Fibocom Wireless Inc.

深圳市廣和通無線股份有限公司

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

(Stock Code: 00638)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The consolidated annual results of the Group for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024, are as follows:

	For the year ended December 31,		
	2025	**2024**	**Change**
	RMB	***RMB***	
Revenue	6,987,612,096.68	8,188,852,494.50	-14.67%
Gross profit	1,145,072,041.64	1,582,922,683.64	-27.66%
Operating profit	370,867,312.93	670,322,084.79	-44.67%
Profit for the year	345,867,519.78	676,838,450.22	-48.90%
Profit attributable to owners of the Company	347,040,640.51	667,964,222.42	-48.05%
Earnings per share attributable to owners of the Company:			
– Basic (RMB per share)	0.44	0.88	-50.00%
– Diluted (RMB per share)	0.44	0.87	-49.43%

Note: The disposal of our overseas in-vehicle front-fit wireless communication business segment operated through our subsidiaries, LINK FUTURE WIRELESS (H.K.) LIMITED (創聯未來(香港)有限公司) and Rolling Wireless S.à r.l. was completed on July 25, 2024. Accordingly, the profit data for the year 2024 includes the results of such overseas in-vehicle front-fit wireless communication business segment for the period from January 1, 2024 to July 25, 2024. Excluding such overseas in-vehicle front-fit wireless communication business segment, the revenue for 2024 amounted to RMB6,971,189,249.48, gross profit amounted to RMB1,266,915,372.95, operating profit amounted to RMB370,068,062.24, and profit for the year amounted to RMB423,151,620.86. For details of the disposal, please see the section headed "History and Corporate Structure" in the Prospectus.

ANNUAL RESULTS

The Board of Directors (the "**Board**") of Fibocom Wireless Inc. (the "**Company**" and its subsidiaries, the "**Group**") is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2025 (the financial statements below are prepared in accordance with CASBE and relevant regulations).

FINANCIAL INFORMATION

The financial information set out in this announcement has been reviewed by the Audit Committee, approved by the Board and agreed by the Company's external auditor — Grant Thornton Zhitong Certified Public Accountants LLP. The data contained in this announcement relating to the consolidated statement of financial position, consolidated statement of profit or loss and relevant notes of the Group for the year ended December 31, 2025 are consistent with the amounts stated in the Group's audited consolidated financial statements for the year ended December 31, 2025. The Company's consolidated financial statements for 2025, prepared in accordance with CASBE, have also been audited by the Group's external auditor, who issued an unqualified audit opinion thereon.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

Unit: RMB

Item	**2025**	**2024**
I. Total revenue	6,987,612,096.68	8,188,852,494.50
Including: Revenue	6,987,612,096.68	8,188,852,494.50
Interest income		
Insurance premiums earned		
Handling fees and commission income		
II. Total operating costs	6,659,459,442.77	7,711,217,274.28
Including: Operating costs	5,842,540,055.04	6,605,929,810.86
Interest expenses		
Handling fees and commission expenses		
Surrender value		
Net claim paid		
Net amount of insurance contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	16,674,612.27	20,064,270.66
Selling expenses	159,290,727.17	192,504,236.85
Administrative expenses	148,250,734.22	178,251,547.82
Research and development costs	480,299,890.58	686,892,797.08
Finance expenses	12,403,423.49	27,574,611.01

Item	2025	2024
Including: Interest expenses	34,238,202.83	42,773,729.96
Interest income	39,685,504.68	35,946,464.96
Add: Other income	38,986,333.55	86,632,240.62
Investment income ("-" indicating loss)	3,275,206.36	162,861,607.57
Including: Income from investments in associates and joint ventures	-5,147,619.83	-3,897,820.75
Gains on derecognition of financial assets measured at amortized cost		
Foreign exchange gains ("-" indicating loss)		
Net gain on exposure hedging ("-" indicating loss)		
Gains on change in fair value ("-" indicating loss)	20,766,737.17	2,028,532.82
Credit impairment losses ("-" indicating loss)	4,278,038.33	-12,553,101.84
Assets impairment losses ("-" indicating loss)	-24,593,688.85	-46,394,754.33
Gains on disposal of assets ("-" indicating loss)	2,032.46	112,339.73
III. Operating profit ("-" indicating loss)	370,867,312.93	670,322,084.79
Add: Non-operating income	1,414,533.75	2,520,720.46
Less: Non-operating expenses	4,345,125.33	2,359,264.02
IV. Total profit ("-" indicating total loss)	367,936,721.35	670,483,541.23
Less: Income tax expenses	22,069,201.57	-6,354,908.99
V. Net profit ("-" indicating net loss)	345,867,519.78	676,838,450.22
(I)Classified by continuity of operations		
1. Net profit from continuing operations ("-" indicating net loss)	345,867,519.78	423,151,620.86
2. Net profit from discontinued operations ("-" indicating net loss)		253,686,829.36
(II)By ownership of the equity		
1. Net profit attributable to shareholders of the parent company	347,040,640.51	667,964,222.42
2. Profit or loss attributable to minority interests	-1,173,120.73	8,874,227.80

Item	2025	2024
VI. Other comprehensive income, net of tax	-6,300,144.97	73,571,400.38
Other comprehensive income attributable to the owners of the parent company, net of tax	-6,300,144.97	73,571,400.38
(I)Other comprehensive income that may not be reclassified to profit or loss	19,798,445.10	71,827,319.44
1. Changes arising from remeasurement under defined benefit plan	–	1,103,521.27
2. Other comprehensive income that may not be transferred to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments	19,798,445.10	70,723,798.17
4. Change in fair value of the company's own credit risk		
5. Others		
(II)Other comprehensive income that will be reclassified to profit or loss	-26,098,590.07	1,744,080.94
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount of financial asset reclassification included in other comprehensive income		
4. Credit impairment allowance of other debt investments		
5. Cash flow hedging reserve		
6. Exchange difference on translation of foreign financial statements	-26,098,590.07	1,744,080.94
7. Others		
Other comprehensive income attributable to minority interests, net of tax	–	–
VII. Total comprehensive income	339,567,374.81	750,409,850.60
Total comprehensive income attributable to the owners of the parent company	340,740,495.54	741,535,622.80
Total comprehensive income attributable to the minority interests	-1,173,120.73	8,874,227.80
VIII. Earnings per share		
(I)Basic earnings per share	0.44	0.88
(II)Diluted earnings per share	0.44	0.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2025

Unit: RMB

Item	2025														
	Equity attributable to the owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total equity
I. Balance at end of prior year	765,564,863.00	-	-	-	689,995,046.39	76,758,475.44	172,268,988.82	-	194,659,622.54	-	1,858,605,130.73		3,604,335,176.04	8,625,714.88	3,612,960,890.92
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-		-	-	-
II. Balance at beginning of current year	765,564,863.00	-	-	-	689,995,046.39	76,758,475.44	172,268,988.82	-	194,659,622.54	-	1,858,605,130.73		3,604,335,176.04	8,625,714.88	3,612,960,890.92
III. Changes for the current period ("-" indicating decrease)	133,700,981.00	-	-	-	2,429,235,678.33	-18,658,983.90	-6,300,144.97	-	49,533,686.73	-	30,518,000.08		2,655,347,185.07	-817,847.33	2,654,529,337.74
(I) Total comprehensive income	-	-	-	-	-	-	-6,300,144.97	-	-	-	347,040,640.51		340,740,495.54	-1,173,120.73	339,567,374.81
(II) Contributions from and distributions to owners	133,700,981.00	-	-	-	2,429,235,678.33	-18,658,983.90	-	-	-	-	-		2,581,595,643.23	355,273.40	2,581,950,916.63
1. Issuance of ordinary shares	135,561,463.00	-	-	-	2,439,594,565.00	-	-	-	-	-	-		2,575,156,028.00	355,273.40	2,575,511,301.40
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-		-	-	-
3. Amount recognized in equity for share-based payments	-	-	-	-	-3,380,992.12	-	-	-	-	-	-		-3,380,992.12	-	-3,380,992.12
4. Others	-1,860,482.00	-	-	-	-6,977,894.55	-18,658,983.90	-	-	-	-	-		9,820,607.35	-	9,820,607.35
(III) Profit distribution	-	-	-	-	-	-	-	-	49,533,686.73	-	-316,522,640.43		-266,988,953.70	-	-266,988,953.70
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	49,533,686.73	-	-49,533,686.73		-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-		-	-	-
3. Distributions to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-266,988,953.70		-266,988,953.70	-	-266,988,953.70
4. Others	-	-	-	-	-	-	-	-	-	-	-		-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-		-	-	-
1. Transfer from capital reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-		-	-	-
2. Transfer from surplus reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-		-	-	-

Unit: RMB

Item	2025														
	Equity attributable to the owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total equity
3. Utilization of surplus reserve to cover losses	–	–	–	–	–	–	–	–	–	–	–		–	–	–
4. Transfer of changes in defined benefit plans to retained earnings	–	–	–	–	–	–	–	–	–	–	–		–	–	–
5. Transfer of other comprehensive income to retained earnings	–	–	–	–	–	–	–	–	–	–	–		–	–	–
6. Others	–	–	–	–	–	–	–	–	–	–	–		–	–	–
(V) Specific reserve	–	–	–	–	–	–	–	–	–	–	–		–	–	–
1. Current period appropriation	–	–	–	–	–	–	–	–	–	–	–		–	–	–
2. Current period utilization	–	–	–	–	–	–	–	–	–	–	–		–	–	–
(VI) Others	–	–	–	–	–	–	–	–	–	–	–		–	–	–
IV.Balance at end of current period	899,265,844.00	–	–	–	3,119,230,724.72	58,099,491.54	165,968,843.85	–	244,193,309.27	–	1,889,123,130.81		6,259,682,361.11	7,807,867.55	6,267,490,228.66

Prior period amounts

Unit: RMB

Item	2024														
	Equity attributable to the owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total equity
I. Balance at end of prior year	765,805,784.00				689,185,700.23	95,892,767.14	98,697,588.44	0.00	166,663,984.43		1,508,620,652.64		3,133,080,942.60	-4,472,085.46	3,128,608,857.14
Add: Changes in accounting policies	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
Correction of prior period errors	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
Others	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
II. Balance at beginning of current year	765,805,784.00				689,185,700.23	95,892,767.14	98,697,588.44	0.00	166,663,984.43		1,508,620,652.64		3,133,080,942.60	-4,472,085.46	3,128,608,857.14
III. Changes for the current period ("-" indicating decrease)	-240,921.00				809,346.16	-19,134,291.70	73,571,400.38	0.00	27,995,638.11		349,984,478.09		471,254,233.44	13,097,800.34	484,352,033.78
(I) Total comprehensive income	0.00				0.00	0.00	73,571,400.38	0.00	0.00		667,964,222.42		741,535,622.80	8,874,227.80	750,409,850.60
(II) Contributions from and distributions to owners	-240,921.00				809,346.16	-19,134,291.70	0.00	0.00	0.00		0.00		19,702,716.86	4,223,572.54	23,926,289.40
1. Issuance of ordinary shares	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	4,701,971.50	4,701,971.50
2. Capital contributed by holders of other equity instruments													0.00		
3. Amount recognized in equity for share-based payments	0.00				116,967.26	0.00	0.00	0.00	0.00		0.00		116,967.26	0.00	116,967.26
4. Others	-240,921.00				692,378.90	-19,134,291.70	0.00	0.00	0.00		0.00		19,585,749.60	-478,398.96	19,107,350.64
(III) Profit distribution	0.00				0.00	0.00	0.00	0.00	27,995,638.11		-317,979,744.33		-289,984,106.22	0.00	-289,984,106.22
1. Appropriation to surplus reserve	0.00				0.00	0.00	0.00	0.00	27,995,638.11		-27,995,638.11		0.00	0.00	0.00
2. Appropriation to general risk reserve													0.00		
3. Distributions to owners (or shareholders)	0.00				0.00	0.00	0.00	0.00	0.00		-289,984,106.22		-289,984,106.22	0.00	-289,984,106.22
4. Others	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00

Unit: RMB

Item	2024														
	Equity attributable to the owners of the parent company														
		Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk provision	Retained earnings	Others	Subtotal	Minority interests	Total equity
(IV) Transfers within owners' equity	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
1. Transfer from capital reserve to capital (or share capital)	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
2. Transfer from surplus reserve to capital (or share capital)	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
3. Utilization of surplus reserve to cover losses	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
4. Transfer of changes in defined benefit plans to retained earnings													0.00		
5. Transfer of other comprehensive income to retained earnings	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
6. Others	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
(V) Specific reserve	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
1. Current period appropriation	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
2. Current period utilization	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
(VI) Others	0.00				0.00	0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
IV.Balance at end of current period	765,564,863.00				689,995,046.39	76,758,475.44	172,268,988.82	0.00	194,659,622.54		1,858,605,130.73		3,604,335,176.04	8,625,714.88	3,612,960,890.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	3,423,803,670.00	1,119,659,068.00
Clearing settlement funds	–	–
Placements with banks and other financial institutions	–	–
Financial assets held for trading	316,102,632.97	373,688,765.35
Derivative financial assets	–	–
Notes receivable	86,450,296.71	118,894,083.85
Accounts receivable	1,662,676,569.07	1,946,402,151.46
Receivables financing	82,589,635.78	363,684,763.71
Prepayments	21,422,754.17	34,156,864.88
Premiums receivable	–	–
Reinsurance receivables	–	–
Reinsurance contract reserves receivable	–	–
Other receivables	58,184,183.78	479,188,634.28
Including: Interest receivable	–	–
Dividends receivable	–	–
Financial assets purchased under agreements to sell	–	–
Inventories	1,347,574,914.21	979,719,060.55
Including: Data resource	–	–
Contract assets	–	–
Assets held for sale	–	–
Non-current assets due within one year	107,137,163.98	83,883,123.28
Other current assets	1,136,475,432.41	783,483,054.37
Total current assets	8,242,417,253.08	6,282,759,569.73
Non-current assets:		
Loans and advances to customers	–	–
Debt investments	–	–
Other debt investments	–	–
Long-term receivables	–	–
Long-term equity investments	59,468,608.32	57,273,546.65
Other investments in equity instruments	355,976,021.38	329,578,094.58
Other non-current financial assets	–	–
Investment properties	–	–

Item	Closing balance	Opening balance
Fixed assets	71,793,771.55	78,971,527.95
Construction in progress	211,487,187.73	92,850,902.58
Productive biological assets	–	–
Oil & gas assets	–	–
Right-of-use assets	86,995,197.29	21,061,701.85
Intangible assets	399,375,030.95	333,967,823.79
Including: Data resource	–	–
Development expenses	11,365,687.76	28,363,638.04
Including: Data resource	–	–
Goodwill	12,902,093.27	12,902,093.27
Long-term deferred expenses	53,388,666.00	66,349,263.40
Deferred income tax assets	140,795,419.72	156,563,049.38
Other non-current assets	43,499,113.10	88,414,098.07
Total non-current assets	1,447,046,797.07	1,266,295,739.56
Total assets	9,689,464,050.15	7,549,055,309.29
Current liabilities:		
Short-term borrowings	622,289,392.88	671,617,344.27
Borrowings from the Central Bank	–	–
Placements from banks and other financial institutions	–	–
Financial liabilities held for trading	6,537,931.64	11,117,066.76
Derivative financial liabilities	–	–
Notes payable	384,032,973.27	307,635,067.66
Accounts payable	1,672,403,303.69	1,718,555,185.01
Advances from customers	–	–
Contract liabilities	50,996,166.99	27,943,121.57
Financial assets sold for repurchase	–	–
Receipt of deposits and deposits from other banks	–	–
Deposit for securities trading brokerage	–	–
Deposit for securities underwriting brokerage	–	–
Employee benefits payable	76,117,368.65	136,864,207.07
Taxes payable	47,599,392.56	158,697,033.03
Other payables	119,226,414.61	154,542,495.40
Including: Interests payable	–	–
Dividends payable	–	–
Fees and commissions payable	–	–
Reinsurance accounts payable	–	–
Liabilities held for sale	–	–
Non-current liabilities due within one year	269,017,859.04	420,258,251.43
Other current liabilities	7,407,397.87	39,451,435.79

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have disclosed relevant financial information in accordance with the CASBE issued by the China Ministry of Finance, as well as the relevant provisions of the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision) issued by the CSRC and the applicable disclosure provisions of Hong Kong Listing Rules.

These financial statements are presented on a going concern basis.

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

2.2 Revised Standards Adopted by the Group

Not applicable

2.3 New and Revised Standards Not Yet Adopted

Not applicable

2.4 Changes in Accounting Policies

No significant changes in accounting policies in the current period

2.5 Summary of Significant Accounting Policies

2.5.1 Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the consolidated and company financial position of the Company as at December 31, 2025, as well as the consolidated and company results of operations and consolidated and company cash flows for the year 2025, and other relevant information.

2.5.2 Accounting Period

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

2.5.3 Operating Cycle

The Company's operating cycle is 12 months.

2.5.4 Functional Currency

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

2.5.5 Method and Basis for Determining Materiality Standards

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

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

(1) Business Combinations under Common Control

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

Business Combinations under Common Control Achieved in Stages through Multiple Transactions

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

(2) Business Combinations Not under Common Control

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

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

Business Combinations Achieved in Stages under Non-Common Control

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

(3) Treatment of Transaction Costs in Business Combinations

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

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

(1) Criteria for Determining Control

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

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

(2) Method for Preparing Consolidated Financial Statements

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

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

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

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

(3) Acquisition of Minority Interests in Subsidiaries

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

(4) Treatment of Loss of Control over Subsidiaries

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

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

2.5.8 Classification of Joint Arrangements and Accounting Treatment for Joint Operations

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

(1) Joint Operations

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

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

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

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

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

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

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

(2) Joint Ventures

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

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

2.5.9 Revenue

(1) General Principles

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

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

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

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

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

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

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

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

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

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

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

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

⑤ The customer has accepted the goods or services.

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

(2) Specific Methods

The Company recognizes revenue with the following methods:

(1) Module Products, Solutions, and Others

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

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

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

(2) Service Business

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

2.5.10 Inventories

(1) Classification of inventories

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

(2) Valuation method for the issued inventory

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

(3) The basis for determining the net realisable value of inventories and the method for drawing down the provision for falling prices of inventories

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

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

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

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

(4) Inventory count system

The Company maintains a perpetual inventory system.

(5) Amortisation method for low-value consumables materials

Low-value consumables are written off once.

2.6 Significant Accounting Judgments and Estimates

2.6.1 Financial Instruments

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

(1) Recognition and Derecognition of Financial Instruments

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

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

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

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

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

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

(2) Classification and Measurement of Financial Assets

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

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

Financial Assets Measured at Amortized Cost

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

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

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

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

Financial Assets Measured at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Fair Value Through Profit or Loss

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

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

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

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

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

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

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

(3) Classification and Measurement of Financial Liabilities

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

Financial Liabilities Measured at Fair Value Through Profit or Loss

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

Financial Liabilities Measured at Amortized Cost

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

Distinction Between Financial Liabilities and Equity Instruments

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

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

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

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

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

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

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

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

(4) Derivative Financial Instruments and Embedded Derivatives

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

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

(5) Fair Value of Financial Instruments

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

(6) Impairment of Financial Assets

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

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

Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

Notes Receivable, Accounts Receivable

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

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

A. Notes Receivable

- Notes Receivable Portfolio 1: Bank acceptance bills

- Notes Receivable Portfolio 2: Commercial acceptance bills

B. Accounts Receivable

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

- Accounts Receivable Portfolio 2: Receivables from other customers

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

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

Other Receivables

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

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

- Other Receivables Portfolio 2: Export tax refund receivables

- Other Receivables Portfolio 3: Deposits and margin receivables

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

- Other Receivables Portfolio 5: Account payable & receivable and other feature combinations

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

Debt Investments and Other Debt Investments

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

Assessment of Significant Increase in Credit Risk

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

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

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

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

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

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

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

Credit-Impaired Financial Assets

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

- Significant financial difficulty of the issuer or debtor;

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

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

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

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

Presentation of Expected Credit Losses Allowance

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

Write-off

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

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

(7) Transfer of Financial Assets

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

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

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

(8) Offsetting of Financial Assets and Financial Liabilities

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

2.6.2 Fair Value Measurement

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

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

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

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

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

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

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

2.6.3 Intangible Assets

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

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

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

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

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

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

2.6.4 Asset Impairment

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

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

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

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

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

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

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

2.6.5 Significant Accounting Judgments and Estimates

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

Classification of Financial Assets

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

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

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

Measurement of Expected Credit Losses for Accounts Receivable

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

Goodwill Impairment

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

Development Expenses

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

Deferred Income Tax Assets

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

3. REVENUE

3.1 Revenue and Operating Costs

Unit: RMB

Item	Amount for the current period Revenue	Amount for the current period Cost	Amount for the last period Revenue	Amount for the last period Cost
Principal business	6,943,195,880.35	5,800,965,307.01	8,124,885,528.08	6,551,987,676.14
Other business	44,416,216.33	41,574,748.03	63,966,966.42	53,942,134.72
Total	**6,987,612,096.68**	**5,842,540,055.04**	**8,188,852,494.50**	**6,605,929,810.86**

3.2 Revenue and Operating Costs by Product Type

	2025 RMB	2025 Percentage of revenue	2024 RMB	2024 Percentage of revenue	Change
Module products	6,446,246,456.86	92.25%	7,908,874,595.94	96.58%	-18.49%
Solutions	475,859,267.36	6.81%	203,913,997.81	2.49%	133.36%
Others[(1)]	65,506,372.46	0.94%	76,063,900.75	0.93%	-13.88%
Total	**6,987,612,096.68**	**100.00%**	**8,188,852,494.50**	**100.00%**	**-14.67%**

Note:

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

3.3 Revenue and Operating Costs by Region

Unit: RMB

Main operating areas	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Domestic	2,723,355,380.89	2,288,020,180.49	3,216,757,495.52	2,605,269,032.75
Overseas	4,264,256,715.79	3,554,519,874.55	4,972,094,998.98	4,000,660,778.11
Sub-total	**6,987,612,096.68**	**5,842,540,055.04**	**8,188,852,494.50**	**6,605,929,810.86**

3.4 Revenue and Operating Costs by Timing of Transfer of Goods

Unit: RMB

Item	Amount for the current period	
	Revenue	Cost
Principal business	6,943,195,880.35	5,800,965,307.01
Including: Recognised at a point in time	6,923,841,257.39	5,795,481,567.13
Recognised over time:	19,354,622.96	5,483,739.88
Other business	44,416,216.33	41,574,748.03
Including: Recognised at a point in time	44,416,216.33	41,574,748.03
Total	**6,987,612,096.68**	**5,842,540,055.04**

4. SELLING EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Employee compensation	110,683,485.89	132,329,161.12
Travel expenses	10,276,787.54	11,135,349.84
marketing expenses	9,926,350.01	10,507,862.57
Amortisation of customer relationships	–	9,184,313.23
Entertainment expenses	7,726,220.76	8,249,370.03
Office expenses	4,153,911.10	5,092,607.63
Depreciation and amortisation	3,419,950.69	2,556,085.90
Lease payments	877,712.51	1,012,082.94
Business development expenses	305,011.38	777,999.64
Share incentive expenses	-660,644.46	-157,082.56
Others	12,581,941.75	11,816,486.51
Total	**159,290,727.17**	**192,504,236.85**

5. ADMINISTRATIVE EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Employee compensation	94,310,383.66	108,365,613.18
Depreciation and amortisation	15,563,438.38	25,557,236.00
Professional service fees	10,056,000.32	12,799,847.76
Utility and management fees	6,033,782.15	3,767,049.17
Office expenses	4,864,827.03	6,441,658.43
Hospitality expenses	4,231,536.70	3,943,621.65
Travel expenses	2,880,366.49	2,940,203.96
Lease payments	2,700,770.36	907,098.12
Automotive expenses	622,225.47	850,318.90
Share incentive expenses	341,799.00	2,043,325.75
Training fees	318,973.50	1,849,176.41
Others	6,326,631.16	8,786,398.49
Total	**148,250,734.22**	**178,251,547.82**

6. RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB

Item	Amount for the current period	Amount for the last period
Employee compensation	318,533,970.08	464,768,501.42
Depreciation and amortization	96,204,358.78	112,070,552.35
Testing and verification fees	19,783,673.76	16,752,207.20
Material fees	16,037,828.08	26,156,217.30
Traveling expenses	8,654,340.96	11,195,182.41
Utility and management fees	3,533,815.15	6,327,104.36
Technical consulting fees	3,777,907.35	748,559.65
Office expenses	2,905,473.14	4,136,557.33
Licensing fees	2,524,292.12	2,668,806.60
Lease payments	639,190.18	777,789.02
Share incentive expenses	-1,278,465.10	988,023.45
Others	8,983,506.08	14,814,666.70
Total	**480,299,890.58**	**686,892,797.08**

7. FINANCE EXPENSES

Unit: RMB

Item	**Amount for the current period**	**Amount for the last period**
Interest expenses	34,238,202.83	42,773,729.96
Less: Interest capitalised	–	–
Interest income	39,685,504.68	35,946,464.96
Exchange gains and losses	16,712,536.90	17,077,073.35
Less: Exchange gains and losses capitalised	–	–
Handling fees and others	1,138,188.44	3,670,272.66
Total	**12,403,423.49**	**27,574,611.01**

8 GAINS ON DISPOSAL OF ASSETS

Unit: RMB

Sources of Gains on Disposal of Assets	**Amount for the current period**	**Amount for the previous period**
Gains on disposal of fixed assets ("-" indicates loss)	-26,417.92	111,534.63
Gains on disposal of right-of-use assets ("-" indicates loss)	28,450.38	805.10
Total	2,032.46	112,339.73

9. INCOME TAX EXPENSE

9.1 Components of Income Tax Expense

Unit: RMB

Item	**Amount for the current period**	**Amount for the last period**
Current income tax calculated in accordance with tax laws and relevant regulations	3,041,531.94	37,663,321.67
Deferred income tax expense	19,027,669.63	-44,018,230.66
Total	**22,069,201.57**	**-6,354,908.99**

9.2 Reconciliation between Income Tax and Total Profit

Unit: RMB

Item	Amount for the current period	Amount for the last period
Total profit	367,936,721.35	670,483,541.23
Income tax expense calculated based on the statutory (or applicable) tax rates (Total profit * 15%)	55,190,508.20	100,572,531.18
Impact from tax preferential rates on certain subsidiaries	-11,163,299.85	-1,940,011.38
Adjustment to current income tax in prior period	208,316.71	-127,197.80
Gain or loss in associates and joint ventures by equity method	1,324,291.13	916,795.61
Non-taxable income (represented in "-")	-3,427,524.56	–
Non-deductible costs, expenses and losses	1,711,659.47	9,162,179.92
Tax effect of utilization of unrecognized deductible losses and deductible temporary differences in prior years (represented in "-")	-3,414,575.13	-72,220,926.56
Tax effect of unrecognized deductible losses and deductible temporary differences	31,417,668.92	40,840,661.32
Impact of super-deduction of research and development expenses (represented in "-")	-49,777,843.32	-83,558,941.28
Income tax expense	22,069,201.57	-6,354,908.99

10. EARNINGS PER SHARE

Profit during the Reporting Period	Weighted average return on net assets (%)	Earnings per share Basic earnings per share *RMB*	 Diluted earnings per share *RMB*
Net profit attributable to ordinary shareholders of the Company	8.50	0.44	0.44

11. INVENTORIES

11.1 Classification of Inventories

Unit: RMB

	Closing balance			Balance at the end of last year		
Item	Book balance	Provision for impairment of inventories/ contract performance costs	Book value	Book balance	Provision for impairment of inventories/ contract performance costs	Book value
Entrusted processed materials	412,897,902.08	9,566,367.96	403,331,534.12	555,460,647.45	18,019,917.59	537,440,729.86
Finished goods in stock	371,695,624.08	15,094,714.01	356,600,910.07	312,265,620.15	25,217,446.61	287,048,173.54
Goods shipped	22,309,443.50	120,735.36	22,188,708.14	89,920,840.73	559,815.23	89,361,025.50
Goods in transit	47,233,718.21	–	47,233,718.21	57,776,216.33	–	57,776,216.33

Item	Closing balance Book balance	Closing balance Provision for impairment of inventories/ contract performance costs	Closing balance Book value	Balance at the end of last year Book balance	Balance at the end of last year Provision for impairment of inventories/ contract performance costs	Balance at the end of last year Book value
Raw materials	480,470,583.22	4,240,120.91	476,230,462.31	862,266.92	112,474.96	749,791.96
Contract performance costs	5,240,899.37	–	5,240,899.37	7,343,123.36	–	7,343,123.36
Work in progress	36,748,681.99	–	36,748,681.99	–	–	–
Total	**1,376,596,852.45**	**29,021,938.24**	**1,347,574,914.21**	**1,023,628,714.94**	**43,909,654.39**	**979,719,060.55**

11.2 Provision for Impairment of Inventories and Contract Performance Costs

Unit: RMB

Item	Opening balance	Increase during the period Provision	Increase during the period Other	Decrease during the period Reversal or write-off	Decrease during the period Other	Closing balance
Consigned processing materials	18,019,917.59	2,930,892.57	–	11,384,442.20	–	9,566,367.96
Finished goods in stock	25,217,446.61	17,344,331.06	–	27,460,569.32	6,494.34	15,094,714.01
Goods shipped	559,815.23	120,735.36	–	559,815.23	–	120,735.36
Goods in transit	–	–	–	–	–	–
Raw materials	112,474.96	4,197,729.86	–	70,083.91	–	4,240,120.91
Contract performance costs	–	–	–	–	–	–
Work in progress	–	–	–	–	–	–
Total	**43,909,654.39**	**24,593,688.85**	–	**39,474,910.66**	**6,494.34**	**29,021,938.24**

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

12. TRADE AND NOTE RECEIVABLES AT AMORTIZED COST

12.1 Note Receivables

Unit: RMB

Types of bills	Closing balance Book balance	Closing balance Bad debt provision	Closing balance Book Value	Balance at the end of last year Book balance	Balance at the end of last year Bad debt provision	Balance at the end of last year Book Value
Bank acceptance bills	38,862,615.66	–	38,862,615.66	106,108,637.28	–	106,108,637.28
Trade acceptance bills	49,892,738.73	2,305,057.68	47,587,681.05	13,113,243.02	327,796.45	12,785,446.57
Total	**88,755,354.39**	**2,305,057.68**	**86,450,296.71**	**119,221,880.30**	**327,796.45**	**118,894,083.85**

(1) Notes receivable pledged by the Group at the end of the period

Types	Pledged amount at the end of the period *RMB*
Bank acceptance bills	7,318,982.88
Trade acceptance bills	–
Total	**7,318,982.88**

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

Unit: RMB

Types	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bills	–	22,734,366.76
Trade acceptance bills	–	–
Total	**–**	22,734,366.76

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

(4) By method of provision for bad debt

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

Continued:

	Balance at the end of last year				
	Book balance		Provision for bad debts		
Types	Amount *RMB*	Ratio *(%)*	Amount *RMB*	Expected credit loss rate *(%)*	Book Value *RMB*
Provision for bad debts on an individual basis	–	–	–	–	–
Provision for bad debts on a collective basis	119,221,880.30	100.00	327,796.45	0.27	118,894,083.85
Including:					
Trade acceptance bills	13,113,243.02	11.00	327,796.45	2.50	12,785,446.57
Bank acceptance bills	106,108,637.28	89.00	–	–	106,108,637.28
Total	**119,221,880.30**	**100.00**	**327,796.45**	**0.27**	**118,894,083.85**

Notes receivable provided for bad debts on a collective basis

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

	Provision for bad debts amount *RMB*
Opening balance	327,796.45
Accrued during the period	1,977,261.23
Recovered or reversed during the period	–
Written off during the period	–
Closing balance	2,305,057.68

12.2 Accounts Receivable

(1) Disclosure by ageing

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

Unit: RMB

Ageing	Closing balance	Balance at the end of last year
Within 1 year	1,662,508,319.75	1,884,838,396.70
1-2 years	34,733,080.78	104,806,866.28
2-3 years	3,313,690.79	3,705,637.98
3-4 years	2,209,603.46	–
Sub-total	**1,702,764,694.78**	**1,993,350,900.96**
Less: Provision for bad debts	40,088,125.71	46,948,749.50
Total	**1,662,676,569.07**	**1,946,402,151.46**

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

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

Continued:

	Balance at the end of last year				
	Book balance		Provision for bad debts		
Type	Amount	Rate	Amount	Expected credit loss rate	Carrying value
	RMB	*(%)*	*RMB*	*(%)*	*RMB*
Provision for bad debts on an individual basis	7,701,440.48	0.39	7,701,440.48	100	–
Provision for bad debts on a collective basis	1,985,649,460.48	99.61	39,247,309.02	1.98	1,946,402,151.46
Including:					
Receivables from other clients	1,985,649,460.48	99.61	39,247,309.02	1.98	1,946,402,151.46
Total	1,993,350,900.96	100.00	46,948,749.50	2.36	1,946,402,151.46

Accounts receivable provided for bad debts on an individual basis

	Closing balance			
Name	Book balance	Provision for bad debts	Expected credit loss rate	Basis for provision
	RMB	*RMB*	*(%)*	
Customer A	4,514,645.33	4,514,645.33	100.00	Expected not to be recoverable
Customer B	3,084,283.00	3,084,283.00	100.00	Expected not to be recoverable
Total	**7,598,928.33**	**7,598,928.33**	**100.00**	/

Continued:

	Balance at the end of last year			
Name	Book balance	Provision for bad debts	Expected credit loss rate	Basis for provision
	RMB	*RMB*	*(%)*	
Customer A	4,617,157.48	4,617,157.48	100.00	Expected not to be recoverable
Customer B	3,084,283.00	3,084,283.00	100.00	Expected not to be recoverable
Total	**7,701,440.48**	**7,701,440.48**	**100.00**	/

Accounts receivable provided for bad debts on a collective basis

Provision on a collective basis: receivables from other clients

	Closing balance			Balance at the end of last year		
	Book balance	Provision for bad debts	Expected credit loss rate	Book balance	Provision for bad debts	Expected credit loss rate
	RMB	*RMB*	*(%)*	*RMB*	*RMB*	*(%)*
Within 1 year	1,662,503,137.50	28,322,370.15	1.70	1,880,333,399.34	28,526,470.13	1.52
1-2 years	30,285,795.79	3,028,579.56	10.00	101,610,423.16	9,979,711.29	9.82
2-3 years	167,229.70	33,445.94	20.00	3,705,637.98	741,127.60	20.00
3-4 years	2,209,603.46	1,104,801.73	50.00	–	–	–
Total	**1,695,165,766.45**	**32,489,197.38**	**1.92**	**1,985,649,460.48**	**39,247,309.02**	**1.98**

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

	Provision for bad debts amount *RMB*
Opening balance	46,948,749.50
Accrued during the period	-6,299,620.00
Recovered or reversed during the period	–
Written off during the period	238,457.83
Carry-forward during the period	–
Foreign currency translation	322,545.96
Closing balance	**40,088,125.71**

(4) Actual write-off of accounts receivable during the period

Item	**write-off amount**
Actual write-off of accounts receivable	238,457.83

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

The top five debtors of accounts receivable in terms of closing balance amounted to RMB964,886,257.68, representing 56.67% of the total closing balance of accounts receivable; the corresponding provision for bad debts in terms of closing balance amounted to RMB18,412,995.62.

12.3 Receivables Financing

Item	**Closing balance** *RMB*	**Balance at the end of last year** *RMB*
Bill receivables	81,691,329.11	44,463,930.29
Receivables certificates	898,306.67	319,220,833.42
Sub-total	**82,589,635.78**	**363,684,763.71**
Less: Other comprehensive income — fair value changes	–	–
Fair value at the end of the period	**82,589,635.78**	**363,684,763.71**

Explanations:

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

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

(1) Notes receivable pledged by the Group at the end of the period

Unit: RMB

Type	Pledged amount at the end of the period
Bank acceptance bills	8,676,612.24

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

Unit: RMB

Type	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	154,522,637.41	–
Receivables certificates	26,275,952.89	–
Total	**180,798,590.30**	**–**

13. BORROWINGS

13.1 Short-term Borrowings

Unit: RMB

Item	Closing balance	Balance at the end of last year
Credit borrowings	348,201,827.89	472,111,751.16
Pledged borrowings	200,114,722.22	–
Bills discounting	73,972,842.77	199,505,593.11
Total	**622,289,392.88**	**671,617,344.27**

13.2 Long-term Borrowings

Unit: RMB

Item	Closing balance	Balance at the end of last year
Credit borrowings	238,863,003.56	300,167,240.55
Pledged and guaranteed borrowings	–	299,077,326.79
Sub-total	238,863,003.56	599,244,567.34
less: long-term borrowings due within one year	190,113,003.56	409,274,567.34
Total	**48,750,000.00**	**189,970,000.00**

As at 31 December 2025, the annual interest rates for the above borrowings ranged from 2.14% to 2.24%.

13.3 Borrowings by repayment term

Unit: RMB

	Current period balance	Prior period balance
Within 1 year	812,402,396.44	1,080,891,911.61
1-2 years	48,750,000.00	189,970,000.00
Total	**861,152,396.44**	**1,270,861,911.61**

14. TRADE PAYABLE AND NOTES PAYABLE

14.1 Notes payable

Unit: RMB

Type	Closing balance	Balance at the end of last year
Bank acceptance bills	384,032,973.27	307,635,067.66
Total	**384,032,973.27**	**307,635,067.66**

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

14.2 Accounts payable

Unit: RMB

Item	Closing balance	Balance at the end of last year
Payment for goods	1,598,473,503.68	1,684,375,874.82
Land use rights	–	25,050,000.00
Payables for construction and equipment	70,864,197.66	8,148,789.88
Service fees and others	3,065,602.35	980,520.31
Total	**1,672,403,303.69**	**1,718,555,185.01**

14.3 Disclosure by ageing

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

Unit: RMB

Ageing	Closing balance	Balance at the end of last year
Within 1 year	1,668,705,391.85	1,717,219,801.80
1 – 2 years	3,329,244.69	1,114,324.37
2 – 3 years	168,667.15	221,058.84
3 – 4 years	200,000.00	
Total	**1,672,403,303.69**	**1,718,555,185.01**

15. SHARE CAPITAL

Unit: Shares

Item	Opening balance	Increase or decrease in the period (+, –) Issuance of new shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Closing balance
Total shares	765,564,863.00	135,561,463.00	–	–	-1,860,482.00	133,700,981.00	899,265,844.00

16. RETAINED PROFIT

Item	Amount for the current period	Amount for the previous period	Appropriation and distribution rates
Undistributed profit at the end of the previous period (before adjustment)	1,858,605,130.73	1,508,620,652.64	–
Total adjustments for undistributed profit at the beginning of the period ("+" for increase; "–" for decrease)	–	–	–
Undistributed profit at the beginning of the period (after adjustment)	1,858,605,130.73	1,508,620,652.64	–
Add: Net profit for the period attributable to shareholders of the parent company	347,040,640.51	667,964,222.42	–
Less: Appropriation for statutory surplus reserve	49,533,686.73	27,995,638.11	10%
Ordinary share dividends payable	266,988,953.70	289,984,106.22	–
Undistributed profit at the end of the period	1,889,123,130.81	1,858,605,130.73	–

17. DIVIDEND

The proposed profit distribution plan for the year 2025 is as follows: based on the number of Shares eligible for distribution as determined on the record date specified in the implementation announcement of the dividend distribution for the year 2025, a cash dividend of RMB2.34 (tax inclusive) for every 10 Shares will be distributed to all Shareholders. No bonus Shares will be issued, and no capital reserve will be converted into share capital for every 10 Shares.

Reconciliation of the financial statements of the Group for the year ended December 31, 2025 prepared under the CASBE and those prepared under IFRS

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

Adjustments under IFRS will only affect the consolidated net profit and consolidated net assets attributable to equity holders of the Company, and the effects are summarized as follows:

	Net profit attributable to owners of the parent		Net assets attributable to owners of the parent	
	Amounts incurred for the year ended December 31, 2025 *RMB*	Amounts incurred for the year ended December 31, 2024 *RMB*	Balance at December 31, 2025 *RMB*	Balance at December 31, 2024 *RMB*
Items and amounts under CASBE	347,040,640.51	667,964,222.42	6,259,682,361.11	3,604,335,176.04
Items and amounts under IFRS	347,040,640.51	667,964,222.42	6,259,682,361.11	3,604,335,176.04

In view of the foregoing, and given the ongoing convergence between the CASBE and the IFRS, the Board considers that the Group's financial position, results of operations and cash flows have not been materially affected by the preparation and disclosure of financial statements under the CASBE as compared to those under IFRS.

FINANCIAL REVIEW

REVENUE

The table below sets forth the absolute amounts and percentages of the Group's revenue from principal activities by business segment for 2025 and 2024:

	2025		2024		
	RMB	*% of Revenue*	*RMB*	*% of Revenue*	Change
Revenue					
Revenue Module products	6,446,246,456.86	92.25%	7,908,874,595.94	96.58%	-18.49%
Solutions	475,859,267.36	6.81%	203,913,997.81	2.49%	133.36%
Others [(1)]	65,506,372.46	0.94%	76,063,900.75	0.93%	-13.88%
Total	**6,987,612,096.68**	**100.00%**	**8,188,852,494.50**	**100.00%**	**-14.67%**

Note:

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

In 2025, the Group achieved revenue of RMB6,987,612,096.68, representing a year-on-year decrease of 14.67%, which was primarily attributable to the disposal of the overseas in-vehicle front-fit wireless communication business segment operated through the subsidiaries of the Company, LINK FUTURE WIRELESS (H.K.) LIMITED (創聯未來(香港)有限公司) and Rolling Wireless S.à r.l. (the "**in-vehicle front-fit business under Rolling Wireless**") in 2024. Excluding the in-vehicle front-fit business under Rolling Wireless, the revenue for 2024 amounted to RMB6,971,189,249.48. In 2025, it increased by 0.24% year-on-year.

From a business segment perspective, revenue from module products amounted to RMB6,446,246,456.86, representing a year-on-year decrease of 18.49%, which was primarily attributable to the disposal of the in-vehicle front-fit business under Rolling Wireless in 2024. Excluding the in-vehicle front-fit business under Rolling Wireless, revenue from module products for 2024 amounted to RMB6,704,471,068.08. In 2025, it decreased by 3.85% year-on-year, mainly due to the decline in demand for automotive electronics and consumer electronics businesses. Revenue from solutions amounted to RMB475,859,267.36, representing a year-on-year increase of 133.36%, mainly due the increase in revenue from solutions in the smart retail and consumer electronics industries.

From a regional contribution perspective, in 2025, revenue from the domestic market amounted to RMB2,723,355,380.89, representing a year-on-year decrease of 15.34%. Compared with the domestic revenue for 2024 excluding the in-vehicle front-fit business under Rolling Wireless (RMB2,831,446,526.77), it represented a year-on-year decrease of 3.82%, mainly due to decline in demand for automotive electronics industry. Revenue from the overseas market amounted to RMB4,264,256,715.79, representing a year-on-year decrease of 14.24%. Compared with the overseas revenue for 2024 excluding the in-vehicle front-fit business under Rolling Wireless (RMB4,139,742,722.71), it represented a year-on-year increase of 3.01%, mainly due to the growth of smart home business. The table below sets forth a breakdown of revenue by geographic region of the place of registration of counter-parties to our sales contracts, in absolute amounts and as percentages of the revenue, for 2025 and 2024:

	2025		2024		
	Amount *RMB*	% of total revenue	Amount *RMB*	% of total revenue	Change
Domestic	2,723,355,380.89	38.97%	3,216,757,495.52	39.28%	-15.34%
Overseas	4,264,256,715.79	61.03%	4,972,094,998.98	60.72%	-14.24%
Total	**6,987,612,096.68**	**100.00%**	**8,188,852,494.50**	**100.00%**	**-14.67%**

GROSS PROFIT AND GROSS PROFIT MARGIN

The table below sets forth the absolute gross profit amounts and gross profit margins of the Group for 2025 and 2024 by business segment:

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

Note:

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

In 2025, the Group's gross profit margin was 16.39%, representing a year-on-year decrease of 2.94%, the gross profit margin excluding the in-vehicle front-fit business under Rolling Wireless business in 2024 was 18.17%, representing a year-on-year decrease of 1.78%, mainly due to changes in the product mix of annual sales and increases in raw material procurement costs in 2025.

OTHER GAINS, NET

The Group's other gains decreased from RMB86,632,240.62 in 2024 to RMB38,986,333.55 in 2025, primarily attributable to a decrease in the benefits from the VAT refund policy for software businesses upon collection and the additional deduction of input VAT for advanced manufacturing enterprises during the Reporting Period.

FINANCE EXPENSES, NET

The Group's net finance expenses decreased from RMB27,574,611.01 in 2024 to RMB12,403,423.49 in 2025, including (1) finance income increased from RMB35,946,464.96 in 2024 to RMB39,685,504.68 in 2025, primarily attributable to an increase in cash and cash equivalents. (2) Interest expense decreased from RMB42,773,729.96 in 2024 to RMB34,238,202.83 in 2025, primarily attributable to the disposal of the in-vehicle front-fit business under Rolling Wireless. Excluding the in-vehicle front-fit business under Rolling Wireless, the interest expense for 2024 was RMB37,446,923.30, representing a year-on-year decrease of 8.57%, mainly due to a reduction in the scale of borrowings and a decline in interest rates.

PROFIT FOR THE YEAR

The Group's profit for the year decreased from RMB676,838,450.22 in 2024 to RMB345,867,519.78 in 2025, representing a year-on-year decrease of 48.90%, primarily attributable to the disposal of the in-vehicle front-fit business under Rolling Wireless. Excluding the in-vehicle front-fit business under Rolling Wireless, the revenue decreased by 18.26% year-on-year, mainly due to a change in product mix and an increase in material procurement costs, resulting in a decline in gross profit margin.

FINANCIAL POSITION

The table below sets forth the absolute amounts from the Group's consolidated statement of financial position as of December 31, 2025 and December 31, 2024:

	December 31, 2025	December 31, 2024
	RMB	*RMB*
Total non-current assets	1,447,046,797.07	1,266,295,739.56
Total current assets	8,242,417,253.08	6,282,759,569.73
Total assets	9,689,464,050.15	7,549,055,309.29
Total non-current liabilities	166,345,620.29	289,413,210.38
Total current liabilities	3,255,628,201.20	3,646,681,207.99
Total liabilities	3,421,973,821.49	3,936,094,418.37
Equity attributable to owners of the Company	6,259,682,361.11	3,604,335,176.04
Net assets	6,267,490,228.66	3,612,960,890.92

The Group's total non-current assets increased from RMB1,266,295,739.56 as at December 31, 2024 to RMB1,447,046,797.07 as at December 31, 2025, primarily attributable to the construction of Shenzhen Longhua intelligent manufacturing base in 2025 and the new leased self-operated manufacturing plants and production lines during the Reporting Period.

The Group's total current assets increased from RMB6,282,759,569.73 as at December 31, 2024 to RMB8,242,417,253.08 as at December 31, 2025, primarily attributable to an increase in cash and cash equivalents resulting from the receipt of proceeds from issuance of H Shares during the Reporting Period.

The Group's total non-current liabilities decreased from RMB289,413,210.38 as at December 31, 2024 to RMB166,345,620.29 as at December 31, 2025, primarily attributable to the reclassification of long-term borrowings to non-current liabilities due within one year.

The Group's total current liabilities decreased from RMB3,646,681,207.99 as at December 31, 2024 to RMB3,255,628,201.20 as at December 31, 2025, primarily attributable to the repayment of long-term borrowings due within one year and decrease in taxes payable resulted from the payment of income tax for the current period.

The Group's net assets increased from RMB3,612,960,890.92 as at December 31, 2024 to RMB6,267,490,228.66 as at December 31, 2025, primarily attributable to an increase in share capital and share premium resulting from the receipt of proceeds from the issuance of H Shares.

CASH FLOW

The table below sets forth the absolute amounts from the Group's consolidated statement of cash flows for 2025 and 2024.

	2025	2024
	RMB	*RMB*
Net cash generated from operating activities	353,307,653.06	439,885,620.76
Net cash used in investing activities	-1,973,126,234.87	-479,268,249.98
Net cash generated from/(used in) financing activities	2,194,508,402.79	-244,190,402.77
Net (decrease)/increase in cash and cash equivalents	572,279,957.91	-268,426,751.26
Cash and cash equivalents at beginning of year	709,835,674.68	978,262,425.94
Exchange losses on cash and cash equivalents	-2,409,863.07	15,146,280.73
Cash and cash equivalents at end of year	1,282,115,632.59	709,835,674.68

In 2025, the Group's net cash generated from operating activities amounted to RMB353,307,653.06. The difference between net cash generated from operating activities and the profit before income tax of RMB367,936,721.35 was primarily attributable to depreciation and amortisation of non-current assets and changes in working capital.

In 2025, the Group's net cash used in investing activities amounted to RMB-1,973,126,234.87, primarily due to investments in wealth management products and construction of Shenzhen Longhua intelligent manufacturing base.

In 2025, the Group's net cash generated from financing activities amounted to RMB2,194,508,402.79, primarily attributable to the public offering proceeds from the listing of H Shares.

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

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

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

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

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

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

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

FUNDING AND FINANCIAL POLICIES

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

CAPITAL COMMITMENT

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

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

CAPITAL EXPENDITURE

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

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

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

CONTINGENT LIABILITIES

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

① In 2023, Faiot Co., Ltd (上海廣翼智聯科技有限公司) ("**Shanghai Faiot**") and Shenzhen Lianou Technology Co., Ltd. (深圳蓮偶科技有限公司) signed the "Product Development Contract". In September 2024, Shenzhen Lianou Technology Co., Ltd. filed a lawsuit with the People's Court of Nanshan District, Shenzhen, requesting Shanghai Faiot to refund the paid amount of RMB6,319,606.70 and to pay liquidated damages of RMB2,200,000.00. On October 11, 2025, the People's Court of Nanshan District, Shenzhen rendered the first-instance judgment, ordering Shanghai Faiot to refund RMB1,579,901.68 and compensate for losses of RMB213,737.00, while dismissing other claims. Shanghai Faiot has filed an appeal. As of December 31, 2025, RMB8,519,606.70 in Shanghai Faiot's account (China Merchants Bank account No. 755954347410102) has been frozen in connection with this case. As at the date of approval for issuance of the financial statements of the Group for the year ended December 31, 2025, the second-instance hearing has been held and judgment is pending.

② Panasonic Automotive Systems America, LLC ("**Panasonic**") filed a lawsuit on January 13, 2026 against the Company's subsidiary, Shenzhen Chuanglian Future Wireless Technology Co., Ltd. (深圳市創聯未來無線技術有限公司) ("**Chuanglian Future**"), in the Newnan Division of the United States District Court for the Northern District of Georgia. Panasonic alleges that Chuanglian Future breached the indemnification provisions under the "Panasonic Agreement" entered into between the parties (which forms part of the assets acquired by Chuanglian Future from Sierra Wireless, Inc. ("**Sierra**") and subsequently sold to Europasolar S.à r.l.), and seeks indemnification from Chuanglian Future for up to USD10,000,000 in liabilities arising from a settled lawsuit between Panasonic and FCA US LLC ("**FCA**"), a third party not involved in this case. Panasonic asserts in this case that the products provided by Sierra and Chuanglian Future, as third-party defendants in this case, were the subject matter alleged to be "infringing" in the above settlement claimed by FCA. Chuanglian Future submitted its statement of defence on January 20, 2026. On February 3, 2026, Panasonic, based on the contract between Chuanglian Future and Sierra, filed a third-party complaint against Sierra as a third-party defendant in this case, seeking compensation for actual losses. At the same time, based on the contract between Chuanglian Future and Europasolar S.à r.l., Panasonic filed a third-party complaint against Europasolar S.à r.l. as a third-party defendant, seeking compensation for actual losses. As at the date of approval for issuance of the financial statements of the Group for the year ended December 31, 2025, there has been no further progress in this case.

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

FOREIGN EXCHANGE RISK

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

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

Unit: RMB0'000

	Foreign currency liabilities		Foreign currency assets	
Item	**Closing balance**	**Balance at the end of last year**	**Closing balance**	**Balance at the end of last year**
USD	143,151.84	196,227.88	385,552.23	200,884.20
EUR	33.90	33.24	202.13	83.18
HKD	2,210.83	14.92	2,885.72	11,629.64
NTD	26.70	28.64	116.37	72.30
AUD	9.00	27.58	–	–
JPY	0.55	0.41	–	–
KRW	0.08	–	0.05	0.09
INR	0.71	0.09	0.98	118.49
GBP	32.00	–	–	–
Total	**145,465.61**	**196,332.76**	**388,757.48**	**212,787.90**

The Group closely monitors the impact of exchange rate fluctuations on its foreign exchange risk. Currently, the Group does not adopt any measures to hedge against foreign exchange risk. However, management is responsible for monitoring foreign exchange risk and will consider hedging significant foreign exchange risk when necessary.

As at the end of the Reporting Period, assuming that the Renminbi appreciates or depreciates by 10% against foreign currencies, with all other variables held constant, the Group's cash and cash equivalents, accounts receivable, other receivables, accounts payable, bank borrowings and other payables denominated in foreign currencies would result in an increase or decrease of approximately RMB206.80 million (as at the end of the last year: approximately RMB13.99 million) in the Group's Shareholders' equity and net profit.

PLEDGED ASSETS

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

Save as disclosed above, the Group had no significant assets pledged and no material contingent liabilities as at December 31, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2025, the Group had no material off-balance sheet arrangements.

I. Principal Business During the Reporting Period

(I) Principal Business Activities and Product Overview

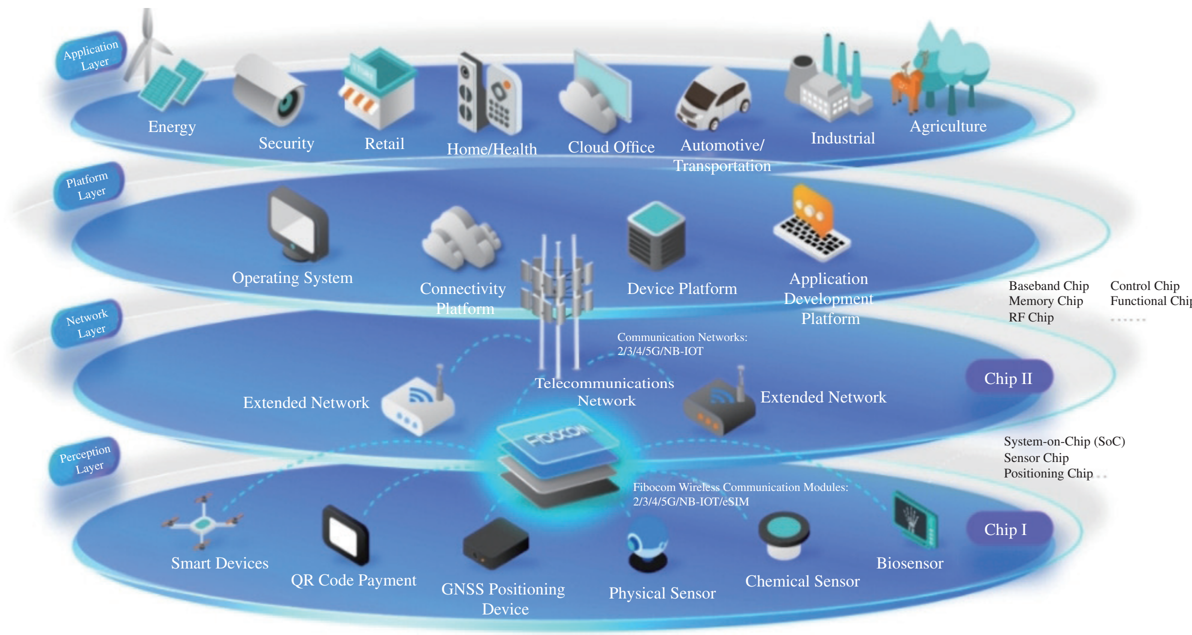


Figure 1: IOT Industry Chain and Architecture

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

Figure 2: Matrix of the Company's Principal Products

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

(II) The Company's Principal Business Model

1. Procurement Model

   The Company organizes and carries out its procurement activities by taking into account a combination of factors, including order status, safety stock levels, products under research and development, and market expansion. Its procurement channels include direct purchases from original suppliers and purchases from distributors of suppliers. The Company has established a stringent procurement process control system, covering, among other things, supplier selection and evaluation and quality control of procured materials. In terms of supplier management, the Company strictly follows the Supplier Development Management Procedures(《供應商開發管理程序》). In addition, the Ad Hoc Procurement Management Procedures(《零星採購管理程序》) and the Bulk Procurement Management Procedures (《批量採購管理程序》) set out the procurement processes for the two respective categories of materials: (1) Ad hoc procurement: the Marketing Centre, the R&D Centre, the Quality Management Department, the Supply Chain Centre and other relevant departments submit purchase requisition forms or material request forms when needs arise. Upon receipt of duly approved request forms, the procurement department determines the suppliers in accordance with the relevant procedures and carries out the procurement. Products procured on an ad hoc basis may only be put into storage after passing inspection by the Quality Management Department or the requesting department; (2) Bulk procurement: the Order and Planning Department provides the material requirements plan, and the procurement department carries out procurement based on the detailed demand plan. Before materials are put into storage, they are inspected by the Quality Management Department. Qualified materials are warehoused and managed accordingly, while unqualified materials are handled by the procurement department in consultation with the Quality Management Department. The Company's raw materials procured, primarily baseband chips, RF chips and memory chips, are mainly sourced from the original manufacturer Qualcomm(高通) and distributors such as Silicon Application Corp.(品佳), Sanet Electronic(湘海電子), South Base(南基) and WPI(世平), whose logistics centres are located in Hong Kong. The principal place of delivery for raw materials purchased by the Company is Hong Kong, after which the Company engages supply chain companies to arrange customs declaration and importation.

2. Production Model

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

3. Sales Model

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

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

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

(III) Principal Performance Drivers

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

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

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

2. Continuously Optimising and Enriching the Product Matrix

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

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

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

3. Strengthening close cooperation with industry ecosystem partners

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

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

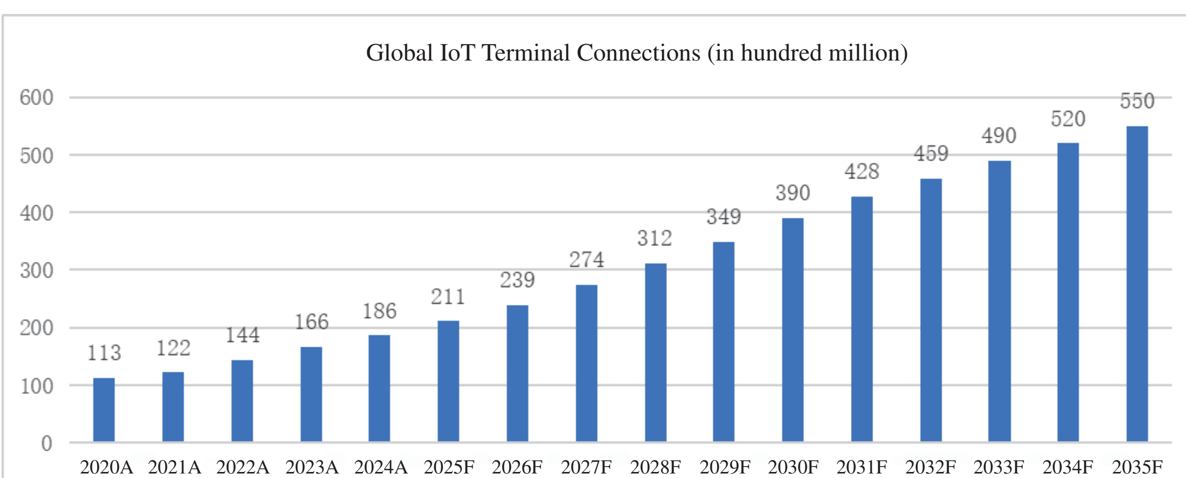
During the Reporting Period, the Company continued to allocate resources to deepen its expansion into key industries and achieved favourable market results in multiple sectors, including FWA for smart homes, smart retail and domestic IoT vertical industries, while continuing to explore applications in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

II. Industry Conditions of the Company During the Reporting Period

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

(I) Continuous growth in global IoT connections

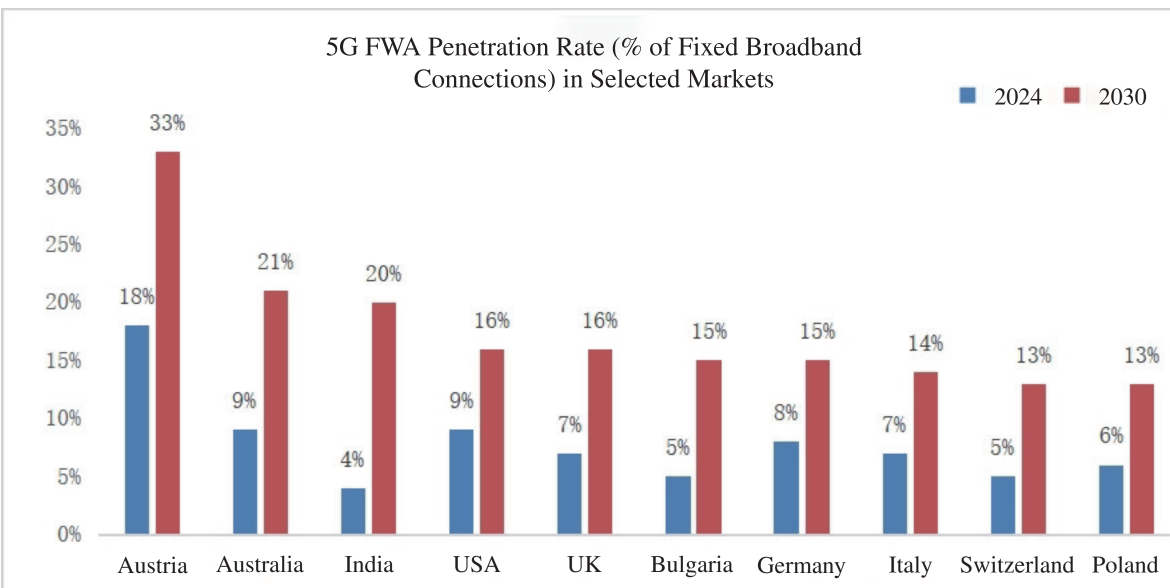
Driven by the rapid advancement of communication technologies, the IoT is witnessing global growth. According to a statistical report released by IoT Analytic in October 2025, the number of global IoT endpoints is projected to reach 21.1 billion in 2025, representing a 13% year-on-year increase, and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



Source: IoT Analytic

(II) *Accelerated Industrialization of 5G Technology*

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



Source: GSMA

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

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

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

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

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

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

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

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

III. Core Competitiveness Analysis

(I) R&D and Technical Advantages

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

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

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

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

(1) Technological advantages related to wireless communication modules:

① **Stable Software Performance.** The various wireless communication modules developed by the Company in different standards effectively meet the reliability and timeliness requirements essential for IoT data access and transmission. The products can handle various complex communication network environments and achieve intelligent network switching and optimization.

② **Establishment of Enterprise Product Standards Higher than 3GPP Specifications.** These include a receiving sensitivity of -110 dBm, transmission power of 23 dB, optimized algorithms for network cell selection, and optimized sliding window designs for wireless network data transmission;

③ **Adaptability to Complex Application Scenarios.** In response to the highly diversified application environments of the IoT industry, the Company's designs include: an ultra-wide temperature range of -40°C to 85°C, ESD interference resistance of 8kV/15kV, radiated spurious margins of over 3 dB, 1,000-hour reliability tests, and a quality control system with a CPK greater than 1.33 during the design and production process. These features allow the products to function in various harsh IoT working environments while ensuring continuous operation and an ultra-long lifespan;

④ **In-depth Development.** Addressing the special requirements of different IoT industry applications, the Company has conducted in-depth development of specialized functions, such as: ultra-low power consumption design, PCIe high-speed interface driving capability, software technology platform sharing for RoF & LoF and FWA, system integration environments for Windows & Chrome, as well as Jamming, Cell-Lock, RFcoexist, Remote-SIM, AGPS, LBS, and high-precision positioning technologies.

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

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

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

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

3. Customized Services and Collaborative Development with Customers

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

4. Product Differentiation and Innovation Advantages

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

5. Rich R&D Achievements

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

(II) First-mover Advantage in the Industry

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

(III) Customer Advantage

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

(IV) Regional Advantage

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

IV. Outlook for Future Development

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

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

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

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

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

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

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

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

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

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

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

V Risks Faced by the Company and Countermeasures

1. Risk of Intensified Market Competition

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

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

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

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

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

4、 *Risk of Outsourced Manufacturing*

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

5、 *Risk of Foreign Exchange Fluctuation*

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

6、 *Risk of Accounts Receivable*

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

7. Risk Arising from International Trade Frictions

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

8. Risk of Fluctuations in Prices of Key Raw Materials

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

VI Employees

The Company's workforce profile for 2025 is set out below:

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

Number of active employees of the parent company as at the end of the Reporting Period (persons)	747
Number of active employees of major subsidiaries as at the end of the Reporting Period (persons)	1,116
Total number of active employees as at the end of the Reporting Period (persons)	1,863

Professional Composition

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

Educational Attainment

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

2. *Compensation Policy*

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

To ensure the external market competitiveness of its compensation and the effectiveness of employee incentives, the Company has established a diversified compensation policy based on its job and grading structure and benchmarked against market compensation in the high-tech industry. This policy reflects the principles of "more pay for more work, more pay for more contribution, and more pay for long-term commitment". Employees' fixed salaries are determined by their job level, which reflects their responsibilities and competency requirements. Variable bonuses are linked to organizational performance and individual performance outcomes, reflecting a results-oriented approach to accountability. In addition, the Company has implemented equity incentive plans for key backbone personnel, embodying a long-term incentive philosophy of "shared responsibility, shared creation and shared benefits". This approach fully motivates key backbone personnel by aligning their interests with those of the shareholders and the Company, thereby promoting the joint development of both employees and the enterprise. In 2025, the Company's staff costs amounted to RMB622,821,089.70.

3. *Training Programs*

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

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

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended December 31, 2025, the Company had repurchased and cancelled certain restricted A Shares (the "**Repurchase and Cancellation**") granted to certain participants (the "**Repurchase Participants**") under the rules of the 2021 Stock Option and Restricted Share Incentive Schemes (the "**2021 Share Incentive Plan**"), the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan (as each such term is defined in the Prospectus).

Resolutions in relation to the Repurchase and Cancellation were submitted to the extraordinary general meeting for consideration and approval. The summary of the Repurchase and Cancellation is set out below:

1. Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 226,060 restricted Shares that had been granted but not yet unlocked became non-unlockable. Due to the failure to fully satisfy performance appraisal targets at company level set for the third unlocking period under the 2021 Share Incentive Plan, the second unlocking period under the 2022 Restricted Share Incentive Plan and the first unlocking period under the 2023 Restricted Share Incentive Plan, as well as certain participants failing to meet their individual performance assessments, a total of 592,584 restricted Shares for the relevant periods became non-unlockable. On February 12, 2025, the aforesaid restricted Shares that became non-unlockable were repurchased and cancelled by the Company, with a total of 592,584 A Shares. The total

consideration (including bank deposit interest) paid by the Company for the aforesaid repurchase and cancellation amounted to RMB5,769,107.17. The repurchase prices under the 2021 Share Incentive Plan, the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan were RMB7.80 per Share, RMB9.39 per Share and RMB10.75 per Share, respectively. Upon completion of the repurchase and cancellation, the total share capital of the Company was reduced by an aggregate of 592,584 Shares.

2. Pursuant to the resignation of certain participants under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan, an aggregate of 152,726 restricted Shares that had been granted but not yet unlocked became non-unlockable. Due to the failure to satisfy performance appraisal targets at company level set for the third unlocking period under the 2022 Restricted Share Incentive Plan and the second unlocking period under the 2023 Restricted Share Incentive Plan, a total of 1,115,172 restricted Shares for the relevant periods shall not be unlocked. On December 29, 2025, the aforesaid restricted Shares that became non-unlockable were repurchased and cancelled by the Company, with a total of 1,267,898 A Shares. The total consideration (including bank deposit interest) paid by the Company for the aforesaid repurchase and cancellation amounted to RMB12,476,776.62. The repurchase prices under the 2022 Restricted Share Incentive Plan and the 2023 Restricted Share Incentive Plan were RMB9.04 per Share and RMB10.40 per Share, respectively. Upon completion of the repurchase and cancellation, the total share capital of the Company was reduced by an aggregate of 1,267,898 Shares.

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

Date	**Number of A Shares repurchased** *(Shares)*	**Highest repurchase price** *(RMB/share)*	**Lowest repurchase price** *(RMB/share)*	**Total consideration** *(RMB)*
February 2025	592,584	10.75	7.8	5,769,107.17
December 2025	1,267,898	10.4	9.04	12,476,776.62
Total	**1,860,482**			**18,245,883.79**

Save as disclosed above, the Company and its subsidiaries did not repurchase, redeem or sell any listed securities (including any sale of treasury Shares) of the Company during the Reporting Period. Save for the 2,627,960 A Shares held by the Company as treasury Shares during the Reporting Period, the Company did not hold any other treasury Shares as at December 31, 2025. These 2,627,960 treasury A Shares are held by the Company for use in connection with employee stock ownership plan(s) or employee share incentives of our Company or for the issuance of convertible bonds by our Company. Such A Shares were repurchased by the Company during the period from August 29, 2023 to November 30, 2023.

ISSUANCE OF SHARES

1. Issuance and Listing of H Shares

On October 22, 2025, the Company issued 135,080,200 H Shares at the price of HK$21.50 per Share, which are listed on the Main Board of the Hong Kong Stock Exchange with total proceeds of HK$2,904,224,300.00 (approximately RMB2,651,643,912.00), with net proceeds of approximately RMB2,562,832,934.35(a net price of approximately RMB18.97 per Share) after deducting issuance costs incurred directly by issuing new Shares. As of the date of this announcement, there has been no change to the proposed use of the net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. For details of the breakdown of the use of proceeds, please refer to the 2025 annual report to be published in due course.

2. Exercise of Share Options under the 2021 Share Incentive Plan

Pursuant to the satisfaction of the vesting conditions for the third exercise period of the initial grant under the 2021 Share Incentive Plan, 481,263 share options that became exercisable were exercised by way of centralised exercise and were listed for trading on February 24, 2025. The ordinary A Shares directly issued by the Company to the participants being the source of shares upon exercise of the share options, and the total share capital of the Company was increased by 481,263 shares.

Save as disclosed above, no other Shares of the Company were issued during the Reporting Period.

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

During the Reporting Period, the Company did not have any material investments, and material acquisitions or disposals of subsidiaries, associates or joint ventures.

FINAL DIVIDENDS

The Board recommends a final distribution of RMB2.34 per 10 Shares (tax included). Dividends will be paid in RMB to A Shareholders and Hong Kong Stock Connect Shareholders, and in HKD to H Shareholders (other than Hong Kong Stock Connect Shareholders). The HKD dividend amount will be converted based on the average of the benchmark exchange rates of RMB against HKD announced by the People's Bank of China for the five trading days prior to the annual general meeting at which this profit distribution proposal is approved. The proposed final dividend distribution is subject to approval at the Company's 2025 annual general meeting and is expected to be distributed within two months from the 2025 annual general meeting (expected no later than August 31, 2026). Details regarding the Company's 2025 annual general meeting, closure of the register of shares, and the declaration and payment of dividends will be announced in due course. As at the date of this announcement, the Company holds a total of 2,627,960 treasury A Shares. Such treasury Shares shall not be entitled to the relevant dividend distribution. In the event of any change in the number of the Company's treasury Shares prior to the record date as determined in the dividend declaration announcement, the share base for determining the Company's dividend distribution will be adjusted accordingly.

There were no arrangements under which Shareholders had waived or agreed to waive any dividends during the Reporting Period.

SUBSEQUENT EVENTS

Apart from the aforementioned proposed final dividend distribution, there were no other material subsequent events since the end of the Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Board comprises three independent non-executive Directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including the review of the Group's consolidated annual financial statements for the year ended December 31, 2025, and matters in relation to risk management and internal control. There was no objection to such matters.

SCOPE OF WORK OF GRANT THORNTON ZHITONG CERTIFIED PUBLIC ACCOUNTANTS LLP (AUDITOR)

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the annual results announcement for the year ended 31 December 2025 have been agreed by the Group's auditor, Grant Thornton Zhitong Certified Public Accountants LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Zhitong Certified Public Accountants LLP in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Grant Thornton Zhitong Certified Public Accountants LLP on the annual results announcement.

CORPORATE GOVERNANCE PRACTICES

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

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

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

As the H Shares of the Company were listed on the Hong Kong Stock Exchange on October 22, 2025, the CG Code is only applicable to the Company since the Listing Date of the H Shares. The Board is of the view that throughout the period from the Listing Date to December 31, 2025, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

Specific enquiry has been made of all the Directors and Supervisors, and all Directors and Supervisors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to December 31, 2025.

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

PUBLICATION OF ANNUAL RESULTS AND 2025 ANNUAL REPORT FOR H SHARES

This results announcement is published on the websites of the Company (www.fibocom.com) and the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk). The H Share annual report of the Company for the year ended December 31, 2025 will be available on the websites of the Company and the Hong Kong Stock Exchange stated above in due course, and will be provided to Shareholders who have indicated their preference for receiving printed copies in due course.

DEFINITIONS

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

"A Shares"	domestic ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"Audit Committee"	the audit committee under the Board
"Australian dollars" or "AUD"	Australian dollars, the lawful currency of the Commonwealth of Australia
"Board" or "Board of Directors"	the board of Directors of the Company
"British pounds" or "GBP"	British pounds sterling, the lawful currency of the United Kingdom
"CASBE"	China Accounting Standards for Business Enterprises
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"China" or "the PRC"	the People's Republic of China
"Company", "the Company", "we", "us" or "our"	Fibocom Wireless Inc. (深圳市廣和通無線股份有限公司), a PRC company established on November 11, 1999, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300638), and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0638)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"domestic China" or "Chinese mainland"	Chinese mainland, for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
"EUR" or "Euro"	Euros, the lawful currency of the European Union
"H Shares"	overseas listed foreign ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong

"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Indian rupees" or "INR"	Indian rupees, the lawful currency of the Republic of India
"Japanese yen" or "JPY"	Japanese yen, the lawful currency of Japan
"Listing Date"	October 22, 2025, the date on which the H Shares of the Company were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange
"IFRS"	International Financial Reporting Standards, including the standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and Interpretation issued by International Accounting Standards Committee
"Global Offering"	the offer of H Shares by the Company for subscription, as detailed in the Prospectus
"the Group" or "our Group"	the Company and its consolidated subsidiaries
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
"New Taiwan dollars" or "NTD"	New Taiwan dollars, the lawful currency of Taiwan
"Prospectus"	the prospectus of the Company dated October 14, 2025 in relation to the Global Offering
"Reporting Period" or "this year" or "the period"	year ended from January 1, 2025 to December 31, 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"South Korean won" or "KRW"	South Korean won, the lawful currency of the Republic of Korea

"Supervisor(s)"	the former supervisor(s) of the Company (dismissed on December 22, 2025 and no longer has board of Supervisors)
"Treasury Shares"	has the meaning under the Hong Kong Listing Rules
"U.S. dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"year-on-year"	compared with the same period last year
"%"	percent

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

The PRC, 30 March 2026

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