

During the Reporting Period, the revenue reached RMB 8.471 billion, a year-on-year increase of 6.14%, with a gross profit margin of 21.48%, a year-on-year decrease of 1.69 percentage points.

**Tool segment: During the Reporting Period, the revenue of the tool segment reached RMB 4.145 billion, a year-on-year increase of 3.99%;**

In 2025, the Company's tool segment maintained steady growth against the backdrop of the slowdown of the global electric tool market. As a core supplier in the electric tool industry, the Company has built full-stack supply chain capabilities covering controllers, motors, battery packs, and solutions to serve leading global electric tool brands deeply.

According to the White Paper on the Development of the Electric Tool Industry of China (2025) released jointly by EVTank, China YiWei Institute of Economics, and the China Battery Industry Research Institute, the global annual shipment of electric tools is expected to rise to 590 million units in 2025, and the size of the global electric tool market will be about USD 56.64 billion. It is expected that the market will maintain its steady growth trend in the future, and the size of the global electric tool market will reach USD 98.7 billion by 2030. The downstream market share is highly concentrated in top brands such as TTI, BLACK+DECKER, Bosch, and Makita. With one-stop solutions and excellent delivery capabilities, Topband shares the growth bonus of the global electric tool market deeply.

During the Reporting Period, the penetration of lithium batteries in the industry accelerated, especially in the OPE (outdoor power equipment) field where the process of fuel replacement with lithium batteries accelerated; the intelligent upgrading of the industry was reflected in the large-scale application of AI technology in fields such as mowing robots and intelligent tools; the penetration rate in emerging markets increased; global capacity restructuring and market differentiation were manifested in the regionalization of supply chains, the differentiation of demand for professional and consumer tools, and the differentiation of tool demand between mature and emerging markets.

During the Reporting Period, the Company accelerated its overseas production capacity deployment; intensified technological innovation and increased R&D investment in fields such as AI, lithium batteries, and

cordless technology; optimized costs; increased the application of high-value categories such as industrial grade and intelligent mowing robots; expanded downstream customers and product categories, and accelerated the progress of cooperation with other top customers while consolidating cooperation with the largest customer, achieving stable growth in market share with room for improvement.

**Home appliance segment: During the Reporting Period, the sales revenue reached RMB 4.326 billion, a year-on-year increase of 8.28%;**

According to Euromonitor data, the global sales revenue of large home appliances reached approximately USD 298 billion, a year-on-year increase of 1.4%; the global sales volume of small home appliances reached 2 billion units, showing slow but stable overall growth. As the largest downstream application market for intelligent controllers, the home appliance industry keeps increasing in value as intelligent and high-end upgrading continues, opening up vast growth room for upstream core component suppliers.

The Company's home appliance business segment maintains steady growth, and coordinated development in domestic and overseas markets, with the customer structure optimized constantly. As a leading global provider of intelligent control solutions, Topband is leading in the field of ODM intelligent control for home appliances, and serves global top brands such as Johnson Controls, Electrolux, Carrier, and LENNOX deeply.

The Chinese market has entered the stage of stock refinement, and consumer demand has shifted from "incremental popularization" to "quality upgrading". Green energy conservation, full-home intelligence, healthy scenarios, and home integration are the four main growth lines driving industry upgrading, and industry technology upgrading is taking on the trend of intelligence deepening and low-carbon acceleration. The Company keeps up with technological trends, and keeps increasing R&D investment in field such as variable frequency technology, AI algorithms, and IoT platforms to provide customers with high-added-value solutions, and consolidate and improve its market share.

Overseas markets are important markets for the growth of the Company's home appliance business. The Company focuses on expanding applications of high-end commercial products, increasing their value contribution in areas such as commercial air conditioners, commercial kitchens, intelligent buildings, AI thermostats, and commercial swimming pool water treatment. The Company keeps optimizing its customer structure, strengthening cooperation depth with domestic and overseas top brand enterprises, and expanding high-quality middle-end customers, further increasing its customer concentration and market share. The two main technological lines of intelligence deepening and low-carbon acceleration will run through the whole

development process of the industry. Topband will continue to seize the demand for quality upgrading and opportunities for high-end commercial applications based on the technology platform of the "four electrics and one network + AI", keep promoting the upgrading of the home appliance business toward higher value and higher barriers, and achieve steady growth above the industry average.

## **1.2 Automotive and high-end equipment**

During the Reporting Period, the revenue was RMB 1.29 billion, a year-on-year increase of 50.84%, and the gross profit margin was 27.31%, a year-on-year decrease of 1.20 percentage points.

During the Reporting Period, the Company increased the application of intelligent control products in emerging fields such as automotive electrification, robot embodied intelligence, industrial automation, and AI computing power, and there was significant technological homogeneity in energy management, power control, intelligent algorithms, and other related industries; the Company achieved cross-field platform development and application in core components such as intelligent controllers, power management systems, and motor drives through product platformization and modular design, achieving revenue growth in high growth industries such as automotive and high-end equipment.

**Vehicles: During the Reporting Period, the revenue reached RMB 749 million, a year-on-year increase of 95.72%, showing a sustained rapid growth trend.**

Core layout: Centered around electrification and advanced intelligent driving, the Company seizes market opportunities brought by automotive electrification and intelligence actively to build a product matrix with LiDAR motors and charging piles at the core:

(1) LiDAR motors: With the accelerated penetration of intelligent driving technology in the field of new energy vehicles, large-scale assembly and application have been achieved for LiDAR motors developed jointly by the Company and top customers, with a stable market share among core customers; in 2025, the market share in motors for onboard rotating mirror LiDARs was over 30% (data compiled by the Company). The cumulative sales volume of the Company's first-generation LiDAR motors was over 1 million in just two years of mass production, and the Company keeps upgrading its second-generation products while developing third-generation LiDAR motors to expand the scope of onboard application actively. Rotating mirror LiDARs are expected to remain a mainstream choice in the medium- to high-end segments for their excellent stability, reliability, and maturity. As core driving components, high-precision and high-reliability motors are the key support to ensure the performance advantages of the rotating mirror version.

(2) Charging piles: With the rapid growth of global new energy vehicle ownership, the demand for charging facilities is growing significantly. The Company has built a full-scenario product matrix covering AC and DC charging piles with liquid-cooled supercharging technology being the core, meeting diversified charging needs such as home, commercial, and public transit. The Company creates cost-effective products through differentiated competition based on the delivery and manufacturing capabilities of automotive grade products. During the Reporting Period, AC piles and charging heads entered the supply chain of overseas top automakers indirectly through the model of "indirectly supplying global top customers through core Tier-1 suppliers", achieving a rapid increase in the overseas charging market share.

Industry trend: According to data from the China Association of Automobile Manufacturers, the production and sales volumes of new energy vehicles in China were 16.626 million and 16.49 million respectively in 2025, with a year-on-year increase of 29.0% and 28.2%, respectively, ranking first in the world for 11 consecutive years. In 2025, under the wave of "technological equality" in the automotive industry, rapid growth in vehicle installation volume and continuous improvement in penetration rate were achieved for LiDARs.

According to data from Gasgoo, 3.386 million LiDARs were installed in China in 2025, a year-on-year increase of 120.1%, and the overall penetration rate reached 11%. As core sensors for intelligent perception, LiDARs are facing important development opportunities. The driving force for market growth mainly comes from three sources: The first is the rapid increase in the penetration rate of L3 autonomous driving in the passenger vehicle field; the second is the expanding commercial operation scale of Robotaxi/Robotruck, driving a surge in the demand for LiDARs; the third is the acceleration of smart city construction and industrial automation, which has opened up new application scenarios for LiDARs. With the popularization of autonomous driving technology and the improvement of intelligent networking ecology, according to industry institutions' predictions, the LiDAR industry is expected to maintain rapid growth in the next five years, injecting new momentum into the global automotive industry and the intelligent technology field.

**Robotics: During the Reporting Period, the sales revenue reached 294 million, a year-on-year increase of 39.61%.**

This segment mainly focuses on the fields of service robots, humanoid robots, and industrial robots, providing control, motors, power sources, battery packs, and complete machine products. The industry is entering the first year of application, and the deep integration of large models and robots has driven a substantial breakthrough in robots from being able to walk to being able to operate.

During the Reporting Period, the robotics segment maintained rapid growth. In the field of humanoid robots, the Company has launched the "Spirit Drive Micro Engine" actuator for dexterous hands based on hollow cup motors, which has the advantages of high energy density and compactness, and is suitable for the "small size and high output" demand of link-type dexterous hands. It has obtained small-scale trial production orders from customers. In the field of service robots, the Company has created a universal mobile chassis technology platform that covers core technologies such as positioning and navigation, AI vision, multi-sensor fusion SLAM, and human-computer interactions with focus on home and commercial scenarios to support the rapid development and commissioning of multi-category robots. In the field of industrial robots, the Company focuses on breakthroughs in the application of intelligent control products in high-precision, reliable, and integrated performance industrial robot scenarios, empowering the intelligent upgrading of the manufacturing industry. The Company also develops new categories such as care robots, and practices the core value of "creating value for customers and benefiting everyone with intelligent control technology".

**Industry: During the Reporting Period, the sales revenue reached RMB 245 million, a year-on-year decrease of 6.36%.**

In the field of industrial automation motion control, the Company has formed the three major product matrices of "stepper systems, servo systems, and motion control", as well as multi-industry solutions.

During the Reporting Period, the Company continued with technological innovation and product upgrading, and the five phase stepper drive received the "Industrial Design Red Sail Award" from the Intelligent Equipment Industry Association; the servo system was iterated constantly around high performance, stability, and low cost; diversified motion control technology, Ether CAT bus technology, and pulse control technology developed in parallel. On the basis of maintaining its traditional advantages in 3C electronic manufacturing, laser equipment, numerically controlled machine tools, textile printing, etc., the Company keeps expanding high-precision control solutions in the semiconductor field such as probe stations, beam splitters, laser cutters, and die bonding/eutectic machines.

**AI datacenter energy: During the Reporting Period, the sales revenue reached RMB 2 million.**

With the rapid growth in the demand for AI computing power, the demand for efficient power, heat dissipation, and energy storage in datacenters keeps growing, increasing the demand for AI infrastructure. The Company has launched efficient server power solutions for AI datacenter energy scenarios based on its expertise in digital power control and power electronics topology in the field of server power supply; in addition, based

on the power intelligent control platform, the Company cooperates with top power customers for overseas datacenters actively, covering scenarios such as backup power control; for motor products, the Company has been designated as a supplier of liquid-cooled servers for new-generation AI datacenter super-nodes by leading enterprises, and is expected to benefit from the marketing and bulk introduction of customer products.

### 1.3 New energy

**Business performance:** During the Reporting Period, the revenue reached RMB 1.279 billion, a year-on-year decrease of 22.71%, and the gross profit margin was 16.40%, a year-on-year decrease of 2.86 percentage points.

**Industry trend:** In 2025, domestic energy storage shifted from mandatory allocation to market-oriented operations, with mechanisms such as capacity pricing, peak-valley arbitrage, and auxiliary services implemented. The demand for independent energy storage, industrial and commercial energy storage, zero-carbon parks, and virtual power plants grew rapidly. Overseas, industrial and commercial energy storage, and large-scale storage saw significant growth in Europe due to dynamic electricity prices and frequency regulation; ITC subsidies continued, and there was strong demand for home energy storage and datacenter distribution storage in the U.S.; emerging markets such as Asia Pacific and the Middle East saw rapid growth in photovoltaic-storage-diesel and park energy storage. The global energy storage industry is upgrading toward high safety, liquid cooling and intelligence.

**Business overview:** Based on the core technology system of the "one chip, one cloud and 3S" (cells, cloud platforms, BMS, PCS, and EMS), the Company has built a full-chain product ecosystem of "photovoltaic, storage, and charging", forming a business structure based mainly on energy storage products and supplemented by light-duty power. Among them, energy storage focuses on scenarios such as vehicle and vessel onboard, home energy storage, industrial and commercial energy storage, and communication backup power. The revenue declined year on year during the Reporting Period, mainly due to the combined impact of the year-on-year decline in the non-home energy storage product revenue and the adjustment of the product basis; the revenue from home energy storage and light-duty power increased year on year.

**Core components:** BMS cover all scenarios, and come with millisecond-level thermal runaway detection to ensure safety and longevity; PCS have been upgraded comprehensive to be compatible with multiple voltage levels and support remote upgrading; EMS are highly stable, and can be customized.

**Products:** The home energy storage segment covers a full range of high and low voltage products, while high voltage products expand flexibly, iterate rapidly from standard products, strengthen performance, matching and delivery capabilities, and achieve remote intelligent control and multi-energy collaboration along with self-developed cloud platforms. Industrial and commercial energy storage, and large-scale storage cover all specifications within the range of 50kWh~3MWh, suitable for scenarios such as park energy management and diesel engine replacement. Liquid cooling systems are improved in adaptability, and scheduling is optimized for zero-carbon cloud platforms; during the Reporting Period, the Company made intensive efforts in China, Europe, the U.S., and the Asia Pacific region, achieving the continuous delivery of large-scale projects. In China, the Company focuses on zero-carbon parks, photovoltaic, storage and charging, and central and state-owned enterprises; in Europe, the Company penetrates into small and micro businesses based on electricity price arbitrage; in Asia Pacific, the Company enters manufacturing parks with photovoltaic, storage and diesel; in the Americas, the Company builds channels and collaborates on global data iteration based on standard platforms.

In the future, energy storage will develop toward high safety, high efficiency, and intelligence, and distributed and centralized systems will be accelerated in a coordinated manner. The Company has completed full-scenario technology product reservation and global channel deployment, and industrial and commercial energy storage is expected to resume growth in the context of high market growth.

## **2. Autonomous intelligence products**

During the Reporting Period, the revenue reached RMB 42 million, a year-on-year increase of 312.23%, with a gross profit margin of 12.28%, a year-on-year increase of 4.82 percentage points.

Autonomous intelligence products are a new development direction derived from the Company's intelligent control products. The two businesses share the core technology system of the "four electrics and one network + AI" – The electric control, motor, battery, power supply, and IoT platform capabilities accumulated in intelligent control products over 30 years provide a solid technical foundation for autonomous intelligence products, which are based on hardware, pivoted on the cloud, and driven by AI, with data constantly circulating among them, allowing products to move from passive response to autonomous decision-making, and making them increasingly intelligent as they are used.

Currently, the Company's first autonomous intelligence products focus on the field of green energy, represented by cloud storage (energy storage) and cloud charging (DC charging piles). Cloud storage and cloud charging refer specifically to products that are connected to the Company's AI digital energy cloud platform,

have data closed-loop and AI autonomous decision-making capabilities, and belong to different business categories from the charging piles and energy storage products in the Company's intelligent control business. Both charging infrastructure and energy storage are in a period of rapid growth – according to the relevant plans of the National Development and Reform Commission, and the National Energy Administration, the target number of charging piles in China is to double within three years, and the annual compound growth rate of the DC fast charging pile market is expected to exceed 30%; (source: IEA Global EV Data Explorer, National Development and Reform Commission/National Energy Administration); in 2025, the global newly installed industrial and commercial energy storage capacity increased by 18.96GWh, and the year-on-year growth rate of the Chinese market was 61%. (Source: forecast data from multiple institutions) Cloud storage products cover home energy storage, and industrial and commercial energy storage, while cloud charging products cover DC charging piles. With self-developed BMS, PCS, EMS, and power modules, these products have excellent hardware execution capabilities; the AI powered cloud platform developed independently by the Company aggregates multidimensional data such as electricity prices, weather, loads, and equipment operations. On this basis, AI outputs optimal O&M strategies dynamically; as the deployment scale expands, operational data keeps feeding back AI iteration, and the system achieves "increasingly intelligent" autonomous evolution as it is used, maximizing users' value in use and the economic efficiency of their assets.

Unlike the customized component business of intelligent control products, autonomous intelligence products are delivered in the three-tier architecture of "complete machines + scenario solutions + cloud platform data operations" – not only selling hardware products to customers, but also improving their asset operation efficiency and economic benefits through cloud platforms and AI algorithms continuously, extending from simple hardware delivery to intelligent solutions. During the Reporting Period, in terms of cloud storage, benchmark industrial and commercial energy storage projects were delivered, and channel building was launched for home energy storage products in Europe; in terms of cloud charging, 1,120kW supercharging piles were put into mass production, with a cumulative charging success rate of over 99% in benchmark projects (source: company operation data), and European standard DC piles passed CE certification. As of the end of the Reporting Period, the AI energy cloud platform had connected hundreds of energy storage and charging devices, and its closed-loop scheduling capability had entered the actual operation stage.

**(II) Short-term pressure on profitability, firm technology investment, and long-term optimism for the industry**

In 2025, the Company achieved a comprehensive gross profit margin of 21.54%, a year-on-year decrease of 1.44 percentage points. The fluctuation of tariff policies arising from escalating global trade frictions during the Reporting Period, the upward shift of key bulk products and cell prices, intensified price competition in some downstream application industries, and the lack of scale in the Company's new business all affected the gross profit margin. The Company firmly believes in the future potential of the intelligent control business in existing industries and the expansion of new scenarios, and is also confident in the long-term development of autonomous intelligence products. It keeps increasing R&D investment in innovative application fields such as AI applications, robots, motors, complete machines, and vehicles. In 2025, the Company invested RMB 1.047 billion in R&D, accounting for 9.45% of its revenue. As of the end of the Reporting Period, the Company had applied for 3,915 patents in total, including 1,351 invention patents, 1,961 utility model patents, 492 design patents, 51 foreign patents, and 60 PCT patents; the Company and its subsidiaries had applied for 332 software copyrights and filed 520 trademark applications in total.

### **(III) Stable business development supported by healthy operating cash flows**

During the Reporting Period, the Company achieved a net cash flow from operating activities of RMB 678 million, a year-on-year decrease of 37.88%, still significantly higher than the Company's annual net profit. During the Reporting Period, the Company's cash flow from sales was normal, and the decline in the net cash flow from operating activities was mainly attributed to factors such as slowing revenue growth, fluctuation in upstream raw material prices, declining profits, and early stocking. The Company continues to reuse its technology platforms, accelerate the deployment of autonomous intelligence products, and increase investment in the R&D of new technologies and products to improve product competitiveness. Based on the expansion of the Company's business scale, the potential for new business development, and the overall planning of funds, the Company's cash flows are at a normal and controllable level, and all business operations are stable and sustainable.

### **(IV) Consolidating business resilience and long-term development in multiple dimensions based on AI empowerment + process efficiency improvement + global layout**

During the Reporting Period, the Company deepened the building of a process-oriented organization, promoted ISC integrated supply chain, IPD integrated product development, and digital collaboration, and built an efficient and agile customer-oriented system to release organizational efficiency. In the meantime, it empowered various fields of products, manufacturing, and R&D with AI technology: embedding AI algorithms

on the product side to achieve intelligent control and energy scheduling, implementing AI quality inspection and intelligent scheduling on the manufacturing side to improve efficiency and quality, and using AI assisted design simulation on the R&D side to accelerate iteration.

In 2025, the Company expanded its overseas production capacity, kept improving its localized overseas delivery capabilities, and highlighted its service advantages of nearby delivery and rapid response. The output value of the overseas manufacturing platforms exceeded RMB 2.8 billion, with a growth rate of over 20%, achieving simultaneous enhancement with the lean capabilities and scale advantages of domestic manufacturing, and supporting steady business expansion jointly. This lays a foundation for the Company to make further efforts in overseas markets, expand its business presence, and enhance its market influence.

## 2. Revenue and cost

### (1) Composition of operating income

Unit: RMB

	2025		2024		YoY increase or decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	11,082,209,741.52	100%	10,501,219,821.54	100%	5.53%
By industry					
Intelligent control electronics industry	11,082,209,741.52	100.00%	10,501,219,821.54	100.00%	5.53%
By product					
<b>1. Intelligent control products</b>	11,039,800,570.17	99.62%	10,490,932,194.24	99.90%	5.23%
Tools and home appliances	8,470,664,398.82	76.43%	7,980,787,841.67	76.00%	6.14%
Automotive and high-end equipment	1,290,029,704.82	11.64%	855,207,258.79	8.14%	50.84%
New energy	1,279,106,466.53	11.54%	1,654,937,093.78	15.76%	-22.71%
<b>2. Autonomous intelligence products</b>	42,409,171.35	0.38%	10,287,627.30	0.10%	312.23%
Cloud storage and cloud charging	42,409,171.35	0.38%	10,287,627.30	0.10%	312.23%
By region					
PRC(mainland)	3,793,503,561.89	34.23%	3,658,753,063.77	34.84%	3.68%
Overseas	7,288,706,179.63	65.77%	6,842,466,757.77	65.16%	6.52%
By sales model					
Basing production on sales prospects	11,082,209,741.52	100.00%	10,501,219,821.54	100.00%	5.53%

**Note:** In 2025, the Company's products were divided into two major categories, namely intelligent control and

autonomous intelligence products. Among them, autonomous intelligence products were a new product category, while the original industry application classification criteria were maintained for intelligent control products, with digital energy updated to new energy, other emerging industry applications such as robots and intelligent vehicles merged into automotive and high-end equipment, and tools and home appliances unchanged.

**(2) The situation of industries, products, regions or sales models accounting for more than 10% of the Company's operating income or operating profit**

Applicable  Not applicable

Unit: RMB

	Revenue	Operating cost	Gross profit rate	Increase or decrease of operating income over the same period of last year	Increase or decrease of operating costs over the same period of last year	Increase or decrease of gross profit rate over the same period of last year
By industry						
Intelligent control electronics industry	11,082,209,741.52	8,695,584,065.13	21.54%	5.53%	7.50%	-1.44%
By product						
<b>1. Intelligent control products</b>	11,039,800,570.17	8,658,384,797.74	21.57%	5.23%	7.17%	-1.42%
Tools and home appliances	8,470,664,398.82	6,651,368,118.57	21.48%	6.14%	8.47%	-1.69%
Automotive and high-end equipment	1,290,029,704.82	937,670,453.31	27.31%	50.84%	53.38%	-1.20%
New energy	1,279,106,466.53	1,069,346,225.86	16.40%	-22.71%	-19.97%	-2.86%
By region						
PRC(mainland)	3,793,503,561.89	3,082,112,219.39	18.75%	3.68%	4.07%	-0.30%
Overseas	7,288,706,179.63	5,613,471,845.74	22.98%	6.52%	9.48%	-2.08%
By sales model						
Basing production on sales prospects	11,082,209,741.52	8,695,584,065.13	21.54%	5.53%	7.50%	-1.44%

The Company's main business data for the last year adjusted according to the caliber at the end of the Reporting Period when the statistical caliber of the Company's main business data is adjusted during the Reporting Period

**(3) Whether the Company's revenue from physical sales is greater than that from services**

Yes  No

Industry classification	Items	Unit	2025	2024	YoY increase or decrease
-------------------------	-------	------	------	------	--------------------------

Intelligent controller electronics industry	Sales	pcs	190,689,970	186,754,409	2.11%
	Production output	pcs	192,565,701	188,636,179	2.08%
	Inventory	pcs	10,061,329	8,185,598	22.92%

Reasons for year-on-year changes of relevant data exceeding 30%

Applicable  Not applicable

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

Applicable  Not applicable

**(5) Composition of operating costs**

Industry classification

Unit: RMB

Industry classification	Items	2025		2024		YoY increase or decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
Intelligent control electronics industry	Intelligent control electronics industry	8,695,584,065.13	100.00%	8,088,901,865.21	100.00%	7.50%

Product category	Items	2025		2024		YoY increase or decrease
		Amount	Proportion to operating costs	Amount	Proportion to operating costs	
<b>1. Intelligent control products</b>	Main business costs	8,658,384,797.74	99.57%	8,079,382,366.15	99.88%	7.17%
Tools and home appliances	Main business costs	6,651,368,118.57	76.49%	6,131,829,716.52	75.81%	8.47%
Automotive and high-end equipment	Main business costs	937,670,453.31	10.78%	611,344,199.34	7.56%	53.38%
New energy	Main business costs	1,069,346,225.86	12.30%	1,336,208,450.29	16.52%	-19.97%
<b>2. Autonomous intelligence products</b>	Main business costs	37,199,267.39	0.43%	9,519,499.06	0.12%	290.77%
Cloud storage and cloud charging	Main business costs	37,199,267.39	0.43%	9,519,499.06	0.12%	290.77%

**(6) Whether the consolidation scope has changed during the Reporting Period**

Yes  No

(1) On July 1, 2025, a wholly-owned subsidiary, Shenzhen Topband Digital Energy Co., Ltd., established Guangzhou Topband Digital Energy Co., Ltd. The Company has included it in the consolidation scope since July 1, 2025.

(2) On February 1, 2025, a wholly-owned subsidiary, YOLANESS AFRICA (PTY) LTD, completed liquidation and deregistration. The Company has no longer included it in the consolidation scope since the date of deregistration.

**(7) Major changes or adjustments of the Company's business, products or services during the Reporting Period**

Applicable  Not applicable

**(8) Main clients and suppliers**

## Information on main clients of the Company

Total sales of the top five clients (RMB)	4,338,668,597.10
Proportion of total sales of the top five clients in the annual sales	39.15%
Proportion of related party sales in the total sales of the top five clients in the annual sales	0.00%

## Information of the Company's top five clients

No.	Client name	Sales (RMB)	Proportion to the annual sales
1	No. 1	2,932,315,071.15	26.46%
2	No. 2	442,974,328.62	4.00%
3	No. 3	326,690,206.18	2.95%
4	No. 4	324,323,156.25	2.93%
5	No. 5	312,365,834.90	2.82%
Total	--	4,338,668,597.10	39.15%

## Other information on main clients

Applicable  Not applicable

## Information on main suppliers of the Company

Total purchase amount of the top five suppliers (RMB)	1,658,004,311.61
Proportion of total purchase amount of the top five suppliers in the annual purchase amount	21.83%

Proportion of related party purchase amount in the total purchase amount of the top five suppliers in the annual purchase amount	0.00%
--	-------

#### Information on top five suppliers of the Company

No.	Supplier name	Purchase amount (RMB)	Proportion to the annual purchase amount
1	No. 1	939,263,412.07	12.36%
2	No. 2	303,203,803.46	3.99%
3	No. 3	202,764,269.88	2.67%
4	No. 4	110,982,421.45	1.46%
5	No. 5	101,790,404.75	1.34%
Total	--	1,658,004,311.61	21.83%

#### Other information on main suppliers

Applicable  Not applicable

During the Reporting Period, the proportion of the Company's trade business revenue to the revenue exceeded 10%.

Applicable  Not applicable

### 3. Expenses

Unit: RMB

	2025	2024	YoY increase or decrease	Explanation of major changes
Selling expenses	458,236,603.48	379,247,836.25	20.83%	Mainly due to the increase in personnel salaries and equity incentive expenses corresponding to the development of new businesses.
Overheads	443,268,335.08	401,415,660.16	10.43%	Mainly due to the increase in share-based payment expenses during the Reporting Period.
Finance expenses	-427,336.65	-52,598,946.07	99.19%	Mainly due to the decrease in foreign exchange earnings.
R&D expenses	919,433,295.26	809,006,999.25	13.65%	Mainly due to the Company's increased investments in R&D during the Reporting Period.

### 4. R&D investment

Applicable  Not applicable

Description of main R&D project	Project purpose	Project progress	Goals to be achieved	Impact on the Company's future development
---------------------------------	-----------------	------------------	----------------------	--

Multi-sensor fusion and predictive maintenance intelligent control technology platform	This project aims to develop intelligent predictive maintenance control technology based on multi-sensor data fusion. By monitoring the operation status of motors and complete machines in real time, and establishing an equipment health evaluation model using machine learning algorithms, this project focuses on solving the problem of downtime arising from the untimely maintenance of complete machine equipment such as garden tools and professional electric tools, achieving a transition from "passive maintenance" to "active prevention", and improving the intelligence level and user experience of complete machine products.	It is currently in the stage of requirement definition and preliminary research. The preliminary research on maintenance pain points of target customers has been completed, and core application scenarios such as lubricating oil monitoring and chain wear early warning have been defined. Sensor selection evaluation and edge computing chip computing demand analysis are underway.	A basic warning mechanism for multiple key fault modes is established to achieve early fault warning. First-generation products will focus on a single category for demonstration applications, and expand gradually to multiple categories based on market feedback to form a reusable predictive maintenance technology platform.	This project will promote the extension of the Company's intelligent control products from single-minded hardware control to "control + intelligent services". It is an important practice of the "four electrics and one network + AI" technology system in the tool industry, which will help enhance product added value and customer stickiness, and expand the Company's value boundary in the tool industry.
High-power garden electric tool brushless motor	This project conforms to the high-power development trend of garden electric tool complete machines, and develops efficient and highly reliable high-performance external rotor DC brushless motors to make breakthroughs in the key technologies of efficiency and reliability under high-power conditions, further expanding the application depth and breadth of motor products in the garden tool market.	This project has developed innovative motor products with independent intellectual property rights, obtained invention patents successfully, and fully entered the mass production stage. This product has high reliability while meeting customers' requirements for high power and high efficiency performance, and has been highly recognized by key customers.	The high-power external rotor DC brushless motors will be optimized constantly; while maintaining technological leadership in the field of garden tools, the application of this motor technology platform will be expanded to other high-power electric tools and related fields to further improve product universality and market adaptability.	This project will consolidate the Company's technological barriers and competitive advantages in the field of garden tool motors, extend to more high-power application scenarios, and support the Company's sustained growth in the tool industry based on the scalability of the motor technology platform.

LiDAR motor	<p>This project aims to meet the development demand of intelligent driving systems by developing new-generation of rotating mirror LiDAR motors. While ensuring high precision, high reliability, and fast response, the structural design is optimized to reduce the product volume and manufacturing costs, and maintain leading advantages in core technical indicators such as NVH.</p>	<p>Currently, the Company's first-generation products have been shipped on a large scale, and core technology research and customer verification have been completed for second-generation projects, and are expected to enter the formal mass production stage in 2026, with further improvement in NVH performance. Third-generation LiDAR motors are developed concurrently, and are expected to enter mass production from the second half of 2027 to early 2028. The Company has shipped over 1 million LiDAR rotating mirror motors, leading the industry in terms of market share.</p>	<p>The Company will keep expanding the market share of LiDAR motors, promoting platform building for automotive grade motors, enhancing extensive product compatibility with multiple vehicle models through standardized and modular design, and consolidating the Company's technological advantages in the field of key components for intelligent driving.</p>	<p>This project will accelerate the Company's market deployment in the automotive and high-end equipment industries, and keep expanding the market share and driving the overall growth of the automotive business based on its expertise and large production capacity in the field of LiDAR motors.</p>
Digital power technology platform	<p>This project aims to build an independent and controllable core technology system for the Company in the field of digital power supply, and create a standardized digital power supply control platform covering multiple advanced topologies. Based on high-performance digital signal processors, it aims to develop high-performance, high power density, and high reliability power supply products, providing underlying technical support for new energy, industrial control, datacenters, vehicle power sources, and other fields.</p>	<p>R&amp;D deployment for power products with a full power range of 1kW to 40kW has been completed. Low power products have been delivered in bulk, covering scenarios such as industrial vehicle chargers and server power sources; the development and validation of products such as DC charging station modules and high-voltage server power sources have been completed in the medium- to high-power range, and some products have been supplied in bulk. The platform has formed a reusable digital control algorithm library and a modular development framework preliminarily.</p>	<p>It will build a digital power control platform covering the entire power range, achieve technology reuse and the rapid iteration of products of different power levels, form mature solutions for various application scenarios, and establish an independent and controllable digital power algorithm library and platform architecture.</p>	<p>When completed, the digital power technology platform will enrich the capability depth of power technology in the Company's "four electrics and one network + AI" technology system, support the Company's multi-scenario business expansion in industries such as new energy, and automotive and high-end equipment, and promote the upgrading of products toward digital intelligence.</p>

End-side AI application technology platform	<p>This project aims to build a universal end-to-end AI underlying engine and a development tool chain, empower terminal devices such as home appliances and industrial control with localized intelligent decision-making capabilities through lightweight model compression, an adaptive incremental learning framework, and multimodal perception capabilities, and address industry pain points such as cloud dependence, high latency, and privacy security.</p>	<p>In terms of intelligent ovens, visual recognition algorithms have been deployed in collaborative prototypes to achieve dynamic recognition and automatic matching with baking curves; in terms of intelligent temperature control, the transplantation of adaptive control algorithms on temperature controller chips has been completed, and the automatic adjustment of room temperature according to user habits has been achieved. In terms of core platform capabilities, a complete technology stack has been established, including model training, quantitative compression, and edge inference, and cross-chip platform adaptation has been achieved.</p>	<p>It creates a universal end-to-end AI technology foundation, provides standardized SDKs, establishes a device side continuous evolution mechanism, promotes cross-field scale replication, and empowers partners to upgrade hardware products intelligently at low costs and high efficiency.</p>	<p>This project is an important direction for the Company's technology base to expand from the "four electrics and one network" to the "four electrics and one network + AI". By deeply integrating end-to-end AI algorithms into intelligent control products, it builds a "hardware + intelligence" technical barrier and enhances the Company's core competencies in the field of intelligent control.</p>
AI visual inspection technology platform	<p>This project builds a universal detection technology platform based on AI vision technology and deep learning. Through high-precision object recognition, classification, and defect detection, it solves the problems of low efficiency and low accuracy in conventional manual detection, improves the quality control ability and detection efficiency of industrial production, and reduces manufacturing costs.</p>	<p>The platform's software and hardware systems have been built, and its core algorithms have been integrated and debugged. The first prototypes have been released and deployed on production lines successfully to undertake tasks such as automatic detection of solder joint abnormalities and component abnormalities, with recognition accuracy and processing efficiency meeting expectations. The platform is able to replicate and promote scenarios such as smart home appliance and power tool assembly lines, and new energy complete machine testing lines.</p>	<p>The platform will continue to improve the development quality and efficiency of visual inspection products, with focus on application scenarios such as PCBA board level welding inspection, three-proofing paint spraying inspection, wire harness connection quality verification, and complete machine appearance inspection, boosting the intelligent upgrading of manufacturing processes.</p>	<p>This project is an important practice of the Company's AI technology in manufacturing intelligence. It will enhance the Company's technological capabilities in the fields of AI vision and industrial intelligent detection significantly, consolidate the foundation of intelligent manufacturing, achieve technological cost reduction and efficiency improvement, and support the Company's cross-industry quality assurance capabilities.</p>

R&D of AI battery life prediction system	This project focuses on safety risks that may arise from battery aging. Through technologies such as accurate device-side data collection, big data fusion, machine learning, and edge computing, it builds an integrated solution of edge-cloud integration AI, realizes more accurate battery life prediction and health status judgment, identifies potential problems in advance, and provides technical support for the sustainable development of the Company's new energy business.	This project has been developed, deployed online, and applied practically to the Company's smart new energy business to achieve functions such as battery life prediction, health monitoring, and abnormality warning. It will be subject to ongoing algorithm performance tracking, optimization and iteration.	It builds an AI cloud fusion algorithm platform for battery life prediction, health monitoring, abnormality warning, and decision-making support to achieve safe battery operation management and enhance the competitiveness of the Company's smart new energy products.	This project will enhance the Company's integration and innovation capabilities in the fields of AI technology and new energy, consolidate the Company's leadership in battery management systems, and promote the landing and growth of new energy operations such as intelligent BMS, home energy storage, industrial and commercial energy storage, and light-duty power.
Energy storage BMS platform product	This project aims to develop a 24-string active balancing BMS platform for the Company's integrated photovoltaic, storage and charging systems, and industrial and commercial energy storage complete machines. It includes a master BCU and a slave BMU, has the active balancing function, and is compatible with multiple module specifications. The core goal of this project is to achieve complete autonomy and controllability of BMS in industrial and commercial energy storage complete machines, and ensure the safe and reliable operation of energy storage systems.	The BMS sample has passed internal verification and all performance indicators meet the complete machine requirements. It is currently undergoing third-party certification in conjunction with the complete machine system, and trial production preparations are being made synchronously.	It meets the complete machine performance requirements and achieves BMS autonomous control; it achieves interactions with independently developed EMS and PCS, and the collaborative interoperability of the core components of the energy storage complete machine; it has passed certification along with the complete machine, and its active balancing function has become a competitive advantage for product differentiation.	The self-developed BMS is a core component of the battery technology in the Company's "four electrics and one network" technology system, and will provide key technical support for the cloud storage series in the Company's autonomous intelligence products, build competitive barriers in the core field of energy storage products, and enhance system solution capabilities in the new energy industry.
Core grid connection and PCS technology platform	This project focuses on the development of three core products: grid connected inverters, energy storage inverters, and hybrid inverters, and builds a product matrix covering all scenarios of "new energy grid connection – energy storage – multi-energy collaboration", providing customers with an integrated solution from power generation and energy storage to electricity use.	The development and application of over 10 inverter models in three core categories have been completed, covering the power range from the kW level to the 100kW level, covering home, industrial and commercial, and small power station scenarios comprehensively. The product integrates a multi-mode communication module, adapts to mainstream global regional network standards, and achieves remote operation and data transmission.	It builds an inverter product line that covers all categories, all power levels, and all scenarios, improving efficiency and the intelligence level continuously. Through modular and platform-based development, the lead time is shortened, outcomes are reused quickly, and technological innovation and market response are accelerated.	This project enriches the application depth of power technology in the Company's "four electrics and one network" technology system in the new energy field. The full-scenario product matrix will support the Company's continuous expansion in the new energy industry, especially in building system-level solution capabilities in the industrial and commercial energy storage, and distributed energy fields.

EMS micro-grid controller product platform	<p>This project aims to create an energy management system controller product matrix for the "photovoltaic, storage, diesel, charging and load" micro-grid paradigm to address issues such as protocol incompatibility and the lack of intelligent control strategies for various new energy components in multiple scenarios. The MG micro-grid controller series provides rich external interfaces, which can meet intelligent control needs from home to industrial and commercial scenarios, and support grid scheduling, demand response, and remote O&amp;M.</p>	<p>The research and production of the MG1000, MG800, MG500, and MG300 micro-grid controller product matrices, and the development of HMI and local management software have been completed. The product has been applied to home energy storage, industrial and commercial energy storage integrated cabinets, centralized and string container energy storage cabinets, photovoltaic, storage, diesel, charging, load and micro-grid station control, and other products and scenarios.</p>	<p>The all-scenario deployment and application of the whole series in home scenarios, industrial and commercial energy storage scenarios, charging stations, energy storage stations, photovoltaic power stations, etc. will be achieved gradually, and the platform functions will be iterated continuously to meet rapid development needs of the new energy industry.</p>	<p>The EMS micro-grid controller is an important product in the Company's new energy field, supports the Company's extension from new energy products to new energy system solutions, and is an important practice of the "four electrics and one network + AI" technology system in the field of energy management.</p>
"Qingcheng" AI anti-aging beauty care device	<p>This project focuses on the home medical beauty care market, and creates a home AI intelligent anti-aging beauty device that combines professional performance and intelligent interactive experience by integrating ultrasound anti-aging technology and AI intelligent algorithms innovatively. Personalized skincare plans and precise energy outputs can be achieved by using AI to identify and analyze users' skin types, habits, and beauty care information, thereby improving user care safety, effectiveness, and user experience.</p>	<p>The product has been developed and mass-produced, and sold first on a domestic e-commerce platform, with positive market feedback, continuous increase in sales volume and initial establishment of brand awareness. The product is centered on "AI + ultrasound", and two-dimensional ultrasound dot matrix technology has been developed, which supports intelligent skin recognition, dynamic care plan adjustment, and other functions, forming differentiated positioning in terms of precision, safety, and convenience.</p>	<p>It establishes an AI-driven intelligent product system for beauty care and skincare in the home medical beauty market. The continuous learning and optimization of skin conditions and use effects by AI enhance the intelligent product experience, form a first mover technological advantage in the field of "ultrasound + AI", and create multidimensional competitiveness in terms of functionality and experience.</p>	<p>This project marks the Company's entry into the field of consumer intelligent terminals based on AI technology, and is an innovative application of the "four electrics and one network + AI" technology system in personal healthcare.</p>

AI mower	<p>This project aims to meet the demand for automated home courtyard care in Europe and the U.S. It integrates core technologies such as AI visual perception, high-precision positioning, and intelligent path planning to develop AI mowing robots with autonomous obstacle avoidance, environment adaptive recognition, and borderless intelligent operation capabilities. It helps users complete routine mowing tasks automatically, reducing courtyard maintenance costs, and the dependence on manual labor.</p>	<p>AI mowers have been fully launched and shipped in bulk in the European and U.S. markets. On this basis, the Company has started product upgrading and iteration, and products in multiple categories such as four-wheel-drive, LiDAR, and binocular vision have officially entered the online channel promotion and sales stage, driving the development of the mowing robot business toward greater intelligence and more categories.</p>	<p>It iterates core functions such as intelligent mowing, dynamic obstacle avoidance, and autonomous path planning continuously, enabling robots to achieve intelligent and efficient operations in all home courtyard scenarios, such as different grass species and terrains, and maintaining technological leadership and user experience advantages in the borderless intelligent mowing robot market.</p>	<p>AI mowers are an important track to be explored by the Company, and will promote the accumulation of key technological capabilities in the mobile service robot field, create a reusable platform for cross-category applications, and expand the Company's product value chain in the tool and home appliance industries.</p>
"Chuji" commercial AI cooking robot system	<p>This project focuses on the core pain points of Chinese restaurants in terms of dining efficiency, quality consistency, and labor costs, and aims to create a series of AI commercial stir fry machines under its own brand "Chuji". The core innovation lies in the stir-frying robot system based on the sensory and quantitative evaluation of the whole dish making chain, integrating AI intelligent control, precise temperature control, and dynamic stir-frying algorithms to achieve closed-loop control over the whole process of preparation, cooking and serving.</p>	<p>The "Chuji" AI stir-frying machine has achieved mass production and marketing in the domestic Chinese food market, covering major catering formats such as regular meals, group meals, and fast food, and is promoted extensively through online and offline channels. The product has gained recognition from customers and the industry in terms of dining efficiency, product quality, and system stability. The brand has established market awareness and taken the lead in exploring a standardized taste model for Chinese meals.</p>	<p>Technically, it improves the quantitative evaluation system for dish perception and AI intelligent control technology, and creates core patents; in terms of products, it creates a series of commercial stir-frying machines to achieve the standardized replication of dishes; in terms of marketing, it establishes a brand image in the market, expands partner stores, and promotes the transformation of the Chinese food industry toward standardization and intelligence.</p>	<p>Intelligent stir-frying machines are a promising emerging category, and an innovative practice of the "four electrics and one network + AI" technology system in new categories.</p>

Mobile robot chassis technology platform	This project focuses on the R&D of a core chassis platform for mobile robots, covering key technologies such as map building, positioning and navigation, dynamic obstacle avoidance, multi-sensor fusion, and AI visual perception. It aims to build a rapidly reusable, stable, and reliable robot chassis platform to support the rapid development and industrialization of the Company's various mobile robot products.	This technology platform has achieved modular and integrated application in multiple product lines such as mowers, care machines, and floor sweepers, and been mass-produced successfully in the fields of intelligent mowers and floor sweepers. Tens of invention patents and utility model patents have been applied for, technological achievements have become systematic gradually, and continuous technological optimization and iteration are underway.	Industry-leading performance, compatibility, and scalability have been achieved for the mobile robot chassis platform, with the ability to develop and deploy robots suitable for multiple indoor and outdoor scenarios and types quickly, supporting the continuous optimization and rapid iteration of the platform.	This project provides underlying technical support for the Company's robotics development, and improves product development efficiency and market response speed significantly, being an important fundamental platform for the Company to build its robot industry chain capabilities.
Dexterous hand drive module	This project focuses on key execution component requirements in the context of rapid development of the embodied intelligence industry, and develops a dexterous hand drive module that integrates core components such as hollow cup motors, gearboxes, screws, and encoders to form a high-precision, high output, and low-power small modular drive unit. This project builds a standardized and platform based product system based on the Company's expertise in the field of hollow cup motors.	This project has completed product iteration, and the development of a multi-specification hollow cup motor platform, boasting stable and reliable module performance. Sampling testing, sample delivery, and small-scale trial production have been completed, and products have been tested and verified in multiple customers' embodied intelligent products. The Company has an annual production capacity of over 1 million hollow cup motors, and is able to supply products on a large scale.	Through modular and standardized design, it creates driver modules that are compatible with various humanoid robots and intelligent applications, helping customers reduce selection difficulty, simplify assembly, shorten lead times, and reduce costs, and establishing market dominance in the field of dexterous hand drives gradually.	This project will strengthen the Company's technological barriers and system integration advantages in the field of high-precision miniaturized modules for dexterous hands. It is a key aspect in the Company's robotics layout in the automotive and high-end equipment industries, and forms a complete robot execution component chain with hollow cup motors and other components.

Servo drive product platform	This project aims to meet the demand for high-performance and high-precision drive control in industrial automation equipment, and develop a servo drive system for the precise control of AC permanent magnet synchronous motors. The platform design covers multiple power bands, multiple interface protocols, and multiple application scenarios, suitable for fields such as numerically controlled machine tools, electronic equipment, and nonstandard automation equipment.	The servo drive technology platform is under ongoing development, and has formed a series of products covering the high, medium and low ends. In 2025, low-voltage series servo products, dedicated multi-axis series products for dexterous hands, and high-voltage series products for machine tools and general industries were launched.	The Company keeps promoting the product serialization and modularization of the servo drive platform to create a servo drive product family with full power range coverage and high compatibility, and achieve the large-scale deployment of products in the medium- to high-end automation segments, and the robotics field.	This project will enrich the Company's product matrix in the automotive and high-end equipment industries, and form integrated industrial control solution capabilities of "control + drive + motor" with motors, bus controllers, etc. It is an extension of the "four electrics and one network" technology system in the field of industrial automation.
EtherCAT bus controller product platform	This project develops an EtherCAT bus controller that combines high performance, strong scalability, and ease of use. By combining EtherCAT bus communication technology with industrial motion control algorithms, it creates a core control platform with high-speed communication, flexible expansion, and multi-axis cascade control capabilities to meet precision control and multi-axis coordination needs of automation equipment.	First-generation products have been shipped in bulk. Second-generation products are at the technology pre-research stage, and are expected to be released in 2026. The new platform will adopt higher performance processors to achieve more precise motion speed planning, further improve the IO response speed, and support forward-looking trajectory algorithms, suitable for high-speed and high-precision trajectory processing scenarios.	It builds a high-performance controller product platform based on EtherCAT bus, with key capabilities such as module cascading, remote IO expansion, and servo and stepper drive synchronization control. Through continuous iteration, it improves the communication bandwidth and multi-axis synchronization performance to meet needs of multiple industries such as 3C, semiconductors, and laser processing.	This project will fill up a key gap in the Company's high-performance industrial controller product line, form the integrated industrial control solution of "control + drive + motor" in the "four electrics and one network" technology system with servo drive and motor products, and expand the Company's market layout in the automotive and high-end equipment industries.
Intelligent control system for high-density computing infrastructure liquid cooling systems	This project focuses on the control hub for core cooling systems of high-power density datacenters, and aims to develop highly precise, reliable and intelligent dedicated cooling controllers for liquid cooling systems independently, make breakthroughs in key technologies in liquid cooling control, and build the Company's core competencies in the field of datacenter liquid cooling control.	Currently, it in the stage of technology planning and project initiation. It has completed in-depth research on market and technological trends, and made clear that high-precision intelligent control is a key weakness that hinders the large-scale application of liquid cooling. The three-step R&D path of "a dedicated hardware platform, core control algorithms, and reliability verification" has been established.	It develops a dedicated high-performance cooling control hardware platform, makes breakthroughs key technologies such as magnetic levitation compressor drive control, high-precision sensing and acquisition of multiple physical quantities, and fault diagnosis and early warning to meet precise control requirements of cold plates and submerged liquid cooling for medium states, and achieve industry safety and reliability standards.	This project will promote the extension of the Company's intelligent control technology toward AI datacenters, and is a crucial aspect in the Company's AI datacenter business for the automotive and high-end equipment industries. The successful development of liquid cooled intelligent controllers will provide core technical support for the Company to enter the rapidly growing green computing infrastructure market.

AI digital energy cloud platform	<p>This project aims to build a new-generation energy management cloud platform, covering "photovoltaic, storage, diesel, charging and load" micro-grid energy storage scenarios on the user side. The platform provides digital management products such as web interfaces and apps, integrates self-developed AI algorithm services, and provides customers with electricity generation, and consumption forecasting and economic optimization models to achieve the intelligent operation, maintenance, and management of new energy products.</p>	<p>The AI energy cloud platform has been commercially deployed in domestic and international markets, and the integration of various new energy equipment and components has been completed, providing platform services to multiple customers, and completing data aggregation for multiple virtual power plants and energy operation platforms in China through interconnection.</p>	<p>This year, the new-generation cloud platform was launched to achieve platform integration for all self-developed new energy products and some mainstream third-party products, continuously iterate AI algorithm capabilities, and enhance the intelligence level of energy scheduling and O&amp;M.</p>	<p>The AI digital energy cloud platform is the core carrier of the Company's autonomous intelligence product system, with the cloud being the hub. It aggregates multidimensional data such as electricity prices, weather, loads, and equipment operations, and AI outputs optimal O&amp;M strategies dynamically on this basis. The platform will provide infrastructure for the Company's digital energy system, and support the autonomous evolution of cloud storage and charging products to become more intelligent as they are used.</p>
Supercharging pile product platform	<p>This project focuses on key technologies such as heat dissipation by liquid cooling, high power output, intelligent scheduling, V2G interactions, and integrated photovoltaic, storage and charging around the development trend of high-power fast charging for electric vehicles. It keeps deepening the R&amp;D and application of high-performance liquid-cooled supercharging systems, and builds comprehensive "equipment + platform + energy + service" solutions.</p>	<p>The liquid-cooled supercharging system, with a full matrix power scheduling design and a highly modular configuration capability, has been put into commercial operation in multiple pilot stations. This project has been integrated deeply with the "Topband Cloud Charging" platform to achieve intelligent control and remote O&amp;M. The deployment of the V2G vehicle-grid interaction demonstration system has been completed, synergic photovoltaic, storage and charging operation has been piloted at some sites, and AI intelligent scheduling algorithms are introduced to optimize site operation strategies.</p>	<p>Build a full scenario product matrix with liquid cooled supercharging as the core, fully implement V2G vehicle network interaction technology, create an integrated smart energy station solution of "photovoltaic, storage and charging discharge intelligence", upgrade the station level AI intelligent scheduling system, and build an integrated operation system of equipment and platform.</p>	<p>Supercharging station is the core hardware carrier of "cloud charging" in the Company's autonomous intelligence products, providing excellent charging execution power based on hardware, and collaborating with AI digital energy cloud platform to achieve intelligent scheduling and independent optimization. This project will enhance the Company's system solution capabilities in the new energy industry and promote the transition of autonomous intelligence products from concept verification to large-scale operation.</p>

All-in-one industrial and commercial energy storage product platform	This project focuses on full-scenario application needs of industrial and commercial energy storage, and aims to build a comprehensive industrial and commercial energy storage product matrix covering all power ranges and application scenarios, and achieve upgrading and iteration from individual products to full-scenario systematic solutions around energy consumption needs such as peak-valley arbitrage, demand management, dynamic expansion, photovoltaic energy storage collaboration, and grid interactions.	This project has achieved the full-stack independent development and production of core components such as BMS, PCS and EMS, and completed the full-chain closed technology loop from core components to system integration. Products have covered various industrial and commercial scenarios such as small commercial stores, industrial parks, and charging stations, with flexible capacity configuration and batch delivery capabilities. The core indicators such as system operation efficiency and reliability are excellent.	It completes the full coverage of the industrial and commercial energy storage product matrix, deepens the integration of AI technology and energy storage systems, iterates AI intelligent energy scheduling algorithms, improves the technical advantages of core self-developed components continuously, and further consolidates the technical barriers of the entire chain.	The all-in-one industrial and commercial energy storage machine is one of the core hardware carriers of "cloud storage" in the Company's autonomous intelligence products. It is based on self-developed BMS, PCS and EMS hardware, and works together with the AI digital energy cloud platform to achieve intelligent scheduling. This project will expand the Company's market coverage in the new energy industry comprehensively, and serve as important support for the large-scale operation of the Company's autonomous intelligence products.
All-in-one home energy storage machine product platform	This project focuses on key technologies such as high-voltage integrated architecture, multi-level safety protection for household use, and photovoltaic energy storage and charging coordination around distributed energy needs such as self-use by home users, peak-valley electricity price arbitrage, and emergency backup power supply, and develops highly efficient, secure and intelligent home energy storage systems to create a product matrix for global home energy storage scenarios.	The all-in-one home energy storage machine has achieved mass production. The product adopts an integrated high-voltage battery and inverter design, and features high energy density, high conversion efficiency, silent operation, and multi-level intelligent safety protection. It can adapt to different home layouts and regional power structures flexibly. The product has been fully integrated into the Company's AI energy efficiency cloud platform, enabling remote monitoring and intelligent energy management.	It improves the multi-capacity and multi-power level home energy storage product matrix, deepens high-voltage integration and safety protection technology, upgrades AI intelligent energy consumption algorithms, promotes the integration of "home energy storage + photovoltaic + charging pile" scenarios, and builds a "product + platform + service" operation model.	The all-in-one home energy storage machine is the core product of "cloud storage" in the Company's autonomous intelligence products for home scenarios. It is based on self-developed hardware and achieves intelligent energy management through the cloud platform. With the expansion of its deployment scale, it realizes data feedback and AI iteration. This project will improve the Company's full-scenario layout of distributed energy in the new energy industry, and support the accumulation of data and operational experience for autonomous intelligence products from home scenarios.

## R&amp;D personnel of the Company

	2025	2024	Variable proportion
Number of R&D personnel (person)	2,138	2,178	-1.84%
Proportion of R&D personnel	16.19%	18.75%	-2.56%

Educational background of R&D personnel			
Bachelor	1,392	1,448	-3.87%
Master	233	214	8.88%
Doctor and above	3	4	-25.00%
Junior college degree and below	510	512	-0.39%
Age composition of R&D personnel			
Below 30	754	865	-12.83%
30-40	1,054	1,034	1.93%
Above 40	330	279	18.28%

### R&D investment of the Company

	2025	2024	Variable proportion
R&D investment (RMB)	1,047,192,998.23	952,105,344.29	9.99%
Proportion of R&D investment in operating income	9.45%	9.07%	0.38%
Capitalized amount of R&D investment (RMB)	127,759,702.97	143,098,345.04	-10.72%
Proportion of capitalized amount in R&D investment	12.20%	15.03%	-2.83%

Reasons for and impacts of major changes in the composition of the Company's R&D personnel

Applicable  Not applicable

Reasons for the significant change in the proportion of total R&D investment to the operating income compared with that of the previous year

Applicable  Not applicable

Reasons for significant changes in the capitalization rate of R&D investment and explanation

Applicable  Not applicable

## 5. Cash flow

Unit: RMB

Items	2025	2024	YoY increase or decrease
Subtotal of cash inflow from operating activities	11,261,738,146.65	10,663,397,902.69	5.61%
Subtotal of cash outflows from operating activities	10,583,371,206.36	9,571,447,184.44	10.57%
Net cash flow from operating activities	678,366,940.29	1,091,950,718.25	-37.88%
Subtotal of cash inflows from investment activities	576,193,651.51	789,697,703.80	-27.04%

Subtotal of cash outflows from investment activities	1,204,630,613.94	1,671,453,937.24	-27.93%
Net cash flow from investment activities	-628,436,962.43	-881,756,233.44	28.73%
Subtotal of cash inflows from financing activities	2,557,526,376.51	1,130,521,336.29	126.23%
Subtotal of cash outflows from financing activities	2,579,811,286.64	1,310,642,190.60	96.84%
Net cash flow from financing activities	-22,284,910.13	-180,120,854.31	87.63%
Net increase in cash and cash equivalents	23,523,727.62	101,608,828.97	-76.85%

Explanation of main influencing factors of the significant year-on-year changes in relevant data

Applicable  Not applicable

1. Net cash flow from operating activities: It is mainly due to the increase in employee salaries and payments for goods during the Reporting Period.

2. Net cash flow from financing activities: It is mainly due to the sums for purchasing minority shareholders' equity paid in the same period of last year.

Explanation of reasons for the significant difference between the net cash flow from operating activities during the Reporting Period and the net profit for the year

Applicable  Not applicable

## V. Analysis of non-main business

Applicable  Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of reasons	It is sustainable
Investment income	14,495,148.99	3.60%	Mainly due to wealth management income.	No
Profit and loss from changes in fair value	4,205,906.12	1.05%	Mainly due to changes in the fair value of equity investments.	No
Impairment of assets	-124,778,802.02	-31.03%	Mainly due to the provision for inventory impairment and goodwill impairment.	No
Non-operating income	9,470,022.46	2.36%	Mainly due to the compensation from customer's breach of contract and various fines.	No

Non-operating expenditure	10,763,138.27	2.68%	Mainly due to the loss of scrapping of non-current assets.	No
---------------------------	---------------	-------	--	----

## VI. Analysis of assets and liabilities

### 1. Significant changes in asset composition

Unit: RMB

	End of 2025		Beginning of 2025		Increase or decrease in proportion	Explanation of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,797,447,784.44	13.25%	1,713,976,263.34	13.34%	-0.09%	No significant change
Accounts receivable	3,024,669,376.01	22.29%	2,992,784,497.73	23.29%	-1.00%	No significant change
Contractual assets	601,601.95		0.00		0.00%	No significant change
Inventory	2,195,746,866.60	16.18%	1,810,510,580.57	14.09%	2.09%	No significant change
Investment property	97,727,652.86	0.72%	100,566,027.85	0.78%	-0.06%	No significant change
Long-term equity investment	40,463,113.36	0.30%	38,959,272.14	0.30%	0.00%	No significant change
Fixed assets	2,888,394,751.10	21.29%	2,737,959,115.57	21.31%	-0.02%	No significant change
Construction in progress	803,965,663.22	5.93%	768,223,670.57	5.98%	-0.05%	No significant change
Right-of-use assets	50,405,996.42	0.37%	67,227,073.11	0.52%	-0.15%	No significant change
Short-term loans	1,392,469,964.76	10.26%	1,224,214,110.41	9.53%	0.73%	No significant change
Contractual liabilities	116,456,170.61	0.86%	131,435,683.97	1.02%	-0.16%	No significant change
Long-term loans	404,450,000.00	2.98%	245,740,474.88	1.91%	1.07%	Mainly due to the increase in long-term loans for the construction of Huizhou Industrial Park during the Reporting Period.
Lease liabilities	22,919,126.35	0.17%	42,076,530.36	0.33%	-0.16%	Mainly due to the decrease in leased workshops during the Reporting Period.

High proportion of overseas assets

 Applicable  Not applicable

Asset details	Reasons of formation	Asset size	Location	Operation mode	Control measures to ensure the safety of assets	Earning position	Proportion of foreign assets to net assets of the Company	Is there a significant risk of impairment
Operation Center in India	Investment and establishment	517,929,013.55	Pune, India	R&D, production and sales	Financial supervision and external audit	40,024,597.22	7.42%	No
Dong Nai Operation Center, Vietnam	Investment and establishment	1,191,491,007.51	Dong Nai, Vietnam	R&D, production and sales	Financial supervision and external audit	121,112,663.94	17.06%	No
Mexico Operations Center	Investment and establishment	636,915,596.28	Mexico	R&D, production and sales	Financial supervision and external audit	74,954,747.63	9.12%	No
Explanation of other situations	None.							

## 2. Assets and liabilities measured at fair value

Applicable  Not applicable

Unit: RMB

Items	Opening balance	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Impairment provision in the current period	Amount of purchase in the current period	Amount of sale in the current period	Other changes	Closing balance
<b>Financial assets</b>								
1. Tradable financial assets (excluding derivative financial assets)	739,448,691.77	4,211,067.12	240,583,962.83		3,239,233,088.18	3,444,790,365.64		538,102,481.43
2. Financing of accounts receivable	131,217,672.56						7,243,965.97	138,461,638.53
3. Other debt investments					40,000,000.00		843,277.78	40,843,277.78
4. Other equity instrument investments	45,012,776.00	6,609,706.00	10,429,532.00					51,622,482.00
Total of the above	915,679,140.33	10,820,773.12	251,013,494.83		3,279,233,088.18	3,444,790,365.64	8,087,243.75	769,029,879.74
Financial liabilities	444,281.13	5,161.00					-444,281.13	5,161.00

Contents of other changes

None.

Are there significant changes in the measurement attributes of the Company's main assets during the Reporting Period?

Yes  No

### 3. Restricted asset rights by the end of the Reporting Period

For details, refer to 31, VII, Section VIII Financial Report.

## VII. Investment analysis

### 1. General situation

Applicable  Not applicable

Investment in the Reporting Period (RMB)	Investment amount in the same period of last year (RMB)	Range of change
0.00	200,000.00	-100%

### 2. Major equity investment obtained during the Reporting Period

Applicable  Not applicable

### 3. Major non-equity investment obtained during the Reporting Period

Applicable  Not applicable

### 4. Investment in financial assets

#### (1) Securities investment

Applicable  Not applicable

There was no securities investment during the Reporting Period.

#### (2) Derivatives investment

Applicable  Not applicable

**1) Derivatives investment for the purpose of hedging during the Reporting Period**

☑ Applicable ☐ Not applicable

Unit: RMB ten thousand

Types of derivatives investment	Initial investment amount	Beginning amount	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Amount of purchase during the Reporting Period	Amount of sale during the Reporting Period	Ending amount	Proportion of investment amount at the end of the period in net assets of the Company at the end of the Reporting Period
Trading of foreign exchange derivatives	130,013.46	8,626.08	0.73	0.73	121,387.38	123,687.54	6,325.92	0.91%
<b>Total</b>	<b>130,013.46</b>	<b>8,626.08</b>	<b>0.73</b>	<b>0.73</b>	<b>121,387.38</b>	<b>123,687.54</b>	<b>6,325.92</b>	<b>0.91%</b>
Explanation of accounting policies and specific accounting principles for hedging business during the Reporting Period, as well as whether there have been significant changes compared to the last Reporting Period	<p>The Company has made corresponding accounting and presentation for foreign-exchange derivative transaction to be done according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments issued by Ministry of Finance, and other regulations and guides. Foreign exchange derivative contracts were initially and subsequently measured using tradable financial assets, which fair value is priced by financial institutions based on open market trading data, and there has been no significant change compared to the last Reporting Period.</p>							
Explanation of actual profits and losses in the Reporting Period	<p>The amount included in current profits and losses from foreign-exchange derivative transactions conducted during the Reporting Period was approximately RMB 4.1741 million.</p>							
Explanation of hedging effect	<p>The Company conducted forward exchange transaction, effectively reducing the risk of exchange fluctuations through reasonable RMB forward exchange transaction, focusing on future transaction costs and incomes, and achieving asset hedging with the aim of avoiding risks.</p>							

Capital sources of derivatives investment	Self-own capitals
Risk analysis and control measures of derivatives positions in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>I. Risk analysis of forward exchange transaction</p> <p>The forward exchange transaction business carried out by the Company and its subsidiaries followed the principle of locking in exchange rate risk and not engaging in speculative or arbitrage trading operations. However, there were still certain risks in forward exchange transaction operations:</p> <ol style="list-style-type: none"> <li>1. Exchange rate fluctuation risk: In the event of significant fluctuations in exchange rates, if the forward settlement exchange rate stipulated in the confirmation letter for forward exchange transactions was lower than the real-time exchange rate on the settlement day, it will cause exchange losses.</li> <li>2. Internal control risk: Because forward exchange transactions are highly specialized, risks may arise due to inadequate internal control systems.</li> <li>3. Customer default risk: If the customer's accounts receivable are overdue and the payment cannot be collected within the predicted payment period, it will cause a delay in forward exchange settlement and result in losses for the Company.</li> <li>4. Risk of payment collection prediction: In general, the Sales Department of the Company predicts payment collection based on customer orders and expected orders. Nonetheless, during the actual execution process, customers may adjust their own orders and the Company may make an inaccurate payment prediction, leading to the risk of delayed delivery of forward exchange settlement.</li> <li>5. Legal risk: Changes in relevant laws or violations of relevant legal systems by counterparties may result in contracts being unable to be executed normally and cause losses to the Company.</li> </ol> <p>II. Risk control measures</p> <ol style="list-style-type: none"> <li>1. The Company has formulated the Internal Control System for Forward Exchange Transactions, which provides clear regulations on the Company's foreign exchange transaction operating principles, approval authority, internal operating procedures, responsible departments and individuals, information isolation measures, and risk management for forward exchange transaction, and can meet the needs of practical operations, and its internal control and risk management measures formulated are practical and effective.</li> <li>2. The finance center and audit department of the Company, as relevant responsible departments, have clear management positioning and responsibilities, and responsibilities are assigned to their positions. Through this hierarchical management, the risks of single person or individual department operations are fundamentally eliminated, and the speed of risk response is also improved while effectively controlling risks.</li> <li>3. To prevent delayed delivery of forward exchange transactions, the Company attaches great importance to the management of accounts receivable and actively collects accounts receivable to avoid the phenomenon of overdue accounts receivable.</li> <li>4 The Company engages in financial derivative transaction business with large commercial banks with legal qualifications, closely monitors relevant laws and regulations in the field, avoiding potential legal risks.</li> <li>5. The Company's forward exchange transactions must be based on a cautious prediction for foreign currency receipts (payments) of the Company, and the foreign currency amount of the forward foreign exchange transaction contract must not exceed 90% of the annual planned total amount of foreign currency receipts (payments). The delivery period of forward exchange transactions needs to match the Company's predicted foreign currency collection time.</li> </ol>

Changes in market price or fair value of products of the invested derivatives during the Reporting Period, and the disclosure of specific methods used and relevant assumptions and parameters set in the analysis of the fair value of derivatives	Determine changes in fair value based on market quotes from external financial institutions.
Litigation (if applicable)	Not applicable
Disclosure date of Board of Directors announcement for approval of derivatives investment (if any)	January 4, 2025

**2) Derivatives investment for the purpose of speculation during the Reporting Period.**

Applicable  Not applicable

The Company did not have any derivatives investment for the purpose of speculation during the Reporting Period.

**VIII. Sale of major assets and equity**

**1. Sale of major assets**

Applicable  Not applicable

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

**2. Sale of major equity**

Applicable  Not applicable

**IX. Analysis of major holding and equity participating companies**

Applicable  Not applicable

Situation of major subsidiaries and equity participating companies with an impact of 10% or more on net profit of the Company

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic components	RMB 300 million	5,081,167,948.31	2,381,006,773.25	5,723,488,194.50	150,731,645.71	150,958,636.86
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	Subsidiary	R&D, production, sales, import and export of electronic components	USD 33.5 million	1,191,491,007.51	693,339,521.89	1,489,938,004.52	160,041,089.32	121,112,663.94
TOPBAND INDIA PRIVATE LIMITED	Subsidiary	R&D, production, sales, import and export of electronic components	2.265 billion Indian rupees	517,929,013.55	356,460,954.40	543,410,796.61	54,069,000.10	40,024,597.22
TOPBAND MEXICO, S.DE R.L.DEC.V.	Subsidiary	R&D, production, sales, import and export of electronic components	USD 35 million	636,915,596.28	241,175,939.53	605,962,723.71	71,638,523.76	74,954,747.63

Situation of acquisition and disposal of subsidiaries during the Reporting Period

Applicable  Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the Reporting Period	Impact on overall production and operations and results
YOLANESS AFRICA (PTY) LTD	Deregistration	No significant impact on the results of the Report
Guangzhou Topband Digital Energy Co., Ltd.	Newly established	No significant impact on the results of the Report

Explanation of major shareholding companies

None.

## X. Situation of structured entity controlled by the Company

Applicable  Not applicable

## XI. Prospects for the future development of the Company

For the past three decades, we have always been doing one thing: creating value for customers and benefiting everyone with intelligent control technology. In the next stage, the essence of this thing will remain unchanged, but the connotation of intelligence will keep evolving. In the future, the Company will move steadfastly in three directions:

### 1. Deepening its leadership in intelligent control and achieving sustained scale growth

The Company will continue to focus on the three major industries of tools and home appliances, automotive and high-end equipment, and new energy, and consolidate its leadership in the global intelligent control industry based on the technological advantages of the "four electrics and one network + AI". In the tool and home appliance industry, the Company will deepen cooperation with top customers and stabilize its fundamentals; in the automotive and high-end equipment industries, the Company will accelerate expansion, and seize emerging incremental opportunities such as robotics, intelligent driving, and AI datacenters; in the new energy industry, the Company will step up its business development efforts to unleash the growth potential of energy storage and two-wheeled electric vehicles. In terms of global delivery, the Company will continue to improve the production capacity building and localized operation of overseas bases, practice the "Local for Local" concept, and enhance supply chain resilience.

### 2. Keeping expanding the value boundary from the "four electrics and one network" to the "four electrics and one network + AI"

The Company will continue to maintain high R&D investment, consolidate the technological foundation of the "four electrics and one network", and deeply integrate AI capabilities into all aspects of products, manufacturing and operations, so that products can move from being "usable" to "thinking". The Company will embrace the AI era together with customers. In the field of autonomous intelligence products, the Company will keep deepening the technological iteration and scenario expansion of cloud storage and charging products. In the next 3-5 years, the target access scale of cloud storage is expected to reach the GW level, and cloud charging will cover a wider range of charging networks, promoting the transformation of autonomous

intelligence products from concept verification to large-scale operation, and realizing capability extension from an intelligent control leader to an autonomous intelligence system solution provider gradually.

### 3. Adhering to long-termism and forging an agile organization

The Company will keep deepening its four strategic principles of "customer intimacy, being innovation-driven, agile operations, and organizational evolution", and improve R&D efficiency, manufacturing quality, and operational efficiency systematically with the process-oriented organization being the backbone and AI tools being the lever. The construction of the Huizhou Phase II intelligent manufacturing benchmark plant will further consolidate the Company's production capacity foundation and intelligent manufacturing capabilities. The Company believes that the technological foundation, customer trust, and organizational culture gained over the past three decades are the most solid starting point for moving toward the next era.

## XII. Reception, investigation, communication, interview and other activities during the Reporting Period

Applicable  Not applicable

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	Main contents of interview and materials provided	Basic information index for investigation
2025/03/11	Conference room of the Company	Field survey	Organizations	Zheshang Securities, Ping An Fund Management, CCB Wealth Management, GF Asset Management, Hang Seng Qianhai Fund Management, AXA-SPDB, Oriental Alpha Fund Management, KindleFund Management, Panjing Investment, Timesbole, Mude Asset, Qianhai Yunxi Fund Management, Foxon Investment, Zhongshan Securities Asset Management	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2025/03/27	Conference room of the Company	Telephone communication	Organizations	<p>TF Securities, Qingyun Heyi, Golden Trust Sinopac, Springs Capital, Zhengyuan Investment, Wentian Private Equity, Shanghai Leadwolf, Xunyuan Asset Management, AXA SPDB, China Asset Management, China Universal Asset Management, Origin Asset Management, Ren Bridge Asset Management, Zhaowan Asset Management, Guotai Junan Asset Management, Chengluo Investment, China Merchants Securities Asset Management, Point72, CITIC Securities, BOC International Securities, Daoren Asset Management, Chaos Investment, Guolian Fund Management, Yourong Management, Hua An Fund Management, Baoying Fund Management, Pictet Asset Management, Pacific Securities Asset Management, Ping An Asset Management, Fun Investment, Chasing Securities, Changjiang Securities, Hua An Financial Insurance, BOC Investment Management, Xuan Yuan Investment, Lcrich Capital Management, Western Leadbank FMC, Silver Leaf Investment, Maxwealth Fund Management, Greenwoods Asset Management, Orient Securities, Huaxi Securities, China International Capital, Hengjian International, Seri-Cap Private Equity,</p>	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
------------	--------------------------------	-------------------------	---------------	--	--	---

2025/03/31	Conference room of the Company	Telephone communication	Organizations	Zheshang Securities, CITIC Securities, CITIC Prudential Fund, Zhongrong Dingxin, PICC Asset Management, Zheshang Securities Asset Management, Changjiang Securities, E Fund, CIB Wealth Management, CIB Fund Management, Cinda Fund Management, Taiping Asset Management, Taiping Pension, Fortune Investment, Cloud Gate Assets Management, Yude Investment, Ivy Assets, Ping An Asset Management, Penghua Fund, Panhou Dongliang, Lord Abbett China Asset Management, China Universal Asset Management, Huatai-Pinebridge Fund Management, CR Yuanta, Hwabao WP Fund, Citibank, Union Asset Management, Guosen Securities, G Fund, Caitong Securities Assets Management, Bosera Fund Management, Zeming Investment, Yutian Asset Management, BSCOM Cathay Asset Management	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2025/04/10	Online interaction on <a href="http://www.ir-online.cn">www.ir-online.cn</a>	Online communication on network platforms	Organizations	Performance presentation session	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2025/4/24, 2025/4/25	Conference room of the Company	Field survey	Organizations	Eastmoney Securities, Guosen Securities, Golden Trust Sinopac, Hualong Securities, China Resources Bank, Evergain International Investment, Century Securities, GF Securities, Yingda Insurance Asset Management, Hwabao WP Fund, Harvest Fund, Great Wall Fund Management, Minsen Investment, Hzbank Wealth Management, China Securities, Sino Life Insurance, CPIC Fund, CCB Wealth Management, Southern Asset Management, E Fund, Bosera Fund Management, TF Securities, CICC Asset Management	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2025/5/20, 2025/5/21	Conference room of the Company	Field survey	Organizations	Sinolink Securities, Sinolink Fund, Qianhai HSBC Securities CI Investment, Taikang Asset, Hang Seng Qianhai Fund, Mingji International, China Investment Corporation, HSBC	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2025/08/24	Conference room of the Company	Telephone communication	Organizations	Citibank, Point72, CICC, TF Securities, China Merchants Securities, CITIC Securities, Yourong Consulting, China Securities, Zheshang Securities, Yingda Trust, Guotai Junan Asset Management, Origin Asset Management, Guolian Fund Management, PICC, Hengjian Holding, Pleiad Investment Advisors Limited, Zhengyuan Investment, Tongtai AMC, Maxwealth Fund Management, Southern Asset Management, Junhe Asset Management, Symbol Investment, CIB Fund Management, Golden Trust Sinopac, Ruigu Investment, CIB Wealth Management, BOC-Samsung, Jumi Capital, Zhongji Investment, Willing Capital Management Limited, Yinhua Fund Management, M&J Investment, Dongxing Asset Management, Hengtai Securities	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2025/09/03	Conference room of the Company	Field survey	Organizations	Franklin Templeton, UG, Great Easternlife, Lion Global Investors, Wellington Management, U Capital, Ageon Industrial, CITIC Securities, HSBC	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2025/09/17	Conference room of the Company	Field survey	Organizations, individuals	Harvest Fund, Guolian Fund Management, Nanjieli, Xinshun Capital, Anbangrong Capital Management, Redshield Asset, Junyuantai Investment, Guangxi Zhongchuang Venture Capital, Yu Xiuzhen, Huang Ying, Cui Chuanjie, Gan Xingzhi	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

2025/10/27	Conference room of the Company	Telephone communication	Organizations	China International Capital, Huatai Securities, Industrial Securities, Xunyuan Asset Management, CITIC Securities, Yuancheng Fund Management, Capital Securities, Origin Asset Management, BOSC Asset, Hua An Fund Management, BOC International Securities, Zhiyuan Capital, New China Fund, TruValue Asset Management, Ping An Fund Management, Taiping Asset Management, Everbright Securities, TF Securities, Changjiang Securities, China Universal Asset Management, Willing Capital Management Limited, Loyal Valley Capital, Happiness Life, Hongdao Investment	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2025/11/11	Conference room of the Company	Field survey	Organizations	Nomura, FMRLLC, River Delta Wealth Management, Aegon-industrial Fund Management, Dragon Stone, Hong Leong Group, Sparx Asset Management	Learn about the operation of the Company; no information provided.	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

### **XIII. Development and implementation of market value management system and valuation enhancement plan**

Did the Company establish a market value management system?

Yes  No

Did the Company disclose the valuation enhancement plan?

Yes  No

In order to strengthen the Company's market value management, improve investment value, and increase investor returns, the Company has formulated the Market Value Management System, which was approved at the 22nd meeting of the 8th Board of Directors on October 27, 2025. The Company shall firmly establish a

sense of returning to shareholders, focus on its main business, improve operational efficiency and profitability, and cause the Company's investment value to reflect the Company's quality reasonably by leveraging corporate governance, M&As, equity incentives, employee stock ownership plans, cash dividends, investor relations management, information disclosure, and share repurchases comprehensively. Refer to the Market Value Management Policy disclosed by the Company on <http://www.cninfo.com.cn> on October 28, 2025 for details.

#### **XIV. Implementation of the "Double Improvement of Return on Quality" Action Plan**

Did the Company disclose the announcement on the "Double Improvement of Return on Quality" Action Plan?

Yes  No

The Company implements the call of the meeting of the Political Bureau of the CPC Central Committee to "activate the capital market and boost investor confidence", and the call of the executive meeting of the State Council to "vigorously improve the quality and investment value of listed companies" actively. In order to further improve the quality and investment value of listed companies, enhance investor confidence, and protect the interests of all shareholders, the Company has formulated the "Double Improvement of Return on Quality" Action Plan based on its own development strategy, business status, and financial status. Refer to the Announcement on the "Double Improvement of Return on Quality" Action Plan (announcement No.: 2025010) disclosed by the Company on <http://www.cninfo.com.cn> on January 23, 2025 for details. Refer to the Announcement on the Progress of the "Double Improvement of Return on Quality" Action Plan (Announcement No.: 2026-020) disclosed by the Company in the Securities Times and <http://www.cninfo.com.cn> on April 2, 2026 for the "Double Improvement of Return on Quality" Action Plan during the Reporting Period.

## Section IV Corporate Governance, Environment and Society

### I. Basic status of corporate governance

Since its listing, the Company has always adhered to standardized governance, strictly followed the requirements of relevant laws and regulations, formulated a series of internal corporate governance systems, and established a governance structure of the General Meeting of Shareholders, the Board of Directors and its special committees, and management level in accordance with the law to respectively exercise decision-making power, executive power, supervisory power and operating responsibilities, ensuring the Company's efficient operation with a multi-level governance system with clear powers and responsibilities.

Through the implementation of the Articles of Association and various internal systems, the Company has defined the responsibilities, powers, procedures and obligations of organizations at all levels in terms of decision-making, execution and supervision.

**Shareholders and the General Meeting of Shareholders:** The Company strictly follows the provisions and requirements of laws and regulations such as the Company Law, the Securities Law, and the Rules of Procedure for the General Meeting of Shareholders of Listed Companies, and continually improves the standardized operation of the Company's General Meeting of Shareholders. During the Reporting Period, the Company held a total of 4 general meetings of shareholders (including the 2024 Annual General Meeting of Shareholders), deliberated 15 proposals, and organized votes on all of them through a combination of on-site and online voting methods; during the deliberation of each proposal, the Company separately counted votes on matters affecting the interests of minority shareholders, and specially provided dialog sessions between participating shareholders and the Company's directors and senior executives to fully ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

**Relationship between the controlling shareholder and the listed company:** The controlling shareholder regulates his behavior in strict accordance with the Securities Law, the Code of Governance for Listed Companies and other laws and regulations as well as the Articles of Association, and can exercise his rights and assume corresponding obligations in accordance with the law. The controlling shareholder of the Company is an individual who does not have other investment projects and has not directly or indirectly intervened in the Company's decision-making and operating activities beyond the Company's General Meeting of Shareholders. The Board of Directors and corresponding departments of the Company can operate normally and have

independence.

**Directors and the Board of Directors:** All directors of the Company can carry out their work in accordance with laws and regulations such as the Company Law, and the Rules of Procedure for the Board of Directors, attend relevant meetings seriously, actively participate in training, and familiarize themselves with relevant laws and regulations. The Company's Board of Directors has set up a Strategy and ESG Committee, an Audit Committee, a Salary and Assessment Committee and a Nomination Committee, and each committee performs its duties in strict accordance with the relevant laws and regulations and rules of procedure, providing complementary information for the scientific decision-making of the Board of Directors; in addition, the Company has established a special meeting of independent directors as a special deliberation platform for the independent directors to guarantee their independence and supervision effectiveness. During the Reporting Period, the Company's Board of Directors consists of 3 independent directors and 4 non-independent directors, including 2 directors on behalf of workers and staff. The composition of the Board of Directors complies with the requirements of laws and regulations and the Company's Articles of Association.

**Performance evaluation and incentive and restraint mechanism:** The Company has established fair and transparent performance evaluation criteria and procedures, and senior executives are appointed in strict conformity with the relevant regulatory rules, the Articles of Association, and other systems. In order to establish a sound long-term incentive mechanism, the Company has launched multiple equity incentive plans and employee stock ownership plans since its listing, covering the Company's directors, senior executives, middle management personnel, and backbone personnel, fully mobilizing the enthusiasm and creativity of the management and core employees, and promoting the stable, healthy, and long-term development of the Company. In addition, the Company combines incentives with constraints closely. The remuneration of senior executives, and the exercise/constraint lifting of equity incentives are strictly linked to the overall business performance of the Company and individual annual KPI assessment results. The Salary and Assessment Committee of the Board of Directors evaluates the performance of duties by senior executives, ensuring that the remuneration level matches the Company's financial status and risk control requirements, and achieving the effective unification of duties, rights, and benefits.

**Relevant stakeholders:** The Company can fully respect and safeguard the legitimate rights and interests of relevant stakeholders, and actively cooperate with stakeholders to jointly promote the sustainable and healthy development of the Company.

**Information disclosure and transparency:** The Company conscientiously performs the obligation of information disclosure in accordance with the relevant provisions of laws and regulations such as the Guidelines for Articles of Association of Listed Companies, the Stock Listing Rules of Shenzhen Stock Exchange, and the Management Measures for Information Disclosure of Listed Companies. The Company has designated Securities Times and <http://www.cninfo.com.cn> as the newspaper and website for its information disclosure to ensure timely and accurate disclosure of company information.

Is there any significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations on corporate governance of listed companies issued by the CSRC?

Yes  No

There is no significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations on corporate governance of listed companies issued by the CSRC.

## **II. The independence of the Company relative to its controlling shareholder and actual controller in ensuring the Company's assets, personnel, finance, organizations, business and other aspects**

The controlling shareholder of the Company is a natural person and has no other investments. The Company is completely separated from its controlling shareholder in terms of business, personnel, assets, finance, etc. The Company's production and operation are stable and can operate independently and in a standardized manner.

1. Business independence: The Company's business is independent of its controlling shareholder, and the Company has a complete and independent production, supply and sales system, without relying on shareholders or any other related party.

2. Personnel independence: The Company has an independent workforce and has established a sound personnel management system. The Chairman, President, Vice President, Secretary of the Board of Directors, Chief Financial Director and other senior executives of the Company work full-time in the Company and receive remuneration. They have not held any positions other than directors or supervisors in shareholder entities holding more than 5% of the Company's equity and their subsidiaries, nor have they held any positions in other companies with the same or similar business as the Company. Independent personnel management.

Independent personnel management.

3. Asset independence: The Company has independent production and business premises, production systems, supporting facilities, land usage rights and property ownership, and does not share them with the controlling shareholder.

4. Organizational independence: The Company has established a sound organizational system that can operate independently. There is no subordinate relationship with the controlling shareholder.

5. Financial independence: The Company has set up an independent financial accounting department, an independent accounting system and a financial management system, and independently carries out financial operations according to the requirements of the relevant accounting system. The Company has separate bank accounts, and conducts independent tax declaration and performs payment obligations according to law.

### III. Competition in the same industry

Applicable  Not applicable

### IV. Directors and senior executives

#### 1. Basic situation

Name	Gender	Age	Position	Position status	Starting date of term of office	Ending date of term of office	Number of shares held at the beginning of the period (shares)	Number of additional shares held in the current period (shares)	Number of shares reduced in the current period (shares)	Other changes in increase or decrease (shares)	Number of shares held at the end of the period (shares)	Reasons for share changes in increase or decrease
Wu Yongqiang	Male	61	Chairman, President	Incumbent	2011/08/29	2026/09/25	212,008,715	0	0	0	212,008,715	
Zheng Sibin	Male	60	Director, Vice President	Incumbent	2011/08/29	2026/09/25	5,963,870	0	0	0	5,963,870	
Ma Wei	Male	52	Director, Vice President	Incumbent	2011/08/29	2026/09/25	8,519,734	0	0	0	8,519,734	
Peng Ganquan	Male	54	Director	Incumbent	2011/08/29	2026/09/25	4,856,900	0	0	0	4,856,900	

Li Xumeng	Male	60	Independent director	Incumbent	2021/03/31	2026/09/25	0	0	0	0	0	
Chen Zhengxu	Male	58	Independent director	Incumbent	2023/09/26	2026/09/25	0	0	0	0	0	
Qin Wei	Male	47	Independent director	Incumbent	2023/09/26	2026/09/25	0	0	0	0	0	
Wen Zhaohui	Female	52	Vice President and Secretary of the Board of Directors	Incumbent	2011/08/29	2026/09/25	2,643,027	0	0	0	2,643,027	
Luo Muchen	Male	43	Chief Financial Director	Incumbent	2023/05/30	2026/09/25	15,000	0	0	0	15,000	
Total	--	--	--	--	--	--	234,007,246	0	0	0	234,007,246	--

Is there any resignation of director and senior executives during their term of office during the Reporting Period?

Yes  No

Changes in directors and senior executives

Applicable  Not applicable

## 2. Employment status

Educational background, main working experience and major responsibilities of existing directors and senior executives of the Company

### (I) Members of the Board of Directors

**Wu Yongqiang**, male, born in 1965, holds a master's degree without permanent residency abroad. He is a local leading talent recognized by Shenzhen. He won the honors of "Shenzhen Young Science and Technology Leader" awarded by Shenzhen Municipal Government, "One of Top Ten Outstanding Young People" in Nanshan District, Shenzhen, "Shenzhen Industrial Award", and "Phoenix Talent" in industry and information technology in Bao'an District, Shenzhen. He successively served as lecturer of Harbin Institute of Technology and Vice Chairman of the Company. Now he serves as Chairman of the Company, executive director of Shenzhen Topband Software Technology Co., Ltd., executive director of Shenzhen Hongru Investment Management Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), executive director and President of Ningbo Topband Intelligent Control Co., Ltd., executive director of Shenzhen Topband Automation Technology Co., Ltd., director of Shenzhen YAKO Automation Technology Co., Ltd., and director

of Topband (Hong Kong) Co., Ltd.

**Zheng Sibin**, male, born in 1966, holds a master's degree and is an accountant without permanent residency abroad. He served as office director and vice factory director of Zhejiang Songyang Brewery, and finance supervisor, manager of Finance Department and Chief Financial Director of Nam Tai Electronics (Shenzhen) Co., Ltd. He is now a director, Vice President and President of business units of the Company, a supervisor of Shenzhen Topband Software Technology Co., Ltd., and a supervisor of Chongqing Topband Industrial Co., Ltd.

**Ma Wei**, male, born in 1974, holds a bachelor's degree without permanent residency abroad. He served as a technical development engineer and President of Shenzhen Huafa Electronics Co., Ltd. He is now a director, Vice President and President of business units of the Company.

Peng Ganquan, male, born in 1972, holds a master's degree without permanent residency abroad. He successively served as engineer, development engineer of the electrical business unit, technical director and Vice President of Hunan Instrument and Meter Factory. Now he serves as director and President of business units of the Company, President of Shenzhen Topband Automotive Electronics Co., Ltd., and director of TOPBAND INDIA PRIVATE LIMITED.

**Li Xumeng**, male, born in 1966, Chinese, holds a doctor's degree in business management without permanent residency abroad. He successively served as consultant of Beijing Shangheng Zhiben Consulting Co., Ltd. and consultant of Shanghai Danfu Business Consulting Center. He is now a researcher of Zhuoyuehui Innovation and Development (Shenzhen) Co., Ltd., a supervisor of Guangxi Danfu Venture Capital Investment Co., Ltd., and an independent director of the Company.

**Chen Zhengxu**, male, born in 1968, Chinese, is a PhD student without permanent residency abroad. He served as managing director of the investment banking department of Qilu Securities and Hongyuan Securities, an off-campus supervisor of master's degree programs of School of Economics, Shenzhen University and Department of Finance, Shanghai Normal University, an independent director of Shenzhen Kingdom Technology Co., Ltd., an independent director of Shenzhen BTR New Energy and Materials Co., Ltd., and President of Shenzhen Mingdao Dandelion Venture Capital Partnership Enterprise (Limited Partnership). Now he is the executive director and President of Shenzhen Dingfeng Mingdao Asset Management Co., Ltd., a director of Beijing Smartlink Microchip Co., Ltd., the executive director and President of Shenzhen Pumao Culture and Art Co., Ltd., an executive partner of Shenzhen Daoxiang Investment Partnership (Limited

Partnership), the manager of Shenzhen Mingxin Venture Capital Investment Partnership (Limited Partnership), the head of Shenzhen Daoxin Venture Capital Investment Partnership (Limited Partnership), an executive director of Xuan Wu Cloud Technology Holdings Limited, an independent director of Guangdong Feinan Resources Recycling Co., Ltd., an independent director of Chengdu Olymvax Biopharmaceuticals Inc., and an independent director of the Company.

**Qin Wei**, male, born in 1979, Chinese, holds a bachelor's degree in engineering and a master's degree in economics without permanent residency abroad. Mr. Qin Wei is a non-practicing member of the Chinese Institute of Certified Public Accountants. He served as a senior credit analyst of Shenzhen China Chengxin Credit Management Co., Ltd., a business director of Huatai United Securities Co., Ltd., managing director of Topsperity Securities Co., Ltd., and managing director of Yingda Securities Co., Ltd. Now he is a director of Shenzhen Taotao Technology Co., Ltd., a director of Shenzhen Pallet Sharing Technology Co., Ltd., a director of Shenzhen Haytham Technology Co., Ltd., a director of Yacovia (Guangdong) Optical Technology Co., Ltd., the executive director and President of Shenzhen Taiya Dingfu Investment Consulting Co., Ltd., a founding partner of Xiamen Taiya Dingfu Investment Management Co., Ltd., a partner of Xiamen Taiya Innovation Equity Investment Partnership (Limited Partnership), an independent director of Shenzhen Fenda Technology Co., Ltd., and an independent director of the Company.

## **(II) Senior executives**

Wu Yongqiang, the President, is detailed in the resume of members of the Board of Directors.

Zheng Sibin, the Vice President, is detailed in the resume of members of the Board of Directors.

Ma Wei, the Vice President, is detailed in the resume of members of the Board of Directors.

**Wen Zhaohui**, female, born in 1974, holds a bachelor's degree and is an accountant without permanent residency abroad. She successively served as head of the Finance Department, manager of the Finance Department and Finance Director of Shenzhen Topband Co., Ltd. and director of Shenzhen Dynanonic Co., Ltd. She is now the Vice President and Secretary of the Board of Directors of the Company. Ms. Wen Zhaohui was honored as "New Fortune Golden Secretary of the Board" for five consecutive years. She won the titles of "Excellent Secretary of the Board" awarded by Shenzhen Securities Regulatory Bureau, "Securities Times Top 100 Secretaries of the Board" in 2015, 2016 and 2017, and "Chinese Listed Companies Investor Relations Management Tianma Award – Outstanding Secretary of the Board Award" from the Securities Times in 2025,

and was selected into "New Fortune Hall of Fame of Golden Secretaries of the Board in 2019".

**Luo Muchen**, male, born in 1983, holds a bachelor's degree and is an accountant without permanent residency abroad. He served as an audit project manager of Shenzhen Branch of Ruihua Certified Public Accountants, and the report supervisor and financial manager of Shenzhen Topband Co., Ltd. Now he is the director of the Company's finance center.

Situation where the controlling shareholder or actual controller serves concurrently as the Chairman and President of a listed company

Applicable  Not applicable

Mr. Wu Yongqiang, the controlling shareholder and actual controller of the Company, serves as both the Chairman and President of a listed company. He strictly adheres to laws and regulations such as the Securities Law, and the Code of Governance for Listed Companies, as well as the Company's Articles of Association to regulate his behavior, exercise his rights in accordance with the law, and assume corresponding obligations. The controlling shareholder of the Company is an individual who does not have other investment projects and has not directly or indirectly intervened in the Company's decision-making and operating activities beyond the Company's General Meeting of Shareholders. The Board of Directors and corresponding departments of the Company can operate normally and have independence.

Employment in shareholder entity

Applicable  Not applicable

Employment in other entities

Applicable  Not applicable

Incumbent's name	Name of another entity	Position taken in another entity	Starting date of term of office	Ending date of term of office	Receive remuneration and allowances from another entity?
Wu Yongqiang	Shenzhen Topband Software Technology Co., Ltd.	Executive director	2014/09/18		No
Wu Yongqiang	Shenzhen Hongru Investment Management Co., Ltd.	Executive (managing) director	2015/08/20		No
Wu Yongqiang	Shenzhen Hongru Investment Enterprise (Limited Partnership)	Partners	2015/09/02		No

Wu Yongqiang	Shenzhen YAKO Automation Technology Co., Ltd.	Chairman	2022/12/24		No
Wu Yongqiang	Shenzhen Topband Automation Technology Co., Ltd.	Executive director	2016/11/24		No
Wu Yongqiang	Topband (Qingdao) Intelligent Control Co., Ltd.	Executive director and manager	2021/03/29		No
Wu Yongqiang	Ningbo Topband Intelligent Control Co., Ltd.	Executive director and President	2017/08/28		No
Peng Ganquan	Shenzhen Topband Automotive Electronics Co., Ltd.	President	2021/09/07		No
Peng Ganquan	TOPBAND INDIA PRIVATE LIMITED	Director	2015/12/11		No
Zheng Sibin	Shenzhen Topband Software Technology Co., Ltd.	Supervisor	2004/02/26		No
Zheng Sibin	Chongqing Topband Industrial Co., Ltd.	Supervisor	2008/03/12		No
Li Xumeng	Zhuoyuehui Innovation and Development (Shenzhen) Co., Ltd.	Researcher	2018/06/01		Yes
Li Xumeng	Guangxi Danfu Venture Capital Investment Co., Ltd.	Supervisor	2023/04/07		No
Chen Zhengxu	Shenzhen Dingfeng Mingdao Asset Management Co., Ltd.	Executive director and President	2014/08/25		Yes
Chen Zhengxu	Beijing Smartlink Microchip Co., Ltd.	Director	2017/12/21		No
Chen Zhengxu	Shenzhen Pumao Culture and Art Co., Ltd.	Executive director and President	2019/06/13		No
Chen Zhengxu	Shenzhen Daoxiang Investment Partnership (Limited Partnership)	Executive partner	2019/06/14		No
Chen Zhengxu	Shenzhen Mingxin Venture Capital Investment Partnership (Limited Partnership)	Manager	2021/12/20		No
Chen Zhengxu	Shenzhen Daoxin Venture Capital Investment Partnership (Limited Partnership)	Head	2022/06/17		No
Chen Zhengxu	Xuan Wu Cloud Technology Holdings Limited	Executive director	2026/02/09		Yes
Chen Zhengxu	Guangdong Feinan Resources Recycling Co., Ltd.	Independent director	2025/05/19		Yes
Chen Zhengxu	Chengdu Olymvax Biopharmaceuticals Inc.	Independent director	2025/07/30		Yes
Qin Wei	Shenzhen Taotao Technology Co., Ltd.	Director	2021/03/29		No

Qin Wei	Shenzhen Pallet Sharing Technology Co., Ltd.	Director	2021/01/19		No
Qin Wei	Foshan Qicai Xiangyun Information Technology Co., Ltd.	Director	2021/10/28		No
Qin Wei	Shenzhen Haytham Technology Co., Ltd.	Director	2023/08/03		No
Qin Wei	Yacovia (Guangdong) Optical Technology Co., Ltd.	Director	2020/08/10		No
Qin Wei	Shenzhen Taiya Dingfu Investment Consulting Co., Ltd.	Executive director and President	2022/10/26		No
Qin Wei	Xiamen Taiya Dingfu Investment Management Co., Ltd.	Founding partner	2016/05/16		Yes
Qin Wei	Xiamen Taiya Innovation Equity Investment Partnership (Limited Partnership)	Partners	2019/12/18		No
Qin Wei	Shenzhen Fenda Technology Co., Ltd.	Independent director	2022/08/22		Yes
Explanation of employment in other entities	None				

Punishment imposed by securities regulators in the past three years on the Company's directors and senior executives currently in office and left office during the Reporting Period

Applicable  Not applicable

### 3. Remuneration for directors and senior executives

Decision-making procedure, confirmation basis and actual payment of remuneration for directors and senior executives

**(1) Decision-making procedure:** The remuneration plans for directors and senior executives shall be formulated by the Salary and Assessment Committee of the Board of Directors, in which the remuneration plan for directors shall be submitted to the Board of Directors and the General Meeting of Shareholders for deliberation, and that for senior executives shall be submitted to the Board of Directors for deliberation.

**(2) Basis of determination:** The remuneration of directors and senior executives shall be determined based on the Remuneration Management System for Directors and Senior Executives deliberated at the 22nd meeting of the 8th Board of Directors held on October 27, 2025, the 3rd extraordinary general meeting of shareholders held on November 14, 2025, and the Proposal on Deliberating Allowances for Independent Directors deliberated at the 2nd extraordinary meeting of shareholders for 2023.

**(3) Payment:** During the Reporting Period, the Company actually paid a total of RMB 11.0315 million in remuneration to directors and senior executives (excluding share-based remuneration, and retirement, medical and housing benefit expenses borne by the Company).

#### Remuneration for directors and senior executives during the Reporting Period

Unit: RMB ten thousand

Name	Gender	Age	Position	Position status	Total pre-tax remuneration received from the Company	Received remuneration from related parties of the Company
Wu Yongqiang	Male	61	Chairman, President	Incumbent	184.59	No
Zheng Sibin	Male	60	Director, Vice President	Incumbent	245.94	No
Ma Wei	Male	52	Director, Vice President	Incumbent	264.73	No
Peng Ganquan	Male	54	Director	Incumbent	215.97	No
Li Xumeng	Male	60	Independent director	Incumbent	8.4	No
Chen Zhengxu	Male	58	Independent director	Incumbent	8.4	No
Qin Wei	Male	47	Independent director	Incumbent	8.4	No
Wen Zhaohui	Female	52	Vice President and Secretary of the Board of Directors	Incumbent	91.99	No
Luo Muchen	Male	43	Chief Financial Director	Incumbent	74.73	No
Total	--	--	--	--	1,103.15	--

Assessment criteria for actual remuneration received by all directors and senior executives at the end of the Reporting Period	The remuneration of directors and senior executives is determined based on the specific rules and regulations of the Company, such as the Remuneration Management System for Directors and Senior Executives, as well as the Company's remuneration system and performance evaluation system.
Performance evaluation of actual remuneration received by all directors and senior executives at the end of the Reporting Period	Completed
Deferred payment arrangements for actual remuneration received by all directors and senior executives at the end of the Reporting Period	Not applicable
Suspension and recovery of the actual remuneration received by all directors and senior executives at the end of the Reporting Period	Not applicable

#### Explanation of other situations

Applicable  Not applicable

## V. Directors' performance of duties during the Reporting Period

### 1. Directors' attendance at board meetings and general meetings of shareholders

Directors' attendance at board meetings and general meetings of shareholders							
Name of directors	Number of board meetings during the Reporting Period	Number of on-site board meetings attended	Number of board meetings attended by correspondence	Number of board meetings attended by an authorized person	Number of absences from board meetings	Whether you have failed to attend the board meetings in person for two consecutive times	Number of the general meetings of shareholders attended
Wu Yongqiang	6	6	0	0	0	No	4
Ma Wei	6	6	0	0	0	No	4
Peng Ganquan	6	6	0	0	0	No	3
Zheng Sibin	6	6	0	0	0	No	4
Li Xumeng	6	6	0	0	0	No	3
Chen Zhengxu	6	6	0	0	0	No	3
Qin Wei	6	6	0	0	0	No	3

Explanation for failure to attend the board meetings in person for two consecutive times

Not applicable

### 2. Objections raised by Directors to the matters related to the Company

Whether Directors raise objections to matters related to the Company

Yes  No

During the Reporting Period, the Directors raised no objections to relevant matters of the Company.

### 3. Other descriptions on directors' performance of duties

Whether the directors' proposals to the Company have been adopted

Yes  No

Director's explanation on the adoption or rejection of the Company's proposals

During the Reporting Period, all directors of the Company performed their duties diligently and strictly followed the relevant regulations of the CSRC and the Shenzhen Stock Exchange as well as the Articles of

Association, Rules of Procedure for the Board of Directors and other regulations to carry out their work. They paid close attention to the standardized operation and management of the Company. Based on the actual situation of the Company, they put forward professional and constructive opinions on the Company's major decisions. After sufficient communication and discussion, resolutions were formed to ensure that decisions were scientific, timely and efficient, so as to safeguard the legitimate rights and interests of the Company and its all shareholders.

## VI. Status of special committees under the Board of Directors during the Reporting Period

Name of the committee	Members	Number of meetings held	Meeting date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
The 8th Audit Committee	Qin Wei, Chen Zhengxu and Li Xumeng	5	2025/01/17	The following contents were deliberated and passed: 1. Proposal on Preliminary Review Opinions on the Company's 2024 Financial Accounting Statement; 2. Proposal on the Company's 2024 Audit Work Time and Arrangements; 3. Proposal on the Work Report of the Company's Audit Department for the Fourth Quarter of 2024 and the Work Plan for the First Quarter of 2025; 4. Proposal on the 2024 Work Summary and Next Year's Work Plan of the Audit Department of the Company; 5. Proposal on the Audit Report on the Use and Deposit of Funds Raised by the Company in the Fourth Quarter of 2024; 6. Proposal on Opinions on the Occupation of the Company's Funds and External Guarantees by Controlling Shareholders and Other Related Parties in the Fourth Quarter of 2024; 7. Proposal on Reviewing	The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable

				the Use of the Company's Forward Foreign Exchange Trading Funds in the Fourth Quarter of 2024.			
The 8th Audit Committee	Qin Wei, Chen Zhengxu and Li Xumeng	5	2025/03/26	The following contents were deliberated and passed: 1. Proposal on Opinions on the Company's 2024 Financial Accounting Report; 2. Proposal on the 2024 Internal Control Evaluation Report; 3. Proposal on Provision for Asset Impairment in 2024; 4. Proposal on Opinions on the Supervision of the Performance of Duties of Accounting Firms in 2024.	The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable
The 8th Audit Committee	Qin Wei, Chen Zhengxu and Li Xumeng	5	2025/04/23	The following contents were deliberated and passed: 1. Proposal on the Company's Financial Report for the First Quarter of 2025; 2. Proposal on the Audit Department's Work Report for the First Quarter of 2025 and Work Plan for the Second Quarter.	The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable
The 8th Audit Committee	Qin Wei, Chen Zhengxu and Li Xumeng	5	2025/08/20	The following contents were deliberated and passed: 1. Proposal on the Company's Financial Report for the Second Quarter of 2025;	The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of	Not applicable	Not applicable

				2. Proposal on the Work Report of the Company's Audit Department for the Second Quarter of 2025 and the Work Plan for the Third Quarter;	Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.		
The 8th Audit Committee	Qin Wei, Chen Zhengxu and Li Xumeng	5	2025/10/27	The following contents were deliberated and passed: 1. Proposal on the Company's Financial Report for the Third Quarter of 2025; 2. Proposal on the Work Report of the Company's Audit Department for the Third Quarter of 2025 and the Work Plan for the Fourth Quarter; 3. Proposal on the Continued Appointment of the Company's 2025 Audit Institution.	The Audit Committee reviewed the matters under consideration in strict accordance with the Rules of Procedure for the Audit Committee of the Board of Directors and relevant laws and regulations, and fully communicated with the Finance Department and the Auditing Agency, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable
The 8th Salary and Assessment Committee	Chen Zhengxu, Wu Yongqiang and Qin Wei	2	2025/03/26	The following contents were deliberated and passed: 1. Proposal on Remuneration of Company Directors in 2024; 2. Proposal on Remuneration of Senior Executives of the Company in 2024.	The Salary and Assessment Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Salary and Assessment Committee of the Board of Directors and relevant laws and regulations, and unanimously	Not applicable	Not applicable

					agreed to the relevant proposals.		
The 8th Salary and Assessment Committee	Chen Zhengxu, Wu Yongqiang and Qin Wei	2	2025/10/27	The following contents were deliberated and passed: 1. Proposal on Revising the Remuneration Management System for Directors and Senior Executives	The Salary and Assessment Committee of the Board of Directors deliberated the matters under consideration in strict accordance with the Rules of Procedure of the Salary and Assessment Committee of the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposals.	Not applicable	Not applicable

## VII. Work of the Audit Committee

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

Yes  No

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

## VIII. Information on the Company's employees

### 1. Number of employees, specialty composition and education level

Number of employees of the parent company at the end of the Reporting Period (person)	2,596
Number of employees in major subsidiaries at the end of the Reporting Period (person)	10,612
Total number of employees at the end of the Reporting Period (person)	13,208
Total number of salaried employees in the current period (person)	13,208
Number of retired employees whose expenses need to be borne by the parent company and major subsidiaries (person)	20
Specialty composition	

Specialty composition category	Number of specialty composition (person)
Production personnel	8,810
Salesperson	814
Technician	2,138
Financial staff	99
Administrative personnel	574
Logistics personnel	773
Total	13,208
Education level	
Education level category	Number (person)
Bachelor or above	3,703
Junior college level	1,893
Below junior college level	7,612
Total	13,208

## 2. Remuneration policy

The Company formulates salary management regulations in accordance with relevant national labor regulations and policies and its actual situation, and assesses and pays salaries in accordance with the salary management regulations. The Company strictly complies with the Labor Law and relevant national and local labor laws and regulations, signs labor contracts with employees, and pays various employee insurance according to regulations. The Company's overall remuneration consists of the following three parts: fixed salary, performance-based salary and welfare allowances. Fixed salary includes basic salary, position salary and confidentiality salary; performance-based salary includes performance bonus, year-end bonus and special bonus; and welfare includes mandated benefits, company benefits and allowances.

In 2025, Topband has continuously optimized the salary management system, formulated and implemented the employee salary management system, implemented differentiated salary band division for positions based on value assessment, built a salary grade development channel directly linked to the qualifications for the position, and formed a dynamic salary mechanism of "different salaries for the same position, and changes in salary with changes in position". For salary determination, the method of a combination of performance and qualification certification was adopted, a gradual salary adjustment strategy of "small steps and fast progress" was implemented, and on the premise of ensuring reasonable control of the total salary, department managers and the Human Resources Department jointly assess it.

For overseas employees, the Company has revised the salary, welfare and holiday management measures,

further refined the principles, time and process for the issuance of overseas allowances, improved the home leave policy, and clarified the attendance management standards to protect the rights and interests of overseas employees. In addition, the Company strictly fulfilled its responsibilities of paying employees' wages and social security, ensuring that all employees enjoy social insurance protection and building a solid welfare foundation for employees.

In terms of salary fairness and performance management, the Company has established an internal salary benchmarking system, which compares industry salary levels through external salary reports and combines internal salary data analysis to provide a basis for annual salary adjustment decisions, ensuring that salary levels are fair while being competitive in the market. The performance management system focused on organizational strategic goals, emphasized team collaboration and personal development, and ensured that individual performance is consistent with the Company's overall goals.

### **3. Training plan**

The Company gives a priority to the training programs, and has established a talent training system combining professional competence and leadership, including routine training, professional module training and management cadre training. Different training courses are formulated in stages for new employees, personnel in professional positions such as R&D, procurement, and sales, and middle and senior managers. An annual training plan is implemented in the areas of corporate culture, professional skills, management improvement, professional ethics, and mental health. Through the combination of internal and external training, excellent human resources support is provided for the sustainable development of the Company.

During the Reporting Period, in order to help new employees better adapt to the new work environment and positions, become familiar with the Company's relevant systems, and integrate into the corporate culture, the Company's Human Resources Center prepared courses and implemented an annual training plan in the areas of corporate culture, professional skills, management improvement, professional ethics, and mental health. The internal training and external training were combined based on the office environment. In the "New Employee Training" section, the training content covers company profile, benefits, corporate culture, information systems, finance and intellectual property, legal basics and commercial confidentiality knowledge, ISC core ideas and concepts, and occupational mental health, covering all the new employees. At the same time, for employees on the production line, the Company continues to provide on-site training, and provides special training in the terms of taking up posts, on-duty issues, job transfers, and special skill positions, so as to improve the

professional capabilities of front-line employees in workplace safety, operating procedures, and quality control.

In addition, in order to improve the effectiveness of professional training, the module heads of departments of the Company and the Talent Development Department of the Company's Human Resources Center jointly formulated the 2025 professional training plan based on actual business needs; at the same time, the Talent Development Department of the Human Resources Center supervised and managed the implementation to ensure the feasibility of the training plan. In 2025, the Company held targeted professional training for all professional module positions from time to time, including training on finance, legal affairs, patents, customs, procurement, supply chain, sales, R&D, and manufacturing and quality. Experts from various fields were invited to regularly communicate and share on these professional modules, technologies and other topics.

The Company pays attention to the training of the current managers and management trainees, and has formulated different training plans for them at different levels. During the Reporting Period, multiple sessions of "New Goose Training Camp" (supervisor trainees) and "Flying Goose Training Camp" (management trainees) were carried out in Shenzhen, Huizhou, Ningbo, Vietnam, Romania and other places. The "New Goose/Flying Goose Training Camp" is a professional training program for the Company's internal management trainees/current managers. The program for current managers not only allows managers to learn management knowledge and absorb others' experience in a timely manner, but also provides a learning platform for sharing and communication. The program for management trainees prepares future managers for knowledge reserve and assessment before they enter management positions, and only those who pass the assessment can successfully enter the management talent pool. In addition to basic course training, the training plan involves targeted training activities such as management case practice, management development, micro-lesson presentations, and IDP instructions by internal intermediate and senior tutors. In addition to basic course activities, the Company assigns 2-3 management tutors to each trainee, who conduct monthly face-to-face interviews to help trainees change their mindset and quickly adapt to management roles. The Company carried out "Overseas Goose Training Camp" to promote the cross-regional learning of talents at overseas bases, where outstanding management cadres and professional backbone personnel from four overseas bases in Vietnam, India, Romania and Mexico participated in the training camp. The learning content included multiple lessons on the Company's development history, strategy and management philosophy. In addition, there were visits to the parks in Shenzhen and Huizhou, departmental learning and practice, world coffee seminars, and a two-day tour to Guangzhou and Shenzhen to deeply experience China's economy and humanities. The training camp enhanced

overseas employees' understanding of the headquarters in China, promoted cross-cultural communication and cooperation, and assisted in the implementation of the Company's globalization strategy.

In order to better assist talent development, the Company continues to promote the construction of a job qualification system, and carries out job qualification sorting and job personnel certification. Since 2020, the Company has been building a position qualification system. As of the end of the Reporting Period, the position criteria had covered all positions and nearly 4,722 employees, with all employees certified preliminarily, which not only had provided employees with clear career advancement criteria, but also had helped improve organizational effectiveness through accurate matching of capabilities and positions. On this basis, the Company focused on the cultivation of core position capabilities, and innovatively designed special training camps for professional skills, management skills, language skills, mental health, etc. to meet the needs of different job categories such as marketing, procurement, quality, and R&D. In 2025, the training camps covered 13,935 person-times, and all employees received position-related training in all regions.

The Company provides an online learning platform and offers corresponding learning map courses for key positions. The job learning map provides staff in different positions with clear and definite knowledge and skills required for personal development and improvement, and provides targeted courses on the required professional knowledge and skills for each position, effectively helping personnel in different positions improve their professional capabilities. During the Reporting Period, the learning platform was used by 4,860 person-times, and its activity level was 77%.

#### **4. Labor outsourcing**

Applicable  Not applicable

### **IX. Profit distribution and conversion of capital accumulation fund to share capital**

Profit distribution policy during the Reporting Period, especially the formulation, implementation or adjustment of the cash dividend policy

Applicable  Not applicable

During the Reporting Period, after detailed consultation with the Company's shareholders and listening to their opinions, the Company's Board of Directors formulated the Company's 2024 Profit Distribution Plan based on the Company's 2024 profit situation and investment situation and 2025 investment and expenditure plans.

The 2024 Profit Distribution Plan was deliberated and passed at the 18th Meeting of the 8th Board of Directors and the 2024 Annual General Meeting of Shareholders. The 2024 Profit Distribution Plan is as follows. Based on the Company's total share capital on the equity registration date, minus 1,228,789,388 shares of the repurchased shares in the Company's special repurchase account, a cash dividend of RMB 0.7 (tax inclusive) for every 10 shares will be distributed to all shareholders. No accumulation fund will be converted to share capital, and no bonus shares will be issued. The above Profit Distribution Plan was implemented on May 13, 2025. The 2024 Profit Distribution Plan is in compliance with laws, regulations, the Articles of Association and the Company's Shareholder Dividend Plan for the Next Three Years (2023-2025), and the profit distribution decision-making procedure complies with the provisions of relevant laws, regulations, rules and codes.

Special description of cash dividend policy	
Whether it complies with the provisions of the Company's Articles of Association or the requirements of the resolutions of the general meetings of shareholders:	Yes
Are the dividend criteria and proportion clear and explicit?	Yes
Are the relevant decision-making procedures and mechanisms complete?	Yes
Have independent directors fulfilled their duties and played their due role:	Yes
If the Company does not distribute cash dividends, it shall disclose the specific reasons and the measures it intends to take to enhance the level of investor returns:	Not applicable
Do small and medium shareholders have sufficient opportunities to express their opinions and demands, and are their legitimate rights and interests fully protected:	Yes
If the cash dividend policy is adjusted or changed, are the conditions and procedures compliant and transparent?	Yes

The Company is profitable during the Reporting Period and the parent company has positive profit available for distribution to shareholders, but no cash dividend distribution plan has been proposed.

Applicable  Not applicable

Profit distribution and conversion of capital accumulation fund to share capital in the Reporting Period

Applicable  Not applicable

Number of bonus shares send for every 10 shares (shares)	0
Number of dividend paid for every 10 shares (RMB) (tax inclusive)	0.7
Equity base of the distribution plan (shares)	1,228,789,388
Cash dividends (RMB) (tax inclusive)	86,015,257.16

Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other methods) (RMB)	86,015,257.16
Distributable profit (RMB)	1,491,455,025.24
The proportion of total cash dividends (including other methods) to total profit distribution	100%
Distribution of cash dividends in this period	
If the Company is in the growth period and has major capital expenditures, the cash dividend shall account for at least 20% of the profit distribution.	
Detailed description of the profit distribution or capital accumulation fund conversion plan	
The Company's profit distribution plan for 2025 is as follows: Based on the Company's total share capital of 1,228,789,388 shares (excluding repurchase accounts), a cash dividend of RMB 0.7 (tax inclusive) per 10 shares will be paid to all shareholders. The Company will not convert its accumulation fund to share capital and will not issue bonus shares. The accumulated undistributed profits remaining after the implementation of the profit distribution plan shall be carried forward to subsequent years. If the Company's total share capital changes before the implementation of the Profit Distribution Plan due to share repurchase or other reasons, the total distribution amount will be adjusted accordingly based on the principle of maintaining the same distribution ratio per share. Investors are advised to pay attention to the risk of adjustment of the total distribution amount due to changes in the total share capital.	

## X. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable  Not applicable

### 1. Equity incentives

#### Implementation of the 2024 stock option incentive plan:

(1) On November 6, 2024, the Company held the 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024, and agreed that the Company would intend to grant a total of no more than 33 million stock options to 1,200 incentive objects. All shares of this plan come from the shares repurchased by the Company's special repurchase account. The stock options granted this time will be exercised at a ratio of 30%, 40% and 30% within 12 months, 24 months and 36 months from the date of completion of the granting and registration of the stock options. The Company held the 10th (Extraordinary) Meeting of the 8th Board of Supervisors, passed the relevant proposals and verified the list of incentive objects in this incentive plan. The lawyer issued a legal opinion and the independent financial consultant issued an independent financial consultant report.

(2) On November 11, 2024, the Company publicly announced the names and positions of the incentive objects in this incentive plan on the Company's internal OA office system, with a publicity period from November 11, 2024 to November 20, 2024. No organization or individual raised any objection to the list of incentive objects during the publicity period. On November 21, 2024, the Company disclosed the Note and Verification Opinion of the Board of Supervisors on the Disclosure of the List of Incentive Recipients for the 2024 Stock Option Incentive Plan of the Company. The Board of Supervisors believed that the proposed incentive objects in this incentive plan did not have the situation that relevant laws and regulations do not allow them to be the incentive objects, and met the participation qualifications within the scope of the incentive objects in this incentive plan.

(3) On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders, deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024, the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024, and other proposals related to the Incentive Plan, and authorized the Board of Directors to determine the grant date under the Incentive Plan, grant stock options to the incentive objects when the incentive objects meet the conditions, and handle all matters necessary for the granting of stock options.

(4) On December 9, 2024, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors, and deliberated and passed the Proposal on Adjusting Matters Related to the 2024 Stock Option Incentive Plan and the Proposal on Granting Stock Options to Incentive Objects. In view of the fact that as of the grant date of the stock options, 4 of the incentive objects originally deliberated and determined had resigned or had submitted resignation applications, and did not meet the conditions to become incentive objects, and the fact that 7 incentive objects voluntarily gave up the qualification for the stock options to be granted this time due to personal reasons, a total of 100,000 stock options to be granted to the above 11 incentive objects were canceled. After the adjustment, the Company's stock option incentive objects this time were 1,050 people, and the total number of stock options to be granted was adjusted from 33 million to 32.9 million. The Company's Board of Supervisors reviewed the list of incentive objects, the lawyer issued a legal opinion, and the independent financial consultant issued an independent financial advisor report.

(5) On December 26, 2024, after review and confirmation by the Shenzhen Stock Exchange and the China Securities Depository and Clearing Corporation Shenzhen Branch, the Company completed the registration of 32.9 million stock options to be granted under the 2024 stock option incentive plan.

(6) On June 11, 2025, the Company held the 20th Meeting of the 8th Board of Directors, which deliberated and passed the Proposal on Adjusting the Exercise Price of the 2024 Stock Option Incentive Plan, approving the adjustment of the exercise price of stock options under the 2024 stock option incentive plan from RMB 9.6/share to RMB 9.53/share, with no change in the number of options. The lawyer issued a legal opinion, and the independent financial consultant issued an independent financial consultant report.

For details of the implementation of the 2024 stock option incentive plan, refer to the announcements disclosed by the Company on November 7, 2024, November 26, 2024, December 11, 2024, December 27, 2024, and June 12, 2025 on the Securities Times and CNINFO (<http://www.cninfo.com.cn>).

Equity incentives received by the Company's directors and senior executives

Applicable  Not applicable

Evaluation and incentives of senior executives

An annual salary system that is closely linked to management responsibilities, risks, and performance is fully implemented for the remuneration of senior executives of the Company. The remuneration structure includes a fixed basic annual salary (determined based on responsibilities and competencies, paid monthly) and a floating operating annual salary. Among them, the annual operating salary is subject to differentiated classified evaluation: (1) For any executive who serves as a business department head, the annual operating salary is evaluated based on net profit growth and business value, combined with financial indicators, customer indicators, internal operations, learning and growth, and other multidimensional organizational KPIs, and follows the "no bottom" mechanism, meaning that it fluctuates with the actual annual operating situation; (2) For any full-time executive in the non-business line, evaluation is focused on the unique value creation on his/her position, annual KPI achievement rate, and empowerment support for the business line. In addition, the Company routinely introduces equity incentives or employee stock ownership plans to bind the long-term interests of the core team. The overall remuneration evaluation plan is implemented in compliance with relevant corporate governance review procedures under the professional supervision of the Salary and Assessment Committee.

**2. Implementation of employee stock ownership plan**

Applicable  Not applicable

Status of all effective employee stock ownership plans during the Reporting Period

Scope of employees	Number of employees	Total number of stocks held (shares)	Changes	Proportion to the share capital of the listed company	Sources of funding for implementation of the plan
Directors (excluding independent directors), supervisors, senior executives and the core backbone of the Company	45	5,181,200	Not applicable	0.42%	Special incentive funds provided for by the Company and funds raised by other means as permitted by laws and administrative regulations

Shareholdings of directors and senior executives in the Employee Stock Ownership Plan during the Reporting Period

Name	Position	Number of stocks held at the beginning of the Reporting Period (shares)	Number of stocks held at the end of the Reporting Period (shares)	Proportion to the share capital of the listed company
Directors: Ma Wei, Zheng Sibin and Peng Ganquan; senior executives: Wen Chaohui and Luo Muchen	Directors and senior executives	1,300,000	1,300,000	0.10%

Changes in asset management institutions during the Reporting Period

Applicable  Not applicable

Changes in equity due to disposal of shares by holders during the Reporting Period

Applicable  Not applicable

Exercise of shareholders' rights during the Reporting Period

None

Other relevant circumstances and explanations of the Employee Stock Ownership Plan during the Reporting Period

Applicable  Not applicable

Changes in members of the Employee Stock Ownership Plan Management Committee

Applicable  Not applicable

Financial impact of the Employee Stock Ownership Plan on the listed company during the Reporting Period and related accounting treatment

Applicable  Not applicable

Termination of the Employee Stock Ownership Plan during the Reporting Period

Applicable  Not applicable

Other descriptions:

None

### **3. Other employee incentives**

Applicable  Not applicable

## **XI. Construction and implementation of internal control system during the Reporting Period**

### **1. Construction and implementation of internal control**

During the Reporting Period, the Company continued to update and improve its internal control system based on the actual situation of the Company, in accordance with the Basic Standards for Enterprise Internal Control, Management Measures for Independent Directors of Listed Companies, Guidelines for the Application of Enterprise Internal Control and other normative documents, combined with the Company's internal control system and evaluation methods, on the basis of daily supervision and special supervision of internal control. During the Reporting Period, the Company revised the Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for Meetings of the Board of Directors, Rules of Procedure for the Salary and Assessment Committee of the Board of Directors, Rules of Procedure for the Strategy and ESG Committee of the Board of Directors, Rules of Procedure of the Audit Committee of the Board of Directors, Rules of Procedure of the Nomination Committee of the Board of Directors, Working System of the Information Disclosure Committee, Management Measures for Raised Funds, Accountability System for Major Errors in Annual Report Information Disclosure, Management Measures for Shares and Changes in the Company Held

by Directors and Senior Executives, Management System for Public Information Disclosure, Management System for Entrusted Wealth Management, Management System for Related Party Transactions, Management System for External Financial Assistance, Management System for External Guarantees, Management System for Foreign Exchange Derivatives Trading, Management System for External Investment, Internal Audit System, Financial Management System, Work System for Independent Directors, Work Rules for the President, Work System for the Secretary of the Board of Directors, Remuneration Management System for Directors and Senior Executives, and other systems in accordance with the latest provisions of the latest laws, regulations and normative documents and in light of the Company's actual situation, and new internal management systems such as the Resignation Management System for Directors and Senior Executives, Information Disclosure Suspension and Exemption Management System, and Market Value Management System. At the same time, according to management needs, the Company set up an internal audit agency and special meetings of independent directors. These mechanisms coordinated with the audit committee and independent directors to supervise and inspect the implementation of relevant systems. This can effectively ensure the implementation of the Company's rules and regulations, reduce operating risks, and strengthen internal control. The Company continued to optimize its organizational structure, and clarified the responsibilities of each department and corresponding positions. In this way, the Company effectively controlled the implementation of internal controls involved in the entire process of business management activities, such as decision-making, execution, supervision, and feedback, effectively avoiding internal control loopholes.

The Company established a rigorous, scientific, effective internal control system suitable for its actual situation, and formulated effective internal control evaluation standards; The Company effectively prevented risks in business management and promoted the achievement of internal control objectives through the operation, analysis, and evaluation of its internal control system.

## 2. Details of major internal control deficiencies found during the Reporting Period

Yes  No

## XII. Management and control of the Company's subsidiaries during the Reporting Period

Company name	Integration plan	Integration progress	Problem encountered during integration	Measures taken to solve the problem	Progress of solving the problem	Subsequent plan of solving the problem

Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
----------------	----------------	----------------	----------------	----------------	----------------	----------------

Abnormality in control over subsidiaries

Yes  No

### XIII. Internal control evaluation report or internal control audit report

#### 1. Internal control evaluation report

Date for disclosure of the full text of the internal control evaluation report	April 2, 2026	
Index for disclosure of the full text of the internal control evaluation report	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )	
The proportion of total assets of the units included in the evaluation scope to the total assets of the Company's consolidated financial statements	100.00%	
The proportion of operating income of the units included in the evaluation scope to the operating income of the Company's consolidated financial statements	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	<p>Indications of major defect of financial reports include:</p> <p>(1) Fraudulent conduct by the Company's directors, supervisors and senior executives;</p> <p>(2) The Company has corrected its published financial reports;</p> <p>(3) Material misstatements in the current financial reports discovered by the certified public accountants but not identified by the Company's internal control;</p> <p>(4) The audit committee and audit department were ineffective in supervising the Company's external financial reports and internal control over financial reports.</p> <p>Indications of significant defect of financial reports include:</p> <p>(1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</p> <p>(2) Failure to establish anti-fraud procedures and control measures;</p> <p>(3) Failure to establish corresponding control mechanisms for the accounting treatment of non-routine or special transactions or failure to implement and having no corresponding compensatory</p>	<p>The qualitative criteria for evaluating internal control defects in non-financial reports determined by the Company are as follows:</p> <p>The non-financial report defect identification is mainly based on the influence degree of the defect on the validity of the business process and the possibility of occurrence.</p> <p>If the probability of a defect is relatively low and it will reduce work efficiency or effect, or increase the uncertainty of the effect, or make it deviate from the expected goal, it is recognized as a general defect;</p> <p>If the probability of a defect is relatively high and it will significantly reduce work efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal, it is recognized as a significant defect; If the probability of a defect is high and it will seriously reduce work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal, it is recognized as a major defect.</p>

	<p>controls;</p> <p>(4) There is one or more defects in the control over the final financial reporting process and there is no reasonable assurance that the prepared financial reports are true and complete.</p> <p>General defects refer to other control defects other than the above-mentioned major and important defects.</p>	
Quantitative standard	<p>The quantitative standard uses consolidated operating income and total assets as measurement indicators. If the losses that may be caused or were caused by internal control defects are related to the profit statement, they are measured by the consolidated operating income indicators. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the consolidated operating income, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the consolidated operating income, it is considered as a major defect; and if it exceeds 1% of the consolidated operating income, it is considered as a material defect.</p> <p>If the losses that may be caused or were caused by internal control defects are related to asset management, they are measured by the indicator of total consolidated assets. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the total consolidated assets, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the total consolidated assets, it is considered as a major defect; and if it exceeds 1% of the total consolidated assets, it is considered as a material defect.</p>	<p>The quantitative standard uses operating income and total assets as measurement indicators. If the losses that may be caused or were caused by internal control defects are related to the profit statement, they are measured by the consolidated operating income indicators. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the consolidated operating income, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the consolidated operating income, it is considered as a major defect; and if it exceeds 1% of the consolidated operating income, it is considered as a material defect.</p> <p>If the losses that may be caused or were caused by internal control defects are related to asset management, they are measured by the indicator of total consolidated assets. If the amount of misstatement in the financial reports that may be caused by the defect alone or together with other defects is less than 0.5% of the total consolidated assets, it is considered as a general defect; if it exceeds 0.5% but less than 1% of the total consolidated assets, it is considered as a major defect; and if it exceeds 1% of the total consolidated assets, it is considered as a material defect.</p>
Number of material defects in financial reports (Nr.)		0
Number of material defects in non-financial reports (Nr.)		0
Number of major defects in financial reports (Nr.)		0
Number of major defects in non-financial reports (Nr.)		0

## 2. Internal control audit report

Applicable  Not applicable

The deliberation opinion paragraph in the internal control audit report	
We believe that Shenzhen Topband Co., Ltd. had maintained effective internal control over financial reports in all material aspects as of December 31, 2025 in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.	
Disclosure of internal control audit report	Disclosure
Date of full-text disclosure of internal audit report	April 2, 2026
Index of full-text disclosure of internal audit report	CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
Internal control audit report opinion types	Standard unmodified opinion
Are there material defects in the non-financial report	No

Did the accounting firm issue an internal control audit report with a non-standard opinion?

Yes  No

Is the internal control audit report issued by the accounting firm consistent with the self-examination report of the Board of Directors?

Yes  No

Was a non-standard opinion on internal control issued during the Reporting Period or last year?

Yes  No

#### **XIV. Rectification of self-examination problems in special actions of governance of listed companies**

Not applicable

#### **XV. Environmental information disclosure situation**

Whether the listed company and its major subsidiaries are included in the list of enterprises disclosing environmental information according to law

Yes  No

#### **XVI. Social responsibility**

For details, refer to the full text of the Company's 2025 ESG and Social Responsibility Report published on CNINFO (<http://www.cninfo.com.cn>) on April 2, 2026.

## **XVII. Consolidated and enhanced the achievements in poverty alleviation and rural revitalization**

In terms of consolidating and expanding the achievements of poverty alleviation, during the Reporting Period, the Company's its core business entities in Guangdong Province recruited 297 people lifted out of poverty (formerly "registered poor population") actively to help consolidate the achievements of poverty alleviation through practical actions.

## Section V Important Matters

### I. Fulfillment of commitments

**1. Completed commitments during the Reporting Period and uncompleted commitments within the time limit by the end of the Reporting Period by the Company's actual controller, shareholders, related parties, acquirers, the Company and other committed related parties**

Applicable  Not applicable

Reasons for commitments	Undertaking party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Commitments to horizontal competition	Mr. Wu Yongqiang, the actual controller of the Company, has promised that during the period of being the controlling shareholder and/or actual controller of the Company, he would not directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future.	2006/06/12	Long-term	Fulfill the commitment strictly
Whether the commitment was fulfilled on schedule	Yes					
If the commitment was not fulfilled within the time limit, the specific reasons for the failure and the next work plan shall be explained in detail.	Not applicable					

**2. If there was a profit forecast for the Company's assets or projects, and the Reporting Period was still in the profit forecast period, the Company shall explain why the assets or projects reached the original profit forecast and the reasons.**

Applicable  Not applicable

### **3. Performance commitments involving the Company**

Applicable  Not applicable

### **II. Non-operating capital occupation of listed companies by controlling shareholders and their related parties**

Applicable  Not applicable

There was no non-operating capital occupation of listed companies by controlling shareholders and their related parties in the Reporting Period of the Company.

### **III. External guarantee in violation of regulations**

Applicable  Not applicable

The Company had no external guarantee in violation of regulations during the Reporting Period.

### **IV. Explanation of the Board of Directors on the latest "non-standard audit report"**

Applicable  Not applicable

### **V. Explanation of the "non-standard audit report" of the Accounting Firm in the Reporting Period by the Board of Directors, the Board of Supervisors, and Independent Directors (if any)**

Applicable  Not applicable

### **VI. Description of changes in accounting policies, accounting estimates, or corrections of significant accounting errors compared with the previous year's financial report**

Applicable  Not applicable

There were no changes in accounting policies, accounting estimates or corrections of significant accounting errors during the Reporting Period.

### **VII. Explanation of changes in the scope of the consolidated financial reports compared with the previous year's financial report**

Applicable  Not applicable

There were no changes in the scope of the Company's consolidated financial reports during the Reporting Period.

### VIII. Appointment and dismissal of accounting firms

Currently employed accounting firm

Name of domestic accounting firm	RSM China CPA LLP (Special General Partnership)
Remuneration of the domestic accounting firm (RMB ten thousand)	120
Consecutive years for domestic accounting firms to provide audit service	2
Name of the certified public accountant of the domestic accounting firm	Tian Jingliang, Zhu Aiyin, and Fan Lihua
Consecutive years for Certified Public Accountants of domestic accounting firms to provide audit service	2

Whether to hire a new accounting firm during the current period

Yes  No

Employment of accounting firm for audit of internal controls, financial consultant, or sponsor

Applicable  Not applicable

### IX. Delisting after disclosure of the annual report

Applicable  Not applicable

### X. Matters related to bankruptcy reorganization

Applicable  Not applicable

There were no matter related to bankruptcy reorganization during the Reporting Period.

### XI. Major litigation and arbitration matters

Applicable  Not applicable

The Company had no major litigation and arbitration matters during the Reporting Period.

### XII. Punishment and rectification

Applicable  Not applicable

There were no penalties or rectifications during the Company's Reporting Period.

### **XIII. Integrity condition of the Company, its controlling shareholders and actual controllers**

Applicable  Not applicable

### **XIV. Major related transactions**

#### **1. Related transactions connected with the daily operation**

Applicable  Not applicable

The Company had no related transactions connected with daily operations during the Reporting Period.

#### **2. Related transactions arising from acquisition and sale of assets or equity**

Applicable  Not applicable

The Company had no related transaction of acquisition or sale of assets or equity during the Reporting Period.

#### **3. Related transactions of joint foreign investment**

Applicable  Not applicable

The Company had no related transaction of joint foreign investment during the Reporting Period.

#### **4. Related creditor's right and debt transaction**

Applicable  Not applicable

The Company had no related creditor's right and debt transaction during the Reporting Period.

#### **5. Transactions with associated financial companies**

Applicable  Not applicable

There was no deposit, loan, credit extension or other financial business between the Company and its related financial companies or between the related parties.

#### **6. Transactions between financial companies controlled by the Company and related parties**

Applicable  Not applicable

There was no deposit, loan, credit or other financial business between financial companies controlled by the Company and related parties.

## 7. Other major related transactions

Applicable  Not applicable

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

## XV. Major contracts and their performance

### 1. Trusteeship, contracting and lease

#### (1) Trusteeship

Applicable  Not applicable

The Company had no trusteeship during the Reporting Period.

#### (2) Contracting

Applicable  Not applicable

The Company had no contracting during the Reporting Period.

#### (3) Lease

Applicable  Not applicable

The Company did not carry out leasing during the Reporting Period.

### 2. Material guarantee

Applicable  Not applicable

Unit: RMB ten thousand

External guarantee of the Company and its subsidiaries (excluding guarantee for subsidiaries)										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount	Guarantee amount limit	Actual date of occurrence	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related

	limit									parties
Guarantee of the Company to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Hong Kong Topband	2025/08/23	21,086.4			Joint and several liability guarantee			3 years	No	No
Topband Mexico	2025/08/23	20,000			Joint and several liability guarantee			3 years	No	No
Total amount of guarantee for subsidiaries approved during the Reporting Period (B1)			41,086.4	Total actual amount of guarantee for subsidiaries during the Reporting Period (B2)						0
Total amount of approved guarantee for subsidiaries at the end of the Reporting Period (B3)			41,086.4	Total actual balance of guarantee for subsidiaries at the end of the Reporting Period (B4)						0
Guarantee of the subsidiary to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Huizhou YAKO Automation	2023/01/11	20,000	2023/01/16	3,000	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/04/24	1,200	Joint and several liability			3 years from maturity date of	No	No

					guarantee			debts of guaranteed parties		
Huizhou YAKO Automation	2023/01/11		2023/06/29	2,000	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/07/31	1,200	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/08/29	1,779.74	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/01/08	1,500	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/01/31	1,685.98	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/03/28	1,500	Joint and several liability guarantee			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/05/08	1,250.82	Joint and several liability guarantee			3 years from maturity date of debts of	No	No

				e			guaranteed parties		
Huizhou YAKO Automation	2023/01/11		2024/05/28	450.21	Joint and several liability guarantee		3 years from maturity date of debts of guaranteed parties	No	No
Total amount of guarantee for subsidiaries approved during the Reporting Period (C1)		0	Total actual amount of guarantee for subsidiaries during the Reporting Period (C2)		During the Reporting Period, the above master guarantee contracts were closed and the guarantees were terminated.				
Total amount of approved guarantee for subsidiaries at the end of the Reporting Period (C3)		20,000	Total actual balance of guarantee for subsidiaries at the end of the Reporting Period (C4)		During the Reporting Period, the above master guarantee contracts were closed and the guarantees were terminated.				
Total amount of the corporate guarantee (i.e. the sum of the first three items)									
Total amount of guarantees approved during the Reporting Period (A1+B1+C1)		41,086.4	Total incurred amount of actual guarantees provided during the Reporting Period (A2+B2+C2)		0				
Total amount of guarantee approved at the end of the Reporting Period (A3+B3+C3)		61,086.4	Total actual balance of guarantee at the end of the Reporting Period (A4+B4+C4)		0				
The proportion of the total actual amount of guarantee (A4+B4+C4) in the Company's net assets			0.00%						
Including:									
Balance of guarantees provided to shareholders, real controlling parties and their related parties (D)			0						
Balance of debt guarantees directly or indirectly provided to guaranteed parties with debt-to-asset ratio above 70% (E)			0						
Amount of guarantees with total amount guaranteed exceeding 50% of net assets (F)			0						
Total amount of above 3 items of guarantees (D+E+F)			0						

## Explanation of details of composite guarantee

None.

**3. Entrusting others to manage cash assets****(1) Entrusted financial management**

Applicable  Not applicable

Overview of entrusted financial management during the Reporting Period

Unit: RMB ten thousand

Product category	Risk profile	Amount of entrusted financial management	Overdue amount not recovered
Bank wealth management products	Low risk	11,244.00	0
Wealth management products of securities dealers	Medium- to high-risk	10,021.90	0

Specific situation of high-risk entrusted financial management with the significant single amount or low security and poor liquidity

Applicable  Not applicable

**(2) Entrusted loans**

Applicable  Not applicable

The Company had no entrusted loans during the Reporting Period.

**4. Others major contracts**

Applicable  Not applicable

There were no other significant contracts in the Reporting Period of the Company.

**XVI. Use of raised funds**

Applicable  Not applicable

The Company used no raised funds during the Reporting Period.

**XVII. Explanation of other major matters**

Applicable  Not applicable

The Company had no other major matters to be explained during the Reporting Period.

## **XVIII. Major matters of subsidiaries of the Company**

Applicable  Not applicable

1. In July 2025, the Company's wholly-owned subsidiary Shenzhen Topband Digital Energy Co., Ltd. invested in the establishment of a wholly-owned sub-subsidiary Guangzhou Topband Digital Energy Co., Ltd. with a registered capital of RMB 1 million.

## Section VI Share Change and Shareholders

### I. Share change

#### 1. Share change

Unit: Share

	Before change		Increase or decrease of change this time (+, -)					After change	
	Number	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	Number	Proportion
I. Shares with non-tradable conditions	175,745,142	14.10%	0	0	0	-1	-1	175,745,141	14.10%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic capital	175,745,142	14.10%	0	0	0	-1	-1	175,745,141	14.10%
Including: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural person	175,745,142	14.10%	0	0	0	-1	-1	175,745,141	14.10%
4. Shares held by foreign investment	0	0.00%	0	0	0	0	0	0	0.00%
Including: shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares with unlimited tradable conditions	1,071,089,846	85.90%	0	0	0	1	1	1,071,089,847	85.90%
1. A shares	1,071,089,846	85.90%	0	0	0	1	1	1,071,089,847	85.90%
2. Domestic listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	1,246,834,988	100.00%	0	0	0	0	0	1,246,834,988	100.00%

Reasons for share change

 Applicable  Not applicable

In 2024, due to the cancellation of restricted shares, the Company manually applied for adjustment to the locked-in shares of the senior executives; at the beginning of 2025, these shares were recalculated by CSDC. The calculation difference of one share resulted from rounding related to the calculation method.

Approval of share change

Applicable  Not applicable

Transfer of share change

Applicable  Not applicable

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, net assets per share attributable to ordinary shareholders of the Company, etc.

Applicable  Not applicable

Other contents deemed necessary by the Company or required to be disclosed by the securities regulatory institution

Applicable  Not applicable

## 2. Changes in non-tradable shares

Applicable  Not applicable

Unit: Share

Name of shareholder	Number of non-tradable shares at the beginning of the period	Increase number of non-tradable shares in the current period	Number of non-tradable shares desterilized in the current period	Number of non-tradable shares at the end of the period	Reasons for non-trading	Date of lifting sales restriction
Peng Ganquan	3,642,675	0	1	3,642,674	In 2024, due to the cancellation of restricted shares, the Company manually applied for adjustment to the locked-in shares of the senior executives; at the beginning of 2025, these shares were recalculated by CSDC. The	2025/1/1

					calculation difference of one share resulted from rounding related to the calculation method.	
Total	3,642,675	0	1	3,642,674	--	--

## II. Issuance and listing of securities

### 1. Issuance of securities (excluding preferred shares) during the Reporting Period

Applicable  Not applicable

### 2. Explanation of changes in the Company's total number of shares and shareholder structure and changes in the Company's structure of assets and liabilities

Applicable  Not applicable

### 3. Existing internal employee shares

Applicable  Not applicable

## III. Shareholders and actual controllers

### 1. Number of shareholders and shareholding situation of the Company

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period	107,647	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	108,427	Total number of preferred shareholders with voting rights restored at the end of the Reporting Period (if any) (see Note 8)	0	The total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0
Shareholding situation of shareholders holding more than 5% of the shares or top 10 shareholders (excluding shares lent through refinancing)							
Name of shareholder	Nature of shareholders	Proportion of	Number of shares held at	Changes in increase or	Number of shares with	Number of shares	Pledge, marking or freezing

		shareholding	the end of the Reporting Period	decrease during the Reporting Period	limited tradable conditions	with unlimited tradable conditions	Share status	Number
Wu Yongqiang	Domestic natural person	17.00%	212,008,715	0	159,006,536	53,002,179	Pledge	38,860,000
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	Others	3.13%	39,027,700	29,839,500	0	39,027,700	Not applicable	0
Xie Renguo	Domestic natural person	2.05%	25,601,303	1,426,215	0	25,601,303	Not applicable	0
Ji Shuhai	Domestic natural person	1.87%	23,329,130	-300,000	0	23,329,130	Not applicable	0
China Construction Bank Corporation - E Fund China Securities Robot Industry ETF	Others	1.51%	18,781,886	18,781,886	0	18,781,886	Not applicable	0
Guotai Haitong Securities Co., Ltd. - Tianhong CSI Robot ETF	Others	1.31%	16,300,329	13,147,329	0	16,300,329	Not applicable	0
China Merchants Bank – Southern CSI 1000 ETF	Others	0.92%	11,430,200	1,133,300	0	11,430,200	Not applicable	0
Ma Wei	Domestic natural person	0.68%	8,519,734	0	6,389,800	2,129,934	Not applicable	0
Dongguan Onlink Industry Co., Ltd.	Domestic non-state-owned legal person	0.59%	7,360,500	-409,300	0	7,360,500	Not applicable	0
China Merchants Bank Co., Ltd. - China Securities CSI 1000 ETF	Others	0.58%	7,227,280	1,705,396	0	7,227,280	Not applicable	0
The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	Not applicable							
Explanation of the above shareholders' relationship or concerted action	Except that Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF and China Merchants Bank Co., Ltd. - China Securities CSI 1000 ETF have the same fund manager, the Company is unaware of any connection among other shareholders, or whether other shareholders are persons acting in concern as defined in the Acquisition Management Measures for Listed Companies.							
Explanation of the above shareholders' entrusting/entrusted voting rights and waiver of voting rights	Not applicable							

Special explanations for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 10)	At the end of the Reporting Period, the Company held 18,045,600 shares in total through the special securities account for repurchase, accounting for 1.45% of the total equity issued by the Company.		
Shareholding of the top 10 shareholders with unlimited tradable conditions (excluding shares lent through refinancing and executives lock-in shares)			
Name of shareholder	Number of shares held with unlimited tradable conditions at the end of the Reporting Period	Type of shares	
		Type of shares	Number
Wu Yongqiang	53,002,179	A shares	53,002,179
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	39,027,700	A shares	39,027,700
Xie Renguo	25,601,303	A shares	25,601,303
Ji Shuhai	23,329,130	A shares	23,329,130
China Construction Bank Corporation - E Fund China Securities Robot Industry ETF	18,781,886	A shares	18,781,886
Guotai Haitong Securities Co., Ltd. - Tianhong CSI Robot ETF	16,300,329	A shares	16,300,329
China Merchants Bank – Southern CSI 1000 ETF	11,430,200	A shares	11,430,200
Dongguan Onlink Industry Co., Ltd.	7,360,500	A shares	7,360,500
China Merchants Bank Co., Ltd. - China Securities CSI 1000 ETF	7,227,280	A shares	7,227,280
Hong Kong Securities Clearing Company Ltd.	7,046,441	A shares	7,046,441
Explanation of the relationship or concerted action between the top 10 shareholders with unlimited tradable conditions and between the top 10 shareholders with unlimited tradable conditions and the top 10 shareholders	Except that Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF and China Merchants Bank Co., Ltd. - China Securities CSI 1000 ETF have the same fund manager, the Company is unaware of any connection among other shareholders, or whether other shareholders are persons acting in concern as defined in the Acquisition Management Measures for Listed Companies.		
Explanation of the participation of the top 10 ordinary shareholders in securities margin trading (if any) (see Note 4)	Shareholder Mr. Xie Renguo holds 25,601,303 shares through the credit securities account.		

Participation of shareholders holding more than 5% of the shares, top 10 shareholders and top 10 shareholders with unlimited tradable conditions in lending of shares through refinancing business

Applicable  Not applicable

Changes in top 10 shareholders and top 10 shareholders with unlimited tradable conditions due to lending/return of shares through refinancing compared with the end of the previous period

Applicable  Not applicable

Did the top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions

conduct the agreed repurchase transactions during the Reporting Period?

Yes  No

The top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions did not conduct the agreed repurchase transactions during the Reporting Period.

## 2. Controlling shareholder of the Company

Nature of controlling shareholder: controlled by natural person

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Obtained the right of residence in another country or region
Wu Yongqiang	China	No
Main occupation and position	Served as the Chairman and President of Shenzhen Topband Co., Ltd. since 2009	
Equity information on other domestic and foreign listed companies controlled or invested in by him during the Reporting Period	None	

Change of controlling shareholders during the Reporting Period

Applicable  Not applicable

The controlling shareholder of the Company did not change during the Reporting Period.

## 3. The Company's actual controller and its person acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

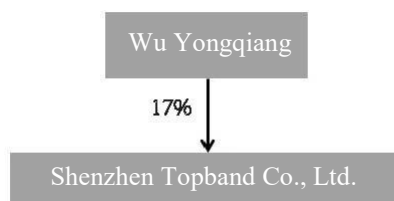
Name of actual controller	Relationship with actual controller	Nationality	Obtained the right of residence in another country or region
Wu Yongqiang	In person	China	No
Main occupation and position	Served as the Chairman and President of Shenzhen Topband Co., Ltd. since 2009		
Information on domestic and foreign listed companies controlled by him in the past 10 years	None		

Change of actual controller during the Reporting Period

Applicable  Not applicable

The actual controller of the Company did not change during the Reporting Period.

Block Diagram of Property Rights and Control Relationship between the Company and the Actual Controller



The actual controller controls the Company by means of trust or other ways of assets management

Applicable  Not applicable

**4. The cumulative number of pledged shares held by the controlling shareholder or the largest shareholder and its persons acting in concert accounts for 80% of the total number of shares held by them in the Company**

Applicable  Not applicable

**5. Other institutional shareholders holding over 10% of the shares**

Applicable  Not applicable

**6. Restrictions on the reduction of shares held by the controlling shareholder, the actual controller, the reorganizer and other commitment entities**

Applicable  Not applicable

#### **IV. Specific implementation of share repurchase during the Reporting Period**

Implementation progress of share repurchase

Applicable  Not applicable

Implementation progress of reduction of repurchased shares by centralized competitive bidding

Applicable  Not applicable

#### **V. Information on preferred shares**

Applicable  Not applicable

The Company did not have preferred shares during the Reporting Period.

## Section VII Relevant Information of Bonds

Applicable  Not applicable

## Section VIII Financial Report

### I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing the audit report	March 31, 2026
Name of audit institution	RSM China CPA LLP (Special General Partnership)
Document number of audit report	RCSZ [2026] No. 518Z0083
Name of certified public accountant	Tian Jingliang, Zhu Aiyin, and Fan Lihua

### Main text of audit report

#### All shareholders of Shenzhen Topband Co., Ltd.:

##### I. Audit opinion

We have audited the financial statements of Shenzhen Topband Co., Ltd. (hereinafter referred to as "Topband"), including the consolidated and balance sheet of parent company as of December 31, 2025, and the consolidated and income statement of parent company, the consolidated and parent company cash flow statement, and the consolidated and parent company statement of change in owner's equity of 2025, as well as related notes to the financial statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all significant aspects, and given fair views on the consolidated and parent company financial positions of Topband as of December 31, 2025, and the consolidated and parent company operating results as well as cash flow of 2025.

##### II. Basis for the formation of audit opinions

We have carried out audit in compliance with Auditing Standards for Certified Public Accountants of China. Our responsibility under these standards is further described in "Certified Public Accountant's Responsibility for Audit of Financial Statements" in the audit report. In accordance with the Code of Professional Ethics for Chinese Certified Public Accountants, and the Independence Guidelines for Chinese Certified Public Accountants, we are independent of Topband, and have complied with the provisions on the auditing of financial statements of public interest entities in the Independence Guidelines, and fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. Key audit matters

The key items for audit are items that we consider the most important for the audit of the financial statements of the current period according to the professional judgment. The response of these items is based on an audit of the overall financial statements and the formation of audit opinions, and we do not individually express views on these items.

#### (I) Revenue recognition

##### 1. Description of matters

For relevant information disclosure details, refer to Notes "III. 27" and "V. 46" to the financial statement.

Topband is mainly engaged in the R&D, production and sales of intelligent control system solutions. It has two sales models: domestic sales and export. There are differences in the time of revenue recognition for different sales methods. Since revenue is one of the key performance indicators of Topband, there may be an inherent risk that the management of Topband (hereinafter referred to as the management) may achieve specific goals or expectations through inappropriate revenue recognition. Therefore, we identified revenue recognition as a key audit matter.

##### 2. Handling during the audit

The relevant procedures we have implemented for revenue recognition mainly include:

(1) Understand the key internal controls related to revenue recognition, evaluate the design of these controls, and test the operating effectiveness of related internal controls;

(2) Understand and inquire with the relevant personnel of the Company, check sales contracts or orders, and evaluate whether the revenue recognition method is appropriate based on the main contract terms and product features;

(3) Implement analytical procedures for revenue and gross profit margin by month, product and customer to identify whether there are significant or abnormal fluctuations;

(4) For domestic sales revenue, check the supporting documents related to revenue recognition by sampling, including sales contracts or orders, sales invoices, outbound delivery orders, transport documents, and customer receipts/statements. For export revenue, obtain the electronic port information and check it against the book records, and check the supporting documents such as sales contracts or orders, export declarations and sales invoices by sampling;

(5) On the basis of the confirmation of accounts receivable, send confirmation letters to major customers on a sampling basis to evaluate the authenticity of sales revenue and the accuracy of revenue recognition;

(6) On a sampling basis, check the revenue recognized before and after the balance sheet date against the supporting documents such as outbound delivery orders, customer receipts and export declarations to evaluate whether the revenue is recognized in the appropriate period;

(7) Check whether the information related to revenue has been properly presented and disclosed in the financial statement.

Based on the above work results, we believe that the relevant evidence can support the management's judgment and estimates on revenue recognition.

## (II) Impairment of accounts receivable

### 1. Description of matters

For relevant information disclosure details, refer to Notes "III. 10" and "V. 4" to the financial statement.

As of December 31, 2025, the book balance of accounts receivable of Topband was RMB 3,216,828,011.05, the bad debt provision was RMB 192,158,635.04, and the book value was RMB 3,024,669,376.01. Due to the large amount of accounts receivable and the fact that the impairment test of accounts receivable involves the management's significant judgment, we identified the impairment of accounts receivable as a key audit matter.

### 2. Handling during the audit

The relevant procedures we have implemented for impairment of accounts receivable mainly include:

(1) Understand the key internal controls related to impairment of accounts receivable, evaluate the design of these controls, and test the operating effectiveness of related internal controls;

(2) Re-check the subsequent actual write-off or write-back of accounts receivable for which bad debt provisions were made in previous years and evaluate the accuracy of the management's past forecasts;

(3) Re-check the management's relevant considerations and objective evidence in the impairment test of accounts receivable and evaluate whether the management has adequately identified accounts receivable that have been impaired;

(4) For accounts receivable with expected credit losses measured on a single basis, obtain and examine the management's forecast of expected cash flows received, evaluate the reasonableness of key assumptions and the accuracy of data used in the forecast, and check with external evidence obtained;

(5) Regarding the provision for impairment of accounts receivable, for accounts receivable with expected credit losses measured on a portfolio basis, evaluate the rationality of the management's division of portfolios based on credit risk characteristics; evaluate the rationality of the comparison table of accounts receivable aging and loss given default prepared by the management based on the historical credit loss experience and forward-looking estimates of the portfolios with similar credit risk characteristics; re-check the accuracy and completeness of the data used by the management (including accounts receivable aging, historical loss rate and migration rate) and whether the calculation of bad debt provisions is accurate;

(6) Perform independent confirmation procedures for significant accounts receivable;

(7) Check the post-period collection of accounts receivable and evaluate the rationality of the management's provision for bad debts of accounts receivable;

(8) Check whether the information related to impairment of accounts receivable has been properly presented in the financial statement.

Based on the above work results, we believe that the relevant evidence can support the management's judgment and estimates on impairment of accounts receivable.

#### **IV. Other information**

Topband's management (hereinafter referred to as the management) is responsible for other information. Other information includes the information covered in Topband's annual report for 2025, but does not include financial statements and our audit reports.

We do not cover other information in the audit opinions issued for the financial statements, nor do we have any form of attestation conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information, and in this process, consider whether other information is materially inconsistent with the financial statements or what we have learned in the audit process or it appears to be significant misstatement.

Based on the work we have carried out, we shall report the fact if we determine the existence of a significant misstatement in other information. We have nothing to report in this regard. We have nothing to report in this regard.

#### **V. Responsibility of the management and the governance to the financial statements**

The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to make it fair reflection, then designing, implementing and

maintaining the necessary internal controls so that the financial statements do not have any significant misstatement resulting from fraud or error.

When the financial statements were prepared, the management was responsible for assessing Topband's ability to continue as a going concern, disclosing the matters related to the going concern (if applicable) and applying the going concern assumption unless the management planned to liquidate Topband, terminated operation or had no other practical option.

The governance level is responsible for overseeing the financial reporting process of Topband.

## **VI. Certified public accountant's responsibility for audit of financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the audits standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Meanwhile, we also execute the following works: Meanwhile, we also execute the following works:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Since fraud may involve collusion, forgery, intentional omission, false representation or not be subject to internal control, the risk of failure to find the significant misstatement due to fraud is higher than the risk of failure to find a major misstatement due to errors.

(2) Understand internal controls related to the audit in order to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the going-concern assumption used by the management. At the same time, on the basis of the acquired audit evidence, make a conclusion whether there is a significant uncertainty in matters or circumstances that cause significant doubts about constant operational capacity of

Topband. If we come to the conclusion that there are significant uncertainties, the audit guidelines require that we draw the attention of the report users to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we shall issue a modified audit report. Our conclusion is based on the information that was available as of the date of the audit report. However, future events or conditions may cause Topband to discontinue operation.

(5) Evaluate the overall presentation, structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities of Topband to make an audit opinion on the financial statements. We are responsible for guiding, supervising, and conducting the Group's audit and assuming full responsibility for the audit opinion.

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

We also provide a statement to the governance level regarding compliance with the independence-related professional ethics requirements and communicate with the governance level on all the relationships and other matters that may reasonably be considered to affect our independence, as well as relevant preventive measures (if applicable).

Among items discussed with the governance level, we determine those items most important to the audit of the financial statements of the current period and constitute a key item for audit. We describe these matters in our audit report unless laws or regulations prohibit public disclosure, or in rare circumstances, if the negative consequences of communicating a matter outweigh the public interest or benefits, we determine that the matter shall not be communicated in the audit report.

## II. Financial statements

The unit of statements in the financial notes is: RMB

### 1. Consolidated balance sheet

Prepared by: Shenzhen Topband Co., Ltd.

December 31, 2025

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		

Monetary capital	1,797,447,784.44	1,713,976,263.34
Settlement of provisions		
Lending funds		
Trading financial assets	538,102,481.43	739,448,691.77
Derivative financial assets		
Notes receivable	24,439,539.50	48,461,335.38
Accounts receivable	3,024,669,376.01	2,992,784,497.73
Financing of accounts receivable	138,461,638.53	131,217,672.56
Prepayments	81,982,725.00	26,932,435.21
Premiums receivable		
Reinsurance premiums receivable		
Reinsurance contract reserves receivable		
Other receivables	48,377,219.07	38,621,875.39
Including: interest receivable		
Dividends receivable		
Repurchase of financial assets for resale		
Inventory	2,195,746,866.60	1,810,510,580.57
Including: data resources		
Contractual assets	601,601.95	0.00
Assets held for sale		
Non-current assets due within one year	4,798,251.33	0.00
Other current assets	526,014,994.63	359,556,873.79
Total current assets	8,380,642,478.49	7,861,510,225.74
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investment	40,843,277.78	0.00
Long-term receivables	15,592,885.45	0.00
Long-term equity investment	40,463,113.36	38,959,272.14
Other equity instrument investments	51,622,482.00	45,012,776.00
Other non-current financial assets	0.00	0.00
Investment property	97,727,652.86	100,566,027.85
Fixed assets	2,888,394,751.10	2,737,959,115.57
Construction in progress	803,965,663.22	768,223,670.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets	50,405,996.42	67,227,073.11
Intangible assets	711,117,962.19	643,784,398.36
Including: data resources		

Development expenditure	57,633,484.45	125,214,759.99
Including: data resources		
Goodwill	78,109,945.18	108,769,151.72
Long-term deferred expenses	195,703,437.02	188,924,525.82
Deferred tax assets	122,181,079.12	102,678,537.20
Other non-current assets	33,202,988.26	60,036,426.17
Total non-current assets	5,186,964,718.41	4,987,355,734.50
Total assets	13,567,607,196.90	12,848,865,960.24
Current liabilities:		
Short-term loans	1,392,469,964.76	1,224,214,110.41
Loan from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	5,161.00	444,281.13
Derivative financial liabilities		
Notes payable	1,578,338,573.85	1,194,662,037.01
Accounts payable	2,331,050,516.19	2,310,872,258.62
Accounts collected in advance	4,903,162.70	3,915,096.80
Contractual liabilities	116,456,170.61	131,435,683.97
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	262,968,616.95	276,437,375.57
Taxes payable	49,594,738.12	48,126,598.87
Other account payable	278,177,897.89	450,563,068.15
Including: interest payable		
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	43,122,892.52	136,488,765.75
Other current liabilities	64,026,908.02	77,931,203.31
Total current liabilities	6,121,114,602.61	5,855,090,479.59
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	404,450,000.00	245,740,474.88
Bonds payable		
Including: preferred shares		

Perpetual capital securities		
Lease liabilities	22,919,126.35	42,076,530.36
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	14,047,240.76	13,358,627.74
Deferred tax liabilities	23,412,745.21	20,219,592.39
Other non-current liabilities		
Total non-current liabilities	464,829,112.32	321,395,225.37
Total liabilities	6,585,943,714.93	6,176,485,704.96
Owner's equity:		
Share capital	1,246,834,988.00	1,246,834,988.00
Other equity instruments		
Including: preferred shares		
Perpetual capital securities		
Capital reserves	2,149,700,352.02	2,089,578,011.17
Minus: treasury shares	155,694,936.18	155,694,936.18
Other comprehensive income	-60,340,869.44	-32,276,903.98
Special reserves		
Surplus reserve	267,001,620.24	248,359,297.47
General risk provision		
Retained earnings	3,534,742,722.91	3,275,527,294.98
Total owner's equity attributable to the parent company	6,982,243,877.55	6,672,327,751.46
Minority shareholders' equity	-580,395.58	52,503.82
Total owners' equity	6,981,663,481.97	6,672,380,255.28
Total liabilities and owners' equity	13,567,607,196.90	12,848,865,960.24

Legal representative: Wu  
Yongqiang

Accounting Head: Luo Muchen

Accounting Department Head: Luo  
Muchen

## 2. Balance sheet of parent company

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	895,618,876.75	737,724,723.09
Trading financial assets	430,679,393.16	353,132,886.74
Derivative financial assets		

Notes receivable	13,283,445.24	36,071,948.51
Accounts receivable	1,872,692,266.99	1,749,091,674.76
Financing of accounts receivable	62,564,844.60	36,369,236.89
Prepayments	15,506,852.80	16,727,322.45
Other receivables	581,416,476.95	269,840,253.20
Including: interest receivable		
Dividends receivable		
Inventory	447,066,836.78	376,080,117.00
Including: data resources		
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	32,333,183.17	25,734,118.81
Total current assets	4,351,162,176.44	3,600,772,281.45
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	4,325,091,223.15	4,299,877,436.17
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	163,895,568.16	182,839,226.06
Construction in progress	13,794,732.71	10,857,827.42
Productive biological assets		
Oil and gas assets		
Right-of-use assets	15,249,937.08	12,182,431.45
Intangible assets	257,031,503.44	186,874,312.66
Including: data resources		
Development expenditure	38,019,941.44	98,813,454.74
Including: data resources		
Goodwill		
Long-term deferred expenses	8,973,756.54	12,473,333.17
Deferred tax assets	20,720,774.20	4,272,297.23
Other non-current assets	5,872,029.97	12,437,360.68
Total non-current assets	4,848,649,466.69	4,820,627,679.58
Total assets	9,199,811,643.13	8,421,399,961.03
Current liabilities:		
Short-term loans	60,689,741.84	100,000,000.00
Financial liabilities held for trading	5,161.00	345,711.00

Derivative financial liabilities		
Notes payable	2,082,238,616.61	1,895,000,000.00
Accounts payable	711,506,747.61	780,481,701.30
Accounts collected in advance		
Contractual liabilities	39,443,085.99	40,861,225.32
Employee compensation payable	137,049,527.45	152,318,345.79
Taxes payable	11,802,737.79	22,347,082.81
Other account payable	986,310,419.01	365,916,776.73
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	9,085,751.90	4,262,274.85
Other current liabilities	30,798,404.76	56,848,533.19
Total current liabilities	4,068,930,193.96	3,418,381,650.99
Non-current liabilities:		
Long-term loans	0.00	30,250,000.00
Bonds payable		
Including: preferred shares		
Perpetual capital securities		
Lease liabilities	7,107,489.37	8,978,187.76
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,407,106.41	2,953,580.27
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	9,514,595.78	42,181,768.03
Total liabilities	4,078,444,789.74	3,460,563,419.02
Owner's equity:		
Share capital	1,246,834,988.00	1,246,834,988.00
Other equity instruments		
Including: preferred shares		
Perpetual capital securities		
Capital reserves	2,271,798,674.55	2,211,676,333.70
Minus: treasury shares	155,694,936.18	155,694,936.18
Other comprehensive income		
Special reserves		
Surplus reserve	266,973,101.78	248,330,779.01
Retained earnings	1,491,455,025.24	1,409,689,377.48

Total owners' equity	5,121,366,853.39	4,960,836,542.01
Total liabilities and owners' equity	9,199,811,643.13	8,421,399,961.03

### 3. Consolidated income statement

Items	Unit: RMB	
	2025	2024
I. Total operating income	11,082,209,741.52	10,501,219,821.54
Including: operating income	11,082,209,741.52	10,501,219,821.54
Interest income		
Premiums earned		
Service charge and commission income		
II. Total operating cost	10,575,632,353.76	9,693,118,141.20
Including: operating cost	8,695,584,065.13	8,088,901,865.21
Interest expense		
Service charge and commission payment		
Surrender value		
Net compensation expenditure		
Net reserve amount set aside for insurance liability contracts		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	59,537,391.46	67,144,726.40
Selling expenses	458,236,603.48	379,247,836.25
Overheads	443,268,335.08	401,415,660.16
R&D expenses	919,433,295.26	809,006,999.25
Finance expenses	-427,336.65	-52,598,946.07
Including: interest expenses	29,799,577.30	47,188,375.93
Interest income	25,211,229.18	36,970,341.29
Plus: other income	66,639,082.52	73,485,447.86
Investment income (loss marked with "-")	14,495,148.99	3,945,501.92
Including: income from investment in associated enterprises and joint ventures	1,503,841.22	1,211,092.84
Derecognized gains from financial assets measured at amortized cost		
Exchange gains (loss marked with "-")		
Net exposure hedging income (loss marked with "-")		
Loss from changes in fair value (loss marked with "-")	4,205,906.12	-5,950,391.17
Credit impairment losses (loss marked with "-")	-10,631,994.50	-20,502,203.70
Asset impairment loss (loss marked with "-")	-124,778,802.02	-80,133,065.08
Assets disposal revenue (loss marked with "-")	-53,094,091.72	-2,689,826.55
III. Operating profits (loss marked with "-")	403,412,637.15	776,257,143.62

Plus: non-operating income	9,470,022.46	10,883,626.59
Minus: non-operating expenses	10,763,138.27	12,316,804.97
IV. Total profit (total loss marked with "-")	402,119,521.34	774,823,965.24
Minus: income tax expense	38,879,412.88	102,939,389.30
V. Net profit (net loss marked with "-")	363,240,108.46	671,884,575.94
(I) Classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	363,240,108.46	671,884,575.94
2. Net profit of discontinued operation (net loss marked with "-")		
(II) Classification according to ownership		
1. Net income attributable to the shareholders of the parent company	363,873,007.86	671,442,652.91
2. Profits and losses of minority shareholders	-632,899.40	441,923.03
VI. Net after-tax amount of other comprehensive income	-28,063,965.46	-44,208,933.39
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	-28,063,965.46	-44,208,933.39
(I) Other comprehensive income that cannot be reclassified into profits or losses	4,957,279.50	2,864,869.50
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income that cannot be transferred through profit or loss under the equity method		
3. Changes in fair value of other equity instrument investment	4,957,279.50	2,864,869.50
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	-33,021,244.96	-47,073,802.89
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference in translation of foreign currency financial statements	-33,021,244.96	-47,073,802.89
7. Others		
Net after-tax amount of other comprehensive income attributed to the minority of shareholders	0.00	0.00
VII. Total comprehensive income	335,176,143.00	627,675,642.55
Total consolidated income attributable to the owners of the parent company	335,809,042.40	627,233,719.52
Total consolidated income attributable to minority shareholders	-632,899.40	441,923.03
VIII. Earnings per Share:		
(I) Basic earnings per share	0.30	0.55

(II) Diluted earnings per share	0.29	0.55
---------------------------------	------	------

In case of business merger involving enterprises under the same control in the current period, the net profit realized by the merged party before the merger is: RMB 0.00, and the net profit realized by the merged party in the prior period is: RMB 0.00.

Legal representative: Wu  
Yongqiang

Accounting Head: Luo Muchen

Accounting Department Head: Luo  
Muchen

#### 4. Income statement of parent company

Unit: RMB

Items	2025	2024
I. Operating income	6,251,131,750.31	5,738,376,664.57
Minus: operating cost	5,009,355,309.80	4,563,890,274.95
Taxes and surcharges	21,619,627.50	21,437,728.60
Selling expenses	321,973,995.19	259,782,575.43
Overheads	212,590,975.92	200,460,896.17
R&D expenses	509,321,396.95	407,631,380.87
Finance expenses	11,553,265.05	-45,239,671.09
Including: interest expenses	16,730,847.07	15,821,584.83
Interest income	10,299,252.69	15,552,814.78
Plus: other income	16,470,806.84	19,335,173.15
Investment income (loss marked with "-")	8,722,550.37	-1,408,045.63
Including: income from investment in associated enterprises and joint ventures	-491.12	-13,252.87
Derecognized gains from financial assets measured at amortized cost		
Net exposure hedging income (loss marked with "-")		
Loss from changes in fair value (loss marked with "-")	1,322,345.42	-345,711.00
Credit impairment losses (loss marked with "-")	-829,459.03	-9,752,828.03
Asset impairment loss (loss marked with "-")	-16,721,035.48	-25,067,799.74
Assets disposal revenue (loss marked with "-")	-1,071,027.08	-34,440.81
II. Operating profit (loss marked with "-")	172,611,360.94	313,139,827.58
Plus: non-operating income	725,847.08	939,545.20
Minus: non-operating expenses	4,387,536.15	1,589,881.99
III. Total profit (total loss marked with "-")	168,949,671.87	312,489,490.79
Minus: income tax expense	-17,473,555.82	23,365,881.98
IV. Net profit (net loss marked with "-")	186,423,227.69	289,123,608.81
(I) Net profit from continuing operation (net loss marked with "-")	186,423,227.69	289,123,608.81

(II) Net profit from termination of operation (net loss marked with "-")		
V. Net after-tax amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income that cannot be transferred through profit or loss under the equity method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses		
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	186,423,227.69	289,123,608.81
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Items	2025	2024
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	10,623,925,748.27	10,027,635,954.13
Net increase in deposits with other banks		
Net increase in borrowing from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash from receipt of original insurance contract premiums		
Receipt of net cash for reinsurance operations		
Net increase in savings and investment funds of the insured		
Cash from receipt of interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds from repurchase operations		

Net cash received for acting trading securities		
Refund of tax and levies	539,318,307.28	525,526,705.58
Other cash received related to operating activities	98,494,091.10	110,235,242.98
Subtotal of cash inflow from operating activities	11,261,738,146.65	10,663,397,902.69
Cash paid for purchasing goods and accepting labor services	7,876,432,480.08	7,037,594,518.83
Net increase in loans and advances of clients		
Net increase in deposits with central banks and interbanks		
Cash in compensation funds paid for the original insurance contract		
Net increase in lending funds		
Cash for payment of interest, service charges and commissions		
Cash for payment of policy dividends		
Cash paid to and for employees	2,135,121,529.55	1,790,998,914.62
Tax payments	226,997,645.89	308,701,013.72
Other cash paid related to operating activities	344,819,550.84	434,152,737.27
Subtotal of cash outflows from operating activities	10,583,371,206.36	9,571,447,184.44
Net cash flow from operating activities	678,366,940.29	1,091,950,718.25
II. Cash flow from investing activities:		
Cash received from recovery of investments	552,198,415.27	768,564,670.00
Cash received from investment income	12,148,043.00	12,332,161.27
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	11,847,193.24	6,565,626.23
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities		2,235,246.30
Subtotal of cash inflows from investment activities	576,193,651.51	789,697,703.80
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	726,995,083.85	748,083,364.73
Cash paid for investment	421,219,000.00	922,446,272.51
Net increase in pledged loans		
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	56,416,530.09	924,300.00
Subtotal of cash outflows from investment activities	1,204,630,613.94	1,671,453,937.24
Net cash flow from investment activities	-628,436,962.43	-881,756,233.44
III. Cash flow from financing activities:		
Cash received from absorbing investment	0.00	0.00
Including: cash received by subsidiaries' absorption of minority shareholders' investment		
Cash received from loan	2,554,257,420.22	1,124,511,608.03
Other cash received relating to financing activities	3,268,956.29	6,009,728.26
Subtotal of cash inflows from financing activities	2,557,526,376.51	1,130,521,336.29
Cash paid for repayments of debts	2,434,188,066.06	881,199,244.99

Cash paid to distribute dividends, profits or pay interest	103,148,928.21	117,906,350.13
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	42,474,292.37	311,536,595.48
Subtotal of cash outflows from financing activities	2,579,811,286.64	1,310,642,190.60
Net cash flow from financing activities	-22,284,910.13	-180,120,854.31
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-4,121,340.11	71,535,198.47
V. Net increase in cash and cash equivalents	23,523,727.62	101,608,828.97
Plus: balance of cash and cash equivalents at the beginning of the period	1,596,352,534.73	1,494,743,705.76
VI. Balance of cash and cash equivalents at the end of the period	1,619,876,262.35	1,596,352,534.73

## 6. Cash flow statement of the parent company

Items	Unit: RMB	
	2025	2024
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	5,240,490,051.20	4,793,886,475.54
Refund of tax and levies	239,116,666.99	230,485,466.78
Other cash received related to operating activities	322,072,760.21	2,460,306,547.03
Subtotal of cash inflow from operating activities	5,801,679,478.40	7,484,678,489.35
Cash paid for purchasing goods and accepting labor services	4,083,985,608.24	3,142,647,984.46
Cash paid to and for employees	916,130,348.65	617,078,387.87
Tax payments	39,057,761.16	32,363,399.12
Other cash paid related to operating activities	217,836,625.79	2,741,016,182.55
Subtotal of cash outflows from operating activities	5,257,010,343.84	6,533,105,954.00
Net cash flow from operating activities	544,669,134.56	951,572,535.35
II. Cash flow from investing activities:		
Cash received from recovery of investments	240,000,000.00	300,000,000.00
Cash received from investment income	8,723,041.49	3,948,764.24
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	23,192,625.20	2,209,115.90
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities		2,235,246.30
Subtotal of cash inflows from investment activities	271,915,666.69	308,393,126.44
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	93,227,880.53	169,407,576.30
Cash paid for investment	366,219,000.00	436,555,100.00
Net cash obtained from subsidiaries and other business units	0.00	0.00
Other cash paid related to investment activities	56,416,530.09	543,000.00
Subtotal of cash outflows from investment activities	515,863,410.62	606,505,676.30
Net cash flow from investment activities	-243,947,743.93	-298,112,549.86

III. Cash flow from financing activities:		
Cash received from absorbing investment	0.00	0.00
Cash received from loan	0.00	161,000,000.00
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	0.00	161,000,000.00
Cash paid for repayments of debts	130,750,000.00	530,250,000.00
Cash paid to distribute dividends, profits or pay interest	95,578,260.68	91,801,225.33
Other cash paid related to financing activities	9,822,800.57	107,629,519.50
Subtotal of cash outflows from financing activities	236,151,061.25	729,680,744.83
Net cash flow from financing activities	-236,151,061.25	-568,680,744.83
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-404,327.83	39,489,370.97
V. Net increase in cash and cash equivalents	64,166,001.55	124,268,611.63
Plus: balance of cash and cash equivalents at the beginning of the period	654,542,035.33	530,273,423.70
VI. Balance of cash and cash equivalents at the end of the period	718,708,036.88	654,542,035.33

**7. Consolidated statement of changes in owner's equity**

Amount in the current period

Unit: RMB

2025															
Items	Owner's equity attributable to the parent company										Minority shareholders' equity	Total owners' equity			
	Share capital	Other equity instruments		Capital reserves	Minus: treasury shares	Other comprehensive income	Surplus reserve	Special reserves	General provisions	Retained earnings			Others	Subtotal	
		Preferred shares	Other												

			t i e s									
I. Ending balance of last year	1,246,834,988			2,089,578,011.17	155,694,936.18	-32,276,903.98	248,359,297.47	3,275,527,294.98	6,672,327,751.46	52,503.82	6,672,380,255.28	
Plus: changes in accounting policies												
Early error correction												
Other s												
II. Beginning balance of the current year	1,246,834,988			2,089,578,011.17	155,694,936.18	-32,276,903.98	248,359,297.47	3,275,527,294.98	6,672,327,751.46	52,503.82	6,672,380,255.28	
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")				60,122,340.85		-28,063,965.46	18,642,322.77	259,215,427.93	309,916,126.09	-632,899.40	309,283,226.69	
(I) Total comprehensive income						-28,063,965.46		363,873,007.86	335,809,042.40	-632,899.40	335,176,143.00	
(II) Capital invested and reduced by owners				60,122,340.85					60,122,340.85		60,122,340.85	
1. Ordinary shares invested by owners												

2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in owner's equity				57,561,832.12							57,561,832.12		57,561,832.12
4. Others				2,560,508.73							2,560,508.73		2,560,508.73
(III) Profit distribution							18,642,322.77	-104,657,579.93			-86,015,257.16		-86,015,257.16
1. Withdrawal of surplus reserve							18,642,322.77	-18,642,322.77					
2. Withdrawal of general risk provision													
3. Distribution to owners (or shareholders)								-86,015,257.16			-86,015,257.16		-86,015,257.16
4. Others													
(IV) Internal carryover of owner's equity													
1. Conversion of surplus reserves to additional capital (or share capital)													
2. Conversion of surplus reserves to additional													

capital (or share capital)													
3. Surplus public reserve to compensate losses													
4. Change of defined benefit plans carried forward to retained earnings													
5. Other comprehensive income carried forward into retained earnings													
6. Others													
(V) Special reserves													
1. Amount withdrawn in the current period													
2. Amount used in the current period													
(VI) Others													
IV. Ending balance of the current year	1,246,834,988			2,149,700,352.02	155,694,936.18	-60,340,869.44	267,001,620.24	3,534,742,722.91	6,982,243,877.55	-580,395.58	6,981,663,481.97		

Amount in the previous period

Items	2024										
	Owner's equity attributable to the parent company									Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments	Capital reserves	Minus: treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal			
	Preferred shares				Special reserves	General provisions	Others				
I. Ending balance of last	1,246,834,988		2,212,629,919.51	112,426,101.24	11,932,029.41	219,446,936.59	2,706,499,696.23	6,284,917,468.50	84,680,252.94	6,369,597,721.44	

year												
Plus: changes in accounting policies												
Early error correction												
Other s												
II. Beginning balance of the current year	1,246,834,988		2,212,629,919.51	112,426,101.24	11,932,029.41	219,446,936.59	2,706,499,696.23	6,284,917,468.50	84,680,252.94	6,369,597,721.44		
III. Amount of changes in increase or decrease in the current period (decrease marked with "- ")			-123,051,908.34	43,268,834.94	-44,208,933.39	28,912,360.88	569,027,598.75	387,410,282.96	-84,627,749.12	302,782,533.84		
(I) Total comprehensive income					-44,208,933.39		671,442,652.91	627,233,719.52	441,923.03	627,675,642.55		
(II) Capital invested and reduced by owners			6,685,939.51	95,703,328.59				-89,017,389.08		-89,017,389.08		
1. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of			9,380,913.16					9,380,913.16		9,380,913.16		

share-based payment included in owner's equity												
4. Others				-2,694,973.65	95,703,328.59					-98,398,302.24		-98,398,302.24
(III) Profit distribution							28,912,360.88	-102,415,054.16		-73,502,693.28		-73,502,693.28
1. Withdrawal of surplus reserve							28,912,360.88	-28,912,360.88				
2. Withdrawal of general risk provision												
3. Distribution to owners (or shareholders)								-73,502,693.28		-73,502,693.28		-73,502,693.28
4. Others												
(IV) Internal carryover of owner's equity				-49,739,520.00	-52,434,493.65					2,694,973.65		2,694,973.65
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												

4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others				-49,739,520.00	-52,434,493.65					2,694,973.65		2,694,973.65
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others				-79,998,327.85						-79,998,327.85	-85,069,672.15	-165,068,000.00
IV. Ending balance of the current year	1,246,834,988			2,089,578,011.17	155,694,936.18	-32,276,903.98	248,359,297.47	3,275,527,294.98	6,672,327,751.46	52,503.82		6,672,380,255.28

### 8. Parent company's statement of changes in owner's equity

Amount in the current period

Unit: RMB

Items	2025										
	Share capital	Other equity instruments	Capital reserves	Minus:	Other	Special	Surplus reserve	Retained	Others	Total owners'	

		Preferred shares	Perpetual capital securities	Others		treasury shares	comprehensive income	reserves		earnings		equity
I. Ending balance of last year	1,246,834,988.00				2,211,676,333.70	155,694,936.18			248,330,779.01	1,409,689,377.48		4,960,836,542.01
Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,246,834,988.00				2,211,676,333.70	155,694,936.18			248,330,779.01	1,409,689,377.48		4,960,836,542.01
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")					60,122,340.85				18,642,322.77	81,765,647.76		160,530,311.38
(I) Total comprehensive income										186,423,227.69		186,423,227.69
(II) Capital invested and reduced by owners					60,122,340.85							60,122,340.85
1. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					57,561,832.12							57,561,832.12
4. Others					2,560,508.73							2,560,508.73
(III) Profit									18,642,322.77	-104,657,579.93		-86,015,257.16

distribution												
1. Withdrawal of surplus reserve									18,642,322.77	-18,642,322.77		
2. Distribution to owners (or shareholders)										-86,015,257.16		-86,015,257.16
3. Others												
(IV) Internal carryover of owner's equity												
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												
4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												

2. Amount used in the current period												
(VI) Others												
IV. Ending balance of the current year	1,246,834,988.00				2,271,798,674.55	155,694,936.18			266,973,101.78	1,491,455,025.24		5,121,366,853.39

Amount in the previous period

Unit: RMB

Items	2024											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual capital securities	Others								
I. Ending balance of last year	1,246,834,988.00				2,254,729,914.19	112,426,101.24			219,418,418.13	1,222,980,822.83		4,831,538,041.91
Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,246,834,988.00				2,254,729,914.19	112,426,101.24			219,418,418.13	1,222,980,822.83		4,831,538,041.91
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")					-43,053,580.49	43,268,834.94			28,912,360.88	186,708,554.65		129,298,500.10
(I) Total comprehensive income										289,123,608.81		289,123,608.81
(II) Capital invested and reduced by					6,685,939.51	95,703,328.59						-89,017,389.08

owners												
1. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					9,380,913.16							9,380,913.16
4. Others					-2,694,973.65	95,703,328.59						-98,398,302.24
(III) Profit distribution									28,912,360.88	-102,415,054.16		-73,502,693.28
1. Withdrawal of surplus reserve									28,912,360.88	-28,912,360.88		
2. Distribution to owners (or shareholders)										-73,502,693.28		-73,502,693.28
3. Others												
(IV) Internal carryover of owner's equity					-49,739,520.00	-52,434,493.65						2,694,973.65
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												
4. Change of defined												

benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others					-49,739,520.00	-52,434,493.65						2,694,973.65
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Ending balance of the current year	1,246,834,988.00				2,211,676,333.70	155,694,936.18			248,330,779.01	1,409,689,377.48		4,960,836,542.01

### III. Basic information of the Company

Shenzhen Topband Co., Ltd. (hereinafter referred to as "the Company") formerly known as Shenzhen Topband Electronic Equipment Co., Ltd., is a limited liability company approved by Shenzhen Administration for Industry and Commerce on February 9, 1996. It has obtained the Business License of Enterprise Legal Person with the registration number of 19241377-3. On January 10, 2001, upon approval, the name of Shenzhen Topband Electronic Equipment Co., Ltd. was changed to Shenzhen Topband Electronic Technology Co., Ltd. On July 15, 2002, with the approval of the People's Government of Shenzhen Municipality by issuing the Reply on the Approval of the Reorganization and Establishment of Shenzhen Topband Electronics Technology Co., Ltd. (SFG [2002] No. 24), Guangdong Province, it was agreed to reorganize Shenzhen Topband Electronics Technology Co., Ltd. as a whole into a company limited by shares, with five shareholders as the promoter. On June 26, 2007, with the approval of the China Securities Regulatory Commission by issuing the Notice on Approving the IPO of Shenzhen Topband Electronics Technology Co., Ltd. (ZJH No. 2007135), Topband issued shares to the public and was listed on the Shenzhen Stock Exchange (stock code: 002139). The company name was changed to Shenzhen Topband Co., Ltd. in September 2009.

The Company's registered address is Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyuan Sub-district, Bao'an District, Shenzhen. The unified social credit code of the business license is 91440300192413773Q. The legal representative of the Company is Wu Yongqiang. As of December 31, 2025, the share capital is RMB 1,246,834,988.00.

The Company's main business activities: The Company is a business with rich technical experience and product solutions in the intelligent control industry. With the core technology system of "four electrics and one network" (electric control, motor, battery, power, and IoT), the Company is specialized in developing, manufacturing and selling components and complete machines. The components mainly include intelligent controllers, high efficiency motors, battery packs and power products. The complete machines mainly include AC/DC charging piles, integrated industrial and commercial energy storage systems, integrated household energy storage systems and AI complete machines. The products are widely used in three major fields: tools and home appliances, digital energy and intelligent vehicles, and robotics. We offer innovative, efficient and reliable customized services to global customers, and at the same time bring green, intelligent and innovative products to consumers.

Date of approval for submission of financial statement: The financial statements have been approved for submission by the Company's Board of Directors on March 31, 2026.

#### **IV. Preparation basis of the financial statement**

##### **1. Basis of preparation**

On a going concern basis, the Company recognizes and measures actual transactions and events in accordance with the Accounting Standards for Business Enterprises and their application guidelines and interpretations of the Standards, and prepares its financial statements accordingly. In addition, the Company also discloses relevant financial information in accordance with the Compilation Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports (2023 Revision) issued by CSRC.

##### **2. Continuation**

The Company has evaluated its ability to continue as a going concern for the past 12 months from the end of the Reporting Period and has not identified any issue that may affect its ability to continue as a going concern, so it is reasonable for the Company to prepare the financial statements on a going concern basis.

#### **V. Significant Accounting Policies and Accounting Estimates**

Specific accounting policies and accounting estimates reminders:

The following important accounting policies and estimates of the Company were determined in accordance with the Accounting Standards for Business Enterprises. The businesses not mentioned are based on the relevant accounting policies in the Accounting Standards for Business Enterprises.

##### **1. Statement on compliance with Accounting Standards for Business Enterprises**

The financial statements prepared by the Company comply with the requirements of Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, changes in owners' equity and cash flows.

**2. Accounting period**

The fiscal year of the Company begins on January 1 and ends on December 31 of the Gregorian calendar.

**3. Operating cycle**

The normal operating cycle of the Company is one year.

**4. Recording currency**

The recording currency of the Company is RMB, and the overseas branches and subsidiaries may determine their own recording currencies according to the currency of the main economic environment in which they operate.

**5. Method for determining materiality criteria and basis for selection**

Applicable  Not applicable

Items	Materiality criteria
Accounts receivable with major single provision for bad debts	The ending balance of individual accounts receivable and other receivables is greater than RMB 1 million
Recovery or reversal of bad debt provisions for important receivables	The amount of single recovery or reversal is greater than RMB 1 million
Write-off of important receivables	The amount of single write-off is greater than RMB 1 million
Material contract liabilities aged over 1 year	The amount of a single contract liability aged over 1 year is greater than RMB 5 million
Material payables and other payables	The amount of a single accounts payable/other payable aged over 1 year is greater than RMB 5 million
Significant Projects In-progress	The budget of a single project is over RMB 100 million
Major non-wholly-owned subsidiaries	The minority equity is more than RMB 50 million

**6. Accounting treatment for business merger involving enterprises under the same control and under different control****(1) Business merger under common control**

The assets and liabilities acquired by the Company in the business merger are measured at the date of the merger at the book value of the merged party in the consolidated financial statements of the ultimate controlling party. If the accounting policies and accounting periods adopted by the merged party and the Company before the business merger are different, the accounting policies and accounting periods shall be unified based on the materiality principle, that is, the book values of the assets and liabilities of the merged party shall be adjusted in accordance with the accounting policies and accounting periods of the Company. In case of a difference

between the book value of the net assets acquired by the Company in the business merger and the book value of the consideration paid, the capital reserve (capital premium or equity premium) shall be adjusted first. If the balance of the capital reserve (capital premium or equity premium) is insufficient for writing down, the surplus reserve and undistributed profits shall be written down successively.

See 7 (5) of Section X Financial Report for the accounting treatment of business mergers under common control through stepwise transactions.

### **(2) Business merger under different control**

The identifiable assets and liabilities of the acquiree acquired by the Company in the business merger are measured at their fair value at the date of acquisition. If the accounting policies and accounting periods adopted by the acquiree and the Company before the business merger are different, the accounting policies and accounting periods shall be unified based on the materiality principle, that is, the book values of the assets and liabilities of the acquiree shall be adjusted in accordance with the accounting policies and accounting periods of the Company. If the merger cost of the Company on the acquisition date is larger than the fair value of the identifiable assets and liabilities acquired in the business merger, the difference is recognized as goodwill; if the merger cost is less than the fair value of the identifiable assets and liabilities acquired in the business merger, the merger cost and the fair value of the acquiree's identifiable assets and liabilities acquired in the business merger shall be reviewed first, and if the merger cost is still less than the fair value of the acquired acquiree's identifiable assets and liabilities after the review, the difference is recognized as a profit or loss for the period of the merger.

See 7 (5) of Section X Financial Report for the accounting treatment of business mergers under different control through stepwise transactions.

### **(3) Treatment of relevant transaction costs in business merger**

Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred are credited to the current profit or loss when incurred. Transaction costs of equity securities or debt securities issued as merger consideration are credited to the initial amount recognized for the equity securities or debt securities.

## **7. Criteria for determining control and methods for preparing consolidated financial statements**

### **(1) Judging criteria of control, and determination of merger scope**

Control means that the Company has power over the invested party, enjoys variable returns by participating in related activities of the invested party, and has the ability to use its power over the invested party to influence the amount of returns. The definition of control includes three basic elements: firstly, means the power the investor possesses over the investee; secondly, variable returns enjoyed by participating in related activities of the investee; thirdly, the ability to use its power over the investee to influence the amount of returns. When an investment of the Company in an investee has the above three elements, it means the Company is able to control the investee.

The consolidated scope of the consolidated financial statements is determined on a control basis and includes not only subsidiaries determined based on voting rights (or similar voting rights) themselves or in combination with other arrangements, but also structured entities determined on the basis of one or more contractual arrangements.

A subsidiary refers to an entity controlled by the Company (including enterprise, the severable part of investee, the structured entity controlled by enterprise, etc.), and a structured entity refers to an entity designed without voting rights or similar rights as a decisive factor in determining its controlling party (Note: sometimes referred to as a special purpose entity).

## **(2) Compilation methods of consolidated financial statements**

The Company prepares the consolidated financial statements based on its own and its subsidiaries' financial statements, as well as other relevant information.

The consolidated financial statements are prepared by the Company with the entire enterprise group as one accounting entity in accordance with the recognition, measurement and presentation requirements of the relevant accounting standards for business enterprises and based on uniform accounting policies and accounting periods to reflect the overall financial position, operating results and cash flows of the enterprise group.

① Consolidate the assets, liabilities, owner's equity, revenues, expenses and cash flows of the parent company and its subsidiaries.

② Offset long-term equity investments of the parent company in its subsidiaries against the share of the parent company in subsidiaries' owner's equity.

③ Offset the impact of internal transactions between the parent company and its subsidiaries, as well as among subsidiaries. Where an internal transaction indicates an impairment loss of the underlying asset, the loss shall be fully recognized.

④ Adjust special transactions from the perspective of the enterprise group.

**(3) Treatment of increase/decrease of subsidiaries during Reporting Period**

① Increase of subsidiaries or businesses

A. Subsidiaries or businesses added by merger of enterprises under common control

(a) When preparing the consolidated balance sheet, adjust the opening balance of the consolidated balance sheet and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

(b) When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the beginning of the period in which the business merger occurs to the end of the Reporting Period in the consolidated income statement, and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

(c) When preparing the consolidated cash flow statement, include the cash flows of the subsidiary and from the beginning of the period in which the business merger occurs to the end of the Reporting Period in the consolidated cash flow statement, and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

B. Subsidiaries or businesses increased by business merger under different control

(a) No adjustment is made to the opening balance of the consolidated balance sheet when preparing it.

(b) When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the date of acquisition to the end of the Reporting Period in the consolidated income statement.

(c) When preparing the consolidated cash flow statement, include the cash flows of the subsidiary from the date of acquisition to the end of the Reporting Period in the consolidated cash flow statement.

② Disposal of subsidiaries or businesses

A. No adjustment is made to the opening balance of the consolidated balance sheet when preparing it.

B. When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the beginning of the operating period to the date of disposal in the consolidated income statement.

C. When preparing the consolidated cash flow statement, include the cash flows of the subsidiary and from the beginning of the operating period to the date of disposal in the consolidated cash flow statement.

#### **(4) Special considerations in consolidated offset**

① Long-term equity investments of the Company held by subsidiaries shall be treated as treasury shares of the Company and presented as "Minus: treasury shares" under the Owners' Equity item in the consolidated balance sheet as a deduction from the owners' equity.

For long-term equity investments mutually held by subsidiaries, the long-term equity investments shall be mutually offset against the shares of the corresponding owner's equity of the subsidiary in accordance with the method of offsetting the Company's equity investments in subsidiaries.

② The items of "special reserve" and "general risk provision" are not paid-in capital (or share capital) or capital reserve, and are different from retained earnings and undistributed profits. After the offset of long-term equity investment against owners' equity of subsidiaries, the two items shall be restored according to the share attributable to the owner of the parent company.

③ The Company recognizes deferred income tax assets or liabilities in the consolidated balance sheet and adjusts the income tax expense in the consolidated income statement if there is a temporary difference between the book value of the assets or liabilities in the consolidated balance sheet and the tax basis of the taxable entity concerned due to the offset of unrealized gains and losses on internal sales, except deferred income taxes related to transactions or matters directly credited to owners' equity and related to business merger.

④ Unrealized gains or losses on internal transactions arising from the sale of assets by the Company to a subsidiary shall be fully offset against the "net profit attributable to the owner of the parent company". Unrealized gains and losses on internal transactions arising from the sale of assets by a subsidiary to the Company shall be offset between "net profit attributable to the owner of the parent company" and "profit or loss of minority shareholders" in accordance with the proportion of the Company's distribution to the subsidiary. Unrealized gains and losses on internal transactions arising from the sale of assets between subsidiaries shall be offset between "net profit attributable to the owner of the parent company" and "profit or loss of minority shareholders" in accordance with the proportion of the Company's distribution to the selling subsidiary.

⑤ Where the loss shared by the minority shareholders of a subsidiary in the current period exceeds the minority shareholders' share in the owner's equity of the subsidiary at the beginning of the period, the balance shall still be written down under the minority equity.

## **(5) Accounting treatment of special transactions**

### **① Purchase of minority equity**

When the Company purchases shares in subsidiaries owned by minority shareholders, in individual financial statements, the investment cost of the newly acquired long-term equity investment for the purchase of minority shares is measured at the fair value of the consideration paid. In the consolidated financial statements, the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the newly acquired long-term equity investment due to the purchase of minority shares and the net asset share of the subsidiary that has been continuously calculated since the acquisition date or the merger date according to the proportion of newly acquired shares. If the capital reserve is insufficient for writing off, the surplus reserve and undistributed profit shall be written off successively.

### **② Acquiring control of a subsidiary by steps through multiple transactions**

#### **A. Business merger under common control realized by steps through multiple transactions**

At the merger date, the Company determines the initial investment cost of long-term equity investment in individual financial statements based on the share of the net assets of the subsidiary to be enjoyed after the merger in the book value of the consolidated financial statements of the ultimate controlling party; the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the initial investment cost and the book value of the long-term equity investment before reaching the merger plus the book value of the newly paid consideration for further shares acquired on the merger date. If the capital reserve (capital premium or equity premium) is insufficient for writing off, the surplus reserve and undistributed profit shall be written off successively.

In the consolidated financial statements, the assets and liabilities of the mergee acquired by the merging party in the merger are measured at the book value in the consolidated financial statements of the ultimate controlling party at the date of the merger, except for adjustments due to different accounting policies and accounting periods; the capital reserve (equity premium/capital premium) shall be adjusted for the difference between the book value of the investment held before the merger plus the book value of the newly paid consideration on the merger date and the book value of the net assets acquired in the merger. If the capital reserve is insufficient for writing off, the retained earnings shall be adjusted.

For equity investments held by the merging party prior to the acquisition of control of the mergee, changes in the gains and losses, other comprehensive income and other owners' equity that have been recognized between the merger date and the date of acquisition of the original equity or the date on which the merging party

and the mergee are ultimately under common control, whichever is later, shall be respectively deducted against the opening retained earnings or current profit or loss of the comparative statement period.

#### B. Business merger under different control realized by steps through multiple transactions

In individual financial statements, the sum of the book values of the long-term equity investments originally held plus the cost of the new investment on the merger date is taken as the initial investment cost of the long-term equity investment on the merger date.

In the consolidated financial statements, the acquiree's equity held prior to the acquisition date shall be remeasured at the fair value of the equity held prior to the acquisition date, and if the acquiree's equity held prior to the acquisition date is designated as a financial asset measured at fair value and its changes are credited to other comprehensive income, the difference between the fair value and the book value shall be credited to retained earnings and the cumulative change in fair value of the equity originally credited to other comprehensive income shall be carried over to retained earnings; if the acquiree's equity held before the acquisition date is regarded as a financial asset measured at fair value and its changes are credited to the current profit or loss of financial assets or long-term equity investment accounted for by the equity method, the difference between the fair value and the book value shall be credited to the current investment income; if the acquiree's equity held prior to the acquisition date involves changes in other comprehensive income accounted for by the equity method and other owners' equity accounted for by the equity method other than net profit or loss, other comprehensive income and profit distribution, other related comprehensive income shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities on the acquisition date, and other related changes in the owners' equity shall be changed over to investment income of the period of the acquisition date.

#### ③ Disposal of long-term equity investments in subsidiaries by the Company without losing control

If the parent company disposes of its long-term equity investments in a subsidiary partially without losing control, the difference between the disposal price and the net asset share of the subsidiary calculated continuously from the date of purchase or merger corresponding to the disposal of long-term equity investments in the consolidated financial statements shall be adjusted to the capital reserve (capital premium or share premium). If the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted.

#### ④ Disposal of long-term equity investments in subsidiaries by the Company with control lost

##### A. Disposal of single transaction

If the Company loses the control of the investee due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured at the fair value on the date of loss of control when preparing the consolidated financial statements. The sum of the consideration obtained from the equity disposal and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets that shall have been continuously calculated from the acquisition date or the merger date based on the original shareholding ratio and the sum of goodwill, shall be credited to the investment income of the period in which the control is lost.

Other comprehensive income related to the equity investment in the original subsidiary shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the original subsidiary at the time of loss of control, and other changes in owner's equity related to the original subsidiary accounted for with the equity method are changed over to the current profit or loss at the time of loss of control.

#### B. Disposal of multiple transactions by steps

In the consolidated financial statements, whether a by-step transaction is a "package transaction" shall be determined first.

If the by-step transaction is not a "package transaction", in individual financial statements, the transactions before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of equity, and the difference between the proceeds and the book value of the disposed long-term equity investment shall be credited to the current investment income; in the consolidated financial statements, the treatment shall be made in accordance with the relevant provisions of "Disposal of long-term equity investment in subsidiaries by the parent company without losing control".

If the by-step transaction is a "package transaction", each transaction shall be accounted for as one transaction in which the subsidiary is disposed of with control lost; in individual financial statements, the difference between the disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then changed over to the current profit or loss when the control is lost. In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposal price and the share of the subsidiary's entitled net assets corresponding to the investment disposed of shall be recognized as other comprehensive income and changed over to the profit or loss of the period in which the control is lost.

Multiple transactions are usually accounted for as "package transactions" if the terms, conditions and economic impact of each transaction meet one or more of the following conditions:

(a) These transactions are entered into concurrently or with consideration of their effects on each other.

(b) A complete business outcome can be achieved only when these transactions are regarded as a whole.

(c) The occurrence of a transaction is dependent on the occurrence of at least another one.

(d) One transaction is not economic when it is considered individually but is economic when considered together with other transactions.

⑤ Dilution of the proportion of equity owned by the parent company due to capital increase by minority shareholders of a subsidiary

When other shareholders (minority shareholders) of a subsidiary increase the capital, the equity proportion of the parent company in the subsidiary would be diluted. In the consolidated financial statements, the share of the net assets of the subsidiary before the capital increase shall be calculated based on the parent company's equity ratio before the capital increase, and the difference between this share and the share of the subsidiary's net assets after the capital increase calculated based on the parent company's equity ratio after the capital increase shall be adjusted to the capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is insufficient for offsetting, the retained earnings shall be adjusted.

## **8. Classification of joint venture arrangements and accounting treatment for joint operation**

### **1. Identification and classification of joint venture arrangements**

Joint venture arrangement refers to an arrangement under joint control by two or more parties. The joint venture arrangement has the following features: (1) all parties are bound by the arrangement; (2) two or more parties jointly control the arrangement. No single party can control the arrangement solely, and any party with joint control over the arrangement can prevent other parties or a combination of party alliance from controlling the arrangement alone.

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties holding control right before the decision can be made.

Joint venture arrangement includes joint operation and joint venture. Joint operation is the joint venture arrangement in which the joint venture party holds the relevant assets of the arrangement and assumes the relevant liabilities. Joint venture refers to a joint venture arrangement in which the joint venture party has rights only to the net assets of the arrangement.

### **2. Accounting treatment for joint venture arrangement**

Parties in joint operation shall recognize the following items related to their share of interests in joint operation, and perform accounting treatment in accordance with the relevant provisions of the Accounting Standards for Business Enterprises: (1) recognize the assets held separately and those held jointly as per their share; (2) recognize the liabilities assumed separately and those assumed jointly as per their share; (3) recognize the income generated from the sale of its share of joint operation output; (4) recognize the income from the sale of the output of the joint operation as per its share; (5) recognize the expenses incurred separately and those incurred in the joint operation as per its share.

The parties of a joint venture shall make accounting treatment for the investment in the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment.

## **9. Standards for determining cash and cash equivalents**

Cash refers to cash on hand and deposits that are available for payment at any time. Cash equivalents refer to investments with short term (generally due within three months from the date of purchase), strong liquidity, easy to convert into known amount of cash and low risk of value change.

## **10. Foreign currency transaction and foreign currency statement translation**

### **(1) Method of determining the conversion rate in foreign currency transactions**

In the initial recognition of foreign currency transactions, the Company adopts the spot exchange rate on the occurrence date of the transaction or an exchange rate determined using a systematic and reasonable method, which is approximate to the spot exchange rate on the occurrence date of the transaction (hereinafter referred to as the approximate exchange rate of the spot exchange rate) for conversion into the recording currency.

### **(2) Translation method of monetary items in foreign currencies at the balance sheet date**

At the balance sheet date, the spot exchange rate of that day is used for monetary items in foreign currencies. Any exchange difference arising from the difference between the spot rate at the balance sheet date and that at the initial recognition or the previous balance sheet date is credited to the current profit or loss. For foreign-currency monetary items measured with historical costs, the spot exchange rate at the date of the transaction is still used; for inventories measured with the lower of costs or net realizable value, when an inventory is purchased in a foreign currency and the net realizable value of the inventory at the balance sheet date is reflected in a foreign currency, the net realizable value of the inventory is first converted into an amount in the recording currency at the spot exchange rate at the balance sheet date, and then compared with the cost of

the inventory reflected in the recording currency to determine the ending value of the inventory; for foreign currency non-monetary items measured at fair value, the spot exchange rate on the date of fair value determination is used for translation; for financial assets measured at fair value and whose changes are credited to the current profit or loss, the difference between the amount in the recording currency after translation and the amount in the original recording currency is credited to the current profit or loss; for investments in non-trading equity instruments designated to be measured at fair value and whose changes are credited to other comprehensive income, the difference between the amount in the recording currency after translation and the amount in the original recording currency is credited to other comprehensive income.

### **(3) Translation method of financial statements in a foreign currency**

Before the financial statements of an overseas business of an enterprise are converted, the accounting periods and accounting policies of the overseas business shall be adjusted to be consistent with those of the enterprise, and then the financial statements in the corresponding currency (currency other than the accounting currency) shall be prepared based on the adjusted accounting policies and accounting periods, and converted using the following method:

① The assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date, and the owner's equity items, except the item of "undistributed profit", are translated at the spot exchange rate at the time of occurrence.

② The income and expense items in the income statement are translated at the spot exchange rate or a rate approximate to the spot exchange rate at the date of the transaction.

③ Cash flows in foreign currencies and cash flows of overseas subsidiaries are translated at the spot exchange rate or a rate approximate to the spot exchange rate at the occurrence date of cash flows. The impact of exchange rate changes on cash shall be presented separately in the statement of cash flows as a reconciliation item.

④ When preparing the consolidated financial statements, the resulting difference in the translation of financial statements in a foreign currency is presented in the "Other comprehensive income" item under owner's equity in the consolidated balance sheet.

When an overseas operation is disposed of with control lost, the difference in translation of foreign-currency statements related to the overseas operation, as presented under the owner's equity item in the balance

sheet, is changed over to the current profit or loss of the disposal in full or in proportion to the disposed overseas operation.

## 11. Financial instruments

### 1. Recognition and derecognition of financial instruments

When the Company becomes one party of the financial instrument contract, it shall recognize a financial asset or financial liability.

The trading of financial assets in a conventional manner shall be recognized and derecognized according to the accounting of the trading day. Conventional trading of financial assets refers to the collection or delivery of financial assets within the time limit specified by laws and regulations or common practice in accordance with the terms of the contract. Trading day refers to the date when the Company promises to buy or sell financial assets.

If the following conditions are met, the recognition of financial assets (or a portion of financial assets, or a group of similar financial assets) shall be derecognized, that is, they shall be written off from their accounts and balance sheets:

(1) The right to receive cash flow of financial assets has expired;

(2) The right to receive cash flow of financial assets has been transferred, or the Company has assumed the obligation to timely pay the full amount of the cash flow received to a third party under the "transfer agreement"; and (a) has transferred substantially all the risks and rewards from the ownership of financial assets, or (b) abandoned the control of the financial asset, though almost all risks and rewards from the ownership of the financial asset are neither transferred nor retained.

### 2. Classification and measurement of financial assets

At the time of initial recognition, the financial assets of the Company are classified according to the Company's business model for the management of financial assets and the contractual cash flow characteristics of financial assets as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profits and losses. The subsequent measurement of financial assets depends on their classification:

The classification of financial assets is based on the Company's business model for the management of financial assets and the cash flow characteristics of financial assets.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: the Company's business mode of managing the financial assets is to collect the contract cash flow as the target; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the effective interest rate method is adopted, and subsequent measurement is made at amortized cost, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

(2) Debt instruments investment measured at fair value with changes included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value with their changes included in other comprehensive income: the Company's business mode of managing the financial assets aims to collect the contract cash flow and sell them; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, fair value is adopted for subsequent measurement. The discount or premium is amortized using the effective interest rate method and recognized as interest income or expense. Except the impairment loss and the exchange difference of foreign currency monetary financial assets are recognized as the current profits and losses, the changes in the fair value of such financial assets are recognized as other comprehensive income until their accumulated gains or losses are transferred into the current profits and losses when the financial asset is derecognized. Interest income related to such financial assets is included in the current profits and losses.

(3) Equity instruments investment measured at fair value with changes included in other comprehensive income

The Company irrevocably chooses to designate part of the non-tradable equity instrument investment as financial assets measured at fair value through other comprehensive income. Only the relevant dividend income is included in the current profits and losses, and the changes in fair value are recognized as other comprehensive income, until their accumulated gains or losses are transferred into retained earnings when the financial asset is derecognized.

(4) Financial assets measured at fair value with changes included in the current profits and losses

The financial assets other than the above financial assets measured at amortized cost and those at fair value through other comprehensive income are classified as financial assets measured at fair value with changes

included in the current profits and losses. At the time of initial recognition, for the purpose of elimination or significant reduction of accounting mismatch, financial assets can be designated as those measured at fair value with changes included in the current profits and losses. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in the current profits and losses.

If and only when the Company changes the business model for managing financial assets, it will reclassify all the affected financial assets.

For the financial assets measured at fair value and whose changes are included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses, and such costs of other categories of financial assets are included in the initial recognition amount.

### 3. Classification and measurement of financial liabilities

During initial recognition, the Company's financial liabilities are classified as: "financial liabilities measured at amortization cost" and "financial liabilities measured at fair value with their changes included into the current profit and loss".

Financial liabilities satisfying one of the following requirements can be designated as financial liabilities measured at fair value with their changes included in the current profit and loss during initial measurement: (1) Such designation can eliminate or remarkably reduce the accounting mismatch; (2) According to group risk management or investment strategy in the formal written documents, the management and performance evaluation of the portfolio of financial liabilities or portfolio of financial assets and financial liabilities are conducted on the basis of fair price, and within the group, it is reported to the key management personnel on such basis; (3) Such financial liabilities include embedded derivatives requiring separate splitting.

The Company determines the classification of financial liabilities at the time of the initial recognition. For the financial liabilities measured at fair value with changes included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses, and such costs of other financial liabilities are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

#### (1) Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest method is applied, with subsequent measurement at amortized cost.

#### (2) Financial liabilities measured at fair value with changes included in the current profits and losses

Financial liabilities measured at fair price and with changes credited to the current profit or loss, including trading financial liabilities (including derivative instruments classified as financial liabilities) and financial liabilities that are designated at the initial recognition to be measured at fair price and with changes credited to the current profit or loss.

#### 4. Set off of financial instruments

If the following conditions are met at the same time, financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other: the Company has the legal right to offset the recognized amount, which is currently enforceable; they plan to settle at the net amount, or realize the financial assets and pay off the financial liabilities at the same time.

#### 5. Impairment of financial assets

The Company recognizes the loss provision based on the expected credit loss for the financial assets measured at the amortized cost, the debt instrument investment and financial guarantee contract measured at the fair value and whose changes are included in other comprehensive income. The term "credit loss" refers to the difference between all the contractual cash flows that the Company discounted at the original effective interest rate and received according to the contract and all the expected cash flows, i.e., the present value of all the cash shortage.

Upon considering all reasonable and well-founded information (including forward-looking information), the Company estimates the expected credit impairment loss is withdrawn for "financial assets measured at amortized cost" and "financial asset (debt instruments) measured at fair value with their changes included in other comprehensive income" in single or combined manner.

##### (1) General model of expected credit loss

If the credit risk of this financial instrument has increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the whole duration; if the credit risk of this financial instrument hasn't increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the next 12 months. The increased or reversed amount of the loss provisions arising therefrom shall be included in the current profits and losses as impairment losses or gains. The specific assessment of credit risk by the Company is detailed in the Note "XII. Risks Associated with Financial Instruments".

Generally, in case of overdue for more than 30 days, the Company will consider that the credit risk of such financial instrument has increased obviously, unless conclusive evidence is available to prove that the credit risk of such financial instrument hasn't obviously increased since the initial recognition.

To be specific, the Company divides the credit impairment process of financial instruments that have not been impaired at the time of purchase or origination into three stages, with different accounting treatment for the impairment of financial instruments at different stages:

First stage: credit risk has not increased significantly since initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss in the next 12 months, and calculate the interest income as per its book balance (i.e. without deducting the impairment provision) and the actual interest rate (if the instrument is a financial asset, the same below).

Second stage: the credit risk has increased significantly since the initial recognition, but the credit impairment has not occurred

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss of the instrument thought the whole duration, and calculate the interest income as per its book balance and the actual interest rate.

Third stage: credit impairment occurs after initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss of the instrument thought the whole duration, but the calculation of interest income is different from the financial assets at the first two stages. For the financial assets with credit impairment, the enterprise shall calculate the interest income according to its amortized cost (book balance minus accrued provision for impairment, i.e. book value) and the actual interest rate.

For the financial assets with credit impairment at the time of purchase or origination, the enterprise shall only recognize the change of expected credit loss in the whole duration after initial recognition as loss provision, and calculate the interest income as per its amortized cost and the effective interest rate adjusted by credit.

(2) Receivables and lease receivables

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including

cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards).

The Company makes accounting policy choices to adopt a simplified model for expected credit loss, i.e., measuring the loss provisions as per the amount equivalent to the expected credit loss throughout the whole duration for receivables including significant financing components and lease receivables regulated by Accounting Standards for Business Enterprises No. 21 - Leasing.

#### 6. Transfer of financial assets

The financial assets shall be derecognized when the Company has transferred all the risks and rewards on the ownership of the financial assets to the transferee. The financial assets shall not be derecognized if the Company retains all the risks and rewards on the ownership of the financial assets.

If the Company neither transfers nor retains almost all the risks and rewards in the ownership of the financial asset, the following conditions shall be referred to: if it gives up the control over the financial asset, it shall terminate the recognition of the financial asset and recognize the assets and liabilities generated; if it does not abandon the control over the financial asset, the relevant financial assets shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the financial guarantee is provided to the transferred financial assets to continue to be involved, the assets generated from the continued involvement shall be recognized according to the lower of the book value of the financial assets and the amount of financial guarantee. Financial guarantee amount refers to the maximum amount that will be required to be repaid out of consideration received.

## 12. Notes receivable

The Company divides notes receivable into two portfolios of bank acceptance bills and commercial acceptance bills by type of financial instrument.

For notes receivable divided into portfolios, the Company calculates expected credit losses based on default risk exposure and the expected credit loss rate during the entire period of continued existence by reference to its historical credit loss experience, the current status and the prediction of future economic conditions.

With respect to bank acceptance bills, the Company considers its overdue default risk to be 0 for its risk of overdue credit loss is low and has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due.

In respect of commercial acceptance bills, the Company believes that the probability of default is correlated with the aging, and bad debts shall be accrued for the expected credit loss of accounts receivables according to the accounting policy.

### **13. Accounts receivable**

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards). The increased or reversed amount of loss provisions generated therefrom shall be included in the current profits and losses as impairment losses or gains.

The Company has implemented Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments (CK [2017] No. 7) since January 1, 2019. The Company believes that the probability of default is related to the aging, which is still a mark of whether the credit risk of the Company's accounts receivable increases significantly, after it has reviewed the appropriateness of the provision for bad debts receivable in previous years based on the Company's historical bad debt losses. Therefore, credit risk loss of the Company's accounts receivable is still estimated on the basis of aging according to the original loss ratio of previous years. The accounting policies for measuring overdue credit loss of accounts receivable adopted by the Company are as follows:

For accounts receivable that there is objective evidence of impairment and other accounts that are suitable for a single assessment, impairment tests shall be conducted separately to confirm expected credit losses and make impairment provisions for individual items. For accounts receivable for which there is no objective evidence of impairment or when the expected credit loss of a single financial asset cannot be assessed at a reasonable cost, the Company divides accounts receivable into several portfolios according to the characteristics of credit risks, and calculates the expected credit loss based on the portfolios.

#### **1. Accounts receivable with single provision for bad debts**

At the end of the period, the amount of individual accounts receivable is tested separately for impairment. If there is objective evidence that it is impaired, the impairment loss shall be recognized with provision for bad debts according to the difference between the present value of future cash flow and the book value.

## 2. Receivables with provision for bad debts by portfolio

The receivables without impairment according to the separate test at the end of the period are divided into several portfolios according to aging, as a credit risk characteristic, impairment losses are calculated and determined at a certain ratio of the balance of these receivables at the end of the period (which can be separately tested for impairment), and the provision for bad debts is made.

Except for the receivables for which provision for impairment has been made separately, the Company determines the proportion for following bad debt provision based on the actual loss rate of the portfolio of the same or similar receivables in previous years with the aging of receivables as the credit risk feature and in combination with the current situation:

Aging	Estimated credit loss rate of accounts receivable (%) (note)
Within 1 year (inclusive)	3.10%
1-2 years (including 2 years)	9.04%
2-3 years (including 3 years)	22.11%
3-4 years (including 4 years)	47.51%
4-5 years (including 5 years)	84.26%
Above 5 years	100.00%
Including: those that have been determined to be irrecoverable	Write-off

Note: When measuring the expected credit loss of account receivables, the Company has referred to the historical experience of credit loss and adjusted it based on forward-looking estimates.

## 14. Receivables financing

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value with their changes included in other comprehensive income: the Company's business mode of managing the financial assets aims to collect the contract cash flow and sell them; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

If the Company transfers accounts receivable, bank acceptance bills, etc. held by the Company in the form of discount or endorsement, and such transactions are frequent and involve a large amount, its business

management model is essentially to both collect and sell cash flows arising from contracts, which are classified as financial assets whose changes are measured at fair value and credited to other comprehensive income in accordance with the relevant provisions of the financial instruments criteria.

For accounts receivable financing divided into portfolios, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates over the entire duration, taking into account historical credit loss experiences, present conditions and projections of future economic conditions.

With respect to bank acceptance bills, the Company considers its overdue default risk to be 0 for its risk of overdue credit loss is low and has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due.

In respect of those divided into the aging-based portfolio, the Company believes that the probability of default is correlated with aging, and bad debts shall be accrued for the expected credit loss of accounts receivables according to the accounting policy.

## 15. Other receivables

Recognition methods and accounting treatment of expected credit losses of other receivables. The Company measures the impairment loss by an amount equivalent to the expected credit loss within the next 12 months or over the entire duration, depending on whether the credit risk of other receivables has increased significantly since the initial recognition. In addition to other receivables with individual credit risk assessment, they are divided into different portfolios based on their credit risk characteristics:

Description of portfolio	Basis for determining the portfolios	Provision methods
Portfolio I	Risk-free portfolio	Risk-free amounts receivable from related parties within the scope of the consolidation
Portfolio II	Aging portfolio	The credit risk of the portfolio is characterized by the aging.

For other accounts receivable divided into a portfolio, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates in future 12 months or over the entire duration, taking into account historical credit loss experiences, present conditions and projections of future economic conditions, and determines the ratio of bad debt provision to be accrued in combination with current conditions:

Aging	Expected rate of credit loss of other accounts receivable
Within 1 year (inclusive)	5.00%
1-2 years (including 2 years)	10.00%
2-3 years (including 3 years)	30.00%
3-4 years (including 4 years)	50.00%

4-5 years (including 5 years)	80.00%
Above 5 years	100.00%
Including: those that have been determined to be irrecoverable	Write-off

## 16. Contract assets

### 1. Recognition methods and standards for the contractual assets

The Company presents contractual assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for goods or services transferred to customers (excluding receivables) is listed as contractual assets.

### 2. The recognition method and accounting treatment for expected credit loss of contractual assets

For contract assets without material financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards) as specified in the Accounting Standards for Business Enterprises No. 14 - Income, the Company measures provisions for losses as per the amount of expected credit losses throughout the whole duration by using a simplified model for the expected credit loss. The increased or reversed amount of loss provisions generated therefrom shall be credited to the current profits and losses as impairment losses or gains.

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for contractual assets including significant financing components.

## 17. Inventories

### (1) Classification of inventories

Inventory refers to finished products or commodities held by the Company for sale in daily activities, products in the process of production, materials and supplies consumed in the process of production or provision of services, including raw materials, products in process, semi-finished products, goods in stock, materials for consigned processing, low-value consumable goods, etc.

### (2) Pricing method of delivered inventories

Inventories of the Company are priced with the weighted-average method when delivered.

### (3) Inventory system

The Company adopts the perpetual inventory system, takes inventory at least once a year, and credits the amount of inventory gains and losses to the profit and loss of the current year.

#### **(4) Recognition criteria and accrual method of provision for impairment on inventories**

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and if the cost of the inventory is higher than its net realizable value, a provision is made for impairment on inventories and credited to the current profit/loss.

Determining the net realizable value of the inventory shall be based on the available reliable evidence with consideration to such factors as the purpose of holding the inventory and the impact of events after the balance sheet date.

① The net realizable value of any inventory used directly for sale, such as finished products, goods, and materials for sale, shall be determined by subtracting the estimated sales expenses and related taxes from the estimated selling price during normal production and operation. For inventories held for the purpose of executing sales contracts or service contracts, the contract price is used as the measurement basis for their net realizable value; if the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured based on the general selling price. For materials held for sale, their net realizable value is measured based on the market price.

② The net realizable value of the inventory of materials to be processed is determined in the normal course of production and operations by the estimated selling price of the finished goods produced less the estimated costs to be incurred at completion, estimated selling expenses and related taxes. If the net realizable value of the finished product produced with it is higher than the cost, the material is measured at cost; If a decline in the price of the material indicates that the net realizable value of the finished product is lower than the cost, the material is measured at net realizable value, and a provision is made for impairment on inventory based on its difference.

③ The Company generally makes provisions for impairment on inventory on the basis of individual inventory items; in the case of inventories that are large in quantity and low in unit price, provisions are made according to the classes of inventories.

④ At the balance sheet date, if the factors affecting the previous write-down of the value of the inventory have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original provision for the impairment on inventory, and the reversed amount shall be credited to the current profit/loss.

### **(5) Amortization method of revolving materials**

- ① Amortization method of low-value consumables: One-off writing off upon issuance.
- ② Amortization method of packaging materials: One-off writing off upon issuance.

### **18. Assets held for sale**

None.

### **19. Debt investment**

See V. 11. "Financial Instruments" in the Report for the determination and accounting treatment methods for expected credit losses in debt investments by the Company.

### **20. Other debt investment**

See V. 11. "Financial Instruments" in the Report for the determination and accounting treatment methods for expected credit losses in other debt investments by the Company.

### **21. Long-term receivables**

See V. 11. "Financial Instruments" in the Report for the determination and accounting treatment methods for expected credit losses in long-term receivables by the Company.

### **22. Long-term equity investment**

Long-term equity investments of the Company include equity investments that control and have significant influence on the investee and equity investments in joint ventures. Investees that can be significantly influenced by the Company are joint ventures of the Company.

#### **(1) Basis for determination of common control over and significant influence on the investee**

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties holding control right before the decision can be made. In determining whether there is common control, it is first determined whether all participants or a combination of participants collectively control the arrangement, and if all participants or a group of participants must act in concert to determine the activities related to an arrangement, it is deemed that all participants or a group of participants collectively control the arrangement. It is then determined whether

decisions about the activities related to the arrangement must be made by consensus among the participants who collectively control the arrangement. It does not constitute common control if there are two or more combinations of participants that collectively control an arrangement. In determining whether there is common control, the protective rights enjoyed are not taken into account.

Significant influence refers to that the investor has the right to participate in making decisions on the financial and operating policies of the investee but has no right to control or jointly control the formulation of these policies with other parties. In determining whether significant influence can be exerted on the investee, consideration shall be given to the impact when the voting shares directly or indirectly held by the investor in the investee and the current exercisable potential voting rights held by the investor and other parties are assumed to be converted to equity in the investee, including the impact of the current convertible warrants, stock options and convertible corporate bonds issued by the investee.

When the Company owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or indirectly through a subsidiary, it is generally considered the Company can exert a significant influence on the investee unless there is clear evidence that the Company cannot participate in making production and operation decisions of the investee under such circumstances, in which case, there is no significant influence.

## **(2) Determination of initial investment cost**

For long-term equity investments arising from business merger, the investment cost is determined according to the following regulations:

A. In a business merger under the same control, where the merging party pays cash, transfers non-cash assets or assumes debt as the merger consideration, the initial investment cost of the long-term equity investment is based on the share of the mergee's owner's equity in the book value in the consolidated financial statements of the ultimate controlling party on the merger date. In case of a difference between the initial investment cost of a long-term equity investment and the cash paid, the transferred non-cash assets or the book value of the debt assumed, the capital reserve shall be adjusted; if the capital reserve is insufficient for writing down, the retained earnings shall be adjusted;

B. In a business merger under the same control, where the merging party issues equity securities as the merger consideration, the initial investment cost of the long-term equity investment is based on the share of the mergee's owner's equity in the book value in the consolidated financial statements of the ultimate controlling

party on the merger date. With the total carrying value of the issued shares as the share capital, in case of a difference between the initial investment cost of a long-term equity investment and the total carrying value of the shares issued, the capital reserve shall be adjusted; if the capital reserve is insufficient for writing down, the retained earnings shall be adjusted;

C. In a business merger not under the same control, the merger cost, as the initial investment cost of long-term equity investment, is determined with the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to obtain the control of the acquiree on the purchase date. Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred by the merging party are credited to the current profit or loss when incurred.

Except long-term equity investments arising from business merger, the investment cost of long-term equity investments acquired by other means is determined according to the following regulations:

A. For long-term equity investments acquired by cash payments, the purchase price actually paid is the investment cost. Initial investment costs include fees, taxes and other necessary expenses directly related to the acquired long-term equity investments;

B. For long-term equity investments acquired by issuing equity securities, the fair value of the issued equity securities is the initial investment cost;

C. In a business merger not under the same control, the merger cost, as the initial investment cost of long-term equity investment, is determined with the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to obtain the control of the acquiree on the purchase date. Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred by the merging party are credited to the current profit or loss when incurred.

D. For long-term equity assets acquired by debt restructuring, the entry value is determined based on the fair value of the given up debt and other costs such as taxes that are directly attributable to the asset, and the difference between the fair value of the given up debt and the book value is credited to the current profit or loss.

### **(3) Subsequent measurement and recognition methods for profits and losses**

Long-term equity investments that the Company has the control over the investee are accounted for with the cost method; long-term equity investments of associated enterprises and joint ventures are accounted for with the equity method.

#### **① Cost method**

For long-term equity investments accounted for with the cost method, the cost of long-term equity investments is adjusted when adding or withdrawing investments; the cash dividends or profits declared and distributed by the investee are recognized as current investment income.

② Equity method

For long-term equity investments accounted for with the equity method, the general accounting treatment is as follows:

If the investment cost of a long-term equity investment of the Company is greater than the fair value share of the investee's identifiable net assets to which it is entitled at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost of a long-term equity investment is less than the fair value share of the identifiable net assets of the investee to which it is entitled at the time of investment, the difference is credited to the current profit or loss, and the cost of the long-term equity investment is adjusted at the same time.

The Company recognizes investment income and other comprehensive income respectively and adjusts the book value of long-term equity investments in accordance with the share of net profit/loss and other comprehensive income realized by the investee to which it is entitled or shall contribute; the Company calculates the portion of profits or cash dividends declared and distributed by the investee to which it is entitled, and reduces the book value of the long-term equity investment accordingly; in case of other changes in owners' equity other than net profit/loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and credited to owners' equity. When recognizing the share of the investee's net profit or loss to which it is entitled, the net profit of the investee is recognized after adjustment based on the fair value of the investee's identifiable net assets at the time of acquisition of the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income, other comprehensive income etc. shall be recognized accordingly. Gains and losses on unrealized internal transactions between the Company and associated enterprises and joint ventures are offset in accordance with the proportion attributable to the Company as it is entitled to, on the basis of which investment gains and losses are recognized. If an unrealized internal transaction loss between the Company and the investee is an asset impairment loss, it shall be fully recognized.

If significant influence can be exerted on the investee or common control but not control can be exercised due to additional investment or other reasons, the sum of the fair value of the originally held equity investment and the cost of the new investment shall be the initial investment cost, as being accounted for with the equity method instead. Where the equity investment originally held is classified as an investment in other equity instruments, the difference between its fair value and book value, as well as the accumulated gains or losses originally credited to other comprehensive income shall be transferred from other comprehensive income and credited to retained earnings in the current period, as being accounted for with the equity method instead.

If the common control or significant influence on the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity after such disposal is measured at fair value instead, and the difference between the fair value and book value on the date when the common control or significant influence is lost is credited to the current profit or loss. Other comprehensive incomes recognized as a result of accounting for the original equity investment with the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee upon termination of applying the equity method for accounting.

#### **(4) Equity investments held for sale**

Where all or part of the equity investments of associated enterprises or joint ventures are classified as assets held for sale, refer to V. 18 of the Financial Report for relevant accounting treatment.

The equity method shall be applied for the accounting treatment of the remaining equity investments not classified as assets held for sale.

If an equity investment in an associated enterprise or joint venture that has been classified as an asset held for sale no longer meets the conditions for being so classified, it shall be adjusted retroactively with the equity method from the date it is classified as an asset held for sale. The financial statements of the period when they are classified as held for sale shall be adjusted accordingly.

#### **(5) Methods for impairment test and provision for impairment**

For investments in subsidiaries, associated enterprises and joint ventures, refer to V. 30 of the Financial Report for the method for provision for assets impairment.

### **23. Investment property**

Measurement model of investment property

Measurement with cost method

Depreciation or amortization method

Depreciation or amortization method

1. Investment property includes leased land use rights, land use rights held and ready to be assigned after appreciation, and leased buildings.

2. Investment property is measured initially at cost and subsequently with cost model. The provision for depreciation and amortization of the investment property are made in the way as used for fixed assets and intangible assets. If there is any sign showing that the investment property is impaired on the balance sheet date, the provision of impairment reserve shall be made accordingly based on the difference between the book value and the recoverable amount.

See V. 30. Long-term assets impairment for details about the methods for impairment test and provision for impairment applicable to investment properties.

If the real estate for private use or inventory is converted to an investment property or the investment property is converted to a real estate for private use, the book value before such conversion shall be deemed as the entry value after the conversion.

If the purpose of an investment property is changed to private use, this investment property shall be converted into a fixed or intangible asset from the date of change. If the purpose of a property is changed to rent gains or capital appreciation from private use, the fixed asset or intangible asset shall be converted into an investment property from the date of change. If any asset is converted into an investment property measured with the cost model, the book value before the conversion shall be deemed as the entry value after the conversion. If any asset is converted into an investment property measured with the fair value model, the fair value on the conversion date shall be deemed as the entry value after the conversion.

An investment property shall be derecognized if this investment property is disposed of or permanently retired, and it is expected that no economic benefits can be obtained from its disposal. The disposal income from the sale, transfer, scrapping or damage of an investment property shall be included in the current profits and losses after deducting its book value and relevant taxes and dues.

## 24. Fixed assets

### (1) Conditions for recognition

Fixed assets refer to the tangible assets that are held for production of goods, provision of labor services, lease or operation management and of which the service life exceeds one fiscal year.

Fixed assets shall be recorded at the actual cost upon the acquisition and subject to the provision for straight-line depreciation from the next month following the date when they are ready for use as intended.

### (2) Depreciation method

Category	Depreciation method	Depreciation life	Residual rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-40 years	5%	2.375%-4.75%
Machinery and equipment	Straight-line method	10 years	5%	9.50%
Transportation equipment	Straight-line method	5 years	5%	19.00%
Electronics and other equipment	Straight-line method	5 years	5%	19.00%

## 25. Construction in progress

(1) Construction in progress is accounted for by category of approved projects.

(2) Criteria and timing for converting construction in progress into fixed assets

The entry value of fixed assets shall be the total expenditure incurred before the asset constructed reaches the predetermined usable state of the project under construction, including construction costs, original cost of machinery and equipment, and other necessary expenditures incurred to bring the project under construction to the predetermined usable state, as well as borrowing costs incurred to borrow specifically for the project before the asset reaches the predetermined usable state, and borrowing costs incurred for the general borrowings used. When a project reaches the predetermined usable state after completion of installation or construction, the project under construction is carried over to fixed assets by the Company. Fixed assets constructed that have reached the predetermined usable state but have not yet been arranged for the final settlement of account shall, from the date when the predetermined usable state is reached, be carried over to fixed assets at the estimated value according to the project budget, construction cost or actual project cost, etc., and a provision for the depreciation of the fixed assets shall be made in accordance with the Company's fixed assets depreciation policy.

After the final settlement of account, the original provisional value shall then be adjusted according to the actual cost, but the amount of depreciation originally accrued shall not be adjusted.

## 26. Borrowing costs

### **(1) Recognition principle for capitalizing borrowing costs and capitalization period**

Borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and credited to the relevant asset cost when the following conditions are all met:

- ① Asset expenditures have incurred;
- ② Borrowing costs have incurred;
- ③ Acquisition, construction or production activities necessary for assets to reach the intended usable state

have begun.

Other borrowing interests, discounts or premiums and currency translation differences are credited to current profit or loss.

The capitalization of borrowing costs shall be suspended if the acquisition, construction or production of assets eligible for capitalization is abnormally interrupted for more than 3 successive months.

When the acquisition, construction or production of assets eligible for capitalization reach the predetermined usable or marketable state, the capitalization of its borrowing costs shall cease; subsequent borrowing costs shall be recognized as expenses in the incurring period.

### **(2) Capitalization rate of borrowing costs and calculation method of capitalized amount**

Where specific borrowings are made for the acquisition, construction or production of assets eligible for capitalization, the amount of interest expense actually incurred during the period of the specific borrowings, minus the interest income derived from depositing the loan funds not yet used in the bank or the investment income derived from temporary investment, shall be determined as the capitalized amount of interest expense of specific borrowings.

Where general borrowings are used for the acquisition, construction or production of assets eligible for capitalization, the amount of interest to be capitalized on the general borrowings shall be calculated and determined by multiplying the weighted average amount of the accumulated asset expenditure in excess of the

specific borrowings by the capitalization rate of the general borrowings. The capitalization rate is determined by calculating the weighted average interest rate on general borrowings.

## **27. Biological assets**

None.

## **28. Oil and gas assets**

None.

## **29. Intangible assets**

### **(1) Service life and its determination criteria, estimation, amortization method or review procedure**

#### **(1) Pricing method of intangible assets**

It is recorded at actual cost at the time of acquisition.

#### **(2) Service life and amortization of intangible assets**

##### **① Estimation of useful life of intangible assets with a limited useful life:**

The land usage right shall be averagely amortized within the remaining service life (generally 50 years), the software shall be averagely amortized within 3-5 years, and the patent rights and non-patent technologies within 5-10 years.

At the end of each year, the Company reviews the useful life and amortization method of intangible assets with a limited useful life. Upon review, the useful life and amortization method of intangible assets at the end of the current period are no different from those previously estimated.

② Intangible assets that cannot be predicted to bring economic benefits to the enterprise shall be regarded as intangible assets with uncertain useful life. For intangible assets with an uncertain service life, the Company reviews their service lives at the end of each year. If its life is still uncertain after the review, an impairment test is conducted on the balance sheet date.

##### **③ Amortization of intangible assets**

For intangible assets with limited useful life, the Company determines their useful life at the time of acquisition, and amortizes them reasonably within the useful life with the straight-line method, and the amortized amounts are credited to the current profit/loss or the cost of the related assets according to the

beneficial items. The specific amortized amount is the amount of its cost less the estimated salvage value. For intangible assets for which provisions for impairment have been made, the accumulated amount of impairment provisions for the assets shall also be deducted. The salvage value of an intangible asset with a limited useful life is deemed to be zero, except where a third party has committed to acquire the intangible asset at the end of its useful life or information about the estimated salvage value is available based on an active market and such market is likely to exist at the end of the useful life of the asset.

Intangible assets with an uncertain service life shall not be amortized. At the end of each year, the useful life of intangible assets with uncertain useful life is reviewed, and if there is evidence that its useful service life is limited, its useful life is estimated and systematically amortized within the expected useful life.

## **(2) Scope of R&D expenditures and related accounting treatment methods**

The Company includes all expenses directly related to the development of R&D activities as R&D expenses, including salaries of R&D personnel, direct input costs, depreciation costs and long-term amortized expenses, design costs, equipment commissioning costs, intangible assets amortized costs, commissioned external R&D costs, and other expenses.

### **1. Specific criteria for dividing the research and development stages of internal R&D projects**

① The Company regards the period for developing information and conducting related preparations for further development activities as the research stage, and the expenditure incurred in the research stage of intangible assets is credited to the current profit or loss when incurred.

② The period in which development activities are carried out after the Company has completed the work in the research stage is regarded as the development stage.

### **2. Specific criteria for capitalization of expenditures in the development stage**

Expenditures incurred at the development stage are recognized as intangible assets only when all of the following conditions are met:

- A. The intangible asset is completed to make it technically feasible for use or sale;
- B. There is an intention to complete and use or sell the intangible asset;
- C. Intangible assets generate economic benefits in a manner that can prove the existence of a market for products produced with the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if used internally;

D. The development of the intangible asset is supported by adequate technical, financial and other resources, and the capability to use or sold the intangible asset is available;

E. Expenditures attributable to the development stage of the intangible asset can be well measured.

### **30. Long-term assets impairment**

Asset impairment of long-term equity investments of subsidiaries, associated enterprises and joint ventures and asset impairment of investment real estates, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill, etc. (except inventories, investment real estates measured at fair value, deferred tax assets and financial assets) shall be determined by the following method:

At the balance sheet date, the Company determines whether there is any indication for possible impairment of the asset. If there is any indication of impairment, the Company will estimate the recoverable amount and conduct an impairment test. For goodwill arising from a business merger, intangible assets with uncertain useful life and intangible assets that have not reached the useful condition, the impairment tests shall be carried out every year, whether there are indications of impairment or not.

The recoverable amount is determined by the higher of the net amount of the asset, i.e. fair value minus disposal expenses, and the present value of the expected future cash flows of the asset. The Company estimates the recoverable amount on the basis of individual assets; If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset is classified. The determination of an asset group is based on whether the major cash inflow generated by the asset group is independent of the cash inflow of other assets or other asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company will write down its book value to the recoverable amount, credit the amount reduced to the current profit or loss, and make the corresponding asset impairment provision.

For the impairment test of goodwill, the book value of goodwill arising from the business merger is apportioned to the relevant asset group in a reasonable manner from the date of acquisition; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant portfolio of asset groups. The relevant asset group or portfolio of asset groups is one that can benefit from the synergies of the business merger and is not larger than the reporting segment identified by the Company.

During the impairment test, if there are indications of impairment in the asset group or portfolio of asset groups related to goodwill, the impairment test is first carried out on the asset groups or portfolios without

goodwill to calculate the recoverable amount and determine the corresponding impairment loss. Then, the impairment test is carried on the asset groups or portfolios with goodwill to compare their book value and recoverable amount, and determine the impairment loss of goodwill if the recoverable amount is lower than the book value.

Once an asset impairment loss is recognized, it will not be reversed in future accounting periods.

### **31. Long-term deferred expenses**

Long-term deferred expenses refer to various expenses that have been incurred by the Company and shall be amortized in the current period and the following periods if the total amortization period is longer than 1 year.

The actual amount is accounted for and amortized evenly over the benefit period or specified period. In case future accounting period cannot benefit from long-term deferred expenses, all unamortized value of the item shall be transferred into the current profits and losses.

### **32. Contract liabilities**

The Company presents contractual assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer commodities or services to customers for consideration received or receivable by the Company is listed as contract liability.

### **33. Employee compensation**

#### **(1) Accounting treatment of short-term compensation**

##### **① Basic pay of employee (salary, bonus, allowance and subsidy)**

During the accounting periods in which employees provide services, the Company recognizes the short-term compensation actually incurred as a liability and includes it in the current profit or loss, unless it is required or allowed to be credited to the cost of assets by other accounting standards.

##### **② In-service employee benefits**

Employee benefits incurred by the Company are credited to the profit or loss for the period in which they are actually incurred based on the actual amounts incurred. In case of non-monetary employee benefits, they shall be measured at fair value.

③ Medical insurance premiums, work-related injury insurance premiums, maternity insurance and other social insurance premiums and housing provident funds, as well as trade union funds and employee education funds

For medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, other social insurance premiums and housing provident funds, as well as the funds for the trade union and the education paid by the Company for employees, the Company calculates the corresponding amount of the employees' compensation and recognizes the corresponding liabilities according to the prescribed accrual basis and proportion, and credits them to the current profit or loss or related asset costs.

④ Short-term compensated absences

When an employee provides services that increase his or her future entitlement to compensated absences, the Company recognizes the employee's compensation associated with accumulated compensated absences and measures it against the expected increase in the amount of payments due to accumulated unexercised entitlement. The Company recognizes employee compensation related to non-cumulative compensated absence during the accounting period in which the employee's absence actually occurred.

⑤ Short-term profit sharing plan

If the profit sharing plan meets the following conditions concurrently, the Company will recognize the relevant employee remuneration payable:

A. The enterprise has the statutory or presumptive obligation to pay the employees' compensation due to past events;

B. The amount of obligatory employee compensation payable due as a result of the profit sharing plan can be reliably estimated.

## **(2) Accounting treatment of post-employment benefits**

① Defined contribution plan

In accounting periods in which services are provided by employees, the Company recognizes the contribution amount calculated according to the formulated contribution plan as a liability and credited it to the current profit or loss or the relevant asset cost.

If, according to the defined contribution plan, it is not expected to pay the full amount of contribution due within twelve months after the end of the Annual Reporting Period in which the employee provides the relevant services, the Company measures the employee pay payable with the discounted total contribution amount by

reference to the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date).

② Defined benefit plan

A. Determination of present value and current service costs of obligations under the defined benefit plan

Unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic and financial variables, measure the obligations arising from the defined benefit plan, and determine the vesting period of the related obligations under the expected cumulative benefit unit approach. The Company discounts the obligations under the defined benefit plan at the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date) to determine the present value of the obligations and the current service costs.

B. Confirmation of net liabilities or assets of defined benefit plan

If there are assets in a defined benefit plan, the Company recognizes the deficit or surplus resulting from the present value of defined benefit plan obligations less the fair value of defined benefit plan assets as a net liability or net asset of the defined benefit plan.

If there is a surplus in a defined benefit plan, the Company measures the net assets of the defined benefit plan to the lesser of the surplus of the defined benefit plan and the asset ceiling.

C. Determination of amount to be credited to assets cost or current profit or loss

Service costs include current service costs, past service costs and settlement gains or losses. Except the service costs in the current period which are required or allowed to be credited to asset costs under other accounting standards, other service costs are credited to the current profit or loss.

The net interest on net liabilities or net assets of defined benefit plans, including interest gains on the assets in the plan, interest expenses on defined benefit plan obligations and interests affected by the asset ceiling, are credited to the current profit or loss.

D. Determination of amount to be credited to other comprehensive income

Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans include:

(a) Actuarial gain or loss, which is an increase or decrease in the present value of previously measured defined benefit plan obligations due to actuarial assumptions and empirical adjustments;

(b) Return on plan assets, less the amount included in the net interest on net liabilities or net assets of the defined benefit plan;

(c) Changes due to impact of the asset ceiling, less the amount included in the net interest on net liabilities or net assets of the defined benefit plan.

Changes resulting from the above remeasurement of net liabilities or net assets of defined benefit plans are directly credited to other comprehensive income and are not allowed to be carried back to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the Company carries forward to undistributed profit in full the portion originally credited to other comprehensive income within the scope of equity.

### **(3) Accounting treatment of dismissal benefits**

If the Company provides dismissal benefits to an employee, the employee compensation liability arising from the dismissal benefits is recognized at the sooner of the following two events, and shall be credited to the current profit or loss:

① When the Company cannot unilaterally withdraw the termination benefits provided by the termination of the labor relation plan or cut-down proposal;

② When the Company confirms the costs or expenses related to the restructuring involving the payment of termination benefits.

If, it is expected that the dismissal benefits cannot be paid in full amount within twelve months after the end of the Annual Reporting Period, the Company discounts the amount of the dismissal benefits by reference to the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date), and measures the employee pay payable with the discounted amount.

### **(4) Accounting treatment of other long-term employee benefits**

None.

## **34. Estimated liabilities**

### **(1) Recognition criteria for estimated liabilities**

The Company recognizes obligations related to contingencies as estimated liabilities if they also meet the following conditions:

- ① The obligation is a current obligation assumed by the Company;
- ② The performance of such obligation is likely to result in the outflow of economic benefits from the Company;
- ③ The amount of such obligation can be measured reliably.

## **(2) Measurement method for estimated liabilities**

Estimated liabilities are initially measured according to the best estimate of expenditures required to meet the relevant current obligations, taking into account such factors as risks, uncertainties and the time value of money associated with contingencies. The book value of estimated liabilities is reviewed at each balance sheet date. If there is solid evidence that the book value does not reflect the current best estimate, the book value is adjusted according to the current best estimate.

## **35. Share-based payment**

### **(1) Type of share-based payment**

Share-based payments of the Company include share-based payments settled in cash and those settled in equity.

### **2. Determination method of fair value of equity instrument**

① For shares granted to employees, the fair value is measured at the market price of the Company's shares, and is adjusted to take into account the terms and conditions under which the shares are granted (excluding vesting conditions other than market conditions). ② For stock options granted to employees, it is difficult to obtain their market price in many cases. If there are no trading options with similar terms and conditions, the Company chooses an applicable option pricing model to estimate the fair value of the options granted.

### **(3) Basis for determining the best estimate of equity instruments with viable options**

At each balance sheet date in the waiting period, the Company will make the best estimate based on the latest available subsequent information such as the change in the number of employees with viable options, and revise the number of equity instruments with options expected to be exercised to make the best estimate of the equity instruments with viable options.

### **(4) Accounting treatment of implementation of share-based payment plan**

#### Share-based payments settled in cash

① Share-based payments settled in cash where the vested options can be immediately exercised after being granted is credited to the relevant cost or expense at the fair value of the liability assumed by the Company on the grant date, increasing the liability accordingly. The fair value of the liability is remeasured at each balance sheet date prior to settlement and at the settlement date, and its changes are credited to profit or loss.

② For cash-settled share-based payments where the vested option cannot be exercised until the completion of services or the fulfillment of specified performance conditions within the waiting period, at each balance sheet date in the waiting period, services acquired during the period are credited to costs or expenses and corresponding liabilities at the fair value amount of the liability assumed by the Company, based on the best estimate of exercising the option.

#### Share-based payments settled in equity

① Share-based payments settled in equity where the vested option can be immediately exercised after being granted in exchange of employees' services is credited to the relevant cost or expense at the fair value of the equity instruments on the grant date, increasing the capital reserve accordingly.

② For equity-settled share-based payments where the vested option cannot be exercised in exchange of employees' services until the completion of services or the fulfillment of specified performance conditions within the waiting period, at each balance sheet date in the waiting period, services acquired during the period are credited to costs or expenses and capital reserve at the fair value at the granting date of equity instruments, based on the best estimate of the number of equity instruments with exercisable option.

#### **(5) Accounting treatment of modification of share-based payment plan**

When the Company makes a modification to a share-based payment plan, if the modification increases the fair value of the equity instrument granted, the increase in the services obtained is recognized according to the increase in the fair value of the equity instrument; if the modification increases the number of equity instruments granted, the fair value of the increased equity instruments is recognized accordingly as an increase in the acquired services. The increase in the fair value of equity instruments refers to the difference between the original and modified fair values of equity instruments at the date of the modification. If a modification reduces the total fair value of a share-based payment or the terms and conditions of a share-based payment plan is modified to the detriment of employees, further accounting treatment will be made for the services obtained like such modification has never occurred unless the Company cancels some or all of the equity instruments granted.

### **(6) Accounting treatment of termination of the share-based payment plan**

If equity instruments granted are canceled or settled in the waiting period (except those canceled due to failure to fulfill the conditions for exercising the option), the Company will:

① Treat cancellation or settlement as an accelerated exercise option and immediately recognize the amount that shall have been recognized within the remaining waiting period;

② Treat all payments made to employees at the time of cancellation or settlement as repurchases of equity, and credit the portion of the amount paid for the repurchase exceeding the fair value of the equity instrument at the repurchase date to the current expense.

In case of repurchasing the equity instruments that its employees have exercised, the Company writes off the owner's equity; the portion of any amount paid for the repurchase exceeding the fair value of the equity instrument at the repurchase date is credited to the current profit or loss.

### **36. Preferred shares, perpetual bonds and other financial instruments**

None.

### **37. Revenue**

Disclosing the accounting policies adopted for revenue recognition and measurement by business type

Disclosing the accounting policies adopted for revenue recognition and measurement by business type

#### **(1) General principles**

Income is the total inflow of economic benefits generated in the daily activities of the Company, which can result in an increase in shareholders' equity and is not related to shareholders' invested capital.

The Company has fulfilled performance obligation in the Contract, that is, recognizing revenue when the customer obtains the control right of relevant commodities. Obtaining control over relevant goods refers to the ability to direct the use of the goods and obtain substantially all of the economic benefits derived from them.

If two or more performance obligations are included in a contract, the Company apportions the transaction price to each performed obligation in proportion to the individual selling price of the commodities or services promised by each performed obligation, and measures the revenue according to the transaction price apportioned to each performed obligation.

Transaction price is the amount of consideration that the Company expects to be entitled to receive in connection with the transfer of commodities or services to a customer, excluding payments received on behalf of third parties. In case of a variable consideration when determining the transaction price in a contract, the Company determines the best estimation of the variable consideration based on the expected value or the most likely amount, and includes in the transaction price an amount not exceeding which is highly unlikely to result in a material reversal of the accumulated recognized revenue at the time the relevant uncertainty is eliminated. If there is a significant financing component in a contract, the Company will determine the transaction price based on the amount payable by the customer in cash upon its acquisition of control of the commodity, and amortize the difference between the transaction price and the contract consideration with the effective interest method over the term of the contract. The Company does not take into account the financing component if the interval between the transfer of control and the payment of the price by the customer is less than one year.

If one of the following conditions is met, the performance obligation is fulfilled within a certain period, otherwise, the performance obligation is fulfilled at a certain time point:

- ① Customers obtain and consume economic benefits arising from performance of the Company during the Company's performance of the Contract.
- ② The customer can control the in-process commodity during contract performance by the Company;
- ③ The purpose of the commodity produced by the Company during contract performance is irreplaceable, and the Company is entitled to receive payments throughout the contract period for the performance completed so far.

For performance obligations fulfilled within a certain period of time, the Company shall recognize revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the performance progress of services provided with the input method (or output method). When the performance progress cannot be reasonably determined, the income is recognized based on the amount of costs incurred by the Company if compensation of such costs is expected, until the performance progress can be reasonably determined.

For contract performance obligations fulfilled at a certain point of time, the Company recognizes the income at the time when the customer obtains the control right of relevant commodities. When judging whether a customer has obtained the control of a commodity or service, the Company takes the following indications into account:

① The Company is currently entitled to receive payments in respect of the commodity or service, i.e. the customer has a current payment obligation in respect of the commodity;

② The Company has transferred the legal ownership of the commodity to the customer, i.e. the customer has had the legal ownership of the commodity;

③ The Company has transferred the material object of the commodity to the customer, i.e. the customer has owned the material object of the commodity;

④ The Company has transferred the major risks and compensation on the ownership of the commodity to the customer, i.e. the customer has received the major risks and compensation on the ownership of the commodity;

⑤ Customers have accepted the commodities.

#### Sales return terms

For sales with sales return terms, the Company recognizes the income based on the consideration amount to which the Company is expected to be entitled for the commodity handed over to the customer when it obtains the control of the relevant commodity, and recognizes the estimated liability based on the amount to be returned due to the expected sales return; meanwhile, the balance of the book value of the commodity expected to be returned less the expected cost to be incurred for collection of the returned commodity (including the impaired value of the returned commodity) is recognized as an asset, i.e. return cost receivable, and according to the book value of the transferred commodity at the time of transfer, the net amount less the cost of the above asset is carried over to the cost. At each balance sheet date, the Company re-estimates the return of future sales and re-measures the assets and liabilities described above.

#### Quality assurance obligations

The Company provides quality assurance for the commodities sold and the projects constructed in accordance with contractual agreements and the provisions of law. For warranty type quality assurance to assure customers that the commodities sold meet the established standards, the Company conducts accounting treatment in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies. For service type quality assurance that provides a separate service in addition to assuring customers that the commodities sold meet the established standards, the Company regards it as a single performance obligation, amortize a portion of the transaction price to the service type quality assurance in proportion to the individual selling price for providing commodities and services quality assurance, and recognizes the income when the customer obtains the control of the service. In assessing whether the quality assurance provides a separate

service in addition to assuring the customer that the commodities sold meet established standards, the Company considers factors such as whether the quality assurance is a statutory requirement, the warranty period and the nature of the Company's commitment to perform the task.

#### Principal responsible person and agent

Whether the Company is the principal responsible person or agent in a transaction is determined by whether the Company has control of the commodities or services before they are transferred to the customer. Where the Company is able to control the commodities or services prior to the transfer of the commodities or services to the customer, the Company is the principle responsible person and recognizes the income based on the total amount of consideration received or receivable. Otherwise, the Company acts as the agent, recognizes the income on the basis of the amount of commission or service charges it is expected to be entitled to receive, which shall be the net amount of the total consideration received or receivable less the price payable to other interested parties, or be determined based on the amount or proportion of commissions established, etc.

#### Consideration payable to customers

Where there is a consideration payable to a customer in a contract, unless the consideration is for the purpose of obtaining other clearly distinguishable commodities or services for the customer, the Company writes off the consideration payable from the transaction price, and writes off the current income at the time when the relevant income is recognized or when the consideration is paid (or committed to be paid) to the customer, whichever is later.

### **(2) Specific method**

In case the sales contract between the Company and customers has been deemed as a performance obligation fulfilled at a certain time point, the specific revenue recognition method shall be formulated according to the actual situation of the Company's product sales as follows:

Domestic sales: ① The customer picks up the goods in cash. After the payment and delivery, it is considered that the customer has obtained the control of the relevant goods, and the Company has recognized the sales revenue; ② If the advance payment is used for settlement, and the other party's customer confirmation receipt is obtained after the delivery, it is considered that the customer has obtained the control of the relevant commodities, and the Company has recognized the sales revenue; ③ If the credit sale is adopted according to a certain payment period, within which the customer settles, and after the delivery, the other party's customer

confirmation receipt is obtained, it is considered that the customer has obtained the control of the relevant goods, and the Company has recognized the sales revenue.

Foreign sales: the Company shall deliver commodities according to the signed order, hold special export invoice, delivery note and other original documents for customs clearance and export, pass customs audit, complete export declaration procedures, obtain the customs declaration documents as the point of transfer of control of the relevant goods, and recognize the sales revenue by recording the revenue based on the delivery order, special export invoice and customs declaration form.

### **38. Contract costs**

Contractual costs are divided into contract performance costs and contract acquisition costs.

The cost incurred by the Company for contract performance is deemed as a contract performance cost and recognized as an asset if all of the following conditions are met:

- ① The cost is directly related to a current contract or a contract expected to be acquired, including direct labor cost, direct material cost, manufacturing (or similar) cost, cost clearly stated to be borne by the customer, and other costs incurred only as a result of the contract;
- ② The cost increases the resources for fulfilling the performance obligation by the Company in the future;
- ③ The cost is expected to be recoverable.

When an incremental cost incurred by the Company for acquiring a contract is expected to be recoverable, it is treated as a contract acquisition cost and recognized as an asset.

Assets related to contract costs are amortized on the same basis as the recognition of revenue of goods or services related to that asset; However, if the amortization period of contract acquisition costs does not exceed one year, the Company credits it to the current profit or loss when it occurs.

If the book value of an asset related to the contract cost is higher than the difference between the following two items, the Company makes a provision for impairment for the excess, recognizes it as an asset impairment loss, and further considers whether a provision shall be made for projected liabilities relating to the loss contract:

- ① Remaining consideration expected to be obtained as a result of the transfer of goods or services related to the asset;
- ② Cost estimated to be incurred for the transfer of the relevant commodities or services.

If the above-mentioned provision for asset impairment is subsequently reversed, the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date assuming no provision for impairment was made.

Contract performance costs recognized as assets with an amortization period of not more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Inventory" item, and those with an amortization period of more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other non-current assets" item.

Contract acquisition costs recognized as assets with an amortization period of not more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other current assets" item, and those with an amortization period of more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other non-current assets" item.

### **39. Government subsidies**

#### **(1) Recognition of government subsidies**

A government subsidy can be recognized only when all of the following conditions are met:

- ① The Company is able to meet the conditions attached to the government subsidy;
- ② The Company is able to receive the government subsidy.

#### **(2) Measurement of government subsidies**

In case a government subsidy can be classified as a monetary asset, it shall be measured according to the amount received or receivable. In case a government subsidy can be classified as non-monetary asset, it shall be measured at fair value, and once the fair value cannot be obtained reliably, it shall be measured in the nominal amount of RMB 1.

#### **(3) Accounting treatment of government subsidies**

- ① Assets-related government subsidies

Government subsidies that the Company obtains for acquisition or construction or otherwise for developing long-term assets are classified as assets-related government subsidies. When an assets-related government subsidy is recognized as a deferred income, it shall be amortized with a rational and systematic method and credited to an income or loss within the service life of the related asset. Government subsidies measured in the nominal amount shall be directly credited to a current income/loss. In case relevant assets are

sold, transferred, scrapped or damaged prior to the end of their service life, the balance of relevant deferred income that has not been allocated shall be transferred to the profits and losses of the current period of asset disposal.

② Revenue-related government subsidies

Government subsidies other than those related to assets are classified as revenue-related government subsidies. Revenue-related government subsidies shall be accounted for in accordance with the following provisions on a case-by-case basis:

When a revenue-related government subsidy is used to compensate relevant expenses or losses of the Company in the following period, it shall be recognized as a deferred income and credited to a current income/loss in the period when the related cost or loss is recognized;

When such a subsidy is used to offset relevant incurred costs and expenses or losses of the Company, it shall be directly credited to the current income/loss.

For government subsidies including both assets-related and revenue-related subsidies, they shall be divided for separate accounting treatment; if it is difficult to separate them, they shall be classified as revenue-related government subsidies as a whole.

Government subsidies associated with the routine activities of the Company shall be credited to Other Income according to the substance of economic operations. Those that are not associated with the routine activities of the Company shall be credited to Non-Operating Income/Expense.

③ Discounted interests of preferential policy loans

In case the Ministry of Finance directly appropriates the discount funds to the Company, the Company will write down the corresponding discount interests against relevant borrowing costs.

④ Refund of government subsidies

In case a recognized government subsidy needs to be refunded, the book value of the asset concerned shall be adjusted if the book value of the asset was written down when it was initially recognized; if there is a balance for the relevant deferred income, it shall be used to reduce the balanced book value of the deferred income, and any excess shall be credited to a current income/loss; for other cases, it shall be directly credited to a current income/loss.

#### 40. Deferred tax assets/deferred tax liabilities

The Company generally applies the balance sheet liability method to recognize and measure the income tax amount affected by the taxable temporary difference or deductible temporary difference as a deferred income tax liability or deferred income tax asset based on the temporary difference between the book value of assets and liabilities on the balance sheet date and the tax basis. The Company does not discount deferred income tax assets and deferred income tax liabilities.

##### (1) Recognition of deferred income tax assets

For deductible losses and tax credits that are deductible for temporary differences and can be carried forward to subsequent years, the income tax amount so affected shall be calculated at the income tax rate of the expected carry-back period, and the amount of impact shall be recognized as a deferred income tax asset, provided that the Company is likely to obtain future taxable incomes to offset the deductible temporary differences, deductible losses and tax credits.

In transactions or matters with the following characteristics, the income tax amount affected by a deductible temporary difference caused by the initial recognition of an asset or liability shall not be recognized as a deferred income tax asset;

A. The transaction is not a business merger;

B. The occurrence of the transaction does not affect the accounting profit or the taxable income (or deductible loss).

However, this exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply to a single transaction in which both the above two conditions are met and the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities of the transaction, the Company recognizes the corresponding deferred income tax liabilities and deferred income tax assets respectively when the transaction takes place.

For deductible temporary differences related to investments of subsidiaries, associated enterprises and joint ventures, the Company recognizes the amount of income tax impact as a deferred income tax asset (only) when the following two conditions are both met:

A. The temporary difference is very likely to be reversed in the foreseeable future;

B. The taxable income used to offset the deductible temporary difference is likely to be available in the future;

On the balance sheet date, if there is conclusive evidence that enough taxable incomes are very likely to be obtained in future periods to offset the deductible temporary differences, the deferred income tax assets not recognized in the previous period shall be recognized.

The Company checks the book value of deferred income tax assets on the balance sheet date. In case it is very unlikely to obtain enough taxable incomes to offset the benefits of the deferred tax assets in future periods, the book value of the deferred tax assets shall be written down. If it is very likely to obtain enough taxable incomes, the write-down amount shall be reversed.

## **(2) Recognition of deferred income tax liabilities**

For all taxable temporary differences of the Company, the amount of income tax impact is measured at the income tax rate for the expected carry-back period, and the amount of impact shall be recognized as a deferred income tax liability, except:

① Income tax impact caused by taxable temporary differences arising from the following transactions or matters shall not be recognized as a deferred income tax liability:

A. The initial recognition of goodwill;

B. The initial recognition of assets or liabilities arising from a transaction that is not a business merger and does not affect accounting profits, taxable income, or deductible losses at the time of the transaction.

② Temporary differences in taxable income related to investments in subsidiaries, joint ventures, and associated enterprises shall be usually recognized as deferred income tax liabilities, except for those that meet both of the following conditions concurrently:

A. The Company can control the reversal time of the temporary difference;

B. The temporary difference is very unlikely to be reversed in the foreseeable future;

## **(3) Recognition of deferred tax liabilities or assets related to specific transactions or matters**

① Deferred tax liabilities or assets related to business mergers

For taxable temporary differences or deductible temporary differences arising from business mergers not involving enterprises under common control, the goodwill recognized in the business mergers are generally adjusted for the relevant deferred income tax expenses while recognizing the deferred income tax liabilities or assets.

② Items directly credited to owner's equity

Income tax and deferred income tax of the current period related to transactions or matters that are directly credited to the owner's equity shall be credited to the owner's equity. Transactions or matters with the income tax impact of temporary differences credited to owners' equity include: other comprehensive income resulting from changes in the fair value of other debt investments, adjusted beginning retained income made with the retrospective adjustment method for changes in accounting policies or corrected with the retrospective restatement method to correct differences of (significant) accounting errors in previous period, and owner's equity credited at the time of initial recognition of mixed financial instruments containing both liability components and equity components.

③ Recoverable losses and tax credits

A. Recoverable losses and tax credits arising from the Company's own operations

Deductible loss refers to the loss which is allowed to be offset by a taxable income of subsequent years, calculated and determined in accordance with the provisions of the tax law. Losses to offset (deductible losses) and tax credits that can be carried forward to subsequent years according to the provisions of the tax law shall be treated as deductible temporary differences. When sufficient taxable income is likely to be obtained during future periods in which it is expected that a loss to offset or tax credit will be available, the corresponding deferred income tax asset shall be recognized to the extent of the taxable income likely to be obtained, while the income tax expense in the current income statement shall be reduced.

B. Recoverable loss to offset of the merged enterprise arising from business merger

The Company obtains deductible temporary differences from the acquiree in business merger, which shall not be recognized if the conditions for recognition of deferred tax assets are not met by the acquisition date. Within 12 months after the acquisition date, if new or further information is obtained indicating that the relevant circumstances already existed by the acquisition date and the economic benefits brought about by the deductible temporary difference is expected to be realized by the acquiree by the acquisition date, the relevant deferred tax assets shall be recognized and goodwill shall be reduced at the same time. If there is insufficient goodwill to offset, the difference shall be recognized as a current profit/loss; in addition to the above circumstances, deferred tax assets related to business merger shall be recognized and credited to the current profit/loss.

④ Temporary differences arising from offsets in consolidated statements

When preparing the consolidated financial statements, the Company recognizes deferred income tax assets or liabilities in the consolidated balance sheet and adjusts the income tax expense in the consolidated income

statement if there is a temporary difference between the carrying value of the assets or liabilities in the consolidated balance sheet and the tax basis of the taxable entity concerned due to the offset of unrealized gains and losses on internal sales, except deferred income taxes related to transactions or matters directly credited to owners' equity and related to business merger.

⑤ Equity-settled share-based payments

If the tax law allows pre-tax deductions for expenses related to share-based payments, when recognizing costs and expenses in accordance with the accounting standards, the Company calculates and determines the tax basis and the resulting temporary differences based on the pre-tax deductible amount estimated with the information obtained at the end of the accounting period, and recognizes the relevant deferred income tax if the conditions for recognition are met. If the amount that is expected to be deductible before tax in future periods exceeds the costs and expenses related to the share-based payments recognized in accordance with the provisions of the accounting standards, the income tax impact of the excess shall be directly credited to owners' equity.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments by the Company as the issuer, where the relevant dividend payout is deducted before corporate income tax in accordance with the relevant provisions of tax policies, the Company recognizes the income tax impact related to the dividend when recognizing the dividend payable. The income tax impact of dividends shall be credited to the current profit/loss if the profit distributed is derived from a transaction or matter previously generated profit or loss; the income tax impact of dividends shall be credited to owners' equity if the profit distributed is derived from a transaction or matter previously recognized in owners' equity.

**(4) Basis for presentation of net balances of deferred income tax assets and liabilities**

When all of the following conditions are met, the Company presents net balances of deferred income tax assets and liabilities after offsetting:

① The Company is entitled to settle current income tax assets and liabilities on a net basis;

② Deferred income tax assets and liabilities are related to the income tax levied by the same taxation authority on the same taxpayer or to different taxpayers, but during the period in which each future deferred income tax asset and liability of significance is reversed, the involved taxpayer intends to settle current income tax assets and liabilities on a net basis or acquire assets and pay off debts at the same time.

## 41. Lease

### (1) Accounting treatment of lease as the lessee

On the commencement date of the lease term, the Company considers a lease with lease term no more than 12 months and which does not include a purchase option to be a short-term lease, and a lease with a low value when a single leased asset is a new asset as a low-value asset lease. Where the Company subleases or intends to sublease a leased asset, the original lease is not deemed to be a low-value asset lease.

For all short-term leases and leases of low value assets, the Company will include lease payments in the relevant asset costs or current profits and losses using the straight-line method during each period of the lease term.

With the exception of the above short-term leases and low-value asset leases treated by simplified treatment, the Company recognizes the right-of-use assets and lease liabilities on the lease on the commencement date of the lease term.

#### ① Right-of-use assets

A right-of-use asset refers to the lessee's right to use the leased asset during the lease term.

On the commencement date of the lease term, an initial measurement of right-of-use assets shall be carried out according to the cost. The cost is composed of:

The initially measured amount of the lease liability;

Lease payment paid on or before the commencement date of the lease term minus relevant amount of the enjoyed lease incentives (if any);

Initial direct expenses incurred by the lessee;

An estimate of costs to be incurred by the lessee in dismantling and removing the lease asset, restoring the site where the lease asset resides or restoring the lease asset to the condition required by the terms and conditions of the lease. The Company recognizes and measures the costs according to the recognition criteria and measurement method for estimated liabilities. Refer to Note V.17 for details. The aforementioned costs are incurred for the production of inventory and will be credited to the cost of inventory.

The straight-line depreciation method shall be applied for the depreciation classification and provision of right-of-use assets. If it can be reasonably ascertained that the ownership of the leased asset will be acquired at the end of the lease term, the depreciation rate shall be determined according to the class of the right-of-use asset and the estimated net salvage value rate during the expected remaining useful life of the leased asset;

otherwise, the depreciation rate shall be determined on the basis of the class of the use-of-right asset during the shorter of the lease term and the remaining useful life of the leased asset.

## ② Lease liabilities

The initial measurement of lease liabilities shall be based on the present value of the lease payment payable on the commencement date of the lease term. The amount of lease payments shall consist of the following five components:

1. Fixed payment amount and substantial fixed payment amount, and if there are lease incentives, minus the amount related to lease incentives;
2. Variable lease payment amount depending on the index or rate;
3. Exercise price of the purchase option, provided that the lessee reasonably determines to exercise the option;
4. Amount payable to exercise the option to terminate the lease, provided that it is reflected in the lease term that the lessee will exercise the option to terminate the lease;
5. Amount expected to be paid based on the remaining value of the security provided by the lessee.

When computing the present value of a lease payment, the implicit interest rate of the lease shall be used as the discount rate; when such implicit interest rate cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate. The difference between the lease payment amount and its present value shall be recognized as an unrecognized financing expense, and the interest expense shall be recognized at the discount rate of the present value of the lease payment amount during each period of the lease term and credited to the current profit/loss. Variable lease payments not included in the measurement of lease liabilities shall be credited to the current profit/loss at the actual time of incurring.

After the commencement of the lease term, when there is a change in the substantial fixed payment amount, a change in the estimated amount payable on the security balance, a change in the index or ratio used to determine the lease payment amount, a change in the evaluation result of the purchase option, the renewal option or the termination option, or a change in the actual exercise of the option, the Company will remeasure the lease liability at the present value of the changed lease payment amount, and adjust the book value of the right-of-use assets accordingly.

## **(2) Accounting treatment of lease as the lessor**

On the commencement date of the lease, the Company classifies leases that substantially transfer virtually all of the risks and compensations associated with ownership of the leased assets as finance leases, and all other leases as operating leases.

### **① Operating lease**

The Company recognizes lease receipts as rental income on a straight-line basis during each period of the lease term, capitalize and apportion the initial direct expenses incurred on the same basis as rental income recognition, and credit the direct expenses to the current profit/loss in installments. The Company credits to the current profit/loss the amount of variable lease payments acquired in relation to operating leases that are not included in lease receipts when actually incurred.

### **② Finance lease**

On the commencement date of the lease, the Company recognizes finance lease receivables on the basis of net lease investment (the sum of the unsecured balance value and the present value of the lease proceeds not yet received by the commencement date of the lease term discounted at the implicit interest rate of the lease) and terminates the recognition of the finance lease assets. In each period of the lease term, the Company calculates and recognizes the interest income at the implicit interest rate of the lease.

Variable lease payments acquired by the Company and not included in the measurement of the net lease investment shall be credited to the current profit/loss at the actual time of incurring.

## **42. Other important accounting policies and accounting estimation**

### **Share repurchase**

(1) Where the Company has reported and has been approved to purchase the Company's shares for capital reduction in accordance with legal procedures, the share capital shall be reduced by the total par value of the shares cancelled, the owners' equity shall be adjusted in case of a difference between the price paid for the repurchase of the shares (including transaction fees) and the par value of the shares; the portion in excess of the total par value shall write down the capital reserve (share capital premium), surplus reserve and undistributed profits in turn, and the portion less than the total par value shall be added to the capital reserve (equity premium).

(2) The shares repurchased by the Company shall be managed as treasury shares before cancellation or transfer, and all expenses for share repurchase shall be converted into treasury share costs.

(3) In case of a transfer of treasury shares, the portion of the transfer income higher than the cost of treasury share is added to the capital reserve (equity premium); the portion lower than the cost of Treasury shares shall write down the capital reserve (equity premium), surplus reserve and undistributed profit in turn.

### **Restricted shares**

In the equity incentive plan, the Company grants restricted shares to the incentivized subjects, who shall subscribe for the shares first, and if the unlocking conditions stipulated in the equity incentive plan are not met later, the Company will repurchase the shares at the price agreed in advance. Where the restricted shares issued to the employees have gone through the registration and other capital increase procedures in accordance with relevant regulations, the Company shall, on the grant date, recognize the share capital and capital reserve (capital premium) based on the subscription payment received from the employees, and also recognize the treasury shares and other payables for the repurchase obligations.

## **43. Important accounting policy and accounting estimation changes**

### **(1) Important accounting policy changes**

Applicable  Not applicable

### **(2) Important accounting estimation changes**

Applicable  Not applicable

### **(3) Relevant items in financial statements at the beginning of 2025 when such adjustments were made for the first time for initial implementation of the new accounting standard**

Applicable  Not applicable

## **44. Others**

## **VI. Tax**

### **1. Main tax types and tax rate**

Tax type	Tax basis	Tax rate
----------	-----------	----------

VAT (value-added tax)	Revenue from sales of goods	13.00%, 9.00%, 6.00%, 3.00%, 0% (Note 1)
City maintenance and construction tax	Paid turnover tax amount	7.00%, 5.00%
Corporate income tax	Taxable income	See the table below (Note 2) for taxpayers subject to different corporate income tax rates and their tax rates.
Education surcharge	Paid turnover tax amount	3.00%, 2.00%

**(Note 1)** Shenzhen YAKO Automation Technology Co., Ltd. was recognized as a software enterprise by Shenzhen Economic, Trade and Information Commission on April 27, 2013, and received the software enterprise certification No. Shen R-2010-0237; Shenzhen Topband Software Technology Co., Ltd. was recognized as a software enterprise by Shenzhen Economic, Trade and Information Commission on Friday, June 28, 2013, and received the software enterprise certification No. Shen R-2013-0616; Shenzhen Yansheng Software Co., Ltd. was recognized as a software enterprise by Shenzhen Software Industry Association on August 31, 2017, and received the software enterprise certification No. Shen RQ-2017-0587; Shenzhen Allied Control System Co., Ltd. was recognized as a software enterprise by Shenzhen Economic, Trade and Information Commission on June 28, 2013, and received the software enterprise certification No. Shen R-2013-0775. According to the Notice of the Ministry of Finance and the State Taxation Administration on VAT Policies for Software Products (No. 25 in 2023), after the sales revenue of the above products is levied for value-added tax at the statutory tax rate of 13.00% during the Reporting Period, the refund-upon-collection policy shall be applied to the portion of the actual VAT burden in excess of 3.00%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on VAT Policies for Software Products (CS [2011] No. 100), the refund-upon-collection policy shall be applied to the part of the actual VAT burden of software products in excess of 3.00%. The provisions of this policy apply to Shenzhen Meanstone Intelligent Technology Co., Ltd., a subsidiary of the Company.

**(Note 2)** Taxpayers of the Company subject to different corporate income tax rates and their tax rates are as follows

Name of taxpayer	Corporate income tax rate
Shenzhen Topband Co., Ltd.	15.00%
Shenzhen Topband Software Technology Co., Ltd.	15.00%
Shenzhen Topband Automation Technology Co., Ltd.	15.00%
Shenzhen Topband Battery Co., Ltd.	15.00%
Huizhou Topband Lithium Battery Co., Ltd.	20.00%
Taixing Topband Lithium Battery Co., Ltd.	15.00%
Nantong Topband Lithium Battery Co., Ltd.	25.00%
Yolaness Technology (HK) Co., Limited	16.50%

Chongqing Topband Industrial Co., Ltd.	25.00%
Topband (Hong Kong) Co., Ltd.	8.25%, 16.50%
Topband Germany GmbH	15.825%
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	20.00%
TOPBAND JAPAN Co., Ltd	23.20%
Q.B.PTE.LTD	17.00%
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	16.00%
TOPBAND MEXICO, S.DE R.L.DE C.V.	30.00%
Huizhou Topband Electrical Technology Co., Ltd.	15.00%
TOPBAND INDIA PRIVATE LIMITED	25.17%
Shenzhen YAKO Automation Technology Co., Ltd.	15.00%
Shenzhen Yansheng Software Co., Ltd.	15.00%
Hangzhou Zhidong Motor Technology Co., Ltd.	20.00%
Huizhou YAKO Automation Technology Co., Ltd.	25.00%
Shenzhen Allied Control System Co., Ltd.	25.00%
Ningbo Topband Intelligent Control Co., Ltd.	25.00%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	20.00%
Shenzhen Topband Supply Chain Services Co., Ltd.	25.00%
Shenzhen Topband Investment Co., Ltd.	25.00%
Shenzhen Tunnu Innovation Co., Ltd.	20.00%
Tunnu Innovation (Hong Kong) Limited	16.50%
TUNNU INNOVATION, INC	21.00%
Shenzhen Zhongli Consulting Co., Ltd.	20.00%
Shenzhen Yueshang Robot Co., Ltd.	20.00%
Shenzhen Topband Digital Energy Co., Ltd.	20.00%
Topband Digital Energy Technology (Huizhou) Co., Ltd.	20.00%
Chongqing Topband Yishu Energy Technology Co., Ltd.	20.00%
Guangzhou Topband Digital Energy Co., Ltd.	20.00%
Shenzhen Senxuan Technology Co., Ltd.	20.00%
Shenzhen Tengyi Industrial Co., Ltd.	20.00%
Topband (Qingdao) Intelligent Control Co., Ltd.	20.00%
Shenzhen Topband Automotive Electronics Co., Ltd.	20.00%
Shenzhen Jingfei Investment Co., Ltd.	20.00%
Huizhou Jiuwan Luyuan Agriculture Co., Ltd.	20.00%
Shenzhen Topband Motor Co., Ltd.	15.00%
Huizhou Chiding Technology Co., Ltd.	20.00%

## 2. Tax preference

(1) On November 15, 2023, the Company received the Hi-tech Enterprise Certificate (No. GR202344206777) issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable to the Company for the years 2023 to 2025 is 15.00%.

(2) On December 25, 2025, Shenzhen Topband Software Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202544200053) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2025 to 2027 is 15.00%.

(3) On December 26, 2024, Shenzhen Topband Battery Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444206593) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(4) On December 11, 2024, Huizhou Topband Electrical Technology Co., Ltd. received the Certificate for High-tech Enterprise (No. GR202444009232) issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service under the State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition

of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(5) On December 26, 2024, Shenzhen YAKO Automation Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444202027) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(6) On December 26, 2024, Shenzhen Yansheng Software Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444205050) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(7) On November 19, 2024, Taixing Topband Lithium Battery Co., Ltd. received the Certificate for High-tech Enterprise (No. GR202432004814) issued by the Jiangsu Provincial Department of Science and Technology, the Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service under State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(8) On November 15, 2023, Shenzhen Topband Automation Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202344204958) issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2023 to 2025 is 15.00%.

(9) On December 26, 2024, Shenzhen Topband Motor Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444207996) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(10) Topband (Hong Kong) Co., Ltd., Yolanness Technology (HK) Co., Limited and Tunnu Innovation (Hong Kong) Limited, which are subsidiaries of the Company established in Hong Kong Special Administrative Region of China, are applicable to the profits tax rate of 16.50%. Meanwhile, due to the implementation of the "two-tier profits tax" policy in Hong Kong, for the portion of annual profits not exceeding HKD 2 million, Topband (Hong Kong) Co., Ltd. is applicable to the profits tax rate of 8.25%, and for the excess part, the tax rate is 16.50%.

(11) According to the provisions of the Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses issued by the Ministry of Finance and the State Taxation Administration (Announcement 2023 No. 12 by the Ministry of Finance and the State Taxation Administration), small low-profit enterprises shall calculate their taxable income at a reduced rate of 25.00% and pay the corporate income tax at a rate of 20.00%, and this policy is extended till December 31, 2027. The provisions of this policy are applicable the subsidiaries and sub-subsidiaries of the Company, including Huizhou Topband Lithium Battery Co., Ltd., Shenzhen Meanstone Intelligent Technology Co., Ltd., Hangzhou Zhidong Motor Technology Co., Ltd., Shenzhen Topband Digital Energy Co., Ltd., Topband Digital Energy Technology (Huizhou) Co., Ltd., Chongqing Topband Yishu Energy Technology Co., Ltd., Guangzhou Topband Digital Energy Co., Ltd., Shenzhen Tunnu Innovation Co., Ltd., Shenzhen Zhongli Consulting Co., Ltd., Shenzhen Senxuan Technology Co., Ltd., Shenzhen Tengyi Industrial Co., Ltd., Topband (Qingdao) Intelligent Control Co., Ltd., Shenzhen Topband Automobile Electronics Co., Ltd., Shenzhen Yueshang Robot Co., Ltd., Shenzhen Jingfei Investment Co., Ltd., Huizhou Chiding Technology Co., Ltd., and Huizhou Jiuwan Luyuan Agriculture Co., Ltd.

### **3. Others**

None.

## VII. Notes to items of consolidated financial statements

### 1. Monetary capital

Unit: RMB

Items	Ending balance	Beginning balance
Cash on hand	628,866.15	800,122.43
Bank deposit	1,718,017,705.12	1,690,347,796.36
Other monetary capital	78,801,213.17	22,828,344.55
Total	1,797,447,784.44	1,713,976,263.34
Including: total amount deposited abroad	385,403,268.00	521,804,112.38

Other descriptions:

(1) At the end of the period, the amount of mortgage, pledges, frozen or other funds with restrictions on use is RMB 172,744,855.42. Refer to VII. 31 of the Report for details.

(2) At the end of the period, there is no amount deposited overseas or with the repatriation restricted.

### 2. Trading financial assets

Unit: RMB

Items	Ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in current profit or loss	538,102,481.43	739,448,691.77
Including:		
Including: wealth management products	212,671,537.17	396,522,333.21
Equity instrument investment	325,430,944.26	342,926,358.56
Including:		
Total	538,102,481.43	739,448,691.77

### 3. Derivative financial assets

None.

### 4. Notes receivable

#### (1) List of classification of notes receivable

Unit: RMB

Items	Ending balance	Beginning balance
Bank acceptance instruments	24,439,539.50	38,725,822.76

Commercial acceptance bill	0.00	9,735,512.62
Total	24,439,539.50	48,461,335.38

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance				Beginning balance					
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		Book value	
	Amount	Proportion	Amount	Proportion of provision	Amount	Proportion	Amount	Proportion of provision		
Notes receivable with provision for bad debts by portfolio	24,439,539.50	100.00%			24,439,539.50	48,772,791.41	100.00%	311,456.03	0.64%	48,461,335.38
Including:										
(1) Bank acceptance bill	24,439,539.50	100.00%			24,439,539.50	38,725,822.76	79.40%			38,725,822.76
(2) Commercial acceptance bill	0.00	0.00%			0.00	10,046,968.65	20.60%	311,456.03	3.10%	9,735,512.62
Total	24,439,539.50	100.00%			24,439,539.50	48,772,791.41	100.00%	311,456.03	0.64%	48,461,335.38

Provision for bad debts by portfolio: 0

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
(1) Bank acceptance bill	24,439,539.50	0.00	0.00%
(2) Commercial acceptance bill			0.00%
Total	24,439,539.50	0.00	

If the provision for bad debts of notes receivable is made according to the general model of expected credit losses:

Applicable  Not applicable

### (3) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	311,456.03		311,456.03			
<b>Total</b>	311,456.03		311,456.03			

Of which the amount of provision for bad debts recovered or reversed in the current period is significant:

Applicable  Not applicable

### (4) Notes receivable pledged by the Company at the end of the period

Applicable  Not applicable

### (5) Notes receivable endorsed or discounted by the Company at the end of the period and not due yet on balance sheet date

Unit: RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance instruments		9,485,082.19
<b>Total</b>		9,485,082.19

### (6) Notes receivable actually written off in the current period

None.

## 5. Accounts receivable

### (1) Disclosure by aging

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	3,084,959,058.61	3,051,190,543.53
1-2 years	26,130,621.97	38,379,992.73
2-3 years	21,763,517.08	17,917,449.39

Above 3 years	83,974,813.39	68,483,255.65
3-4 years	16,052,614.85	30,183,662.92
4-5 Years	29,697,047.94	36,243,544.76
Above 5 years	38,225,150.60	2,056,047.97
Total	3,216,828,011.05	3,175,971,241.30

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	100,579,403.12	3.13%	92,484,952.08	91.95%	8,094,451.04	84,435,157.56	2.66%	84,435,157.56	100.00%	
Including:										
Single provision	100,579,403.12	3.13%	92,484,952.08	91.95%	8,094,451.04	84,435,157.56	2.66%	84,435,157.56	100.00%	
Accounts receivable with provision for bad debts by portfolio	3,116,248,607.93	96.87%	99,673,682.96	3.20%	3,016,574,924.97	3,091,536,083.74	97.34%	98,751,586.01	3.19%	2,992,784,497.73
Including:										
(1) Aging portfolio	3,116,248,607.93	96.87%	99,673,682.96	3.20%	3,016,574,924.97	3,091,536,083.74	97.34%	98,751,586.01	3.19%	2,992,784,497.73
Total	3,216,828,011.05	100.00%	192,158,635.04	5.97%	3,024,669,376.01	3,175,971,241.30	100.00%	183,186,743.57	5.77%	2,992,784,497.73

Single provision for bad debt: 92,484,952.08

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Single provision for bad debts	84,435,157.56	84,435,157.56	100,579,403.12	92,484,952.08	91.95%	It is difficult to recover in full
Total	84,435,157.56	84,435,157.56	100,579,403.12	92,484,952.08		

Provision for bad debts by portfolio: 99,673,682.96

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Within 1 year	3,084,364,142.16	95,615,288.36	3.10%
1-2 years	25,111,723.52	2,270,099.80	9.04%
2-3 years	5,911,373.69	1,307,004.74	22.11%
3-4 years	684,148.82	325,039.11	47.51%
4-5 Years	133,219.74	112,250.95	84.26%
Above 5 years	44,000.00	44,000.00	100.00%
Total	3,116,248,607.93	99,673,682.96	

Explanation of the basis for determining the portfolio: none.

Provision for bad debts of accounts receivable based on the general model of expected credit losses:

 Applicable  Not applicable**(3) Bad debt provision withdrawn, recovered or reversed in the current period**

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Single provision for bad debts	84,435,157.56	9,223,903.01	133,026.95	1,041,081.54		92,484,952.08
Provision for bad debts by portfolio	98,751,586.01	2,592,190.97		1,217,098.92	-452,995.10	99,673,682.96
Total	183,186,743.57	11,816,093.98	133,026.95	2,258,180.46	-452,995.10	192,158,635.04

Of which the amount of provision for bad debts recovered or reversed in the current period is significant: none.

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

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	2,258,180.46

Among them, the important accounts receivable write-offs are: none.

**(5) Accounts receivable and contract assets of top five ending balances grouped by debtors**

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivables and contract assets	Proportion to total ending balances of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and provision for impairment of contract assets
No. 1	620,786,863.52		620,786,863.52	19.29%	19,244,392.77
No. 2	203,924,348.45		203,924,348.45	6.34%	6,321,654.80
No. 3	150,886,952.81		150,886,952.81	4.69%	4,677,495.54
No. 4	155,672,267.85		155,672,267.85	4.84%	4,825,840.30
No. 5	119,054,217.44		119,054,217.44	3.70%	3,690,680.74
Total	1,250,324,650.07		1,250,324,650.07	38.86%	38,760,064.15

**6. Contract assets****(1) Contract assets**

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Unexpired quality warranty deposit	621,271.22	19,669.27	601,601.95			
Total	621,271.22	19,669.27	601,601.95			

**(2) Amount of and reasons for significant changes in book value during the Reporting Period**

None.

**(3) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance	Beginning balance
----------	----------------	-------------------

	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Including:										
Provision for bad debts by portfolio	621,271.22	100.00%	19,669.27	3.17%	601,601.95					
Including:										
(1) Aging portfolio	621,271.22	100.00%	19,669.27	3.17%	601,601.95					
Total	621,271.22	100.00%	19,669.27	3.17%	601,601.95					

Provision for bad debts by portfolio: 19,669.27

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Aging portfolio	621,271.22	19,669.27	3.17%
Total	621,271.22	19,669.27	

Explanation of the basis for determining the portfolio: See V. 10 of the Report for the determination criteria and description of provision for bad debts by portfolio.

Provision for bad debts based on the general model of expected credit losses

Applicable  Not applicable

#### (4) Provision for bad debts accrued, recovered or reversed in current period

Unit: RMB

Items	Accrual in the current period	Recovered or reversed in the current period	Reversed or written off in the current period	Reason
Provision for impairment by portfolio	19,669.27			Provision by aging portfolio
Total	19,669.27			—

Of which the amount of provision for bad debts recovered or reversed in the current period is significant: none.

#### (5) Contract assets actually written off in the current period

None.

**7. Receivables financing****(1) Classification of accounts receivable financing**

Unit: RMB

Items	Ending balance	Beginning balance
Notes receivable	103,448,072.55	101,957,511.11
Supply chain notes receivable	35,013,565.98	29,260,161.45
<b>Total</b>	<b>138,461,638.53</b>	<b>131,217,672.56</b>

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts by portfolio	139,580,105.30	100%	1,118,466.77	0.80%	138,461,638.53	132,153,756.15	100.0%	936,083.59	0.71%	131,217,672.56
Including:										
(1) Bank acceptance bill	103,448,072.55	74.1%			103,448,072.55	101,957,511.11	77.2%			101,957,511.11
(2) Aging portfolio	36,132,032.75	25.9%	1,118,466.77	3.10%	35,013,565.98	30,196,245.04	22.9%	936,083.59	3.10%	29,260,161.45
Total	139,580,105.30	100%	1,118,466.77	0.80%	138,461,638.53	132,153,756.15	100.0%	936,083.59	0.71%	131,217,672.56

Provision for bad debts by portfolio: 0

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
(1) Bank acceptance bill	103,448,072.55		
Total	103,448,072.55		

Provision for bad debts by portfolio: 1,118,466.77

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
(2) Aging portfolio	36,132,032.75	1,118,466.77	3.10%
Total	36,132,032.75	1,118,466.77	

Provision for bad debts based on the general model of expected credit losses: none.

Explanation of significant changes in the financing book balance of accounts receivable with changes in loss provisions in the current period: none.

**(3) Provision for bad debts accrued, recovered or reversed in current period**

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Other changes	
Provision for bad debts	936,083.59	182,383.18				1,118,466.77
Total	936,083.59	182,383.18				1,118,466.77

**(4) Financing of accounts receivable pledged by the Company at the end of period**

None.

**(5) Receivables financing endorsed or discounted by the Company at the end of the period and not due on balance sheet date**

None.

**(6) Financing of accounts receivable actually written off in the current period**

None.

**(7) Increase/decrease in accounts receivables financing in the current period and changes in fair value**

None.

**(8) Other notes**

None.

**8. Other receivables**

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	48,377,219.07	38,621,875.39
Total	48,377,219.07	38,621,875.39

**(1) Interest receivable**

None.

**(2) Dividends receivable**

None.

**(3) Other receivables****1) Classification of other receivables by nature of amount**

Unit: RMB

Nature of payment	Ending book balance	Beginning book balance
Margin, deposit	31,295,706.37	26,075,323.05
Borrowing and imprest of employees	3,342,707.48	5,876,690.76
Export tax rebate receivable	16,056,653.34	16,656,194.89
Equipment payments receivable	8,000,000.00	
Others	1,347,816.20	3,067,192.41
<b>Total</b>	<b>60,042,883.39</b>	<b>51,675,401.11</b>

**2) Disclosure by aging**

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	41,956,976.30	28,620,600.31
1-2 years	3,938,752.59	3,259,904.20
2-3 years	1,731,797.31	3,590,857.49
Above 3 years	12,415,357.19	16,204,039.11
3-4 years	2,481,334.82	10,050,869.49
4-5 Years	4,987,314.70	632,732.91
Above 5 years	4,946,707.67	5,520,436.71
<b>Total</b>	<b>60,042,883.39</b>	<b>51,675,401.11</b>

**3) Disclosure by bad debt provision method**

Applicable  Not applicable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts by portfolio	60,042,883.39	100.00%	11,665,664.32	19.43%	48,377,219.07	51,675,401.11	100.00%	13,053,525.72	25.26%	38,621,875.39
Including:										
Export rebate	16,056,653.34	26.74%			16,056,653.34	16,656,194.89	32.23%			16,656,194.89
Aging portfolio	43,986,230.05	73.26%	11,665,664.32	26.52%	32,320,565.73	35,019,206.22	67.77%	13,053,525.72	37.28%	21,965,680.50
Total	60,042,883.39	100.00%	11,665,664.32	19.43%	48,377,219.07	51,675,401.11	100.00%	13,053,525.72	25.26%	38,621,875.39

Provision for bad debts by portfolio: 0

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Export tax refund	16,056,653.34		
<b>Total</b>	<b>16,056,653.34</b>		

Provision for bad debts by portfolio: 11,665,664.32

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable for which bad debt provision is made by credit risk feature portfolio	43,986,230.05	11,665,664.32	26.52%
<b>Total</b>	<b>43,986,230.05</b>	<b>11,665,664.32</b>	

Provision for bad debts based on the general model of expected credit losses:

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2025	7,533,089.01		5,520,436.71	13,053,525.72
Balance as of January 1, 2025 in the current period				
Reversal in the current period	1,056,058.25		573,729.04	1,629,787.29
Other changes	241,925.89			241,925.89
Balance as of December 31, 2025	6,718,956.65		4,946,707.67	11,665,664.32

Changes in book balance with significant changes in loss reserves in the current period

 Applicable  Not applicable
**4) Bad debt provision withdrawn, recovered or reversed in the current period**

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning	Amount changed in the current period	Ending balance
----------	-----------	--------------------------------------	----------------

	balance	Provision	Recover or reversal	Reversal or write-off	Others	
Provision for bad debts	13,053,525.72		1,629,787.29		241,925.89	11,665,664.32
Total	13,053,525.72		1,629,787.29		241,925.89	11,665,664.32

Of which the amount of provision for bad debts recovered or reversed in the current period is significant: none

#### 5) Other receivables actually written off in the current period

None

#### 6) Other receivables of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
Export tax rebate receivable	Export tax refund	16,025,664.00	Within 1 year	26.69%	
FIANZAS AVANZA,S.S.DE C.V.	Margin	8,187,453.70	Within 1 year	13.64%	409,372.69
Taixing Zhisheng Solid Energy New Energy Technology Co., Ltd.	Equipment payments receivable	8,000,000.00	Within 1 year	13.32%	400,000.00
CIVBANCO,S.A.	House leasing deposit	3,531,788.27	4-5 years	5.88%	2,825,430.62
Lin Rongsheng	Margin	1,520,178.00	Above 5 years	2.53%	1,520,178.00
Total		37,265,083.97		62.06%	5,154,981.31

#### 7) Included in other receivables due to centralized management of funds

None.

### 9. Prepayments

#### (1) List of advance payments by aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	79,242,117.64	96.66%	24,610,656.44	91.38%
1-2 years	2,703,956.97	3.30%	1,933,909.54	7.18%
2-3 years	26,386.33	0.03%	364,869.23	1.35%
Above 3 years	10,264.06	0.01%	23,000.00	0.09%
Total	81,982,725.00		26,932,435.21	

Explanation of the cause for untimely settlement of advance payments aging more than one year with important

amounts: none.

## (2) Accounts prepaid of the top five prepaying entities for ending balance

The total amount of the Company's top five year-end balances of advance payments grouped by debtors is RMB 49,548,407.95 in the year, accounting for 60.44% of the total year-end balance of advance payments.

## 10. Inventories

Whether the Company is required to comply with the disclosure requirements of the real estate industry

No

### (1) Inventory classification

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw materials	1,159,857,284.94	106,326,473.99	1,053,530,810.95	969,273,726.88	96,936,222.89	872,337,503.99
Goods in process	168,094,218.62		168,094,218.62	148,251,757.87		148,251,757.87
Goods on hand	684,094,736.79	29,637,310.14	654,457,426.65	583,197,273.89	27,930,951.02	555,266,322.87
Goods shipped in transit	250,210,087.68	6,976,203.69	243,233,883.99	164,769,170.25	4,059,078.37	160,710,091.88
Self-manufactured semi-finished product	62,274,625.95	5,204,671.12	57,069,954.83	69,367,934.12	3,074,437.53	66,293,496.59
Materials entrusted for processing	12,392,646.87	413,054.96	11,979,591.91	7,874,525.26	235,709.71	7,638,815.55
Low-value consumables	7,380,979.65		7,380,979.65	12,591.82		12,591.82
Total	2,344,304,580.50	148,557,713.90	2,195,746,866.60	1,942,746,980.09	132,236,399.52	1,810,510,580.57

**(2) Data resources recognized as inventories**

None.

**(3) Provision for decline in value of inventories and provision for impairment of contract performance cost**

Unit: RMB

Items	Beginning balance	Increase in the current period		Decrease amount in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	96,936,222.89	57,629,800.13		47,891,554.07	347,994.96	106,326,473.99
Goods on hand	27,930,951.02	17,013,967.64		15,307,608.52		29,637,310.14
Self-manufactured semi-finished product	3,074,437.53	3,350,652.71		1,220,419.12		5,204,671.12
Materials entrusted for processing	235,709.71	358,025.17		180,679.92		413,054.96
Goods shipped in transit	4,059,078.37	3,366,069.43		448,944.11		6,976,203.69
<b>Total</b>	<b>132,236,399.52</b>	<b>81,718,515.08</b>		<b>65,049,205.74</b>	<b>347,994.96</b>	<b>148,557,713.90</b>

**(4) Explanation of inventories with closing balances containing capitalized amount of borrowing costs**

None.

**(5) Explanation of amortized amount of contract performance costs in the current period**

None.

**11. Assets held for sale**

None.

**12. Non-current assets due within one year**

Unit: RMB

Items	Ending balance	Beginning balance
Long-term receivables due within one year (financing lease payments)	5,707,964.58	
Minus: unrealized financing income	732,766.35	
Minus: impairment provision	176,946.90	
<b>Total</b>	<b>4,798,251.33</b>	

**(1) Debt investments due within one year**

Applicable  Not applicable

**(2) Other debt investments due within one year**

Applicable  Not applicable

**13. Other current assets**

Unit: RMB

Items	Ending balance	Beginning balance
Large-amount certificates of deposit	10,752,575.72	10,442,575.72
VAT to be deducted	476,799,142.19	336,018,148.49
Other prepaid taxes	26,784,759.37	6,776,410.91
Deferred expenses	11,678,517.35	6,319,738.67
<b>Total</b>	<b>526,014,994.63</b>	<b>359,556,873.79</b>

**14. Debt investment**

None.

**15. Other debt investment****(1) Other debt investment**

Unit: RMB

Items	Beginning balance	Accrued interest	Interest adjustment	Change in fair value in the current period	Ending balance	Cost	Cumulative change in fair value	Cumulative impairment provision recognized in other comprehensive income	Note
Transferable large-amount certificates of deposit		843,277.78			40,843,277.78	40,000,000.00			
<b>Total</b>		843,277.78			40,843,277.78	40,000,000.00			

**(2) Other significant debt investments at the end of the period**

None.

**(3) Provision for impairment**

None.

**(4) Other debt investments actually written off in this period**

None.

**16. Other equity instrument investment**

Unit: RMB

Project name	Ending balance	Beginning balance	Gains included in other comprehensive revenue for the period	Losses recognized in other comprehensive revenue for the period	Gains and losses included in other comprehensive revenue at the end of the period	Losses accumulated at the end of the period and included in other comprehensive revenue	Dividend revenue recognized in this period	Reasons specified as measured at fair value with changes included in other comprehensive income
Suzhou Legendsemi Technology Co., Ltd.	24,086,798.00	21,374,810.00	2,711,988.00		4,086,798.00			Strategic investment expected to be held for a long time
Suzhou Suyu Technology Co., Ltd.	27,535,684.00	23,637,966.00	3,897,718.00		6,342,734.00			Strategic investment expected to be held for a long time
<b>Total</b>	<b>51,622,482.00</b>	<b>45,012,776.00</b>	<b>6,609,706.00</b>		<b>10,429,532.00</b>			

**17. Long-term receivables****(1) Situation of long-term receivables**

Unit: RMB

Items	Ending balance			Beginning balance			Discount rate range
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	

Financing lease payments	22,831,858.41	707,787.61	22,124,070.80				3.50%
Including: unrealized financing income	1,732,934.02		1,732,934.02				
Minus: long-term receivables due within one year	4,975,198.23	176,946.90	4,798,251.33				
Total	16,123,726.16	530,840.71	15,592,885.45				

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Including:										
Provision for bad debts by portfolio	22,831,858.41	100.00%	707,787.61	3.10%	22,124,070.80					
Including:										
Aging portfolio (financing lease payments)	22,831,858.41	100.00%	707,787.61	3.10%	22,124,070.80					
Total	22,831,858.41	100.00%	707,787.61	3.10%	22,124,070.80					

## Provision for bad debts by combination: aging portfolio method

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Aging portfolio method	22,831,858.41	707,787.61	3.10%
Total	22,831,858.41	707,787.61	

Explanation of the basis for determining the portfolio: none.

## Provision for bad debts based on the general model of expected credit losses

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2025 in the current period				

Accrual in the current period	707,787.61			707,787.61
Balance as of December 31, 2025	707,787.61			707,787.61

**(3) Provision for bad debts accrued, recovered or reversed in current period**

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Others	
Aging portfolio		707,787.61				707,787.61
Total		707,787.61				707,787.61

**(4) Long-term accounts receivable actually written off in this period**

None.

**18. Long-term equity investment**

Unit: RMB

Investee	Beginning balance (book value)	Opening balance of provision for impairment	Changes in increase or decrease in the current period							Ending balance (book value)	Ending balance of provision for impairment	
			Additions	Decreases	Profits and losses on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment			
I. Joint venture												
II. Associated enterprises												
Shenzhen Daka Optoelectron	5,826,039.98				-491.12						5,825,548.86	

ics Co., Ltd.											
Tai'an Yuchengxin Power Technology Co., Ltd.		9,764,719.19									9,764,719.19
Shanghai Yidong Power Technology Co., Ltd.	9,518,648.65			-329,128.03						9,189,520.62	
Dongguan Jujin Plastic Technology Co., Ltd.	23,614,583.51			1,833,460.37						25,448,043.88	
Subtotal	38,959,272.14	9,764,719.19		1,503,841.22						40,463,113.36	9,764,719.19
Total	38,959,272.14	9,764,719.19		1,503,841.22						40,463,113.36	9,764,719.19

The recoverable amount is determined as the net amount of fair value less disposal costs.

Applicable  Not applicable

The recoverable amount is determined by the present value of expected future cash flows.

Applicable  Not applicable

Reason for the significant inconsistency between the above information and the information used in the previous year's impairment tests or external information: none.

Reason for the significant discrepancy between the information used in the previous year's impairment test and the actual situation of the current year: none.

Other descriptions: none.

## 19. Other non-current financial assets

None.

## 20. Investment property

### (1) Investment property with cost measurement model

Applicable  Not applicable

Unit: RMB

Items	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				

1. Beginning balance	119,070,562.06			119,070,562.06
2. Increase in the current period				
(1) Outsourcing				
(2) Transfer in of inventory, fixed assets and construction in progress				
(3) Increment from consolidation				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	119,070,562.06			119,070,562.06
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	18,504,534.21			18,504,534.21
2. Increase in the current period	2,838,374.99			2,838,374.99
(1) Provision or amortization	2,838,374.99			2,838,374.99
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	21,342,909.20			21,342,909.20
III. Provision for impairment				
1. Beginning balance				
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	97,727,652.86			97,727,652.86
2. Beginning book value	100,566,027.85			100,566,027.85

**(2) Investment property using the fair value recognition model**

Applicable  Not applicable

**(3) Transfer to investment property and measurement at fair value**

None.

**(4) Investment property without certificate of title**

None.

**21. Fixed assets**

Unit: RMB

Items	Ending balance	Beginning balance
Fixed assets	2,888,394,751.10	2,737,959,115.57
Disposal of fixed assets	0.00	0.00
Total	2,888,394,751.10	2,737,959,115.57

**(1) Situation about fixed assets**

Unit: RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment and others	Total
I. Original book value:					
1. Beginning balance	1,740,514,189.27	1,765,468,463.15	4,194,328.21	85,428,132.45	3,595,605,113.08
2. Increase in the current period	225,607,145.41	274,383,808.36	739,391.49	7,069,864.28	507,800,209.54
(1) Purchase	2,439,075.47	174,290,170.58	708,610.17	7,832,614.09	185,270,470.31
(2) Transfer into projects under construction	233,575,437.99	106,693,497.08			340,268,935.07
(3) Increment from consolidation					
(4) Exchange rate changes	-10,407,368.05	-6,599,859.30	30,781.32	-762,749.81	-17,739,195.84
3. Decrease in the current period		153,989,510.52	561,283.67	3,889,030.90	158,439,825.09
(1) Disposal or scrapping		153,989,510.52	561,283.67	3,889,030.90	158,439,825.09
4. Ending balance	1,966,121,334.68	1,885,862,760.99	4,372,436.03	88,608,965.83	3,944,965,497.53
II. Accumulated depreciation					
1. Beginning balance	212,719,733.74	593,006,886.65	2,868,639.16	49,050,737.96	857,645,997.51
2. Increase in the current period	44,875,441.49	184,761,363.50	491,486.89	12,395,906.61	242,524,198.49
(1) Accrual	46,469,994.09	186,143,059.32	466,746.01	12,710,097.78	245,789,897.20
(2) Exchange rate changes	-1,594,552.60	-1,381,695.82	24,740.88	-314,191.17	-3,265,698.71
3. Decrease in the current period		52,121,184.28	317,529.07	3,542,147.35	55,980,860.70
(1) Disposal or scrapping		52,121,184.28	317,529.07	3,542,147.35	55,980,860.70
4. Ending balance	257,595,175.23	725,647,065.87	3,042,596.98	57,904,497.22	1,044,189,335.30

III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period		12,381,411.13			12,381,411.13
(1) Accrual		12,381,411.13			12,381,411.13
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Ending balance		12,381,411.13			12,381,411.13
IV. Book value					
1. Ending book value	1,708,526,159.45	1,147,834,283.99	1,329,839.05	30,704,468.61	2,888,394,751.10
2. Beginning book value	1,527,794,455.53	1,172,461,576.50	1,325,689.05	36,377,394.49	2,737,959,115.57

**(2) Temporary idle fixed assets**

Unit: RMB

Items	Original book value	Accumulated depreciation	Provision for impairment	Book value	Note:
Production equipment of Taixing Topband	28,739,084.76	14,661,213.39	12,381,411.13	1,696,460.24	Provision for impairment based on estimated selling price
Total	28,739,084.76	14,661,213.39	12,381,411.13	1,696,460.24	

**(3) Fixed assets leased out through operating lease**

None.

**(4) Fixed assets without certificate of title**

None

**(5) Impairment test of fixed assets** Applicable  Not applicable

The recoverable amount is determined as the net amount of fair value less disposal costs.

 Applicable  Not applicable

Unit: RMB

Items	Book value	Recoverable amount	Impairment amount	Determination method of fair value and disposal expenses	Key parameters	Basis for determining key parameters

Production equipment of Taixing Topband	14,077,871.37	1,696,460.24	12,381,411.13	Sales agreement with a fixed price	Not applicable	Not applicable
Total	14,077,871.37	1,696,460.24	12,381,411.13			

The recoverable amount is determined by the present value of expected future cash flows.

Applicable  Not applicable

#### (6) Disposal of fixed assets

None.

#### 22. Construction in progress

Unit: RMB

Items	Ending balance	Beginning balance
Construction in progress	803,965,663.22	768,223,670.57
Total	803,965,663.22	768,223,670.57

**(1) Projects under construction**

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Topband Huizhou No. 2 Industrial Park	605,757,965.84		605,757,965.84	427,581,637.03		427,581,637.03
Huizhou YAKO Automation Workshop				266,707,288.28		266,707,288.28
Test equipment to be commissioned	78,024,894.60		78,024,894.60	61,734,340.66		61,734,340.66
Workshop in Dong Nai, Vietnam	109,183,142.75		109,183,142.75			
Qingdao Workshop	2,561,417.09		2,561,417.09	2,438,792.94		2,438,792.94
Sporadic items	8,438,242.94		8,438,242.94	9,761,611.66		9,761,611.66
<b>Total</b>	<b>803,965,663.22</b>		<b>803,965,663.22</b>	<b>768,223,670.57</b>		<b>768,223,670.57</b>

**(2) Changes in the important projects under construction in the current period**

Unit: RMB

Project name	Budget	Beginning balance	Increase in the current period	Amount of transfer into fixed assets this period	Other decrements this period	Ending balance	Proportion of accumulated project investment in budget	Project progress	Accumulated amount of interest capitalization	Including: interest capitalization amount in the current period	Interest capitalization rate in the current period	Source of capitals
Topband Huizhou No. 2 Industrial Park	800,000,000.00	427,581,637.03	178,176,328.81			605,757,965.84	75.72%	75%				Raised and self-owned funds
Phase II Workshop in Dong	223,000,000.00	1,891,975.35	107,291,167.40			109,183,142.75	48.96%	50%				Self-owned capitals

Nai, Vietnam												
Huizhou YAKO Automation Workshop	270,000,000.00	266,707,288.28	18,177,805.84	228,069,860.41	56,815,233.71		100.00%	100%	4,278,708.51	826,506.91		Self-own capitals
Total	1,293,000,000.00	696,180,900.66	303,645,302.05	228,069,860.41	56,815,233.71	714,941,108.59			4,278,708.51	826,506.91		

**(3) Provision for impairment of projects under construction in the current period**

None

**(4) Impairment test of projects under construction** Applicable  Not applicable**(5) Construction materials**

None.

**23. Productive biological assets****(1) Productive biological assets measured by cost** Applicable  Not applicable**(2) Impairment test of productive biological assets measured by cost** Applicable  Not applicable**(3) Productive biological assets measured by fair value** Applicable  Not applicable**24. Oil and gas assets** Applicable  Not applicable**25. Right-of-use assets****(1) Right-of-use assets**

Unit: RMB

Items	Houses and buildings	Land	Total
I. Original book value			
1. Beginning balance	159,303,899.60	5,875,457.96	165,179,357.56
2. Increase in the current period	40,469,321.36		40,469,321.36
(1) New lease	37,147,963.71		37,147,963.71
(2) Exchange rate changes	3,321,357.65		3,321,357.65
3. Decrease in the current period	95,969,271.58	5,875,457.96	101,844,729.54

(1) Disposal	95,969,271.58	5,875,457.96	101,844,729.54
4. Ending balance	103,803,949.38		103,803,949.38
<b>II. Accumulated depreciation</b>			
1. Beginning balance	97,487,144.03	465,140.42	97,952,284.45
2. Increase in the current period	41,736,072.68	195,848.60	41,931,921.28
(1) Accrual	39,811,425.22	195,848.60	40,007,273.82
(2) Exchange rate changes	1,924,647.46		1,924,647.46
3. Decrease in the current period	85,825,263.75	660,989.02	86,486,252.77
(1) Disposal	85,825,263.75	660,989.02	86,486,252.77
4. Ending balance	53,397,952.96		53,397,952.96
<b>III. Provision for impairment</b>			
1. Beginning balance			
2. Increase in the current period			
(1) Accrual			
3. Decrease in the current period			
(1) Disposal			
4. Ending balance			
<b>IV. Book value</b>			
1. Ending book value	50,405,996.42		50,405,996.42
2. Beginning book value	61,816,755.57	5,410,317.54	67,227,073.11

## (2) Impairment test of right-of-use assets

Applicable  Not applicable

## 26. Intangible assets

### (1) Situation of intangible assets

Unit: RMB

Items	Land use right	Software	Patented and non-patented technology	Trademark	Total
<b>I. Original book value</b>					
1. Beginning balance	389,595,682.36	35,572,894.48	752,442,372.74	9,728,450.00	1,187,339,399.58
2. Increase in the current period	-2,659,714.03	9,218,160.35	195,340,978.51		201,899,424.83
(1) Purchase		9,201,908.09			9,201,908.09
(2) Internal R&D			195,340,978.51		195,340,978.51
(3) Increment from consolidation					
(4) Exchange rate changes	-2,659,714.03	16,252.26			-2,643,461.77

3. Decrease in the current period		979,238.80			979,238.80
(1) Disposal		979,238.80			979,238.80
4. Ending balance	386,935,968.33	43,811,816.03	947,783,351.25	9,728,450.00	1,388,259,585.61
II. Accumulated amortization					
1. Beginning balance	36,983,948.80	26,247,860.93	472,594,741.49	7,728,450.00	543,555,001.22
2. Increase in the current period	7,622,322.07	2,296,671.55	122,213,964.62	1,562,563.48	133,695,521.72
(1) Accrual	7,972,176.41	2,289,505.86	122,213,964.62	1,562,563.48	134,038,210.37
(2) Exchange rate changes	-349,854.34	7,165.69			-342,688.65
3. Decrease in the current period		108,899.52			108,899.52
(1) Disposal		108,899.52			108,899.52
4. Ending balance	44,606,270.87	28,435,632.96	594,808,706.11	9,291,013.48	677,141,623.42
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	342,329,697.46	15,376,183.07	352,974,645.14	437,436.52	711,117,962.19
2. Beginning book value	352,611,733.56	9,325,033.55	279,847,631.25	2,000,000.00	643,784,398.36

The intangible assets arising from internal development of the Company accounts for 49.64% of the balance of intangible assets at the end of the current period.

## (2) Data resources recognized as intangible assets

Applicable  Not applicable

## (3) Land use rights without certificate of title

None.

## (4) Impairment test of intangible assets

Applicable  Not applicable

## 27. Goodwill

### (1) Original book value of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Disposal formed by consolidation				
Shenzhen YAKO Automation Technology Co., Ltd.	107,314,446.71					107,314,446.71
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Hangzhou Zhidong Motor Technology Co., Ltd.	1,322,921.77					1,322,921.77
Taixing Topband Lithium Battery Co., Ltd.	1,962,891.12					1,962,891.12
Shenzhen Tengyi Industrial Co., Ltd.	131,783.24					131,783.24
<b>Total</b>	<b>167,507,635.11</b>					<b>167,507,635.11</b>

### (2) Impairment of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision				
Shenzhen YAKO Automation Technology Co., Ltd.		30,659,206.54				30,659,206.54
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Taixing Topband Lithium Battery Co., Ltd.	1,962,891.12					1,962,891.12
<b>Total</b>	<b>58,738,483.39</b>	<b>30,659,206.54</b>				<b>89,397,689.93</b>

### (3) Information about the asset group or portfolio of goodwill

The goodwill of the Company is developed upon the acquisition of the equity of the above companies classified as an asset portfolio, and the asset portfolio of the goodwill at the end of the period is consistent with the portfolio determined on the acquisition date.

### (4) Specific method for determining recoverable amount

The recoverable amount is determined as the net amount of fair value less disposal costs.

Applicable  Not applicable

The recoverable amount is determined by the present value of expected future cash flows.

Applicable  Not applicable

Unit: RMB

Items	Book value	Recoverable amount	Impairment amount	Forecast period (year)	Key parameters of forecast period	Key parameters of stable period	Basis for determination of key parameters of stable period
Shenzhen YAKO Automation Technology Co., Ltd.	196,979,200.00	166,320,000.00	30,659,206.54	5 years	Revenue growth rate 4.97%~26.71%, profit margin 9.01%~14.41%, pre-tax discount rate 13.17%	Revenue growth rate 0%, profit margin 14.41%, pre-tax discount rate 13.17%	The revenue growth rate in the stable period is 0%; refer to the ending levels for profit margin and discount rate.
Total	196,979,200.00	166,320,000.00	30,659,206.54				

#### (5) Completion of performance commitments and corresponding goodwill impairment

There was a performance commitment when goodwill was established, and the Reporting Period or the period preceding the Reporting Period is within the performance commitment period.

Applicable  Not applicable

#### 28. Long-term deferred expenses

Unit: RMB

Items	Beginning balance	Increase in the current period	Amortization in the current period	Other reduced amount	Ending balance
Decoration costs	188,335,953.21	85,457,325.62	77,828,379.72	261,462.09	195,703,437.02
Others	588,572.61		588,572.61		0.00
Total	188,924,525.82	85,457,325.62	78,416,952.33	261,462.09	195,703,437.02

#### 29. Deferred tax assets/deferred tax liabilities

##### (1) Non-offset deferred tax assets

Unit: RMB

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets

Provision for asset impairment	151,946,145.31	24,531,004.64	127,531,858.62	20,774,380.93
Deductible loss	298,583,536.98	55,721,951.82	313,584,186.89	58,225,899.51
Credit impairment provision	191,605,649.34	30,078,590.78	191,335,395.86	29,239,518.64
Amortization difference of intangible assets	218,218,667.97	32,732,800.19	177,349,288.91	26,602,393.33
Deferred income	8,246,540.29	1,534,744.53	8,191,864.81	1,456,584.20
Equity incentive expenses	74,333,649.45	11,150,047.42	9,764,719.19	1,487,405.57
New leasing criteria book-tax difference	51,288,322.50	9,317,499.22	63,314,507.40	11,885,057.66
Depreciation difference of fixed assets	7,333,883.65	1,100,082.55	3,284,129.18	492,619.38
Change in fair value of trading financial liabilities	5,161.00	774.15	345,711.00	51,856.65
<b>Total</b>	<b>1,001,561,556.49</b>	<b>166,167,495.30</b>	<b>894,701,661.86</b>	<b>150,215,715.87</b>

**(2) Deferred tax liabilities without offset**

Unit: RMB

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change in fair value of other equity instrument investments	10,429,532.00	2,607,383.00	3,819,826.00	954,956.50
Changes in the fair value of trading financial assets	241,906,308.25	40,365,956.79	238,079,377.13	39,541,458.56
Book-tax difference of fixed assets depreciation	63,664,673.60	14,084,776.84	65,883,076.22	14,093,480.22
Right-of-use assets	50,405,996.42	9,205,772.11	61,729,856.37	11,769,067.19
Book-tax difference of rental income	4,541,090.59	1,135,272.65	5,951,758.83	1,397,808.59
<b>Total</b>	<b>370,947,600.86</b>	<b>67,399,161.39</b>	<b>375,463,894.55</b>	<b>67,756,771.06</b>

**(3) Deferred tax assets or liabilities listed by net amount after offset**

Unit: RMB

Items	Amount of offset between deferred tax assets and liabilities at the end of the period	Ending balance of deferred tax assets or liabilities after offset	Amount of mutual offset between deferred tax assets and liabilities at the beginning of the period	Beginning balance of deferred tax assets or liabilities after offset
Deferred tax assets	43,986,416.18	122,181,079.12	47,537,178.67	102,678,537.20
Deferred tax liabilities	43,986,416.18	23,412,745.21	47,537,178.67	20,219,592.39

**(4) Details of unrecognized deferred tax assets**

Unit: RMB

Items	Ending balance	Beginning balance
Deductible temporary differences	33,466,124.77	26,889,124.56

Deductible loss	609,482,883.71	393,739,099.16
Total	642,949,008.48	420,628,223.72

**(5) Deductible loss of unrecognized deferred tax assets will mature in the following years**

Unit: RMB

Year	Ending amount	Beginning amount	Note:
2025		5,044,922.32	
2026	19,866,592.09	17,774,444.74	
2027	34,845,693.90	49,665,097.60	
2028	72,492,637.03	71,076,386.14	
2029	111,235,119.44	85,979,243.60	
2030	251,415,937.10		
No time limit	119,626,904.15	164,199,004.76	
Total	609,482,883.71	393,739,099.16	

Other descriptions: Note: The deductible loss of unrecognized deferred income tax assets with no maturity period is the compensable loss of an overseas subsidiary, and no deductible period is required by local policies.

**30. Other non-current assets**

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayment for long-term assets	32,166,008.54		32,166,008.54	53,787,605.57		53,787,605.57
Project prepayment	1,036,979.72		1,036,979.72	6,248,820.60		6,248,820.60
Total	33,202,988.26		33,202,988.26	60,036,426.17		60,036,426.17

**31. Assets with limited ownership or use right**

Unit: RMB

Items	End of the period				Beginning of the period			
	Book balance	Book value	Restriction type	Restriction situation	Book balance	Book value	Restriction type	Restriction situation
Monetary capital	56,416,530.09	56,416,530.09	Margin	Margin for forward foreign exchange settlement and sale, etc.	50,000,000.00	50,000,000.00	Financial management products in subscription period	Payment for subscription of financial management products

Monetary capital	115,744,719.96	115,744,719.96	Margin	Deposit for application of notes and guarantees from banks	19,672,873.14	19,672,873.14	Margin	Deposit for application of notes and guarantees from banks
Monetary capital	583,605.37	583,605.37	Frozen	Amount frozen by court	31,028,512.39	31,028,512.39	Frozen	Amount frozen by court
Other debt investment	40,000,000.00	40,000,000.00	Frozen	Amount frozen by court				
Fixed assets	396,298,785.19	383,488,498.98	Mortgage	Loan mortgage	509,977,235.97	502,711,310.29	Mortgage	Loan mortgage
Intangible assets	31,648,343.62	29,907,684.73	Mortgage	Loan mortgage	61,302,043.62	58,266,861.10	Mortgage	Loan mortgage
Construction in progress	605,757,965.84	605,757,965.84	Mortgage	Loan mortgage	266,707,288.28	266,707,288.28	Mortgage	Loan mortgage
Total	1,246,449,950.07	1,231,899,004.97			938,687,953.40	928,386,845.20		

### 32. Short-term loans

Unit: RMB

Items	Ending balance	Beginning balance
Credit loan	120,000,000.00	421,633,604.78
Letter of credit discounting and other loans	1,271,514,919.68	750,000,000.00
Discounted unexpired notes receivable	955,045.08	52,580,505.63
Total	1,392,469,964.76	1,224,214,110.41

### 33. Trading financial liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Financial liabilities held for trading	5,161.00	444,281.13
Including:		
Future foreign exchange settlement	5,161.00	444,281.13
Total	5,161.00	444,281.13

### 34. Derivative financial liabilities

None.

**35. Notes payable**

Unit: RMB

Category	Ending balance	Beginning balance
Commercial acceptance bill	31,949,647.26	
Bank acceptance bill	1,546,388,926.59	1,194,662,037.01
Total	1,578,338,573.85	1,194,662,037.01

**36. Accounts payable****(1) Accounts payable listed**

Unit: RMB

Items	Ending balance	Beginning balance
Trade accounts payable	2,330,233,821.85	2,310,872,258.62
Other payables	816,694.34	
Total	2,331,050,516.19	2,310,872,258.62

**(2) Significant accounts payable aged over 1 year or overdue**

None.

**(3) Whether there are overdue payments to small and medium enterprises**

Whether large enterprises

 Yes  No

Whether there are overdue payments to small and medium enterprises

 Yes  No**37. Other payables**

Unit: RMB

Items	Ending balance	Beginning balance
Other account payable	278,177,897.89	450,563,068.15
Total	278,177,897.89	450,563,068.15

**(1) Interest payable**

None.

**(2) Dividends payable**

None.

**(3) Other accounts payable****1) Other payables listed by fund nature**

Unit: RMB

Items	Ending balance	Beginning balance
Long-term assets	200,706,467.73	374,192,197.01
Expenses	54,365,161.93	42,597,479.86
Current accounts	3,203,596.62	13,880,170.02
Margin, deposit	12,838,652.20	11,103,580.42
Equity acquisition payments payable	5,512,900.00	5,512,900.00
Others	1,551,119.41	3,276,740.84
<b>Total</b>	<b>278,177,897.89</b>	<b>450,563,068.15</b>

**2) Other significant payables aged over 1 year or overdue**

None.

**38. Advance collections****(1) Presentation of advance collections**

Unit: RMB

Items	Ending balance	Beginning balance
Prepaid rent	4,903,162.70	3,915,096.80
<b>Total</b>	<b>4,903,162.70</b>	<b>3,915,096.80</b>

**(2) Significant advance collections aged over 1 year or overdue**

None.

**39. Contractual liabilities**

Unit: RMB

Items	Ending balance	Beginning balance
Product payment received in advance	116,456,170.61	131,435,683.97
<b>Total</b>	<b>116,456,170.61</b>	<b>131,435,683.97</b>

**40. Employee pay payable****(1) Presentation of employee pay payable**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	276,255,100.15	2,115,640,704.93	2,129,851,734.03	262,044,071.05
II. Post-employment benefits - defined contribution plan	182,275.42	143,401,975.23	142,659,704.75	924,545.90
Total	276,437,375.57	2,259,042,680.16	2,272,511,438.78	262,968,616.95

**(2) Reporting of short-term remuneration**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	271,358,567.89	1,951,387,936.31	1,965,989,383.28	256,757,120.92
2. Employee benefits	11,227.00	53,175,548.60	52,893,482.23	293,293.37
3. Social insurance expense	1,228,987.72	47,260,035.27	47,556,129.05	932,893.94
Including: medical insurance premiums	1,223,040.65	36,995,848.00	37,294,151.06	924,737.59
Industrial injury insurance expense	5,947.07	5,546,295.15	5,544,085.87	8,156.35
Maternity insurance expense		4,717,892.12	4,717,892.12	
4. Housing provident fund	18,938.00	61,394,384.89	60,943,803.56	469,519.33
5. Trade union funds and staff education funds	499.20	2,422,799.86	2,422,494.75	804.31
8. Others	3,636,880.34		46,441.16	3,590,439.18
Total	276,255,100.15	2,115,640,704.93	2,129,851,734.03	262,044,071.05

**(3) List of defined contribution plan**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	169,919.41	134,742,603.00	134,598,329.61	314,192.80
2. Unemployment insurance expense	12,356.01	8,659,372.23	8,061,375.14	610,353.10
Total	182,275.42	143,401,975.23	142,659,704.75	924,545.90

**41. Taxes payable**

Unit: RMB

Items	Ending balance	Beginning balance
VAT (value-added tax)	1,762,684.87	1,694,033.15
Corporate income tax	26,834,026.89	28,835,268.14
Individual income tax	9,928,637.55	8,926,503.48
City maintenance and construction tax	1,563,848.42	785,710.34
Education surcharge	921,040.76	561,221.65
Property tax	5,319,444.58	4,960,315.63
Land use tax	47,673.06	274,690.37
Stamp tax and others	3,217,381.99	2,088,856.11
Total	49,594,738.12	48,126,598.87

#### 42. Liabilities held for sale

None.

#### 43. Non-current liabilities due within one year

Unit: RMB

Items	Ending balance	Beginning balance
Long-term borrowings due within one year	14,435,000.00	106,787,755.00
Lease liabilities due within one year	28,687,892.52	29,701,010.75
Total	43,122,892.52	136,488,765.75

#### 44. Other current liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Tax amount to be resold	55,496,870.91	51,360,086.21
Notes receivable that have been not derecognized or have not expired	8,530,037.11	26,571,117.10
Total	64,026,908.02	77,931,203.31

#### 45. Long-term loans

##### (1) Classification of long-term loan

Unit: RMB

Items	Ending balance	Beginning balance
Mortgage loan	321,885,000.00	70,500,000.00
Credit loan	97,000,000.00	126,750,000.00
Mortgage + guaranteed loan		155,278,229.88
Minus: long-term borrowings to be due within 1 year	14,435,000.00	106,787,755.00

Total	404,450,000.00	245,740,474.88
-------	----------------	----------------

**46. Bonds payable****(1) Bonds payable**

None.

**(2) Changes in payable bonds (excluding preferred stocks, perpetual bonds, and other financial instruments classified as financial liabilities)**

None.

**(3) Explanation of convertible corporate bonds**

None.

**(4) Explanation of other financial instruments classified as financial liabilities**

None.

**47. Lease liabilities**

Unit: RMB

Items	Ending balance	Beginning balance
Rental payment	24,197,857.13	47,285,577.72
Rental payment – Unrecognized financing expenses	-1,278,730.78	-5,209,047.36
Total	22,919,126.35	42,076,530.36

**48. Long-term payables**

None.

**49. Long-term employee compensation payable**

None.

**50. Estimated liabilities**

None.

**51. Deferred income**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reasons of formation
Government subsidies	13,358,627.74	4,687,717.70	3,999,104.68	14,047,240.76	Governmental subsidies related to assets
Total	13,358,627.74	4,687,717.70	3,999,104.68	14,047,240.76	--

**52. Other non-current liabilities**

None.

**53. Share capital**

Unit: RMB

	Beginning balance	Increase or decrease of change this time (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	
Total number of shares	1,246,834,988						1,246,834,988

**54. Other equity instruments**

None.

**55. Capital reserve**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (share premium)	1,973,555,637.53			1,973,555,637.53
Other capital reserves	116,022,373.64	60,122,340.85		176,144,714.49
Total	2,089,578,011.17	60,122,340.85		2,149,700,352.02

Other descriptions, including increase or decrease in the current period and reasons for changes:

The increase in other capital reserves in the current period is the increase in the equity incentive expenses recognized by the Company and in deferred tax assets recognized by future deductible expenses before tax.

**56. Treasury shares**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Treasury shares	155,694,936.18			155,694,936.18
Total	155,694,936.18			155,694,936.18

Other descriptions, including increase or decrease in the current period and reasons for changes: none.

**57. Other comprehensive income**

Unit: RMB

Items	Beginning balance	Amount incurred in the current period						Ending balance
		Amount of pre-income tax incurred in the current period	Minus: profits and losses included in other comprehensive income previously and transferred in the current period	Minus: current retained earnings included in other comprehensive income in the previous period	Minus: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profits or losses	2,864,869.50	6,609,706.00			1,652,426.50	4,957,279.50		7,822,149.00
Change in fair value of other equity instrument investments	2,864,869.50	6,609,706.00			1,652,426.50	4,957,279.50		7,822,149.00
II. Other comprehensive income that is reclassified into profits and losses	-35,141,773.48	-33,021,244.96				-33,021,244.96		-68,163,018.44

Difference in translation of foreign currency financial statements	-35,141,773.48	-33,021,244.96				-33,021,244.96		-68,163,018.44
Total amount of other comprehensive income	-32,276,903.98	-26,411,538.96			1,652,426.50	-28,063,965.46		-60,340,869.44

## 58. Special reserve

None.

## 59. Surplus reserves

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	248,359,297.47	18,642,322.77		267,001,620.24
Total	248,359,297.47	18,642,322.77		267,001,620.24

The increase in the current surplus reserve is due to withdrawing 10% of the current net profit from the statutory surplus reserve in accordance with the relevant provisions of the Company Law and the Articles of Association of the Company.

## 60. Undistributed earnings

Unit: RMB

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	3,275,527,294.98	2,706,499,696.23
Retained earnings at the beginning of last period after adjustment	3,275,527,294.98	2,706,499,696.23
Plus: net profit attributable to owners of parent company in current year	363,873,007.86	671,442,652.91
Minus: appropriation of statutory surplus reserves	18,642,322.77	28,912,360.88
Common stock dividends payable	86,015,257.16	73,502,693.28
Retained earnings at the end of the period	3,534,742,722.91	3,275,527,294.98

Details of Adjusted Retained Earnings at the Beginning of the Period:

1). Due to the retroactive adjustments made according to the Accounting Standards for Business Enterprises and

relevant new provisions therein, RMB 0.00 of the beginning/closing retained earnings was affected.

2). Due to changes to the accounting policies, the beginning/closing retained earnings were affected by RMB 0.00.

3). Due to corrections of material accounting errors, the beginning/closing retained earnings were affected by RMB 0.00.

4. The change in the scope of consolidation caused by common control affected the beginning retained earnings by RMB 0.00.

5). Due to other adjustments, the beginning/closing retained earnings were affected by RMB 0.00 in total.

Detailed explanation of using capital reserves to offset losses: none.

## 61. Operating income and operating costs

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	10,969,790,954.79	8,639,952,985.96	10,399,740,859.97	8,043,453,974.89
Other business	112,418,786.73	55,631,079.17	101,478,961.57	45,447,890.32
Total	11,082,209,741.52	8,695,584,065.13	10,501,219,821.54	8,088,901,865.21

The lower of the audited total profit, net profit, and net profit after deducting the non-recurring profit and loss during the Reporting Period of the Company is negative.

Yes  No

## 62. Taxes and surcharges

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
City maintenance and construction tax	18,420,069.38	24,841,682.37
Education surcharge	13,153,592.31	17,745,296.10
Property tax	15,739,031.47	13,303,366.60
Land use tax	2,158,920.92	2,111,546.91
Stamp duty	9,986,070.81	9,095,541.16
Others	79,706.57	47,293.26
Total	59,537,391.46	67,144,726.40

**63. Overheads**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	256,119,400.60	247,379,353.10
Depreciation and amortization	53,204,188.69	40,319,253.79
Decoration costs	38,921,258.95	30,218,304.25
Rent and utilities	22,249,803.67	17,929,073.29
Intermediary service expenses	15,165,334.70	16,200,047.50
Equity incentive expenses	13,223,455.66	2,010,527.37
Travel expenses	6,810,245.52	8,636,727.63
Office expenses	5,254,259.96	8,504,767.31
Property insurance expenses	6,856,942.01	5,947,822.95
Low-value consumables	5,767,482.36	4,996,087.11
Maintenance expenses	4,680,442.55	5,003,900.57
Entertainment fees	2,068,673.14	3,322,728.51
Patent fee	1,766,613.93	2,288,327.60
Recruitment expenses	1,501,883.19	1,128,412.66
Others	9,678,350.15	7,530,326.52
<b>Total</b>	<b>443,268,335.08</b>	<b>401,415,660.16</b>

**64. Sales expenses**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	234,511,345.91	216,057,301.03
Intermediary service expenses	50,680,411.07	32,395,087.20
Travel expenses	33,712,426.51	27,763,607.38
Material and sample costs	33,296,530.63	23,147,338.89
Business entertainment expenses	26,075,196.19	30,524,256.22
Exhibition and advertising fees	21,870,899.00	19,553,727.25
Share-based payments	17,263,293.63	2,443,977.62
Rent and utilities	5,615,836.88	4,011,697.11
Mail expenses	4,043,450.76	2,852,311.58
Depreciation and amortization	3,314,555.10	2,232,367.28
Others	27,852,657.80	18,266,164.69
<b>Total</b>	<b>458,236,603.48</b>	<b>379,247,836.25</b>

**65. R&D expenses**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
-------	---------------------------------------	---------------------------------

Employee compensation	574,221,566.84	501,219,982.86
Depreciation and amortization	152,928,686.39	134,795,616.02
Material expenses	62,500,553.09	56,443,253.89
Intermediary service expenses	21,976,002.20	16,408,867.59
Rent and utilities	21,134,508.01	21,068,938.08
Equity incentive expenses	21,372,709.49	3,505,146.93
Low-value consumables	17,782,988.64	10,122,656.50
Mold fee	14,905,098.26	23,339,825.18
Travel expenses	11,985,934.71	10,971,949.81
Testing expense	4,099,356.61	4,355,372.28
Decoration costs	1,662,321.83	1,012,579.66
Others	14,863,569.19	25,762,810.45
<b>Total</b>	<b>919,433,295.26</b>	<b>809,006,999.25</b>

## 66. Financial expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest expense	29,799,577.30	47,188,375.93
Interest revenue (income marked with "-")	-25,211,229.18	-36,970,341.29
Exchange losses (income marked with "-")	-7,742,518.62	-66,326,263.13
Bank procedure fees and others	2,726,833.85	3,509,282.42
<b>Total</b>	<b>-427,336.65</b>	<b>-52,598,946.07</b>

## 67. Other revenues

Unit: RMB

Source for other revenues	Amount incurred in the current period	Amount incurred in prior period
Government subsidies	34,523,115.94	36,473,349.43
Return of individual income tax service charge	1,340,601.69	1,150,853.84
Additional deduction for input tax	21,510,713.54	25,055,658.16
VAT refund upon collection	9,264,651.35	10,805,586.43
<b>Total</b>	<b>66,639,082.52</b>	<b>73,485,447.86</b>

## 68. Net exposure hedging revenue

None.

## 69. Fair value change revenue

Unit: RMB

Sources of income from change in fair value	Amount incurred in the current period	Amount incurred in prior period
Trading financial assets	4,211,067.12	-5,506,110.04
Including: income from fair value changes generated by derivative financial instruments	12,500.68	
Financial liabilities held for trading	-5,161.00	-444,281.13
Total	4,205,906.12	-5,950,391.17

## 70. Investment income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted by the equity method	1,503,841.22	1,211,092.84
Investment return from disposal of long-term equity investments	-13.01	
Investment income from disposal of trading financial assets		-1,097,536.56
Interest income from other debt investments in holding period	843,277.78	
Debt restructuring gains		-1,281,246.63
Gains/losses on foreign exchange derivatives	4,174,081.01	-4,438,268.00
Investment income of financial products	7,973,961.99	9,551,460.27
Total	14,495,148.99	3,945,501.92

## 71. Credit impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Bad debt loss on notes receivable	311,456.03	-123,796.87
Bad debt loss of accounts receivable	-11,683,067.03	-17,880,413.39
Bad debt loss of other receivables	1,629,787.29	-5,143,961.85
Bad Debt Loss on Long-term Receivables	-707,787.61	
Impairment loss of accounts receivable financing	-182,383.18	2,645,968.41
Total	-10,631,994.50	-20,502,203.70

## 72. Asset impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
I. Loss on inventory valuation and contract performance cost impairment loss	-81,718,515.08	-78,170,173.96
IV. Impairment loss of fixed assets	-12,381,411.13	

X. Goodwill impairment loss	-30,659,206.54	-1,962,891.12
XI. Impairment loss of contract assets	-19,669.27	
Total	-124,778,802.02	-80,133,065.08

### 73. Assets disposal revenue

Unit: RMB

Source of assets disposal revenue	Amount incurred in the current period	Amount incurred in prior period
Non-current assets disposal revenue	-53,094,091.72	-2,689,826.55
Total	-53,094,091.72	-2,689,826.55

### 74. Non-operating income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Gains on damage and scrapping of non-current assets
Gains from non-monetary asset exchanges	858,016.21	66,849.76	858,016.21
Income from indemnity and liquidated damages	5,186,664.03	9,966,457.04	5,186,664.03
Others	3,425,342.22	850,319.79	3,425,342.22
Total	9,470,022.46	10,883,626.59	9,470,022.46

### 75. Non-operating expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Gains on damage and scrapping of non-current assets
Donations	1,073,198.78	820,559.04	1,073,198.78
Loss on damage and scrapping of non-current assets	3,891,333.74	9,649,850.72	3,891,333.74
Abnormal loss	50,000.00	273,792.77	50,000.00
Interest and fine on late payment	4,047,664.56	425,767.73	4,047,664.56
Others	1,700,941.19	1,146,834.71	1,700,941.19
Total	10,763,138.27	12,316,804.97	10,763,138.27

### 76. Income tax expenses

#### (1) Table of income tax expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Current income tax expenses	53,602,500.55	108,609,200.48
Deferred tax expense	-14,723,087.67	-5,669,811.18
Total	38,879,412.88	102,939,389.30

**(2) Adjustment process of accounting profits and income tax expenses**

Unit: RMB

Items	Amount incurred in the current period
Total profit	402,119,521.34
Income tax expenses calculated at statutory/applicable tax rates	60,317,928.20
Influence of different tax rates applicable to subsidiary	11,372,172.10
Effect of income tax adjustment in previous period	5,340,376.95
Impact of non-taxable income	-376,156.76
Impact of non-deductible cost, expense and loss	17,510,259.03
Effect of using deductible losses on deferred tax assets not recognized in the prior period	-27,521,746.76
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	50,787,883.71
Additionally calculated and deducted R&D expenses	-79,878,265.06
Change in the balance of beginning deferred tax assets/liabilities due to a tax rate adjustment	1,326,961.47
Income tax expenses	38,879,412.88

**77. Other comprehensive income**

See Note 57 for details.

**78. Items of cash flow statement****(1) Cash related to operating activities****Other cash received related to operating activities**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest income	21,750,817.92	50,723,986.61
Government subsidies	34,822,015.97	38,837,497.41
Current accounts	1,338,835.13	9,115,855.13
Deposits and security deposits received	4,229,622.11	4,014,198.73
Recovery of frozen funds	30,000,000.00	3,556,610.00
Return of individual income tax service charge	1,340,601.69	1,150,980.72
Others	5,012,198.28	2,836,114.38
Total	98,494,091.10	110,235,242.98

**Other cash paid in connection with operating activities**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
-------	---------------------------------------	---------------------------------

Service charge	2,726,833.84	3,509,282.43
Out-of-pocket expenses	322,847,917.50	391,168,818.37
Margin and deposit expenses	10,292,142.31	6,478,353.42
Frozen funds	190,000.00	30,480,162.39
Others	8,762,657.19	2,516,120.66
<b>Total</b>	<b>344,819,550.84</b>	<b>434,152,737.27</b>

## (2) Cash related to investment activities

### Other cash received relating to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Forex margin		2,235,246.30
<b>Total</b>		<b>2,235,246.30</b>

### Significant cash received related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Recovered wealth management investments	531,819,440.27	768,000,000.00
Recovered equity management investments	20,378,975.00	564,670.00
<b>Total</b>	<b>552,198,415.27</b>	<b>768,564,670.00</b>

### Other cash paid related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Forex margin	56,416,530.09	
Forward foreign exchange liquidation losses paid		924,300.00
<b>Total</b>	<b>56,416,530.09</b>	<b>924,300.00</b>

### Significant cash paid related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Wealth management investments paid	421,219,000.00	922,246,272.51
Equity management investments paid		200,000.00
<b>Total</b>	<b>421,219,000.00</b>	<b>922,446,272.51</b>

## (3) Cash related to financing activities

### Other cash received related to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Discounted notes receivable that cannot be terminated for recognition	924,368.65	6,009,728.26
Lease deposit recovered	2,344,587.64	
<b>Total</b>	<b>3,268,956.29</b>	<b>6,009,728.26</b>

**Other cash paid related to financing activities**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Share repurchase funds		96,046,021.00
Payment for principal and interest of lease liabilities	41,227,406.73	55,433,474.48
Acquisition of equity of holding subsidiaries		159,555,100.00
Payment for lease deposit	1,246,885.64	502,000.00
<b>Total</b>	<b>42,474,292.37</b>	<b>311,536,595.48</b>

**Changes in liabilities arising from financing activities** Applicable  Not applicable

Unit: RMB

Items	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Change in cash	Change not in cash	Change in cash	Change not in cash	
Short-term loans	1,224,214,110.41	2,200,212,465.30	113,588,225.23	2,145,544,836.18		1,392,469,964.76
Long-term borrowings (including other non-current liabilities to be due within 1 year)	352,528,229.88	355,000,000.00		288,643,229.88		418,885,000.00
Lease liabilities and unrecognized financing expenses (including other non-current liabilities to be due within 1 year)	71,777,541.11		39,783,393.33	41,227,406.73	18,726,508.84	51,607,018.87
<b>Total</b>	<b>1,648,519,881.40</b>	<b>2,555,212,465.30</b>	<b>153,371,618.56</b>	<b>2,475,415,472.79</b>	<b>18,726,508.84</b>	<b>1,862,961,983.63</b>

**(4) Description on presenting cash flows on a net basis**

Items	Relevant facts	Basis for net presentation	Financial impact
Cash paid for investments/cash received from investment recovery	Cash flow from purchasing and redeeming financial products	Cash inflows and outflows for projects with fast turnover, large amounts, and short terms	"Cash paid for investments" and "cash received for investment recovery" set off in net value amounted to RMB 2.911 billion, which had no impact on the financial statements.

**(5) Major activities not involving cash receipts and payments in the current period but influencing the financial position of the Company or may influence the cash flow of the Company in the future, and their financial impact**

None.

**79. Supplementary information of cash flow statement****(1) Supplementary materials of cash flow statement**

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1. Adjusting net profit to cash flow from operating activities		
Net profit	363,240,108.46	671,884,575.94
Plus: provision for asset impairment, provision for credit impairment	135,410,796.52	100,635,268.78
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	248,628,272.19	198,044,472.00
Depreciation of right-of-use assets	40,007,273.82	46,037,262.71
Amortization of intangible assets	134,038,210.37	120,363,691.67
Amortization of long-term deferred expenses	78,416,952.33	67,576,328.95
Loss from disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	53,094,091.72	2,689,826.55
Losses on scrapping of fixed assets (income marked with "-")	3,033,317.53	9,583,000.96
Loss from changes in fair value (income marked with "-")	-4,205,906.12	5,950,391.17
Financial expenses (income marked with "-")	29,799,577.29	47,180,304.79
Investment income (income marked with "-")	-14,495,148.99	-3,945,501.92
Decrease in deferred tax assets (increase marked with "-")	-16,918,580.24	52,131,201.21
Increase in deferred tax liabilities (decrease marked with "-")	2,195,492.57	-57,801,012.39
Decrease in inventory (increase marked with "-")	-466,606,806.15	-234,551,801.04
Decrease in operating receivables (increase marked with "-")	-569,828,305.51	-770,365,429.50
Increase in operating payables (decrease marked with "-")	604,696,862.35	825,349,295.25
Others	57,860,732.15	11,188,843.12
Net cash flow from operating activities	678,366,940.29	1,091,950,718.25

2. Major investment and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible bonds due within one year		
New right-of-use assets	37,147,963.71	18,941,859.64
3. Net change in cash and cash equivalents:		
Ending balance of cash	1,619,876,262.35	1,596,352,534.73
Minus: beginning balance of cash	1,596,352,534.73	1,494,743,705.76
Plus: ending balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	23,523,727.62	101,608,828.97

**(2) Net cash paid for acquiring subsidiaries in the current period**

None.

**(3) Net cash received for disposal of subsidiaries in the current period**

None.

**(4) Composition of cash and cash equivalents**

Unit: RMB

Items	Ending balance	Beginning balance
I. Cash	1,619,876,262.35	1,596,352,534.73
Including: cash in stock	628,866.15	800,122.43
Bank deposit available for payment at any time	1,612,607,433.08	1,592,396,940.89
Other monetary capital for payment at any time	6,639,963.12	3,155,471.41
III. Balance of cash and cash equivalents at the end of the period	1,619,876,262.35	1,596,352,534.73

**(5) Presentation of items with limited scope of use but still falling under cash and cash equivalents**

None.

**(6) Monetary funds not falling under cash and cash equivalents**

Unit: RMB

Items	Amount in the current period	Amount in the previous period	Reasons for not being cash and cash equivalents

Bank deposit	105,410,272.04	97,950,855.47	Financial management products in subscription period, fixed-term deposit, funds frozen by court, interests accrued at the end of the period but not yet received, etc.
Other monetary capital	72,161,250.05	19,672,873.14	Margin
<b>Total</b>	<b>177,571,522.09</b>	<b>117,623,728.61</b>	

### (7) Explanation of other major activities

None.

### 80. Notes to items in change statement of owner's equity

Description of the "Other" item for adjusting the closing balance of previous year, the adjusted amount, etc.:

none.

### 81. Foreign currency monetary items

#### (1) Foreign currency monetary items

Unit: RMB

Items	Foreign currency balance at the end of the period	Exchange rate for conversion	Balance converted into RMB at the end of the period
<b>Monetary capital</b>			<b>992,200,993.14</b>
Including: US dollars	112,069,640.94	7.0288	787,865,648.25
Euros	1,472,276.27	8.2295	12,116,094.49
Hong Kong dollars	63,621,828.25	0.9032	57,464,584.03
Japanese Yen	563,763,960.00	0.0448	25,255,219.32
Indian Rupee	1,171,085,893.19	0.0783	91,693,533.77
Vietnamese Dong	24,195,301,799.00	0.0003	6,474,926.23
Romanian New Leu	1,876,942.32	1.6206	3,041,708.96
Mexican Peso	21,059,054.39	0.3899	8,210,477.76
British Pound	5,178.24	9.6927	50,191.36
Canadian dollars	5,594.00	5.1142	28,608.97
<b>Accounts receivable</b>			<b>2,540,119,159.47</b>
Including: US dollars	331,040,117.95	7.0288	2,326,814,781.04
Euros	2,068,390.93	8.2355	17,034,233.50
Hong Kong dollars			
Japanese Yen	1,119,198,049.00	0.0448	50,136,715.00
Indian Rupee	1,148,443,988.72	0.0783	89,924,119.82
Vietnamese Dong	175,247,838,439.00	0.0003	46,807,716.26
Romanian New Leu	5,792,016.38	1.6206	9,386,351.52
UAE Dirham	298.93	0.5244	156.75

Bulgarian Lev	59.76	4.2270	252.60
Canadian Dollar	1,365.85	5.1142	6,985.23
British Pound	525.91	9.4346	4,961.75
Hungarian Forint	70,112.00	0.0213	1,496.15
Saudi Riyal	744.01	1.8680	1,389.84
<b>Other receivables</b>			<b>33,543,026.41</b>
Including: US dollars	559,274.01	7.0227	3,927,589.35
Euros	6,379.97	8.2355	52,542.24
Japanese Yen	2,948,172.00	0.0448	132,069.26
Indian Rupee	11,261,692.66	0.0783	881,799.89
Mexican Peso	24,385,623.19	0.3893	9,492,553.56
Vietnamese Dong	62,955,544,500.00	0.0003	16,847,589.24
Romanian New Leu	1,363,030.74	1.6206	2,208,882.87
<b>Accounts payable</b>			<b>137,754,493.84</b>
Including: US dollars	10,965,161.70	7.0288	77,071,592.37
Euros	183,095.03	8.2355	1,507,879.12
Hong Kong dollars	48,762.69	0.9032	44,043.44
Japanese Yen	358,925,564.00	0.0448	16,078,788.50
Indian Rupee	156,827,597.98	0.0783	12,279,267.25
Mexican Peso	783,213.26	0.3899	305,358.20
Vietnamese Dong	111,404,644,744.00	0.0003	29,813,096.02
Romanian New Leu	403,852.07	1.6206	654,468.94
<b>Other account payable</b>			<b>64,756,913.83</b>
Including: US dollars	1,705,069.78	7.0288	11,984,591.30
Euros	64,462.22	8.2355	530,878.61
Japanese Yen	800,000.00	0.0448	35,837.60
Indian Rupee	20,187,712.77	0.0783	1,580,654.96
Mexican Peso	7,764,620.28	0.3899	3,027,260.43
Vietnamese Dong	158,498,492,923.00	0.0003	42,415,922.66
Romanian New Leu	3,197,505.18	1.6206	5,181,768.27

**(2) Explanation of overseas business entities, including for important overseas business entities, disclosure of main overseas business locations, recording currency and selection basis as well as disclosure of reasons for changes in recording currency.**

Applicable  Not applicable

1. Topband India Private Limited, a subsidiary of the Company, is mainly located in Pune City, Maharashtra, India, with Indian Rupee as the recording currency;

3. TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd., a sub-subsidiary of the Company, is mainly located

in Dong Nai Province, Vietnam, with Vietnamese Dong as the recording currency;

3. Topband Germany GmbH, a sub-subsidiary of the Company, is mainly located in Unterföhring, Germany, with Euro as the recording currency;

4. TOPBAND JAPAN Co., Ltd., a sub-subsidiary of the Company, is mainly located in Nagoya, Japan, with Japanese Yen as the recording currency;

5. Q.B.PTE.LTD, a sub-subsidiary of the Company, is located in Singapore, with Singapore dollar as the bookkeeping base currency;

6. TOPBAND SMART EUROPE COMPANY LIMITED S.R.L., a sub-subsidiary of the Company, is located in Timisoara, Romania, with Leu as the recording currency;

7. TOPBAND MEXICO, S.DER.L.DEC.V., the sub-subsidiary of the Company, is located in Monterrey, Mexico, with peso as the recording currency.

## 82. Lease

### (1) The Company as the lessee

Applicable  Not applicable

Variable lease payments not included in the measurement of the lease liability

Applicable  Not applicable

Rental expenses of simplified short-term leases or low-value assets

Applicable  Not applicable

The simply treated expenses of short-term leases credited to current profit or loss is RMB 8,897,255.32.

### (2) The Company as the lessor

Operating lease by lessor

Applicable  Not applicable

Unit: RMB

Items	Rental income	Including: incomes related to variable lease payments not credited to rental receipts
Rental income	32,229,777.29	0.00

Total	32,229,777.29	0.00
-------	---------------	------

Financing lease as lessor

Applicable  Not applicable

Unit: RMB

Items	Sales profit and loss	Financing profit and loss	Revenue related to variable lease payments not included in lease collection amount
Taixing production line equipment	-23,851,057.90	1,976,206.65	/
Total	-23,851,057.90	1,976,206.65	/

Undiscounted lease collection amount for each of the next five years.

Applicable  Not applicable

Unit: RMB

Items	Undiscounted rental receipts of each year	
	Ending amount	Beginning amount
Year 1	33,508,161.99	25,882,409.51
Year 2	24,496,713.28	22,268,501.65
Year 3	19,758,235.61	18,779,404.62
Year 4	17,644,083.47	16,023,848.21
Year 5	10,089,598.93	12,351,375.56
Total amount of undiscounted rental receipts after five years	13,507,430.23	19,969,212.34

### (3) Recognition of finance lease sales gains and losses as a manufacturer or distributor

Applicable  Not applicable

### 83. Data resources

None.

### 84. Others

None.

## VIII. R&D expenditure

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
-------	---------------------------------------	---------------------------------

Employee compensation	685,982,566.77	623,404,178.58
Depreciation and amortization	154,554,810.14	137,093,963.35
Material expenses	70,761,578.85	65,491,329.66
Equity incentive expenses	21,372,709.49	3,505,146.93
Mold fee	18,237,821.30	29,177,739.78
Intermediary service expenses	21,976,002.20	17,256,872.82
Low-value consumables	17,782,988.64	10,177,164.29
Testing expense	5,503,406.28	5,979,237.21
Decoration costs	1,662,321.83	1,012,579.66
Rent and utilities	21,134,508.01	21,068,938.08
Travel expenses	12,668,678.79	12,173,093.04
Others	15,555,605.93	25,765,100.89
<b>Total</b>	<b>1,047,192,998.23</b>	<b>952,105,344.29</b>
Including: expensed R&D expenditure	919,433,295.26	809,006,999.25
Capitalized R&D expenditures	127,759,702.97	143,098,345.04

## 1. R&D projects that meet capitalization conditions

Unit: RMB

Items	Beginning balance	Increase in the current period			Decrease amount in the current period		Ending balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to current profit and loss	
Intelligent controller project	53,659,877.07	103,151,499.74			107,811,375.97		49,000,000.84
Motor and control system project	14,718,756.00	4,376,869.92			19,095,625.92		
New energy project	56,836,126.92	20,231,333.31			68,433,976.62		8,633,483.61
<b>Total</b>	<b>125,214,759.99</b>	<b>127,759,702.97</b>			<b>195,340,978.51</b>		<b>57,633,484.45</b>

## 2. Important outsourced projects under development

None.

## IX. Changes in the scope of consolidation

### 1. Consolidation under different control

None.

**2. Consolidation under the same control**

None.

**3. Reverse purchase**

None.

**4. Disposal of subsidiaries**

Whether there are any transactions or events in this period in which the control of the subsidiary is lost

 Yes  No

Whether there are step-by-step disposal of the investment in a subsidiary through multiple transactions and loss of control in the current period

 Yes  No**5. Changes in the scope of consolidation due to other reasons**

Explanations for the changes in the scope of the consolidation caused by other reasons (e.g., establishment of new subsidiaries, or liquidation of subsidiaries, etc.) and relevant circumstances:

During the Reporting Period, the Company established one new subsidiary, the details of which are as follows:

No.	Name of subsidiary	Registered place	Registration date	Proportion of shareholding	
				Direct	Indirect
1	Guangzhou Topband Digital Energy Co., Ltd.	Guangzhou	2025/7/1		100%

During the Reporting Period, the Company cancelled one sub-subsidiary, the details of which are as follows:

No.	Name of subsidiary	Registered place	Liquidation date	Former proportion of shareholding	
				Direct	Indirect
1	YOLANESS AFRICA (PTY) LTD	South Africa	2025/2/1		100%

**6. Others**

None.

## X. Interests in other entities

### 1. Equities in subsidiaries

#### (1) Composition of enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of businesses	Registered place	Nature of business	Proportion of shareholding		Acquisition method
					Direct	Indirect	
Shenzhen Topband Software Technology Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology Co., Ltd.	35,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Battery Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Chongqing Topband Industrial Co., Ltd.	50,000,000.00	Chongqing	Chongqing	Production and sales	100.00%		Establishment
Topband (Hong Kong) Co., Ltd.	HKD 155 million	Hong Kong	Hong Kong	Investment	100.00%		Establishment
Huizhou Topband Electrical Technology Co., Ltd.	300,000,000.00	Huizhou	Huizhou	Production and sales	100.00%		Establishment
TOPBAND INDIA PRIVATE LIMITED	2.265 billion Indian rupees	India	India	Production and sales	100.00%		Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	60,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Shenzhen Allied Control System Co., Ltd.	55,999,998.00	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Huizhou Topband Lithium Battery Co., Ltd.	2,000,000.00	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Ningbo Topband Intelligent Control Co., Ltd.	300,000,000.00	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Meanstone Intelligent Technology Co., Ltd.	7,600,000.00	Shenzhen	Shenzhen	Production and sales	77.25%		Consolidation under different control
Shenzhen Yansheng Software Co., Ltd.	1,500,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Consolidation under different control
Hangzhou Zhidong Motor Technology Co., Ltd.	1,500,000.00	Hangzhou	Hangzhou	Production and sales		75.00%	Consolidation under different control
TOPBAND SMART DONGNAI (VIETNAM) COMPANY LIMITED	USD 33.5 million	Vietnam	Vietnam	Production and sales		100.00%	Establishment
Topband Germany GmbH	EUR 25,000	Germany	Germany	Sales		100.00%	Establishment

TOPBAND JAPAN Co., Ltd	JPY 30 million	Japan	Japan	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Investment Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Digital Energy Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Tunnu Innovation Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Senxuan Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	10,000,000.00	Qingdao	Qingdao	Production and sales	100.00%		Establishment
Shenzhen Tengyi Industrial Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Consolidation under different control
Taixing Topband Lithium Battery Co., Ltd.	105,000,000.00	Taixing	Taixing	Production and sales		100.00%	Consolidation under different control
Shenzhen Topband Automotive Electronics Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Q.B.PTE.LTD	SGD 10,000	Singapore	Singapore	Sales		100.00%	Establishment
TOPBAND MEXICO, S.DER.L.DEC.V.	USD 35 million	Mexico	Mexico	Production and sales		100.00%	Establishment
Tunnu Innovation (Hong Kong) Limited	10,000,000.00	Hong Kong	Hong Kong	Sales		100.00%	Establishment
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	USD 30 million	Romania	Romania	Sales		100.00%	Establishment
Huizhou YAKO Automation Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Establishment
Shenzhen Zhongli Consulting Co., Ltd.	2,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
TUNNU INNOVATION, INC	USD 10,000	U.S.	U.S.	Sales		100.00%	Establishment
Nantong Topband Lithium Battery Co., Ltd.	100,000,000.00	Nantong	Nantong	Production and sales		100.00%	Establishment
Shenzhen Topband Motor Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Yueshang Robot Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Jingfei Investment Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Huizhou Chiding Technology Co., Ltd.	20,000,000.00	Huizhou	Huizhou	Production and sales	100.00%		Establishment
Yolaness Technology (HK) Co., Limited	USD 500,000	Hong Kong	Hong Kong	Sales		100.00%	Establishment
Huizhou Jiuwan Luyuan Agriculture Co., Ltd.	5,000,000.00	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Chongqing Topband Yishu Energy Technology Co., Ltd.	1,000,000.00	Chongqing	Chongqing	Sales		100.00%	Establishment
Topband Digital Energy Technology (Huizhou) Co., Ltd.	1,000,000.00	Huizhou	Huizhou	Sales		100.00%	Establishment

Guangzhou Topband Digital Energy Co., Ltd.	1,000,000.00	Guangzhou	Guangzhou	Sales		100.00%	Establishment
--	--------------	-----------	-----------	-------	--	---------	---------------

**(2) Important non-wholly-owned subsidiaries**

None.

**(3) Major financial information of important non-wholly-owned subsidiaries**

None.

**(4) Significant restrictions on using group assets and settling group liabilities**

None.

**(5) Financial support or other support provided to structured entities included in the scope of the consolidated financial statements**

None.

**2. Transactions causing the owner's equity share change but still controlling the subsidiary**

None.

**3. Interests in joint venture arrangements or associated enterprises**

None.

**4. Significant joint operations**

None.

**5. Rights and interests in structured entities not included in the scope of the consolidated financial statements**

Relevant explanations of structured entities not included in the scope of the consolidated financial statements:

none.

**6. Others**

None.

## XI. Government subsidies

### 1. Government grants recognized as receivable at the end of the Reporting Period

Applicable  Not applicable

Reasons for not receiving the expected amount of government subsidies at the expected time

Applicable  Not applicable

### 2. Liabilities involving government subsidies

Applicable  Not applicable

Unit: RMB

Accounting items	Beginning balance	Newly increased subsidy in the current period	Amount accounted into non-operating income in the current period	Amount included in other income in the current period	Other changes in this period	Ending balance	Asset-related/revenue-related
Deferred income	13,358,627.74	4,687,717.70		4,388,817.67	-389,712.99	14,047,240.76	Asset-related

### 3. Government subsidies included in the current profits and losses

Applicable  Not applicable

Unit: RMB

Accounting items	Amount incurred in the current period	Amount incurred in prior period
Other income	34,523,115.94	36,473,349.43

## XII. Risks associated with financial instruments

### 1. Risks arising from financial instruments

The risks of the Company related to financial instruments are derived from various types of financial assets and financial liabilities recognized during the operation of the Company, including: credit risk, liquidity risk and market risk.

The management objectives, policies and systems of the Company for various types of risks associated with financial instruments are the responsibility of the Company's management. The management is responsible for daily risk management through functional departments (for example, the Credit Management Department of

the Company reviews credit sales of the Company on a case-by-case basis). The Internal Audit Department of the Company shall supervise the implementation of the Company's risk management policies and procedures in its daily work, and reports relevant findings to the Audit Committee of the Company in a timely manner.

The overall objective of the Company for risk management is to develop risk management policies that minimize the risks associated with various financial instruments without unduly affecting the Company's competitiveness and resilience.

#### 1. Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party. Credit risks of the Company mainly arise from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, etc. The credit risk of these financial assets is derived from defaults by the counterparty, and the maximum risk exposure is equal to the book amount of these instruments.

The monetary funds of the Company are mainly deposited in commercial banks and other financial institutions, which the Company believes have a high reputation, sound financial standing and low credit risks.

For notes receivable, accounts receivable, receivables financing, and other receivables, the Company establishes policies to control the credit risk exposure. The Company evaluates the credit qualification of customers and sets the corresponding credit period based on their financial condition, the possibility of obtaining guarantees from third parties, credit record and other factors such as current market conditions. The Company regularly monitors the credit record of customers, and for customers with poor credit history, the Company ensures the overall credit risk of the Company to be under control by sending reminders of payment collection, shortening the credit period or canceling the credit period.

##### (1) Determination criteria for significant increase of credit risk

At each balance sheet date, the Company evaluates whether the credit risk of the relevant financial instruments has significantly increased since the initial recognition. In determining whether credit risk has increased significantly since the initial recognition, the Company considers obtaining reasonable and evidence-based information at no unnecessary additional cost or effort, including qualitative and quantitative analysis based on the historical data of the Company, external credit risk ratings, and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Company compares the risk of default of the financial instrument on the balance sheet date

with the risk of default on the initial recognition date to determine the change in the risk of default during the expected duration of the financial instruments.

When one or more of the following quantitative and qualitative criteria are triggered, the Company considers that the credit risk of a financial instrument has significantly increased: the quantitative criterion is mainly that the default probability in the remaining duration has increased by more than a certain percentage on the balance sheet date than that at the initial recognition; the qualitative criterion is the occurrence of major adverse changes in the operation or financial condition of the principal debtor, the list of early warning customers, etc.

### (2) Definition of assets with credit impairment occurred

To determine whether credit impairment has occurred, the determination criteria adopted by the Company are consistent with its internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators.

In assessing whether a debtor has suffered credit impairment, the Company mainly considers the following factors: whether the issuer or the debtor has experienced major financial difficulties; whether a debtor breaches the contract, such as default or delay in payment of interest or principal; whether the creditor grants concessions to the debtor that it would not have made in any other circumstances, for economic or contractual reasons related to the debtor's financial difficulties; whether the debtor is likely to become insolvent or undergo other financial restructuring; whether the financial difficulties of the issuer or debtor cause the disappearance of an active market for the financial asset; whether a financial asset is acquired or derived a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the combination of multiple events, not necessarily by individually identifiable events.

### (3) Parameters for measurement of expected credit loss

Depending on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Company measures the impairment provision for different assets in terms of expected credit losses for 12 months or the entire duration, respectively. The key parameters for measurement of expected credit loss include default probability, default loss rate and default risk exposure. The Company takes into account quantitative analysis and forward-looking information of historical statistical data (e.g. ratings of counterparty, types of guarantees and collateral, repayment methods, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definitions are as follows:

The default probability refers to the probability that the debtor will not be able to meet its payment obligations in the next 12 months or throughout the remaining duration.

Default loss rate refers to the Company's expectation of the degree of loss from the exposure to a default risk. Default loss rates vary depending on the type of counterparty, the method and priority of recourse, and the collateral. Default loss ratio is the percentage of loss from the risk exposure when the default occurs, calculated on the basis of the next 12 months or the entire duration.

Exposure at default refers to the amount to be compensated to the Company in the event of a default in the next 12 months or throughout the remaining duration. Forward-looking information is involved in the assessment of significant increases in credit risk and the calculation of expected credit losses. Through historical data analysis, the Company identifies key economic indicators that affect the credit risk and expected credit losses of various business types.

The Company's maximum credit exposure is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees that may expose the Company to credit risks.

Among the Company's accounts receivable, the accounts receivable from the top five customers account for 38.87% of the total accounts receivable (comparison period: 40.04%); among the Company's other receivables, the other receivables of the top five companies with outstanding amounts account for 62.06% of the total other receivables (comparison period: 51.40%).

## 2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise meets its obligation to settle by delivery of cash or other financial assets. The Company is comprehensively responsible for the cash management of its subsidiaries, including short-term investment of cash surplus and financing of loans to meet anticipated cash needs. It is the policy of the Company to regularly monitor short-term and long-term working capital demands and compliance with borrowing agreements to ensure the maintenance of sufficient cash reserves and readily available marketable securities.

## 3. Market risk

### (1) Foreign exchange risk

The exchange rate risk of the Company is primarily attributable to foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their recording currency. The Company's exposure to foreign exchange risks is mainly related to US dollars and Indian rupees. Except the Company that

purchases and sells some materials and products in US dollars, its subsidiary TOPBAND INDIA PRIVATE LIMITED that uses Indian rupees, its sub-subsidiary TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd. that uses Vietnamese dong, its sub-subsidiary Topband Germany GmbH that uses Euros, its sub-subsidiary TOPBAND JAPAN Co., Ltd. that uses Japanese yen, its sub-subsidiary Q.B.PTE.LTD that uses Singapore dollars, its sub-subsidiary TOPBAND MEXICO, S.DER.L.DEC.V. that uses Mexican pesos, its sub-subsidiary TOPBAND SMART EUROPE COMPANY LIMITED S.R.L. that uses Romanian Leu, its sub-subsidiary Tunnu Innovation (Hong Kong) Limited that uses Hong Kong dollars, and its sub-subsidiary TUNNU INNOVATION, INC that uses US dollars, other major business activities of the Company are settled in RMB.

① As of December 31, 2025, see Note V. 81 of the Financial Reports for details about the monetary assets and liabilities in foreign currency of the Company at end of the period.

The Company continuously monitors the size of its transactions, assets and liabilities in foreign currencies in order to minimize its exposure to foreign exchange risks; for this purpose, the Company may enter into forward foreign exchange contracts to avoid foreign exchange risks.

## ② Sensitive analysis

On December 31, 2025, with other risk variables unchanged, if the RMB appreciated or depreciated by 10% against the US dollar on that date, the net profit of the Company for the year would increase or decrease by RMB 272.6515 million; if the RMB appreciated or depreciated by 10% against the Indian Rupee on that day, the net profit of the Company for the year would increase or decrease by RMB 16.6905 million.

## (2) Interest rate risk

The interest rate risk of the Company is mainly derived from long-term bank loans. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risks, and financial liabilities with fixed interest rate expose the Company to fair value interest rate risks. The Company determines the relative proportion of contracts with fixed rate and floating rate based on the prevailing market environment.

The Headquarters Financial Department of the Company monitors the interest rate level of the group on a continuous basis. An increase in interest rates will increase the cost of new interest-bearing debts and interest expense on the Company's outstanding interest-bearing debt with floating interest rates, and will have a material adverse effect on the Company's financial results, to which the management will adjust in a timely manner based on the latest market conditions.

During the period ended December 31, 2025, the bank borrowings with fixed interest rates of the Company was RMB 1.27247 billion and the bank borrowings with floating interest rates was RMB 538.885 million. If the

borrowing rate calculated at floating interest rates increase or decrease by 100 basis points with other risk variables remain unchanged, the total profit of the Company for the year would decrease or increase by RMB 5.3889 million.

### XIII. Disclosure of fair value

#### 1. Ending fair value of assets and liabilities measured at fair value

Unit: RMB

Items	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Tradable financial assets		212,671,537.17	325,430,944.26	538,102,481.43
1. Financial asset at fair value and changes through current profits and losses		212,671,537.17	325,430,944.26	538,102,481.43
(1) Debt instrument investment		212,671,537.17		212,671,537.17
(2) Equity instrument investment			325,430,944.26	325,430,944.26
2. Designated financial assets measured at fair value with changes recognized in current profit or loss				
(II) Receivables financing			138,461,638.53	138,461,638.53
(III) Investments in other equity instruments			51,622,482.00	51,622,482.00
(IV) Other debit investments		40,843,277.78		40,843,277.78
Total assets continuously measured at fair value		253,514,814.95	515,515,064.79	769,029,879.74
(VI) Trading financial liabilities	5,161.00			5,161.00
Total liabilities continuously measured at fair value	5,161.00			5,161.00
II. Non-continuous fair value measurement	--	--	--	--

#### 2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

For financial liabilities measured at fair value and whose changes are credited to current profit or loss, their fair value is determined mainly based on market prices quoted by the bank.

**3. Continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters**

If there are open market quotations for investments in liability instruments measured at fair value and whose changes are credited to current profit or loss, their fair value is determined based on market prices quoted by the bank, with consideration of liquidity premium.

The Company's other debt investments are transferable large-amount certificates of deposit, which use prices of similar or identical assets in inactive markets as the basis for determining fair value.

**4. Continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters**

For financial liabilities and other equity instrument investments measured at fair value and whose changes are credited to current profit or loss and for other non-current financial assets measured at fair price and whose changes are credited to current profit or loss, since the operating environment, operating conditions and financial conditions of the invested products or enterprises are free of material changes, the Company measures at the cost of the investment or the most recent transaction price as a reasonable estimate of fair value.

The receivables financing of the Company mainly consists of unmatured bank acceptance bills and supply chain notes receivable. As the bill acceptor's credit status is good and there is no material adverse change in operating or financial conditions, the risk of collection at maturity is expected to be low, and the Company measures by taking the book value as a reasonable estimate of fair value.

**5. Continuous third-level fair value measurement items, adjustment information between beginning and ending book value and sensitivity analysis of unobservable parameters**

Not applicable.

**6. For continuous fair value measurement items, if the conversion occurs among different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point**

Not applicable.

**7. Technical changes in valuation during the current period and the reasons for such changes**

Not applicable.

**8. Fair value of financial assets and financial liabilities not measured at fair value**

The financial assets and financial liabilities of the Company measured at the amortized cost mainly include: money funds, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year and long-term borrowings.

**9. Others**

None.

**XIV. Related parties and related party transactions****1. Profile of parent company of the Company**

Name of parent company	Registered place	Nature of business	Registered capital	Shareholding ratio of parent company to the Company	Proportion of the parent company's voting rights in the Enterprise
Not applicable	Not applicable				

Profile of parent company of the Company

Ultimate controller of the Company: The ultimate controller of the Company is Mr. Wu Yongqiang, a natural person. As of December 31, 2025, Wu Yongqiang held 17.00% of the shares of the Company.

The ultimate controller of the Company is Wu Yongqiang.

**2. Profile of subsidiaries of the Company**

For details of the subsidiaries of the Company, refer to Note X.1.

**3. Information on the joint ventures and associated enterprises of the Company**

See the Note X.3 on key joint ventures or associated enterprises of the Company.

Other joint ventures or associated enterprises having related-party transaction in current period or in previous period to form balance are listed as follows:

Name of joint venture or associated enterprise	Relationship with the Company
Dongguan Jujin Plastic Technology Co., Ltd.	Associated enterprises of the Company

#### 4. Other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Jizhiguang Electronics Co., Ltd.	A company substantially controlled by the relative of the Company's legal representative
Shenzhen Lianghui Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen ORVIBO Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen HANSC Intelligent Technology Co., Ltd.	Shareholding companies of the Company
Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	Shareholding companies of the Company
Guangdong Huixin Semiconductor Co., Ltd.	Shareholding companies of the Company
Fujian Blue Ocean Digital Energy Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Youbi Technology Co., Ltd.	Shareholding companies of the Company
Jiangsu Donghai Semiconductor Co., Ltd.	Shareholding companies of the Company
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Jizhi Laser Technology Co., Ltd.	Shareholding companies of the Company
Dongguan Jujin Plastic Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Yidong Power Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Daka Optoelectronics Co., Ltd.	Shareholding companies of the Company
Suzhou Legendsemi Technology Co., Ltd.	Shareholding companies of the Company
Suzhou Suyu Technology Co., Ltd.	Shareholding companies of the Company

#### 5. Related party transaction

##### (1) Related transactions involving the purchase and sale of goods and the provision and acceptance of services

List of goods purchased/services received

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Approved transaction limit	Is the transaction limit exceeded	Amount incurred in prior period
Shenzhen Jizhiguang Electronics Co., Ltd.	Purchase of raw materials	16,495,722.58	34,000,000.00	No	17,041,086.70
Shenzhen ORVIBO Technology Co., Ltd.	Purchase of raw materials	4,452.00		No	
Jiangsu Donghai Semiconductor Co., Ltd.	Purchase of raw materials	35,529.00		No	58,452.75
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Purchase of raw materials	1,991.50		No	3,967.43
Dongguan Jujin Plastic Technology Co., Ltd.	Purchase of raw materials	39,272,236.20		No	40,335,862.83
Guangdong Huixin Semiconductor Co., Ltd.	Purchase of raw materials	9,448.38		No	1,232.01

List of goods sold/services provided

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Amount incurred in prior period
Shenzhen ORVIBO Technology Co., Ltd.	Sales of commodities	5,838,410.01	7,502,911.98

**(2) Relevant entrusted management/contracting and entrusted management/outsourcing**

None.

**(3) Related lease**

None.

**(4) Related party guarantee situation**

None.

**(5) Interbank lending of related parties**

None.

**(6) Asset transfer and debt restructuring of related parties**

None.

**(7) Remuneration of key management personnel**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Remuneration of key management personnel	11,031,500.00	14,608,200.00

**(8) Other related transactions**

None.

**6. Receivables and payables due to related parties****(1) Item receivable**

Unit: RMB

Project name	Related party	Ending balance	Beginning balance
--------------	---------------	----------------	-------------------

		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	864,938.63	26,813.10	716,304.63	22,205.44
Financing of accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	632.62			

**(2) Payables**

Unit: RMB

Project name	Related party	Ending book balance	Beginning book balance
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	1,507,208.16	1,699,834.24
Accounts payable	Jiangsu Donghai Semiconductor Co., Ltd.	4,411.52	39,655.01
Accounts payable	Guangdong Huixin Semiconductor Co., Ltd.	7,836.52	1,212.77
Accounts payable	Jiangxi Sarui Microelectronics Technology Co., Ltd.	1,991.50	
Accounts payable	Dongguan Jujin Plastic Technology Co., Ltd.	14,288,274.50	818,690.92
Other account payable	Dongguan Jujin Plastic Technology Co., Ltd.	208,900.00	495,000.00

**7. Commitment of related parties**

None.

**8. Others**

None.

**XV. Share-based payment****1. General situation of share-based payments** Applicable  Not applicable

Unit: RMB

Grant object category	Granted in the current period		Exercised in the current period		Released in the current period		Invalidated in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Personnel on key management and technical positions, as well as other business backbones							11,384,900.00	43,237,300.00
Total							11,384,900.00	43,237,300.00

Stock options or other equity instruments outstanding at the end of the period

Applicable  Not applicable

Grant object category	Stock options outstanding the at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise price	Remaining period of contract	Range of exercise price	Remaining period of contract
Personnel on key management and technical positions, as well as other business backbones	RMB 9.53/share	12 and 24 months	RMB 9.60/share	12 months

Other descriptions:

Implementation of the Company's equity incentives for employees

(1) Employee stock ownership plan

On November 6, 2024, the Company held the 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors. On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders in 2024, in which, the Proposal on the Company's 2024 Employee Stock Ownership Plan (Draft) and its Summary and other relevant motions were deliberated and approved. The actual number of shares subscribed under the Employee Stock Ownership Plan was 5,181,200 shares with the total amount of RMB 49,739,520.00 for the shares actual subscribed. The funds for the Employee Stock Ownership Plan mainly came from the special incentive fund accrued by the Company. After review and approval of the Employee Stock Ownership Plan by the General Meeting of Shareholders of the Company, the shares will be unlocked in two phases 12 months and 24 months after the Company announces the transfer of the underlying shares to the names given in the Employee Stock Ownership Plan respectively, with 40% of the underlying shares to be unlocked in Phase 1 and 60% in Phase 2. On December 23, 2024, the Company received the Letter of Securities Transfer Registration Confirmation issued by the Shenzhen Branch of CSDC, stating that the 5,181,200 shares of the Company (approximately 0.42% of the current total share capital of the Company) held in the special securities buyback account of the Company had been transferred to its account for the 2024 Employee Stock Ownership Plan without trading on December 23, 2024.

As of December 31, 2025, the number of shares held by incentive recipients who had resigned under the employee stock ownership plan was 285,000, which will be handled in accordance with the employee stock ownership plan in the future.

(2) Stock option incentive plan

Under the authorization of the 2nd Extraordinary General Meeting of Shareholders in 2024 of the Company, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors on December 9, 2024, in which, the Proposal on Granting Stock Options to Incentive Objects was deliberated and adopted. It was determined that the grant date of the stock options under the Incentive Plan shall be December 9, 2024, and 32.9 million stock options shall be granted to 1,050 eligible objects. The waiting periods for the stock options granted under this Incentive Plan are 12 months, 24 months and 36 months respectively from the date of grant, and the percentages of unlocking for the periods are 30%, 30% and 40% respectively.

As of December 31, 2025, 1.2299 million stock options had become invalid due to the resignation of incentive recipients, and 9.87 million stock options had become invalid due to failure to meet the performance evaluation indicators during the first exercise period.

## 2. Equity-settled share-based payments

Applicable  Not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	Black-Scholes option pricing model
Important parameters for fair value of equity instruments on the grant date	Historical volatility, risk-free rate of return, and dividend yield
Basis for determining the number of exercisable equity instruments	Best estimate made based on the latest available follow-up information such as changes in the number of vested employees
Reasons for the significant difference between the estimates of the current period and that of the previous period	None.
The accumulated amount of equity-settled share-based payments is included in capital reserves.	66,538,339.92
Total amount of expenses recognized by equity-settled share-based payments in the current period	57,561,832.12

## 3. Cash-settled share-based payments

Applicable  Not applicable

## 4. Current share-based payments

Applicable  Not applicable

Unit: RMB

Grant object category	Equity-settled share-based payments	Cash-settled share-based payments
-----------------------	-------------------------------------	-----------------------------------

Management personnel	13,223,455.66	
Salesperson	17,263,293.63	
R&D personnel	21,372,709.49	
Production personnel	5,702,373.34	
Total	57,561,832.12	

## 5. Modification and termination of share-based payments

None.

## 6. Others

None.

## XVI. Commitments and contingencies

### 1. Important commitments

As of December 31, 2025, the Company had no material commitments that need to be disclosed.

### 2. Contingencies

#### (1) Significant contingencies on the balance sheet date

As of December 31, 2025, the Company had no material contingencies that need to be disclosed.

#### (2) The important contingencies not required to be disclosed shall be explained as well

As of December 31, 2025, the Company had no material contingencies that need to be disclosed.

### 3. Others

None.

## XVII. Events after the balance sheet date

### 1. Important non-adjusting matters

None.

**2、 Profit distribution**

Refer to Section "IX. Profit Distribution and Conversion of Capital Accumulation Fund to Share Capital" in "Section IV Corporate Governance, Environment and Society" for details.

**3. Sales return**

None.

**4. Explanation of other events after the balance sheet date**

None.

**XVIII. Other important matters**

None.

**XIX. Notes to main items of financial statements of the parent company****(1) Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	1,910,977,642.43	1,790,348,068.30
1-2 years	9,503,741.12	6,158,056.10
2-3 years	1,786,068.33	2,067,104.65
Above 3 years	2,508,378.98	2,525,306.52
3-4 years	506,253.22	469,739.39
4-5 Years		93,569.38
Above 5 years	2,002,125.76	1,961,997.75
Total	1,924,775,830.86	1,801,098,535.57

**(2) Disclosure by bad debt provision method**

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	2,288,881.21	0.12%	2,288,881.21	100.00%		2,994,574.69	0.17%	2,994,574.69	100.00%	
Accounts receivable with provision for bad debts by portfolio	1,922,486,949.65	99.88%	49,794,682.66	2.59%	1,872,692,266.99	1,798,103,960.88	99.83%	49,012,286.12	2.73%	1,749,091,674.76
Including:										
(1) Aging portfolio	1,569,973,905.54	81.57%	49,794,682.66	3.17%	1,520,179,222.88	1,554,811,170.51	86.33%	49,012,286.12	3.15%	1,505,798,884.39
2. Related party portfolio within the scope of the consolidation	352,513,044.11	18.31%			352,513,044.11	243,292,790.37	13.51%			243,292,790.37
Total	1,924,775,830.86	100.00%	52,083,563.87	2.71%	1,872,692,266.99	1,801,098,535.57	100.00%	52,006,860.81	2.89%	1,749,091,674.76

Single provision for bad debts: 2,288,881.21

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Single provision	2,994,574.69	2,994,574.69	2,288,881.21	2,288,881.21	100.00%	Difficult to recover as estimated
Total	2,994,574.69	2,994,574.69	2,288,881.21	2,288,881.21		

Provision for bad debts by portfolio: 49,794,682.66

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Aging portfolio	1,569,973,905.54	49,794,682.66	3.17%
Total	1,569,973,905.54	49,794,682.66	

Explanation of the basis for determining the portfolio: none.

Provision for bad debts by portfolio: 0

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Related parties within the scope of the consolidation	352,513,044.11		
Total	352,513,044.11		

Explanation of the basis for determining the portfolio: none.

Provision for bad debts of accounts receivable based on the general model of expected credit losses:

Applicable  Not applicable

### (3) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Single provision for bad debts	2,994,574.69	301,755.45	37,257.93	970,191.00		2,288,881.21
Provision for bad debts by portfolio	49,012,286.12	1,160,575.53		378,178.99		49,794,682.66
Total	52,006,860.81	1,462,330.98	37,257.93	1,348,369.99		52,083,563.87

Of which the amount of provision for bad debts recovered or reversed in the current period is significant: none.

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

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	1,348,369.99

#### (5) Accounts receivable and contract assets of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivables and contract assets	Proportion to total ending balances of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and provision for impairment of contract assets
No. 1	240,991,961.26		240,991,961.26	12.52%	7,470,750.80
No. 2	189,776,476.94		189,776,476.94	9.86%	5,883,070.79
No. 3	109,267,429.19		109,267,429.19	5.68%	3,387,290.30
No. 4	80,375,446.42		80,375,446.42	4.18%	2,491,638.84
No. 5	66,789,600.48		66,789,600.48	3.47%	2,070,477.61
Total	687,200,914.29		687,200,914.29	35.71%	21,303,228.34

## 2. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	581,416,476.95	269,840,253.20
Total	581,416,476.95	269,840,253.20

#### (1) Interest receivable

None.

#### (2) Dividends receivable

None.

#### (3) Other receivables

##### 1) Classification of other receivables by nature of amount

Unit: RMB

Nature of payment	Ending book balance	Beginning book balance
Current accounts	576,050,233.62	246,649,557.31
Margin, deposit	7,326,116.10	7,462,044.17
Borrowing and imprest of employees	1,977,224.13	3,629,450.71
Export tax refund		16,656,194.89
Others	1,406.60	3,157.74
<b>Total</b>	<b>585,354,980.45</b>	<b>274,400,404.82</b>

## 2) Disclosure by aging

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	579,872,866.09	268,679,998.14
1-2 years	1,136,585.98	857,259.62
2-3 years	810,907.48	755,346.47
Above 3 years	3,534,620.90	4,107,800.59
3-4 years	31,702.32	99,501.60
4-5 Years	641,643.48	394,701.85
Above 5 years	2,861,275.10	3,613,597.14
<b>Total</b>	<b>585,354,980.45</b>	<b>274,400,404.82</b>

## 3) Disclosure by bad debt provision method

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Single provision for bad debts						16,656,194.89	6.07%			16,656,194.89
Provision for bad debts by portfolio	585,354,980.45	100%	3,938,503.50	0.67%	581,416,476.95	257,744,209.93	93.93%	4,560,151.62	1.77%	253,184,058.31
Including:										
Aging portfolio	9,304,746.83	1.59%	3,938,503.50	42.33%	5,366,243.33	11,094,652.62	4.04%	4,560,151.62	41.10%	6,534,501.00
Related party portfolio within the scope of the consolidation	576,050,233.62	98.41%		0.00%	576,050,233.62	246,649,557.31	89.89%			246,649,557.31
Total	585,354,980.45	100.00%	3,938,503.50	0.67%	581,416,476.95	274,400,404.82	100.00%	4,560,151.62	1.66%	269,840,253.20

Provision for bad debts by portfolio: 3,938,503.5

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for bad debts by related party portfolio within the scope of the consolidation	576,050,233.62		
Provision for bad debts by aging portfolio	9,304,746.83	3,938,503.50	42.33%
<b>Total</b>	<b>585,354,980.45</b>	<b>3,938,503.50</b>	

Explanation of the basis for determining the portfolio: none.

Provision for bad debts based on the general model of expected credit losses:

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2025	946,554.48		3,613,597.14	4,560,151.62
Balance as of January 1, 2025 in the current period				
- Transfer to Stage 3	-315,761.48		315,761.48	
Accrual in the current period	446,435.40		78,940.37	525,375.77
Reversal in the current period			1,147,023.89	1,147,023.89
Balance as of December 31, 2025	1,077,228.40		2,861,275.10	3,938,503.50

Changes in book balance with significant changes in loss reserves in the current period

 Applicable  Not applicable**4) Bad debt provision withdrawn, recovered or reversed in the current period**

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Others	
Provision for bad debts	4,560,151.62	525,375.77	1,147,023.89			3,938,503.50

Total	4,560,151.62	525,375.77	1,147,023.89			3,938,503.50
-------	--------------	------------	--------------	--	--	--------------

**5) Other receivables actually written off in the current period**

None.

**6) Other receivables of top five ending balances grouped by debtors**

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
Huizhou YAKO Automation Technology Co., Ltd.	Current accounts	156,066,115.87	Within 1 year	26.66%	
Shenzhen Topband Battery Co., Ltd.	Current accounts	148,250,206.70	Within 1 year	25.33%	
Shenzhen YAKO Automation Technology Co., Ltd.	Current accounts	62,930,162.66	Within 1 year	10.75%	
Shenzhen Topband Investment Co., Ltd.	Current accounts	50,125,844.00	Within 1 year	8.56%	
Nantong Topband Lithium Battery Co., Ltd.	Current accounts	38,802,885.07	Within 1 year	6.63%	
Total		456,175,214.30		77.93%	

**7) Included in other receivables due to centralized management of funds**

None.

**3. Long-term equity investment**

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,319,265,674.29		4,319,265,674.29	4,294,051,396.19		4,294,051,396.19
Investment in associated enterprises and joint ventures	18,259,203.91	12,433,655.05	5,825,548.86	18,259,695.03	12,433,655.05	5,826,039.98
Total	4,337,524,878.20	12,433,655.05	4,325,091,223.15	4,312,311,091.22	12,433,655.05	4,299,877,436.17

**(1) Investment in subsidiaries**

Unit: RMB

Investee	Beginning	Opening	Changes in increase or decrease in the current period	Ending balance	Ending
----------	-----------	---------	---	----------------	--------

	balance (book value)	balance of provision for impairment	Additional investment	Decrease in investment	Provision for impairment	Others	(book value)	balance of provision for impairment
Shenzhen Topband Software Technology Co., Ltd.	26,320,423.46					1,053,242.15	27,373,665.61	
Shenzhen Topband Battery Co., Ltd.	628,619,526.52					1,968,161.87	630,587,688.39	
Shenzhen Topband Automation Technology Co., Ltd.	36,577,761.06					274,036.49	36,851,797.55	
Chongqing Topband Industrial Co., Ltd.	211,723,441.98					77,180.43	211,800,622.41	
Topband (Hong Kong) Co., Ltd.	667,071,500.00						667,071,500.00	
Huizhou Topband Electrical Technology Co., Ltd.	1,035,973,832.26					3,847,143.57	1,039,820,975.83	
Ningbo Topband Intelligent Control Co., Ltd.	671,247,001.43					258,655.66	671,505,657.09	
Shenzhen Allied Control System Co., Ltd.	128,582,375.48					303,406.38	128,885,781.86	
Shenzhen Meanstone Intelligent Technology Co., Ltd.	10,000,000.00						10,000,000.00	
TOPBAND INDIA PRIVATE LIMITED	195,026,748.97						195,026,748.97	

Shenzhen YAKO Automation Technology Co., Ltd.	515,183,634.34					603,652.01	515,787,286.35	
Shenzhen Topband Investment Co., Ltd.	89,054,806.08						89,054,806.08	
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00						5,000,000.00	
Shenzhen Senxuan Technology Co., Ltd.	10,035,325.03						10,035,325.03	
Topband (Qingdao) Intelligent Control Co., Ltd.	30,000,000.00						30,000,000.00	
Shenzhen Topband Motor Co., Ltd.	12,371,923.29					1,831,929.93	14,203,853.22	
Huizhou Chiding Technology Co., Ltd.	5,003,130.39		15,000,000.00			-3,130.39	20,000,000.00	
Shenzhen Topband Digital Energy Co., Ltd.	15,259,965.90						15,259,965.90	
Shenzhen Jingfei Investment Co., Ltd.	1,000,000.00						1,000,000.00	
<b>Total</b>	<b>4,294,051,396.19</b>		<b>15,000,000.00</b>			<b>10,214,278.10</b>	<b>4,319,265,674.29</b>	

**(2) Investment in associated enterprises and joint ventures**

Unit: RMB

Investee	Beginning balance (book value)	Opening balance of provision for impairment	Changes in increase or decrease in the current period							Ending balance (book value)	Ending balance of provision for impairment	
			Additi onal invest ment	Decre ase in invest ment	Profits and losses on invest ment recogn ized under equity metho d	Adjustm ent to other compreh ensive income	Othe r chan ges in equity	Declar ation of distrib ution for cash divide nds or profits	Provisi on for impair ment			Oth ers
I. Joint venture												
II. Associated enterprises												
Shenzhen Daka Optoelectronics Co., Ltd.	5,826,039.98				-491.12						5,825,548.86	
Tai'an Yuchengxin Power Technology Co., Ltd.		12,433,655.05										12,433,655.05
Subtotal	5,826,039.98	12,433,655.05			-491.12						5,825,548.86	12,433,655.05
Total	5,826,039.98	12,433,655.05			-491.12						5,825,548.86	12,433,655.05

**4. Operating income and operating cost**

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	5,977,896,828.41	4,838,570,057.21	5,479,031,123.90	4,372,678,938.57
Other business	273,234,921.90	170,785,252.59	259,345,540.67	191,211,336.38
Total	6,251,131,750.31	5,009,355,309.80	5,738,376,664.57	4,563,890,274.95

**5. Investment income**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
-------	---------------------------------------	---------------------------------

Long-term equity investment income accounted by the equity method	-491.12	-13,252.87
Interest income from equity investments in holding period		-182,700.00
Gains/losses on foreign exchange derivatives	4,226,110.88	-5,053,368.00
Income of wealth management products	4,496,930.61	3,841,275.24
Total	8,722,550.37	-1,408,045.63

## 6. Others

None.

## XX. Supplementary information

### 1. Schedule of current non-recurring profit and loss

Applicable  Not applicable

Unit: RMB

Items	Amount	Note
Non-current assets disposal profit and loss	-56,127,422.26	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations, are enjoyed according to certain standards and have a lasting impact on the Company's profits and losses)	34,523,115.94	
Profits and losses due to fair value changes arising from the financial assets and liabilities held by the non-financial business, as well as the profits and losses arising from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business of the Company	17,197,213.89	
Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	133,026.95	
Other non-operating income and expenses other than those mentioned above	1,740,201.72	
Minus: amount affected by income tax	6,447,924.35	
Amount affected by minority shareholders' equity (after tax)	224.85	
Total	-8,982,012.96	--

Details of other items of profits and losses that conform to the definition of non-recurring profit and loss:

Applicable  Not applicable

None.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Profit and Loss as recurring profit and loss items

Applicable  Not applicable

## 2. Return on equity and earnings per share

Profits of the Reporting Period	Weighted return on average equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net income attributable to the ordinary shareholders of the Company	5.34%	0.30	0.29
Net profit attributable to the ordinary shareholders of the Company after deduction of non-recurring profit and loss	5.47%	0.30	0.30

## 3. Differences in accounting data under domestic and foreign accounting standards

### (1) Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP at the same time

Applicable  Not applicable

### (2) Difference between the net profit and net assets in the financial reports disclosed in accordance with both foreign accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

### (3) Reasons for differences in accounting data under domestic and foreign accounting standards. If the data audited by an overseas audit institution is adjusted for differences, the name of the overseas audit institution shall be indicated

## 4. Others

None.