PANDA Electronics

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Nanjing Panda Electronics Company Limited

2025 Annual Report

(H Share Stock Code: 0 5 5 3)
(A Share Stock Code: 600775)

Contents

DOCUMENTS AVAILABLE FOR INSPECTION

1. Original financial statements signed and sealed under the hand of the head of the Company, the chief accountant and the head of the accounting department (accounting supervisor) of the Company.
2. Original copy of audit report sealed by the accounting firm, and signed and sealed under the hand of the certified public accountants.
3. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the reporting period.
4. This report is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

IMPORTANT NOTICE

1. The board of directors, the directors and senior management of the Company confirm that the information contained in this annual report is true, accurate and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the contents herein.
2. All directors of the Company attended the 8th meeting of the 11th session of the Board of the Company held on March 27, 2026.
3. WUYIGE Certified Public Accountants LLP issued an unqualified auditors' report for the Company. The Company's financial statements for the year were prepared in accordance with the PRC Accounting Standards for Business Enterprises, and complied with the Hong Kong Companies Ordinance and the disclosure requirements of the Hong Kong Stock Exchange Listing Rules.
4. Hu Huichun, the head of the Company, Hu Shoujun, the chief accountant, and Xue Gang, the head of the accounting department (accounting supervisor) of the Company, declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in this annual report.
5. Proposal of profit distribution or capitalization of capital reserves of the Company for the reporting period considered by the Board:
   It is proposed that, based on the total share capital of 913,838,529 shares as of December 31, 2025, a cash dividend of RMB0.10 (tax inclusive) per 10 shares be distributed to all shareholders, with the total cash dividend amounting to RMB9,138,385.29 (tax inclusive). The remaining undistributed profits will be carried forward to the following year. The Company will not implement any capitalization of capital reserves.
   As of the end of the reporting period, the relevant circumstances regarding the parent company's accumulated deficit and its impact on matters such as the Company's dividend distribution: N/A
6. Forward looking statements, including future plans and development strategies, contained in this annual report do not constitute a substantive commitment to investors by the Company. Investors are advised to pay attention to investment risks.
7. Neither the Company's controlling shareholder nor any of its related parties have misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any specified decision-making procedures.
9. The situation where the majority of the directors cannot warrant the authenticity, accuracy and completeness of the information contained in the annual report does not exist.
10. Major risk warning: The Company has elaborated the potential risks in this annual report. For their details and the corresponding countermeasures, please refer to the paragraph headed "Potential risks" under Section III "Management Discussion and Analysis" in this annual report.

Section I Definitions

I. Definitions

Unless the context otherwise requires, the following terms should have the following meanings in this report:

Definitions of frequently-used terms

Company/Nanjing Panda	Nanjing Panda Electronics Company Limited
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIIC	Nanjing Electronics Information Industrial Corporation
NEIIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation
CEC Group	China Electronics Corporation and its subsidiaries
Electronics Equipment Company	Nanjing Panda Electronics Equipment Co., Ltd.
Information Industry Company	Nanjing Panda Information Industry Co., Ltd.
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd.
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd.
Chengdu Electronic Technology	Chengdu Panda Electronic Technology Co., Ltd.
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd.
Shenzhen Jingwah	Shenzhen Jingwah Electronics Co., Ltd.
LG-Panda	Nanjing LG-Panda Appliances Co., Ltd.

Chengdu BOE	Chengdu BOE Display Technology Co., Ltd.
ENC	Nanjing Ericsson Panda Communication Co., Ltd.
Panda Zhicheng	Nanjing Panda Zhicheng Technology Co., Ltd.
the Ministry of Finance	the Ministry of Finance of the People's Republic of China
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
CSRC Jiangsu Bureau	Jiangsu Securities Regulatory Bureau of China Securities Regulatory Commission
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Nanjing Panda Electronics Company Limited
AFC	Auto Fare Collection
ACC	AFC Clearing Center
EMS	Electronic Manufacturing Services
MES	Manufacturing Execution System, a management system of information-based production aiming at execution on plant floors of manufacturers
SAP-ERP	SAP (System Applications and Products), a software company in Germany; SAP-ERP, generally referring to the ERP products under SAP
CNAS	China National Accreditation Service for Conformity Assessment

Section II Company Profile and Major Financial Indicators

I. Company Information

Chinese name of the Company	南京熊猫電子股份有限公司
Abbreviation of the Chinese name	南京熊猫
English name of the Company	Nanjing Panda Electronics Company Limited
Abbreviation of the English name	NPEC
Legal representative of the Company	Hu Huichun (Executive Director and General Manager)

II. Contact Persons and Contact Information

	Secretary to the Board	**Securities Affairs Representative**
Name	Wang Dongdong	Wang Dongdong
Correspondence address	7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China
Telephone	(86 25)84801144	(86 25)84801144
Facsimile	(86 25)84820729	(86 25)84820729
Email	dms@panda.cn	dms@panda.cn

III. Basic Information

Registered address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Historical changes of Registered address of the Company	In 2019, the Company's registered address was changed to Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China; In 2021, the Company's registered address was changed to 7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Office address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Postal code of the office address	210033
Website of the Company	http://www.panda.cn
Email	dms@panda.cn

IV. Places for Information Disclosure and Inspection

Media name and website where the Company discloses its annual report	Shanghai Securities News: https://www.cnstock.com China Securities Journal: https://www.cs.com.cn
Website of the stock exchange where the Company discloses its annual report	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Place for inspection of the Company's annual report	Office of the Secretary to the Board, 7 Jingtian Road, Nanjing, the People's Republic of China

V. Information of the Company's Shares

Overview of the Company's shares

Class of shares	Stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H shares	Hong Kong Stock Exchange	Nanjing Panda Electronics Company	00553	N/A

VI. Other Relevant Information

Domestic auditors of the Company	Name	WUYIGE Certified Public Accountants LLP
	Office address	Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing
	Name of signing accountants	Gong Ronghua, Han Shimin
Overseas auditors of the Company	Name	N/A
	Office address	N/A
	Name of signing accountants	N/A
Long-term domestic legal advisers	Name	Jiangsu New Highland Law Firm
	Office address	9th–10th Floors, Tower A, PICC Financial Tower, 419 Longpan Middle Road, Qinhuai District, Nanjing
Long-term overseas legal advisers	Name	Philip K. H. Wong, Kennedy Y. H. Wong & Co., Solicitors
	Office address	23rd Floor, Admiralty Centre Tower II, 18 Harcourt Road, Queensway, Hong Kong
Share Registrars and Transfer Office (A shares)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office address	188 South Yanggao Road, Pudong New Area, Shanghai
Share Registrars and Transfer Office (H shares)	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

VII. Major accounting data and financial indicators (prepared in accordance with the PRC Accounting Standards of Business Enterprises)

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principle accounting data	2025	2024	Year-on year increase/ decrease (%)	2023	2022 (Adjusted)	2021
Operating revenue	**2,487,905,161.86**	2,645,884,960.86	-5.97	2,912,311,480.01	4,154,295,003.26	4,531,842,430.51
Operating revenue after deducting business revenues unrelated to the main business and revenues without commercial substance	**2,479,452,213.61**	2,639,721,097.67	-6.07	2,906,890,141.38	4,152,444,749.54	
Total profit	**70,376,319.82**	-124,621,998.16	N/A	-173.745.083.99	100,685,752.10	105,681,146.79
Net profit attributable to shareholders of the Company	**10,731,710.09**	-188,854,556.25	N/A	-237,862,230.10	39,873,197.73	41,928,543.18
Net profit attributable to shareholders of the Company after extraordinary items	**-258,433,540.66**	-202,269,390.80	N/A	-257,009,511.61	10,520,082.28	11,888,072.43
Net cash flows from operating activities	**2,648,667.94**	-265,274,734.11	N/A	-65,851,054.62	150,320,717.60	208,170,561.48

	As of the end of 2025	As of the end of 2024	Year-on year increase/ decrease (%)	As of the end of 2023	As of the end of 2022 (Adjusted)	As of the end of 2021
Net assets attributable to shareholders of the Company	**3,124,306,688.24**	3,114,294,647.60	0.32	3,303,235,992.24	3,553,958,826.75	3,527,207,782.36
Total assets	**5,468,051,932.45**	5,320,807,895.66	2.77	5,540,955,892.33	5,865,289,811.26	6,057,982,752.18

VII. Major accounting data and financial indicators (prepared in accordance with the PRC Accounting Standards of Business Enterprises) (Continued)

(II) Key financial indicators

Key financial indicators	**2025**	2024	Year-on year increase/ decrease *(%)*	2023	2022 (Adjusted)	2021
Basic earnings per share *(RMB/share)*	**0.0117**	-0.2067	N/A	-0.2603	0.0436	0.0459
Diluted earnings per share *(RMB/share)*	**0.0117**	-0.2067	N/A	-0.2603	0.0436	0.0459
Basic earnings per share after extraordinary items *(RMB/share)*	**-0.2828**	-0.2213	N/A	-0.2812	0.0115	0.0130
Weighted average return on net assets *(%)*	**0.34**	-5.89	Increased by 6.23 percentage points	-6.92	1.12	1.12
Weighted average return on net assets after extraordinary items *(%)*	**-8.28**	-6.30	Decreased by 1.98 percentage points	-7.48	0.3	0.32

Explanations on major accounting data and financial indicators of the Company for the three years preceding the end of the reporting period:

The decrease in the Company's operating revenue in 2025 was mainly attributable to a decrease in export orders and intensified competition in the existing intelligent manufacturing market. The increase in total profit was primarily due to the completion of the equity transfer of the associate, Nanjing Ericsson Panda Communication Co., Ltd., for the period, which generated a disposal gain of approximately RMB256 million. In addition, in light of the current operating conditions and the actual status of assets, the Company conducted comprehensive impairment tests on relevant assets in strict accordance with the requirements of the Accounting Standards for Business Enterprises and made provisions of credit impairment losses and asset impairment losses, which had a certain impact on the net profit attributable to shareholders of the Company. The increase in net cash flow from operating activities was mainly due to a year-on-year decrease in cash paid for purchase of goods and services received for the period.

VIII. Differences between accounting data prepared under overseas and domestic accounting standards

(I) Differences in the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed under the International Accounting Standards and the PRC GAAP: N/A

(II) Difference in the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed under the foreign accounting standards and the PRC GAAP: N/A

(III) Explanations on differences under the foreign and domestic accounting standards: N/A

IX. Major quarterly accounting data in 2025

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating revenue	405,735,194.47	636,916,039.25	517,489,430.16	927,764,497.98
Net profit attributable to shareholders of the Company	-35,281,525.82	-10,302,619.28	-44,131,774.15	100,447,629.34
Net profit attributable to shareholders of the Company after extraordinary items	-37,935,519.90	-23,582,945.00	-36,269,442.43	-160,645,633.33
Net cash flows from operating activities	-13,707,748.31	-131,223,885.27	135,803,927.18	11,776,374.34

Explanation on the differences between quarterly data and disclosed regular reporting data: N/A

X. Extraordinary items and amounts

Unit: Yuan Currency: RMB

Extraordinary items	**Amount for 2025**	Amount for 2024	Amount for 2023
Gains and losses from disposal of non-current assets (including the write-off of the asset impairment provision)	**267,214,926.88**	525,842.12	421,029.87
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	**4,150,900.98**	7,516,156.59	10,636,782.70
Gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, and gains and losses from the disposal of financial assets and financial liabilities, except those arising from the effective hedging activities related to the Company's normal operation	**9,500,262.36**	11,113,067.02	8,076,838.96
Reversal of impairment provision for receivables subject to individual impairment test	**115,037.25**	240,809.22	918,680.62
Gains and losses on debt restructuring	**6,460,741.36**		322,743.00
One-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses	**-16,948,913.47**		
Other non-operating income and expenses other than the aforesaid items	**2,062,756.28**	-919,241.75	4,554,687.63
Other items of gain or loss in accordance with the definition of extraordinary profit and loss			267,350.61
Affected minority interests	**1,862,082.31**	2,858,981.51	1,366,908.17
Affected income tax amount	**1,528,378.58**	2,202,817.14	4,683,923.71
Total	**269,165,250.75**	13,414,834.55	19,147,281.51

Explanation:

The increase in gains and losses from disposal of non-current assets was primarily due to the completion of the equity transfer of the associate, Nanjing Ericsson Panda Communication Co., Ltd. for the period, which generated a disposal gain of approximately RMB256 million. The increase in one-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses was mainly due to the completion of two subsidiary absorption mergers during the year, which optimized the industrial structure and resulted in workforce movements.

XI. Table of deductions from operating revenue

Unit: Yuan Currency: RMB

Item	2025	Deduction	2024	Deduction
Operating revenue	**2,487,905,161.86**		2,645,884,960.86	
Total amount reduced from operating revenue	**8,452,948.25**		6,163,863.19	
The proportion of the total amount deducted to operating revenue *(%)*	**0.34**	**/**	0.23	/
I. Operating revenue unrelated to principal activities				
1. Other business revenue includes: Rental revenue of fixed assets, intangible assets and packing material; Revenue from selling material or exchanging non-monetary assets with materials; Revenue from operating entrusted management businesses, and other activities that are not main business for the listed company although included in the operating revenue.	**8,452,948.25**	Other operating revenue such as sales of materials, waste materials and parking fees, etc.	6,163,863.19	Other operating revenue such as sales of materials, waste materials and parking fees, etc.
2. Revenue from non-qualified financial business activities, such as interest income from funds borrowed; revenue generated from non-qualified financial businesses introduced in the current and previous fiscal years, such as guarantee, factoring, micro loans, finance leasing, pawnbroking, etc., excluding finance leasing activities conducted for the purpose of selling main products.				
3. Revenue generated from new trade business in the current and previous fiscal years.				
4. Revenue generated from related party transactions unrelated to the Company's existing normal business operations.				
5. Revenue of subsidiary companies consolidated under the same control from the beginning of the period to the consolidation date.				
6. Revenue generated from business activities that have not formed or have difficulty forming a stable business model.				
Subtotal of business revenue unrelated to main business	**8,452,948.25**		6,163,863.19	

XI. Table of deductions from operating revenue (Continued)

Unit: Yuan Currency: RMB

Item	2025	Deduction	2024	Deduction
II. Revenue without commercial substance				
1. Revenue generated from transactions or events that do not significantly change the future cash flow in terms of risk, timing, or amount.				
2. Revenue generated from transactions without genuine business activities, such as false income realized through self-trading, and false income generated through the use of internet technology or other methods to construct transactions.				
3. Revenue generated from business activities with unfair transaction prices.				
4. Revenue generated from subsidiary companies or businesses acquired during the current fiscal year at unfair consideration or non-transaction methods.				
5. Revenue involved in non-standard audit opinions in the audit report.				
6. Revenue generated from other transactions or events without commercial rationality.				
Subtotal of revenue without commercial substance				
III. Other revenue unrelated to principal activities or without commercial substance				
Net operating revenue	**2,479,452,213.61**		2,639,721,097.67	

XII. Companies with equity incentive scheme, employee shareholding scheme may choose to disclose net profits after deducting the impact of share-based payments: N/A

XIII. Items measured at fair value

Unit: Yuan Currency: RMB

Names	Opening balance	**Closing balance**	**Changes in current period**	**Amounts that affect the profit of the current period**
Financing receivables	30,350,019.89	**47,523,811.39**	17,173,791.50	
Financial assets held for trading	491,594,758.95	**498,123,487.68**	6,528,728.73	8,562,187.34
Total	521,944,778.84	**545,647,299.07**	23,702,520.23	8,562,187.34

Section III Management Discussion and Analysis

I. Information on activities during the reporting period

(I) Principal activities

The Company takes smart transportation and safe city, industrial Internet and intelligent manufacturing, and green and service-oriented electronic manufacturing as its three main businesses.

In the field of smart transportation and safe city, the Company takes the construction of a modern digital city as its leading direction, comprehensively uses new-generation information technologies and data analysis means, focuses on the development of smart transportation and safe city business clusters, and further expands smart urban rail, safe city communications, digital park, energy storage power supply and other businesses.

In the field of industrial Internet and intelligent manufacturing, the Company applies new generation information technologies to deeply integrate with advanced manufacturing technologies. Relying on product categories such as intelligent industrial control equipment, intelligent robots, intelligent logistics equipment, and other new types of intelligent manufacturing dedicated and general equipment, the Company integrates and applies independently developed industrial software platforms, focuses on the automation, informatization, digitization, and intelligent transformation and upgrading of manufacturing enterprises, and provides intelligent factory system solutions with independent intellectual property rights.

In the field of green and service-oriented electronic manufacturing, through intelligent, flexible and lean management, it provides domestic and foreign brand manufacturers with complete manufacturing services, such as R&D, process design, procurement management, manufacturing and warehousing of 3C, new display module components, core components of white appliances, automotive electronics, communication equipment and other electronic products.

(II) Operating model

1. Management model

Guided by market and customer demands, the Company carries out in-depth reform and innovation, accelerates the promotion of market-oriented transformation, and makes every effort to forge core competitiveness. Collaborating on scientific and technological innovation, market expansion, team construction, deepening reform, quality upgrading and efficiency improvement, risk prevention and control and other aspects, by focusing on the main line of digital, intelligent and green development of manufacturing industry, and relying on the advantages of China's electronic computing system, the Company coordinates the integration of internal and external intelligent manufacturing resources, comprehensively promotes the construction of digital intelligent equipment industry system, improves the layout of the ecologic chain of the industry. Through providing industry-leading system solutions and services for major system engineering, the Company is committed to becoming an important support for national intelligent manufacturing field and assisting high-quality development of the manufacturing industry.

I. Information on activities during the reporting period (Continued)

(II) Operating model (Continued)

2. R&D model

The Company always adheres to self-dependent innovation and insists on "response + guiding"-based two-way driven R&D model. By carefully integrating the national strategic direction, fully studying the market and customer needs and practically implementing "three-tight" R&D strategy, the Company closely follows the national strategic direction, keeps up with the technological development trend, and keeps abreast of the market demand and orientation. Through this strategy, the Company ensures it maintains a leading position in technology research and development as well as product innovation, and continues to enhance its core competitiveness. Meanwhile, the Company places significant emphasis on industry-academia-research co-operation, integrates internal and external resources, promotes the transformation of technological achievements, provides customers with more forward-looking and practical solutions, and contributes to the progress and sustainable development of the industry.

3. Production & service delivery model

Guided by market and customer demands, the Company organizes R&D and production, and devotes itself to the delivery of product and system overall solutions and system engineering projects. Meanwhile, the Company actively and quickly responds to the needs of customers and continuously promote technical update iteration. Through providing integrated services to customer, the Company deepens and broadens the cooperative relationship with customers, creates more value for them and ultimately achieves growth and development for both the Company and customers.

4. Marketing model

The Company implements a full-staff marketing model, through the development of a series of training and incentive mechanisms, encourages all employees to break through the post limitations, actively participate in the Company's marketing activities, vigorously expand new areas, attract new customers, and expand new categories, at the same time, the Company maximizes the potential of employees, integrates internal resources, and effectively promotes the enhancement of both the Company's brand influence and performance.

I. Information on activities during the reporting period (Continued)

(III) Overview of the development of principal activities

In the field of smart transportation and safe city, the Company has been deeply involved in the smart rail transit sector for many years. Relying on an innovative technical system and design concepts, it has continuously enhanced its core capabilities and professional standards, winning extensive trust from customers and high recognition within the industry. Currently, the Company has developed into a leading domestic integrated solution provider, possessing the capability to provide full-chain solutions, software services, and core equipment for urban rail transit integrated command systems, automatic fare collection (AFC) systems, automated clearing center (ACC) systems, and communication systems, with its brand influence becoming increasingly prominent. Among them, the AFC systems and equipment firmly rank within the first tier of the domestic industry, and the general contracting business for rail transit communication systems also stands at the forefront of the market, fully demonstrating the Company's comprehensive strength and leading position in the field of smart rail transit. Digital park products focus on the ubiquitous operating system as the foundation to build all-scenario digital intelligence capabilities. In the communications business, the Company closely follows the national strategic direction, focuses on the frontier field of low-Earth orbit (LEO) satellite internet, and emphasizes the deployment of LEO satellite internet terminals and related products. In the direction of energy storage products, the Company possesses energy storage power supply technology with a certain degree of reliability and high-power density, and strives to provide efficient energy storage solutions for commercial and industrial users, contributing to the development of green energy and smart cities.

In the field of industrial Internet and intelligent manufacturing, the Company is deeply cultivating areas such as smart warehousing, industrial robots and their applications, industrial software, and overall solutions for smart factories. As one of the first local service providers of "Smart Reform and Digital Transformation", the Company possesses system solutions with independent intellectual property rights in various application scenarios such as intelligent production, intelligent management and intelligent manufacturing services, and is able to provide customers with efficient, precise and customized intelligent manufacturing solutions. Breakthroughs have been achieved in key technologies such as intelligent stacking and assembly of large-capacity energy storage flow batteries, vision-based multi-system integration and scheduling, and multi-scenario fusion strategies for smart warehouse management systems. The Company enriches its product system and constructs a new pattern of synergistic development for diversified products, with a focus on warehouse logistics equipment products, and including new lithium battery material production equipment, substrate glass production equipment, and lithium battery recycling equipment. The Company builds intelligent production lines and develops solutions such as intelligent flexible assembly and intelligent production lines for flow batteries, and forms a multi-sector and multi-category product matrix by enhancing the intelligence level of products and services.

I. Information on activities during the reporting period (Continued)

(III) Overview of the development of principal activities (Continued)

In the field of green and service-oriented electronic manufacturing, the Company focuses on transforming and upgrading towards digitalisation, intellectualisation and greenification. With the dual-wheel drive of "technology + service" as its core, the Company is committed to providing one-stop and complete EMS manufacturing services ranging from technology R&D, process design and procurement management to production and manufacturing, and warehousing and logistics for frontier fields such as new displays, automotive electronics, information and communication, new materials and new energy. The Company has established multiple intelligent manufacturing plants in Nanjing, Chengdu and Shenzhen, and has built approximately 40 industry-leading SMT high-speed surface-mount production lines. Relying on the deeply integrated MES and SAP-ERP systems, the Company has achieved automated tracking and closed-loop production management across the entire factory and throughout the entire process, ensuring precise control of production techniques and serving customers with diverse needs through efficient, high-quality green manufacturing. The Company has continuously invested in the construction of a product testing center accredited by CNAS, exercising stringent control over product stability and reliability. Currently, in key fields such as automotive electronics and home appliances, the Company has successfully established large-scale and professional manufacturing capabilities, becoming the most trusted partner for its customers.

Explanation on newly-added significant non-principal business during the reporting period: N/A

II. Situation of the industry where the Company operated during the reporting period

(I) Industry development

The industry to which the Company belongs to is computer, communication and other electronic equipment manufacturing.

The electronic information manufacturing industry is not only the "ballast" of economic growth but also the core engine for digital and intelligent transformation. It plays a strategic, fundamental and pioneering role in the national economy, and is an important field for stabilizing industrial economic growth and safeguarding national political and economic security. In recent years, with the continuous impact of policies, the industry as a whole is expected to achieve a new leap in terms of scale and structure. In 2025, the production of China's electronic information manufacturing industry grew rapidly, exports remained flat year-on-year, profitability improved steadily, and the overall development trend of the industry was favorable. The value added of electronic information manufacturing enterprises above designated size increased by 10.6% year-on-year, a growth rate that was 4.7 and 1.2 percentage points higher than those of the overall industry and high-tech manufacturing industry during the same period, respectively. Electronic information manufacturing enterprises above designated size achieved operating revenue of RMB17.4 trillion, representing a year-on-year increase of 7.4%; operating costs of RMB15.1 trillion, representing a year-on-year increase of 6.9%; total profits amounted to RMB750.9 billion, representing a year-on-year increase of 19.5%; and the profit margin of operating revenue was 4.3%.

In the field of smart urban rail, as of the end of 2025, a total of 23 cities in China, including Beijing, Shanghai, Shenzhen, Guangzhou, Wuhan and Chengdu, had opened fully automated operation system lines, with a total of 74 operating lines (sections). The operating mileage of the fully automated operation system network reached 2,472.43 kilometers, and the scale of operations is gradually expanding. The operating mileage of newly-added fully automated operation lines in 2025 reached 561.62 kilometers. The fully automatic operation system of urban rail transit in China is progressing from the initial stage of "point-based breakthroughs" to the stage of "network coordination". Over the past decade, the urban rail industry has progressed from single-line demonstrations to multi-city rollouts, achieving a rapid upgrade in automation levels. In the coming decade, the system will transcend "unmanned driving" itself and evolve towards becoming a "smart living entity". The development of fully automatic operation systems for urban rail transit has transitioned from technical verification to a new cycle of large-scale application and deep value exploration. With the rigid demand for new lines and the continuous release of upgrades for existing lines, fully automatic operation systems are expected to maintain steady growth. Of particular note are the markets for second- and third-tier cities and medium-to-low volume rail transit. Driven by cost optimization and technical standardization, the penetration rate of fully automatic operation is expected to further increase. At the same time, service markets such as intelligent operation and maintenance and data analysis surrounding the full life cycle of the system will also become new growth points. The technological development path is evolving towards reducing integration complexity and maintenance costs, continuously increasing the self-sufficiency rate of key components, and achieving deep integration with new infrastructure such as 5G, BeiDou and edge computing.

II. Situation of the industry where the Company operated during the reporting period (Continued)

(I) Industry development (Continued)

In the field of the digital economy, 2025 was a crucial year for China's digital economy to transition from "quantitative change" to "qualitative change". While the scale continued to expand, the integration of the digital and physical economies became the core characteristic, and the driving role of artificial intelligence became increasingly prominent. During the year, the policy planning objectives were basically achieved, digital industrialisation and industrial digitalisation progressed in synergy, and a brand-new "digital intelligence industry" ecosystem is taking shape. The integration of traditional industries and digital technologies was advancing to a deeper level and a broader scope. The amount of digital technology procurement by manufacturing enterprises increased by 11.2% year-on-year. A cumulative total of more than 7,000 advanced-level smart factories and more than 500 excellence-level smart factories have been built nationwide. The total number of 5G base stations nationwide reached 4.758 million, achieving "gigabit connectivity in every county, and 5G coverage in every township". The national intelligent computing power scale reached 788 EFLOPS, providing strong support for AI applications. In 2025, artificial intelligence was deeply integrated into various industries, becoming a new engine driving development. The scale of the core artificial intelligence industry has exceeded RMB1 trillion. "Data-driven AI" and "AI-driven data" are moving towards each other, forming a new business format of the "digital intelligence industry". AI is driving the upgrade of corporate production models towards full-chain intelligence. The number of digital intelligence enterprises nationwide exceeds 400,000. The number of enterprises developing or applying artificial intelligence increased by 36% year-on-year. In the future, data and artificial intelligence will be further deeply coupled, the scale of data aggregation will continue to expand, and application scenarios will become more extensive. Broader fields such as embodied AI and AI for Science will deeply integrate with the real economy, giving rise to more emerging industries.

(II) Impact of the new policies on the industry

1. Six departments, including the National Development and Reform Commission, issued the "Several Measures on Strengthening the Cultivation of Innovative Enterprises in the Digital Economy". It proposed the establishment of a "Digital Innovation Enterprise Cultivation Pool" and the implementation of 10 measures such as precise identification and cultivation to foster "Digital Innovation Enterprises"; exploring the issuance of "data vouchers" and "algorithm vouchers"; and supporting high-quality digital innovation enterprises in listing and financing, etc. It marks the shift in China's cultivation of digital economy enterprises from "universal support" to "precise policy implementation" and "all-factor supply". It not only focuses on traditional capital and talent but also creatively empowers enterprises by taking data and computing power as core production factors. Through innovative tools such as "data vouchers", "algorithm vouchers" and "first-purchase and first-use", it strives to resolve the dilemma of "having technology but no market, and having products but no customers" faced by innovative enterprises in their early stages, which is of profound significance for stimulating innovation vitality in the digital economy field and solidifying the foundation of digital industry clusters.

II. Situation of the industry where the Company operated during the reporting period (Continued)

(II) Impact of the new policies on the industry (Continued)

2. The Ministry of Industry and Information Technology issued the "Work Points for the Integration of Informatization and Industrialization in 2025", proposing the implementation of the "Artificial Intelligence + Manufacturing" action, accelerating the intelligent upgrading of key industries, and creating an "upgraded version" of intelligent manufacturing. It proposed the improvement of systems for the integrated development of industrialisation and informatisation; the consolidation of infrastructure such as 5G/6G and computing power centers; the deepening of research on key integration technologies; the implementation of the "Artificial Intelligence + Manufacturing" action; and the cultivation of industrial intelligent agents. It provides institutional safeguards and path guidance for the digital transformation of the manufacturing industry. Strengthening the deployment of industrial intelligent agents and industry-specific large models will enhance the level of intelligence across the entire industrial process. Stimulating demand for services, digital transformation service providers are set to embrace vast market opportunities.

3. Eight departments, including the Ministry of Industry and Information Technology, issued the "Implementation Opinions on the Special Action for 'Artificial Intelligence + Manufacturing'", proposing to accelerate the construction of a new development pattern, coordinate development and security, and adhere to innovation-driven, scenario-led, market-oriented, secure and trustworthy, open and shared, and inclusive and integrated principles. One end focuses on technical supply to promote "intelligent industrialisation", while the other end focuses on empowering applications to accelerate "industrial intelligence", thereby strengthening the industrial ecosystem as a whole, promoting the deep integration of artificial intelligence technological innovation with industrial innovation, and the "two-way empowerment" of artificial intelligence technology and manufacturing applications, accelerating the intelligent, green and integrated development of the manufacturing industry, and providing strong support for the construction of a manufacturing powerhouse, a network powerhouse and a digital China. By 2027, China's key core technologies for artificial intelligence shall achieve secure and reliable supply, with its industry scale and empowerment level firmly ranking among the top in the world. Promote the deep application of 3-5 general-purpose large models in the manufacturing industry, form specialized and full-coverage industry large models, launch 1,000 high-level industrial intelligent agents, create 100 high-quality datasets in the industrial field, and promote 500 typical application scenarios. Cultivate 2-3 ecosystem-leading enterprises with global influence and a group of "Specialized, Refined, Unique and Innovative" small and medium-sized enterprises, develop a group of empowerment application service providers that "understand intelligence and are familiar with the industry", and select 1,000 benchmark enterprises. Build a world-leading open-source and open ecosystem, comprehensively enhance security governance capabilities, and contribute Chinese solutions to the development of artificial intelligence.

II. Situation of the industry where the Company operated during the reporting period (Continued)

(II) Impact of the new policies on the industry (Continued)

4. The "2025–2026 Action Plan for Steady Growth of Electronic Information Manufacturing" issued by the Ministry of Industry and Information Technology and the State Administration for Market Regulation requires that from 2025 to 2026, the average growth rate of the value added of the computer, communications and other electronic equipment manufacturing industry above designated size shall be around 7%, and after including related fields such as lithium batteries, photovoltaics and component manufacturing, the average annual revenue growth rate of the electronic information manufacturing industry shall reach more than 5%. By 2026, it is expected that the revenue scale and export proportion will maintain the top position among 41 major industrial categories, the revenue of the electronic information manufacturing industry in 5 provinces will exceed RMB1 trillion, the scale of the server industry will exceed RMB400 billion, the domestic market penetration rate of color televisions of 75 inches and above will exceed 40%, and personal computers and mobile phones will advance towards intelligence and high-end development.

5. The Ministry of Industry and Information Technology and two other departments jointly issued the "Implementation Plan for the Digital Transformation of the Electronic Information Manufacturing Industry", proposing to accelerate the deep integration of the real economy and the digital economy, adhere to innovation-led development, overall planning, industry-specific measures and safe and orderly progress, deepen the application of digital technologies, improve the level of digitalisation, networking and intelligence in the electronic information manufacturing industry, promote changes in production methods and organizational forms, create new development models and business formats, cultivate new growth points, and accelerate the high-end, intelligent, green and integrated development of the electronic information manufacturing industry, so as to provide strong support for promoting new industrialisation and building a modern industrial system. By 2027, the new information infrastructure for the digital transformation and intelligent upgrading of the electronic information manufacturing industry will be basically complete, the numerical control rate of key processes of electronic information manufacturing enterprises above designated size will exceed 85%, and advanced computing and artificial intelligence will deeply empower the development of the industry. Typical scenario solutions will achieve comprehensive coverage, forming more than 100 typical scenario solutions, with service capabilities significantly enhanced, and forming a "resource pool" of no less than 100 specialized service providers for the electronic information manufacturing industry. A standard support system will be basically formed, and a talent echelon for digital transformation will be basically established. By 2030, transformation scenarios will be more diverse, a relatively complete system of basic data institutions for the electronic information manufacturing industry will be established, the industrial database for the electronic information manufacturing industry will be basically completed, a batch of landmark intelligent products will be formed, the environment for digital services and standards supporting transformation will be basically improved, the digital ecosystem will be basically formed, the efficiency and quality of transformation will be significantly enhanced, and new breakthroughs will be achieved in extending towards the high end of the global value chain.

II. Situation of the industry where the Company operated during the reporting period (Continued)

(II) Impact of the new policies on the industry (Continued)

6. The 2026 Government Work Report of the State Council proposed to develop international centers for science and technology innovation in Beijing (Beijing-Tianjin-Hebei), Shanghai (Yangtze River Delta) and the Guangdong-Hong Kong-Macao Greater Bay Area, and to create world-class sources of science and technology innovation. Strengthen the dominant position of enterprises in innovation, support leading technology enterprises in taking the lead to form innovation consortia, and increase the proportion of their undertaking of major national science and technology projects. Strengthen the construction of pilot testing and verification platforms, improve the intellectual property protection system in emerging fields and accelerate the efficient transformation and application of major scientific and technological achievements. Strengthen financial services for the entire chain and full life cycle of technological innovation, and implement the "green channel" mechanism for listing financing, mergers and acquisitions on a normalized basis for technology-based enterprises in key core technology fields, so as to support innovation and creation with technology finance.

7. The Ministry of Industry and Information Technology, in conjunction with five other departments, issued the "Implementation Opinions on Strengthening the Capacity Building of the Information and Communication Industry to Support the Development of Low-Altitude Infrastructure", proposing that by 2027, the coverage rate of the ground mobile communication network for low-altitude public air routes nationwide shall be no less than 90%, multi-dimensional integrated sensing solutions shall be further improved and matured, the level of low-altitude navigation services shall be continuously enhanced, no fewer than 10 information infrastructure standards shall be developed, and a batch of typical low-altitude application scenarios shall be formed for fields such as urban governance, logistics transportation and cultural tourism. Formulate multiple key tasks, including promoting communication network coverage for low-altitude scenarios on an as-needed basis, exploring the construction of multi-detection collaborative service capabilities, assisting in enhancing precision navigation service levels and supporting the construction of low-altitude intelligent networked systems.

III. Discussion and analysis on the operation

In 2025, facing a complex and severe external environment and the arduous tasks of reform, the Company resolutely implemented the work requirements of the Party Committee at higher levels and the board of directors, focused on its main responsibilities and core businesses, anchored its development goals, and exerted full efforts to fight the tough battle of the "Year of Breakthrough in Reform". It coordinated the promotion of various tasks including deepening reform, technological innovation, structural adjustment and risk prevention, striving to maintain stable and orderly operations of the enterprise and achieve a turnaround from loss to profit. In accordance with the PRC Accounting Standards for Business Enterprises, the Company's operating revenue for the year 2025 was RMB2,487.9052 million, its total profit was RMB70.3763 million, and its net profit attributable to shareholders of the Company was RMB10.7317 million.

III. Discussion and analysis on the operation (Continued)

In 2025, the Company's market expansion achieved steady progress. In the field of smart transportation, the Company focused its efforts on the rail transit AFC system, successfully securing multiple projects such as the ticketing system for the intercity railway in the Shenzhen Metropolitan Area and the AFC system-related renovation project for Phase I and Phase II of the 10th of Ramadan City Railway in Egypt, achieving further breakthroughs in the Guangdong-Hong Kong-Macao Greater Bay Area and overseas markets, with a contracted amount of approximately RMB400 million. In the field of safe cities, the Company focused on four industrial directions, namely broadband wireless communication and satellite communication, low-orbit communication, special power supplies and new energy. It has successively won bids for 13 projects such as wireless image transmission equipment and a certain communication payload, with a contract value of approximately RMB150 million; it won bids for 29 smart system projects such as intelligent engineering projects and intelligent upgrading and renovation projects, with a contract value of approximately RMB240 million. In the field of intelligent manufacturing, the Company closely followed the national intelligent manufacturing development strategy, focusing on expanding core businesses such as intelligent manufacturing, intelligent warehousing and electronic glass lines, and successfully signed 25 projects with a value of approximately RMB130 million. In the field of electronic manufacturing services, the Company's automotive electronics and related businesses grew rapidly, completing sales of RMB370 million for the full year, representing a year-on-year increase of 32%; it successfully developed innovative intelligent products such as AI dash cams, AI watches and AI glasses, with the annual production and sales volume of various digital products such as intelligent recording equipment and notebook computers reaching 1.21 million units, achieving sales revenue of RMB380 million.

In 2025, the Company maintained a certain level of research and development investment and steadily advanced key projects. Two of the Company's key projects, namely the Intelligent Operation and Maintenance System for Key Industry Production Equipment Based on the Industrial Internet Platform under the Ministry of Industry and Information Technology's industrial internet innovation and development project and the Key Technologies for Intelligent Operation Decision-Making of Equipment Manufacturing Enterprises Supporting Dynamic Reconfiguration under the national key R&D program, passed their project acceptance. The "Design of Large Model Inference Algorithm Optimization and Application Demonstration System for Multi-task Scenarios" under Jiangsu provincial major science and technology project has passed the mid-term inspection with good progress. Five of the Company's scientific research achievements passed the appraisal of scientific and technological achievements organized by the Jiangsu Society of Engineers and the Jiangsu Association of Science and Technology Innovation, all of which reached the leading domestic level; 94 patents were applied for throughout the year, of which 71 were invention patent applications; 45 patents were granted, of which 25 were invention patents. A number of projects have been recognized by the China National Light Industry Council, the Jiangsu Association of Science and Technology Innovation and the Jiangsu Provincial Comprehensive Transportation Society, among others, and have been awarded important prizes; the "Green Travel Application Scenario" was successfully selected as a major digital society scenario project in Jiangsu Province.

III. Discussion and analysis on the operation (Continued)

In 2025, the Company achieved substantive results in its reform and enhancement. The Company resolutely implemented a series of deployments by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) regarding the deepening of reform of state-owned enterprises. The reform deepening and enhancement actions were concluded with high quality, and the main tasks of the reform actions were substantially completed. The Communications Technology Company merged with the internal network energy company, clarifying the core business direction after the reorganization and obtaining key qualifications. Through the integration of institutions and personnel, and by promoting the reconstruction of systems, processes and culture, resource synergy and management efficiency have significantly improved. The Electronics Equipment Company has further focused its business through reform measures such as adjusting the direction of its business segments and divesting inefficient industries. Through measures including organizational adjustment, process optimization, cost control and lean management, and strengthening project management, its operational efficiency has effectively improved.

In 2025, the Company actively promoted capacity building. The Company has systematically promoted the automation and intelligent transformation of its production lines, and the Electronic Manufacture Company's "High-precision Terminal Module Intelligent Factory based on Flexible Manufacturing" was successfully selected for the 2025 Jiangsu Province Advanced-level Intelligent Factory list. The Electronic Manufacture Company was also rated as a national-level "Green Factory". The Company completed the first phase of the construction of its financial shared service center, which has been officially inaugurated and commenced operations. Relying on a unified platform, the shared service center breaks down the barriers between business and financial data and promotes the transformation of financial functions from "accounting-oriented" to "value-oriented", supporting the Company's operation, management and strategic implementation through financial digitalisation.

In 2025, under the correct leadership of the board of directors, the Company achieved certain results in its operations. However, in the process of industrial development, it still faces challenges in various aspects: the task of governing loss-making enterprises remains arduous, and the effectiveness of loss reduction and turnaround has yet to be further manifested; the leading role of scientific and technological innovation needs to be strengthened, and the efficiency of forward-looking technological deployment and transformation of achievements still needs to be improved; the pace of cultivating strategic emerging businesses needs to be further accelerated; there is a shortage of industry-leading talents, and the reserve of outstanding young cadres remains insufficient.

IV. Analysis of core competitiveness during the reporting period

1. Significant results have been achieved in the construction of the technological innovation system, and core R&D capabilities have continued to improve. The Company improved the scientific and technological innovation system, strengthened the construction of the Digital Intelligence Industry Research Institute, and built a scientific and technological innovation system that combines unified management and separate implementation, with the research institute focusing on tackling key core technologies and industrial companies focusing on industrial expansion and application, ensuring effective alignment between technological breakthroughs and industrial demands. Further established and improved the target system for scientific and technological innovation, sorted out and refined the Company's core technology map and product map, and continuously promoted breakthroughs in key core technology products to form a virtuous cycle of "technology-product-industry". The eight major subsidiaries of the Company have maintained their high-tech enterprise certifications, while four subsidiaries have been recognized and have retained their status as provincial-level "Specialized, Refined, Unique and Innovative" enterprises. Currently, the Company has established 14 R&D platforms at provincial and municipal levels, including 6 provincial engineering (technology) research centers, 4 provincial enterprise technology centers, 1 municipal enterprise technology center and 3 municipal engineering research (technology) centers.

2. Successes in the field of scientific and technological innovation have been reported frequently, with scientific and technological achievements being showcased in multiple dimensions. The Company received multiple technology awards throughout the year. "Key Technology Application of Multi-source Data Fusion Processing and Intelligent Analysis for Rail Transit" was awarded the first prize for transformation of scientific and technological innovation achievements by the Jiangsu Association of Science and Technology Innovation; "Research and Application of Key Technologies for Smart Ticketing Fusion System of Urban Rail Transit for Metropolitan Areas" was awarded the third prize for science and technology by the Jiangsu Comprehensive Transportation Society; "Key Technologies and Applications of All-domain High Dynamic Range Optical Modulation Display Driver" was awarded the third prize for science and technology by the China National Light Industry Council; and "Key Technologies and Applications of Intelligent Collaborative Edge Network System Based on the Integration of Communication, Sensing and Computing" was awarded the third prize for science and technology by the Chinese Institute of Electronics. "Green Travel Application Scenario" was successfully selected as a major digital society scenario project in Jiangsu Province. Five scientific research achievements passed the appraisal of scientific and technological achievements organized by the Jiangsu Society of Engineers and the Jiangsu Association of Science and Technology Innovation.

3. Significant results have been achieved in the creation and protection of intellectual property rights. Focusing on fields such as smart cities and intelligent manufacturing, the Company strengthened research on core key technologies, applying for 94 patents throughout the year, including 71 invention patent applications; 45 patents were granted, including 25 invention patents. Applied for 23 software copyrights and 5 trademarks. As of now, the Company has an aggregate of 567 valid patents and 340 software copyright registrations. In addition, the Company has established an intellectual property rights protection mechanism and successfully handled several cases of infringement disputes, effectively safeguarding the legitimate rights and interests of the enterprise.

IV. Analysis of core competitiveness during the reporting period (Continued)

4. Consolidate the foundation of quality and strengthen the system guarantee. Adhering to the business philosophy of quality as the core and service first, the Company continued to maintain relevant qualifications in various fields, including the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system, ATF16949 automotive industry quality management system, ISO13485 medical device quality management system and ISO50001 energy management system. It has established a complete after-sales service system and continuously maintained multiple qualifications, including five-star commodity after-sales service certification, information technology service management system certification, as well as information system construction and service capability evaluation CS4 (excellent) certification. As of now, the Electronic Manufacture Company, an enterprise under the Company, has been recognized as a national-level "Green Factory", demonstrating the Company's systematic layout and remarkable achievements in promoting the green and low-carbon transformation of the manufacturing industry and establishing sustainable production methods.

5. Actively promote the deep integration of government, industry, academia, and research to forge a solid technical moat. Deepening strategic collaboration with universities and industry chain partners, the Company has established deep cooperative relationships with well-known domestic universities such as Nanjing University, Southeast University, Nanjing University of Aeronautics and Astronautics, Nanjing University of Posts and Telecommunications and Shanghai University, to jointly carry out work such as project applications, project development and consortium research and development focusing on scenario requirements including intelligent connected vehicles, low-altitude applications and converged communications. Through multi-party cooperation, the Company was newly granted various major projects throughout the year, including the Nanjing Science and Technology Development Plan, the Ministry of Industry and Information Technology's National Science and Technology Major Project on Mobile Information Networks, the Yangtze River Delta Science and Technology Innovation Community Joint Research Project and the Shenzhen Key Industry R&D Plan Project, laying a solid foundation for subsequent technological innovation and industrial application.

V. Principal operations during the reporting period

During the reporting period, the Company turned losses into profits overall. In terms of operations, a decrease in export orders, along with the transitional period of transformation and adjustment for the intelligent manufacturing business, power supply, and communication businesses, led to new customer acquisition falling short of expectations, and large-scale sales of related businesses not yet been formed, which had a certain impact on the Company's operating results. Meanwhile, the receipt of proceeds from the disposal of the associates ENC and Beijing SE Potevio Mobile Communications Co., Ltd. for the period had a significant impact on investment income. In addition, in accordance with the Accounting Standards for Business Enterprises, the provisions of credit impairment losses and asset impairment losses also had a certain impact on net profit. For details on the asset impairment provisions, please refer to the relevant announcements published by the Company on March 28, 2026, in China Securities Journal, Shanghai Securities News, and on the website of the Shanghai Stock Exchange.

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations

1. Analysis of changes in related items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating revenue	**2,487,905,161.86**	2,645,884,960.86	-5.97
Operating costs	**2,110,452,090.16**	2,220,744,587.45	-4.97
Costs of sales	**39,265,266.28**	45,292,628.32	-13.31
Administrative expenses	**300,732,240.07**	283,038,723.68	6.25
Financial expenses	**-5,389,310.77**	-12,076,236.50	N/A
R&D expenses	**215,718,706.04**	262,177,873.98	-17.72
Net cash flows from operating activities	**2,648,667.94**	-265,274,734.11	N/A
Net cash flows from investing activities	**412,678,116.03**	102,912,989.98	301.00
Net cash flows from financing activities	**-10,026,609.00**	30,274,303.43	-133.12
Investment income	**349,929,425.74**	96,152,132.69	263.93
Gain on changes in fair value	**8,562,187.34**	4,914,915.97	74.21
Credit impairment losses	**-36,517,369.96**	-27,310,416.22	N/A
Assets impairment losses	**-80,532,601.62**	-46,693,274.64	N/A
Gain from the disposal of assets	**-247,757.88**	8,373.69	-3,058.77
Non-operating income	**3,236,839.97**	987,777.94	227.69
Non-operating expenses	**967,002.63**	1,389,551.26	-30.41

Notes:

(1) Reasons for changes in operating revenue: mainly due to a decrease in export orders and intensified competition in the existing intelligent manufacturing market, which led to a decline in operating revenue;

(2) Reasons for changes in operating costs: mainly due to a decrease in export orders and intensified competition in the existing intelligent manufacturing market, which led to a year-on-year decrease in operating costs corresponding to the decrease in operating revenue;

(3) Reasons for changes in costs of sales: mainly due to a decrease in employee compensation for sales personnel and advertising and exhibition expenses;

(4) Reasons for changes in administrative expenses: mainly due to an increase in termination expenses;

(5) Reasons for changes in financial expenses: mainly due to a decrease in interest income;

(6) Reasons for changes in R&D expenses: mainly due to a decrease in employee compensation for R&D personnel and materials used in research and development;

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

1. Analysis of changes in related items in the income statement and cash flow statement (Continued)

Notes: (Continued)

(7) Reasons for changes in net cash flows from operating activities: mainly due to a year-on-year decrease in cash paid for purchase of goods and services received;

(8) Reasons for changes in net cash flows from investing activities: mainly due to receipt of disposal proceeds from associates, Nanjing Ericsson Panda Communication Co., Ltd. and Beijing SE Potevio Mobile Communications Co., Ltd. for the period;

(9) Reasons for changes in net cash flows from financing activities: mainly due to the receipt of funds from the discounting of bills that were not derecognized in the previous period;

(10) Reasons for changes in investment income: mainly due to an increase in gains from the disposal of equity interests in associates;

(11) Reasons for changes in gain on changes in fair value: mainly due to an increase in fair value changes recognized on structured deposits for the period;

(12) Reasons for changes in credit impairment losses: mainly due to an increase in the provision for bad debts on accounts receivable for the period compared to the previous period;

(13) Reasons for changes in assets impairment losses: mainly due to an increase in the provision for inventory write-down and impairment provisions for fixed assets and intangible assets for the period;

(14) Reasons for changes in gain from the disposal of assets: mainly due to a loss arising from the disposal of fixed assets for the period;

(15) Reasons for changes in non-operating income: mainly due to unpayable outstanding payments;

(16) Reasons for changes in non-operating expenses: mainly due to litigation compensation payments incurred in the previous period.

Detailed explanation on material changes in the business type, profit composition or profit source of the Company in the period: N/A

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost

(1) Principal operations by business sector, product, geographical regions and sales model

Unit: Yuan Currency: RMB

Principal operations by business sector						
By sector	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase/decrease in operation income from the same period last year *(%)*	Increase/decrease in operation cost from the same period last year *(%)*	Increase/decrease in gross profit margin from the same period last year *(%)*
Industrial Internet and intelligent manufacturing	120,196,788.58	154,615,917.47	-28.64	-23.21	-15.45	Decreased by 11.81 percentage points
Intelligent transportation and safe city	1,200,650,168.21	891,871,077.94	25.72	-1.87	-2.41	Increased by 0.42 percentage points
Green and service-oriented electronic manufacturing industry	1,137,254,245.37	1,053,537,044.39	7.36	-7.73	-5.69	Decreased by 2.01 percentage points

Principal operations by products						
By product	Operating revenue	Operating cost	Gross profit margin *(%)*	Increase/decrease in operation income from the same period last year *(%)*	Increase/decrease in operation cost from the same period last year *(%)*	Increase/decrease in gross profit margin from the same period last year *(%)*
Intelligent factories and systems	81,344,266.59	106,522,678.33	-30.95	-27.05	-12.44	Decreased by 21.84 percentage points
Core components of smart manufacturing	38,852,521.99	48,093,239.14	-23.78	-13.72	-21.44	Increased by 12.17 percentage points
Intelligent transportation	544,995,103.03	401,729,970.83	26.29	-5.24	-6.88	Increased by 1.29 percentage points
Digital park	460,818,873.77	326,201,027.34	29.21	13.93	18.12	Decreased by 2.51 percentage points
Safe city	194,836,191.41	163,940,079.77	15.86	-20.10	-20.55	Increased by 0.48 percentage points
Electronic manufacturing services	1,137,254,245.37	1,053,537,044.39	7.36	-7.73	-5.69	Decreased by 2.01percentage points

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(1) Principal operations by business sector, product, geographical regions and sales model (Continued)

Principal operations by geographical regions						
By geographical region	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Nanjing	1,888,412,051.19	1,686,464,211.00	10.69	4.33	7.85	Decreased by 2.92 percentage points
Chengdu	63,779,960.26	58,880,908.67	7.68	-20.97	-38.15	Increased by 25.64 percentage point
Shenzhen	505,909,190.71	354,678,920.13	29.89	-29.91	-36.10	Increased by 6.78 percentage point

Principal operations by sales model						
By sales model	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Direct sales	2,458,101,202.16	2,100,024,039.80	14.57	-5.91	-5.14	Decreased by 0.69 percentage points

Description of principal operations by business sector, product, geographical regions and sales model:

Revenue from the industrial Internet and intelligent manufacturing segment decreased year-on-year, primarily due to intensified competition in the existing intelligent manufacturing market, which led to a decrease in revenue. Revenue from the intelligent transportation and safe city segment decreased year-on-year, mainly as the power supply and communication businesses are in a transitional period of transformation and adjustment, and new customer acquisition did not meet expectations. Revenue from the green and service-oriented electronic manufacturing industry segment decreased year-on-year, largely due to a decrease in export business orders.

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(2) Analysis of volume of production and sales

During the reporting period, volume of production and sales of the Company's principal products (other than engineering and project related businesses) are as follows:

Principal products	Unit	Production output	Sales volume	Stock	Increase/ decrease in production output from the same period last year *(%)*	Increase/ decrease in sales volume from the same period last year *(%)*	Increase/ decrease in stock from the same period last year *(%)*
Surface mounting	Points	8,692,002.00	8,621,467.00	141,387.00	6.50	4.98	99.55
Intelligent transportation equipment and others	Set	789.00	823.00	4.00	-70.30	-71.73	-89.47
Information network equipment and others	Set	673,102.00	690,707.00	23,187.00	-31.93	-30.63	-43.16

Explanation on the volume of production and sales: The decrease in production and sales volume of information network equipment, intelligent transportation equipment and others compared with the same period last year was mainly due to the year-on-year decrease in business orders.

(3) Performance of material procurement and sales contracts: N/A

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(4) Cost analysis

Unit: Yuan Currency: RMB

By sector							
By sector	Composition of cost	Amount for the period	As a percentage of total cost for the period *(%)*	Amount for the same period last year	Amount for the same period last year as a percentage of total cost *(%)*	Change in the amount for the period as compared with that of the same period last year *(%)*	Explanation
Industrial Internet and intelligent manufacturing	Material cost	106,775,110.38	69.06	110,548,882.94	60.45	-3.41	
	Labor cost	19,102,358.55	12.35	32,209,097.77	17.61	-40.69	
	Manufacturing costs	28,738,448.55	18.59	40,121,879.41	21.94	-28.37	
Intelligent transportation and safe city	Material cost	823,901,616.02	92.38	826,616,028.44	90.45	-0.33	
	Labor cost	23,310,108.19	2.61	27,847,200.77	3.05	-16.29	
	Manufacturing costs	44,659,353.72	5.01	59,457,285.24	6.51	-24.89	
Green and service-oriented electronic manufacturing	Material cost	647,314,595.64	61.44	783,089,392.56	70.10	-17.34	
	Labor cost	59,073,000.99	5.61	56,767,402.29	5.08	4.06	
	Manufacturing costs	347,149,447.76	32.95	277,203,024.99	24.82	25.23	

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(4) Cost analysis (Continued)

By product

By product	Composition of cost	Amount for the period	As a percentage of total cost for the period (%)	Amount for the same period last year	Amount for the same period last year as a percentage of total cost (%)	Change in the amount for the period as compared with that of the same period last year (%)	Explanation
Intelligent factories and systems	Material cost	73,606,529.17	69.10	74,903,728.98	61.57	-1.73	
	Labor cost	10,204,342.07	9.58	16,345,074.35	13.43	-37.57	
	Manufacturing costs	22,711,807.09	21.32	30,414,166.12	25.00	-25.32	
Core components of smart manufacturing	Material cost	33,168,581.21	68.97	35,645,153.96	58.23	-6.95	
	Labor cost	8,898,016.48	18.50	15,864,023.42	25.91	-43.91	
	Manufacturing costs	6,026,641.46	12.53	9,707,713.29	15.86	-37.92	
Intelligent transportation	Material cost	394,622,837.13	98.23	415,217,114.92	96.25	-4.96	
	Labor cost	1,443,622.12	0.36	6,535,633.44	1.52	-77.91	
	Manufacturing costs	5,663,511.57	1.41	9,641,183.13	2.23	-41.26	
Digital parks	Material cost	298,235,752.95	87.43	230,691,078.68	83.53	29.28	
	Labor cost	15,957,772.24	4.68	16,329,805.64	5.91	-2.28	
	Manufacturing costs	26,912,852.61	7.89	29,149,662.23	10.55	-7.67	
Safe city	Material cost	131,043,025.94	87.93	180,707,834.84	87.57	-27.48	
	Labor cost	5,908,713.83	3.96	4,981,761.69	2.41	18.61	
	Manufacturing costs	12,082,989.54	8.11	20,666,439.88	10.01	-41.53	
Electronic manufacturing services	Material cost	647,314,595.64	61.44	783,089,392.56	70.10	-17.34	
	Labor cost	59,073,000.99	5.61	56,767,402.29	5.08	4.06	
	Manufacturing costs	347,149,447.76	32.95	277,203,024.99	24.82	25.23	

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(5) Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the reporting period:

During the reporting period, the Company's subsidiary, Nanjing Panda Electronics Equipment Co., Ltd., absorbed and merged with its third-level subsidiary, Nanjing Panda Electromechanical Manufacturing Co., Ltd.; the Company's subsidiary, Shenzhen Jingwah Electronics Co., Ltd., absorbed and merged with its third-level subsidiary, Shenzhen Jingyu Electronics Co., Ltd.

(6) Significant changes in or adjustments to the Company's business, products or services during the reporting period: N/A

(7) Sales to major customers and purchases from major suppliers:

Explanation regarding the presentation of customer and supplier information on a consolidated basis under common control: The sales amounts to the top five customers and the purchase amounts from the top five suppliers are presented on a consolidated basis.

A. Major customers and suppliers of the Company

During the reporting period, the Company's sales to the top five customers amounted to RMB828,308,200, representing 33.29% of the total sales in 2025, of which sales to connected parties amounted to RMB266,010,100, representing 10.69% of the total sales in 2025.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB239,196,200, accounting for 13.21% of the total amount of purchase made by the Company in 2025, of which purchase from connected parties amounted to RMB0, representing 0% of the total amount of purchase in 2025.

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(7) Sales to major customers and purchases from major suppliers (Continued)

B. Circumstances in which the proportion of sales to a single customer exceeded 50% of the total sales, there were new customers among the top 5 customers, or the Company was heavily dependent on a small number of customers: N/A

Circumstances in which the proportion of procurement from a single supplier exceeded 50% of the total sales, there were new suppliers among the top 5 suppliers, or the Company was heavily dependent on a small number of suppliers: N/A

C. During the reporting period, the Company's shares were subject to delisting risk warning or other risk warning: N/A

D. During the reporting period, the Company had revenue from trading business: N/A

3. Expenses

During the reporting period, the costs of sales decreased by 13.31%, mainly due to the decrease in employee compensation for sales personnel and advertising and exhibition expenses; the administrative expenses increased by 6.25%, mainly due to the increase in termination expenses.

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

4. R&D Investment

(1) Particulars of R&D investment

Unit: Yuan Currency: RMB

R&D expenses for the period	215,718,706.04
Capitalized R&D expenses for the period	
Total R&D expenses	215,718,706.04
Percentage of total R&D expenses over operating revenue *(%)*	8.67
Percentage of capitalized R&D investment *(%)*	–

(2) Particulars of R&D personnel

Number of R&D personnel of the Company	593
Percentage of R&D personnel over total number of staff of the Company *(%)*	25.88

Category of educational structure	
Category of educational structure	Number of educational structure
Doctoral candidate	4
Master degree candidate	163
Undergraduate	368
Junior college	56
High School and below	2

Age structure of R&D personnel	
Category of age structure	Number of age structure
Under 30 years old (excluding 30 years old)	174
30–40 years old (including 30 years old, excluding 40 years old)	258
40–50 years old (including 40 years old, excluding 50 years old)	109
50–60 years old (including 50 years old, excluding 60 years old)	51
60 years old and above	1

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

4. R&D Investment (Continued)

(3) Description:

In 2025, the Company advanced a total of 85 R&D projects. Among them, the special project of MIIT Industrial Internet Innovation and Development Project "Intelligent Operation and Maintenance System of Production Equipment in Key Industries Based on Industrial Internet Platform" passed project acceptance; the "Key Technologies for Intelligent Operation Decision-Making of Equipment Manufacturing Enterprises Supporting Dynamic Reconstruction", a key R&D plan under the Ministry of Science and Technology, passed its project phase acceptance.

(4) Reasons for major changes in the composition of R&D personnel and its impact on the future development of the Company: N/A

5. Cash flow

During the reporting period, the increase in net cash flows from operating activities was mainly due to the year-on-year decrease in cash paid for purchase of goods and services received for the period; the increase in net cash flows from investing activities was mainly due to receipt of disposal proceeds from associates, Nanjing Ericsson Panda Communication Co., Ltd. and Beijing SE Potevio Mobile Communications Co., Ltd. for the period; the decrease in net cash flows from financing activities was mainly due to the receipt of funds from the discounting of bills that were not derecognized in the previous period.

(II) Explanation on major changes in profit caused by non-main business: For details, please refer to (VI) "Disposal of material assets and equity interest" in this section.

V. Principal operations during the reporting period (Continued)

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets *(%)*	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets *(%)*	Change in the amount at the end of the period as compared to the amount at the end of the previous period *(%)*	Explanation
Cash and cash equivalents	1,125,211,947.94	20.58	757,643,131.44	14.24	48.51	Mainly due to the receipt of proceeds from the disposal of equity interests in associates for the period
Notes receivable	49,848,486.38	0.91	98,477,213.49	1.85	-49.38	Mainly due to a decrease in trade acceptance receivables at the end of the period
Financing receivables	47,523,811.39	0.87	30,350,019.89	0.57	56.59	Mainly due to an increase in bank acceptance receivables at the end of the period
Prepayments	56,253,122.50	1.03	27,410,781.74	0.52	105.22	Mainly due to an increase in prepayments for materials
Non-current assets due within one year		–	730,582.81	0.01	-100.00	Mainly due to a decrease in guarantee funds due within one year
Construction in progress	778,720.32	0.01	1,506,311.96	0.03	-48.30	Mainly due to the transfer of construction in progress projects from the beginning of the period to fixed assets for the period
Right-of-use assets	5,161,461.31	0.09	8,464,815.42	0.16	-39.02	Mainly due to the depreciation of right-of-use assets recognized for the period
Long-term expenses to be amortised	11,192,577.90	0.20	16,398,879.07	0.31	-31.75	Mainly due to the amortization of long-term expenses to be amortised for the period

V. Principal operations during the reporting period (Continued)

(III) Analysis of assets and liabilities (Continued)

1. Assets and liabilities (Continued)

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets *(%)*	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets *(%)*	Change in the amount at the end of the period as compared to the amount at the end of the previous period *(%)*	Explanation
Short-term borrowings		–	42,326,327.88	0.80	-100.00	Mainly due to the maturity during the period of bills that were discounted but not derecognized at the end of the previous period
Contract liabilities	148,777,425.69	2.72	108,769,990.54	2.04	36.78	Mainly due to an increase in advances received from customers
Advance receipts	48,628.60	0.00	468,971.75	0.01	-89.63	Mainly due to prepaid rent
Lease liabilities	2,633,805.93	0.05	4,628,222.00	0.09	-43.09	Mainly due to the lease payments made this year
Long-term staff salaries payables	2,292,859.18	0.04	4,200,641.03	0.08	-45.42	Mainly due to the transfer of long-term staff salaries payables due within one year to short-term staff salaries payables
Estimated liabilities		–	1,800,000.00	0.03	-100.00	Mainly due to a decrease in product quality warranty

V. Principal operations during the reporting period (Continued)

(III) Analysis of assets and liabilities (Continued)

2. Overseas assets

(1) Asset size

Including: Overseas assets in the amount of RMB93,117,787.45, accounting for 1.70% of the total assets.

(2) Explanation regarding a relatively high proportion of overseas assets: N/A

3. Main restrictions on assets as at the end of the reporting period:

Unit: Yuan Currency: RMB

Item	Closing carrying amount	Reason
Cash and cash equivalents	53,154,585.86	Acceptance bill, performance, guarantee, letter of credit deposit
Notes receivable	29,743,310.28	Endorsed acceptance bills that have not been terminated for recognition
Accounts receivable	8,645,898.89	Endorsed supply chain bills that have not been terminated for recognition
Total	91,543,795.03	

V. Principal operations during the reporting period (Continued)

(IV) Analysis of industry operational information

1. Smart transportation

By integrating diverse scenarios such as transportation, mobility, and security, and deeply merging new-generation information technology with artificial intelligence, smart cities have become an important engine for promoting the coordinated development of the digital economy and the real economy, and for expanding the domestic market. In July 2025, the CPC Central Committee convened the Central Urban Work Conference after a ten-year interval, clearly stating that China's urbanization is transitioning from a period of rapid growth to a period of stable development, and urban development is shifting from a stage of large-scale incremental expansion to a stage primarily focused on improving the quality and efficiency of existing assets, accelerating the construction of modern people-oriented cities with "innovation, liveability, beauty, resilience, civilisation and intelligence" as their core connotations. Subsequently, five departments including the National Development and Reform Commission jointly issued the "Action Plan for Deepening the Development of Smart Cities and Promoting City-wide Digital Transformation", systematically deploying the key actions and development goals for the city-wide digital transformation of cities over the next three years. The city-wide digital transformation releases value along the path of "technology-data-reform-industry", highlighting system integration and promoting the evolution from "multiple systems per department" to "one system per department, one system for multiple departments". It emphasizes multi-span integration and connectivity, transitioning from satisfying the needs of government performance of duties to satisfying the needs of various urban scenarios. The industry exhibits distinct characteristics: sub-sectors are highly dependent on government planning and policy support, demonstrating strong policy sensitivity; technological integration is accelerating, as technologies such as AIoT, 5G, big data and digital twins are reshaping the industry landscape; and the operating model is undergoing a transformation from project construction to "construction + operation", with recurring service income becoming a key focus for enterprises. Regional gradient development, where the demand for upgrades in first-tier cities coexists with the demand for new construction in second- and third-tier cities, results in a multi-layered market space. Focusing on the urban rail transit sector, China's urban rail transit has transitioned from an era of "large-scale construction" to "large-scale operations", with its scale ranking first in the world and passenger flow recovering steadily. TOD integrated development, cost reduction and efficiency enhancement, and digital and intelligent transformation have become the keys to breaking through. Smart operation and maintenance, automation, big data passenger flow prediction, intelligent scheduling, seamless payment, digital twin, energy storage, photovoltaics, and regenerative braking energy recovery have become future growth points.

The Company has achieved remarkable results in the field of smart transportation. In 2025, the Company won bids for rail transit automatic fare collection system renovation and smart ticketing system projects in Egypt, Shenzhen and other cities at home and abroad. Meanwhile, it won bids for smart system projects in Hangzhou, Hefei and other provinces. At present, the Company's products have covered more than 60 cities and regions around the world, becoming one of the few domestic suppliers that can provide complete solutions for subway AFC terminal equipment manufacturing, AFC system, ACC system and Internet ticketing system at the same time, further consolidating its leading position in the field of smart transportation and safe city. In the future, the Company will continue to rely on technological innovation and industry experience, deeply participate in the construction of smart urban rail, promote the intelligent and digital development of urban rail transit, provide more efficient and intelligent solutions for the industry, and help the high-quality development of urban rail transit in China.

V. Principal operations during the reporting period (Continued)

(IV) Analysis of industry operational information (Continued)

2. Intelligent manufacturing

Intelligent manufacturing achieves the deep integration of new generation information technology (such as Internet of Things, artificial intelligence, big data, cloud computing, etc.) and manufacturing technology for intelligent, flexible, green and efficient manufacturing. It mainly covers four core fields of smart factories, intelligent equipment, industrial software and industrial Internet. Currently, China's intelligent manufacturing is at a critical stage of accelerated transition from "pilot demonstration" to "large-scale promotion". Policy support continues to increase, market demand is robust, and the industry is entering a golden period of development. According to estimates, the smart manufacturing market has maintained a high-speed growth momentum. The global smart manufacturing market size was USD394.35 billion in 2025 and is projected to grow from USD446.45 billion in 2026 to USD1,339.17 billion by 2034, representing a compound annual growth rate (CAGR) of 14.70% during the forecast period. As a major global manufacturing power, China possesses unique advantages in the field of intelligent manufacturing. In 2025, the number of artificial intelligence enterprises in China exceeded 6,000, and the scale of the core industry is expected to surpass RMB1.2 trillion. China possesses the world's most complete industrial system with the most comprehensive categories, covering over 6 million manufacturing enterprises, which constitutes the most valuable "full-scenario" application ground for artificial intelligence technology. Data shows that in 2025, the value added of the equipment manufacturing industry in China increased by 9.2%, and the output of industrial robots increased by 28%, indicating a foundation of high prosperity in the industry. The solutions segment dominates the market and is expected to maintain its market dominance with a share of 75.50% by 2026, with a market size reaching USD337.08 billion. Among which, the software segment is expected to account for a 38% share by 2035, benefiting from collaborations among various enterprises to introduce AI-assisted programs into their manufacturing processes. Looking forward to 2030, intelligent manufacturing will enter a new stage of comprehensive popularization and ecological competition, where human-machine collaboration moves towards "cognitive intelligence" and industrial robots possess capabilities for autonomous environmental learning and dynamic decision-making; digital twins will become standard for factories, achieving real-time mapping and reverse control between the physical and digital worlds. The platform empowerment effect has been fully unleashed, and industrial internet platforms have evolved from "connectivity" to "intelligence", nurturing a group of trillion-RMB industrial ecosystems. China is expected to become a global source of technology, an application demonstration site, and a market hub for intelligent manufacturing, occupying higher-value segments in the global industrial chain division of labor.

V. Principal operations during the reporting period (Continued)

(IV) Analysis of industry operational information (Continued)

2. Intelligent manufacturing (Continued)

In the field of intelligent manufacturing, the Company closely followed the national intelligent manufacturing development strategy, gave full play to its own advantages, continuously iterated products and technological innovations, and expanded businesses such as intelligent manufacturing, intelligent warehousing, and electronic glass lines. It signed contracts with multiple customers, demonstrating the Company's competitiveness in the field of intelligent manufacturing. The Company continued to improve its independently developed intelligent manufacturing system platform and promoted the optimization and upgrading of industrial software systems, and currently possesses mature industrial software products. In the future, the Company will continue to deepen its layout in key areas, enhance its technological research and development capabilities, and take the business direction of segmented fields as the entry point to strengthen market expansion and brand building, achieving a market leap from project customization to large-scale replication, so as to seize the historical opportunities in the development of intelligent manufacturing and achieve leapfrog growth in its business.

3. Green and service-oriented electronic manufacturing

Electronic manufacturing service is a core component of the specialized division of labor within the electronics industry. Its essence lies in providing brand owners with full-chain services ranging from R&D collaboration, supply chain management, and manufacturing to testing and delivery, as well as after-sales maintenance. Together with ODM, it constitutes the mainstream model of the industry and has become the "manufacturing foundation" of the global electronics industry. In 2026, the industry will be characterized by steady growth in scale, structural differentiation, high-end upgrades and regional agglomeration, with AI servers, automotive electronics and the Industrial Internet of Things (IIoT) becoming the core growth poles. The global electronic manufacturing services market reached a scale of USD555.67 billion in 2025 and is expected to reach USD582.89 billion in 2026, with an annual growth rate of approximately 4.9%. The Chinese electronic manufacturing services market was approximately RMB2.2 trillion in 2025 and is expected to be RMB2.4 trillion in 2026, accounting for over 74% of the global share and firmly ranking first in the world. The Ministry of Industry and Information Technology's "2025–2026 Action Plan for Steady Growth of the Electronic Information Manufacturing Industry" specifies an average growth rate target of approximately 7% for the industry's added value and a revenue growth rate of 5%. In summary, the electronic manufacturing services industry has broad future market prospects, with technological upgrades, AI servers, automotive electronics, consumer electronics, and environmental protection requirements becoming the core growth engines for the next five years.

In the field of green and service-oriented electronic manufacturing, the Company will strive to seize technological transformations and market opportunities, transitioning from being "scale-driven" to "technology-driven". It aims to enhance technological capabilities, optimize supply chain layout, and strengthen environmental protection measures, focusing on high value-added tracks such as automotive electronics. By strengthening supply chain resilience and technological research and development, the Company will build an integrated capability of "manufacturing + service + technology", striving to capture a larger market share in future market competition.

V. Principal operations during the reporting period (Continued)

(V) Analysis of investment

During the reporting period, the Company increased its investment in Nanjing Panda Information Industry Co., Ltd. by RMB125 million in cash. Additionally, Nanjing Panda Electronics Equipment Co., Ltd. utilized reserves to offset accumulated losses in the amount of RMB17.1973 million.

1. Material equity investment: N/A

2. Substantial non-equity investment: N/A

3. Financial assets measured at fair value:

Unit: Yuan Currency: RMB

Asset class	Opening balance	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount in the current period	Other changes	Closing balance
Financial assets held for trading (other)	491,594,758.95	8,562,187.34			1,070,000,000.00	1,072,033,458.61		498,123,487.68
Receivables financing	30,350,019.89				249,315,353.70	232,141,562.20		47,523,811.39
Total	521,944,778.84	8,562,187.34		–	1,319,315,353.70	1,304,175,020.81	–	545,647,299.07

4. Specific progress of major asset restructuring and integration during the reporting period: N/A

(VI) Disposal of material assets and equity interest

On 19 June 2025, an extraordinary meeting of the 11th session of the Board of the Company was held, at which the resolution on the public tender and transfer of equity interest in its associate company was considered and approved, agreed to transfer the 27% equity interest held by the Company in its associate company, Nanjing Ericsson Panda Communication Co., Ltd., through public tender (the "**Subject Equity**") on the Shanghai United Assets and Equity Exchange (the "**SUAEE**"). The Subject Equity to be transferred will be listed for public tender together with 22% equity interest held by other Chinese shareholders of ENC. On 30 July 2025, the first extraordinary general meeting in 2025 of the Company was held, at which the matters relating to the public tender and transfer of equity interest in associate company; and the authorization of the Company's management to organize and implement the said transaction and handle the specific related matters were considered and approved.

V. Principal operations during the reporting period (Continued)

(VI) Disposal of material assets and equity interest (Continued)

On 26 September 2025, the Company received a notification from SUAEE, pursuant to its transaction rules, the transferee of the 49% of equity interest of ENC was confirmed as Ericsson (China) Co., Ltd ("**Ericsson (China)**"). On 29 September 2025, the Company and other Chinese shareholders of ENC entered into an Asset Transaction Agreement with Ericsson (China). The transaction price for the 49% equity interest in ENC was RMB465 million, with the value of the 27% equity interest in ENC held by the Company corresponding to RMB256.2245 million. On 10 October 2025, the SUAEE received the full consideration for the equity transaction of RMB465 million from Ericsson (China) in respect of the acquisition of a 49% equity interest in ENC. On 14 October 2025, the Company received the property rights transaction certificate issued by the SUAEE. On 30 October 2025, ENC completed the industrial and commercial registration procedures for the change of ownership, and the Company, along with the other Chinese shareholders of ENC, ceased to hold any equity interest in ENC.

Upon completion of this transaction, the Company recovered approximately RMB256.2245 million, which had a significant impact on the Company's operations during the current period.

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies

1. Major subsidiaries and invested companies affecting 10% or more of the Company's net profit

Unit: 0'000 Currency: RMB

Company name	Company type	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Electronics Equipment Company	Subsidiary	Industrial automation equipment	19,000.00	20,124.57	-26,163.38	12,464.01	-14,346.74	-14,205.07
Information Industry Company	Subsidiary	Railway transportation, system integration	21,681.42	168,495.98	54,010.86	88,556.45	3,834.87	3,958.85
Electronic Manufacture Company	Subsidiary	SMT processing, injection molding business	USD2,000	84,483.71	26,306.38	74,727.60	100.07	70.57
Communications Technology Company	Subsidiary	Military-civilian integration communication products	10,000.00	25,615.98	5,338.19	11,242.15	-6,153.36	-6,153.30
Shenzhen Jingwah	Subsidiary	Electronics industry, property leasing	11,507.00	62,848.47	44,715.65	50,683.48	8,512.54	6,612.02
Chengdu Electronic Technology	Subsidiary	SMT processing	5,000.00	12,480.80	10,058.20	6,707.67	5.38	6.52
LG-Panda	Invested company	Development and production of fully automatic washing machines and related components	USD3,570	399,845.30	113,649.97	744,407.00	36,836.81	27,389.04

Note: The Company holds 30% equity interest in LG-Panda, and the investment income for the year amounted to RMB69.5986 million.

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies (Continued)

1. Major subsidiaries and invested companies affecting 10% or more of the Company's net profit (Continued)

Changes in net profit indicators of major subsidiaries:

Unit: 0'000 Currency: RMB

Subsidiary	Net profit 2025	2024	Change *(%)*
Electronics Equipment Company	-14,205.07	-12,305.20	N/A
Information Industry Company	3,958.85	3,685.97	7.40%
Electronic Manufacture Company	70.57	2,083.18	-96.61%
Communications Technology Company	-6,153.30	-6,892.62	N/A
Shenzhen Jingwah	6,612.02	7,551.95	-12.45%
Chengdu Electronic Technology	6.52	-2,002.99	N/A

Description of changes:

Electronics Equipment Company recorded a loss year-on-year due to higher credit impairment losses and asset impairment losses. The net profit of Information Industry Company increased by 7.40% year-on-year, mainly due to a year-on-year increase in the gross profit margin of rail transit projects. The net profit of Electronic Manufacture Company decreased by 96.61% year-on-year, mainly due to a year-on-year decrease in the gross profit margin of its processing business. The net profit of Communications Technology Company narrowed year-on-year, primarily due to a year-on-year increase in the gross profit margin of communication products. The net profit of Chengdu Electronic Technology increased significantly year-on-year, mainly due to cost reduction and a year-on-year increase in processing business.

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies (Continued)

2. Acquisition and disposal of subsidiaries during the reporting period

Company name	Method of acquisition or disposal of subsidiaries during the reporting period	Impact on overall operations and performance
Nanjing Panda Electromechanical Manufacturing Co., Ltd.	Absorption and merger	No impact
Shenzhen Jingyu Electronics Co., Ltd.	Absorption and merger	No impact

3. Other explanation

In 2025, the Company focused on the development of its three main businesses. In accordance with the spirit of relevant documents of the State-owned Assets Supervision and Administration Commission of the State Council and in combination with the actual situation of the Company, the Board considered and approved two cases of merger by absorption of subsidiaries and sub-subsidiaries (Nanjing Panda Electronic Equipment Co., Ltd. to absorb Nanjing Panda Electromechanical Manufacturing Co., Ltd., and Shenzhen Jingwah Electronics Co., Ltd. to absorb Shenzhen Jingyu Electronics Co., Ltd.).

In addition, the Company implemented the liquidation and cancelation of two associate companies (associate company Shenzhen Chebao Information Technology Co., Ltd. and associate company Beijing SE Potevio Mobile Communications Co., Ltd.), which increased the total profit of the Company's consolidated financial statements by approximately RMB11.03 million in aggregate. Upon approval and filing with the state-owned assets supervision and administration authorities, and consideration and approval by the board of directors and the shareholders' meeting, the Company completed the public transfer of its 27% equity interest in Nanjing Ericsson Panda Communication Co., Ltd., recovering approximately RMB256.2245 million, which had a significant impact on the Company's results of operations for the current period.

Such subsidiary integration and equity disposal adjustments will further reduce the number of corporate tiers, integrate resource allocation, optimize the industrial structure, and enhance the development quality and operational efficiency of the Company.

(VIII) Structured entities controlled by the Company

During the reporting period, there were no structured entities that were controlled by the Company.

VI. Discussion and Analysis of the Company over the Company's Future Development

(I) Industrial landscape and trend

Driven by the national "package" of incremental policies, China's electronic information manufacturing industry has made steady progress. Looking ahead to the "15th Five-Year Plan", in the face of global political and economic risks and the challenges of industrial chain restructuring, the industry needs to accelerate the transformation and upgrading of product and industrial structures, enhance innovation efficiency, and construct a collaborative development ecosystem. In the field of digital cities, the "Digital China" strategy promotes the integration of the digital economy and the real economy, with various regions issuing smart city construction plans (for example, Jiangsu has proposed that the digitalisation rate of transportation infrastructure shall reach 95% by 2035). The advancement of urbanization and the increasing complexity of urban management, coupled with the support of technologies such as 5G and artificial intelligence, have catalyzed an urgent demand for digital solutions. Both the global and Chinese smart city markets are experiencing rapid growth, with the global market expected to reach USD585.96 billion in 2026, representing a CAGR of 7.64% from 2026 to 2035; domestic smart transportation, intelligent security and smart parks are the three fastest-growing segments. In the field of smart transportation, the global smart transportation market is growing rapidly, with the market size expected to reach USD34.29 billion in 2026, and the CAGR from 2026 to 2034 reaching as high as 11.48%, increasing to USD81.82 billion in 2034. To address congestion and safety issues, various countries are actively deploying intelligent transportation systems. Domestically, driven by the "Transport Powerhouse" and "Smart City" strategies, the market prospects are broad. Among these, advanced traffic management systems account for the largest proportion due to high investment in areas such as congestion control; the integrated application of electronic toll collection and dynamic pricing systems has also played a key role in increasing tax revenue and alleviating congestion. The smart security market is showing a steady growth trend, with the global scale expected to reach USD20.26 billion in 2026, a CAGR of 8.8% from 2026 to 2035, and is projected to increase to USD43.28 billion by 2035. Demand is primarily concentrated in the urban-rural fringe, with intelligent networked monitoring systems and public safety initiatives being the core driving factors. Domestically, driven by the "Safe City" and "Sharp Eyes" projects, the market size reached RMB1 trillion in 2025; artificial intelligence has become the core engine, with technologies such as video analytics and facial recognition widely applied in key areas. The smart park market has entered a period of rapid development. As an important carrier of smart cities, it has achieved a comprehensive upgrade of management, operations, and services through technologies such as the Internet of Things and big data. The Chinese market is growing rapidly, with a regional distribution pattern characterized by the "East leading and the Central and West catching up", and the construction content comprehensively covers four major smart application areas: park management, enterprise services, personal services, and industrial development. The intelligent manufacturing industry is standing at a turning point in the transition from "automation" to "autonomy". Driven by the triple forces of policy dividends, technological breakthroughs and corporate demand, industrial intelligent agents are transitioning from single-point trials to full-scenario synergy, with human-machine collaboration entering a new stage of "cognitive intelligence". Looking ahead, the development of the intelligent manufacturing industry will exhibit six core trends, namely: industrial large models will reshape industrial forms and drive value chain reconstruction; a "human-machine symbiotic" manufacturing ecosystem will accelerate its formation; industrial metaverse technology will promote global virtual collaboration in R&D and production; green and low-carbon will transform from binding indicators into new competitive advantages; supply chain security and domestic substitution will become the dual engines of industrial upgrading; and the gradient cultivation mechanism will provide a clear path for the large-scale replication and standardized implementation of smart factories.

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(I) Industrial landscape and trend (Continued)

The Company has made remarkable deployments and achievements in the field of digital cities. As it possesses core technologies such as mobile payment and emergency communication, it can provide a full set of solutions such as urban rail transit integrated command systems, automatic fare collection systems, ticketing clearing systems and communication systems. The Company's research and development achievements have been applied in more than 60 cities around the world, making it a domestic leading supplier of core equipment for urban rail transit. Meanwhile, the Company provides holistic multi-scenario solutions for digital parks, covering fields such as smart park management, security monitoring and intelligent buildings, possesses core technologies such as multi-mode integrated communication terminal design and line-of-sight communication, and maintains robust system integration capabilities. In the future, the Company will further deepen the research, development and application of dedicated communication system technology for rail transit, promote the application of digital twin virtual-real interaction simulation technology, improve the intelligence level of the system, expand satellite internet terminal technology, and provide broader communication support for smart cities. The Company will focus on increasing investment in the application and development of core technologies such as 5G, artificial intelligence, the Internet of Things and digital twins, and enhance its independent innovation capabilities. Deepen cultivation of the domestic market, particularly in fields such as smart transportation and digital parks, to expand market share. Actively expand into overseas markets, particularly in countries and regions along the "Belt and Road", to seek new cooperation opportunities. Strengthen brand building and enhance brand influence through methods such as participating in industry exhibitions and publishing technical white papers.

In the fields of industrial Internet and intelligent manufacturing, the Company relies on technologies such as the Internet, cloud computing, big data, and artificial intelligence. Through the intelligent interconnection of people, machines, and things, it has achieved seamless transmission of information and data among various production links and production factors, thus helping enterprises reduce costs, increase efficiency, improve quality, and upgrade. The Company has established an industrial Internet platform with cloud computing, big data, and artificial intelligence as the core, which supports data collection, analysis, and intelligent decision-making. Its intelligent manufacturing solutions have been implemented and applied in multiple industries (such as high-end equipment manufacturing, electronic information and new energy). In the future, facing the historical opportunity of the manufacturing industry's transformation towards advanced manufacturing, the Company is committed to building a "smart equipment + data services" dual-core drive system. Focusing on the transition from automation to flexible intelligence, the Company is committed to becoming a leader in smart factory solutions for the discrete manufacturing industry. By integrating digital twin, flexible scheduling, and intelligent warehousing technologies, the Company promotes the efficient allocation of manufacturing resources and achieves transparency and self-optimization of the production process. Focusing on the blue ocean market of "machine substitution for humans", particularly special operations in high-risk environments, by overcoming core technologies such as perception in complex environments and high-precision motion control to develop inspection and operation robots with autonomous operation capabilities. Focusing on the transition from production support to value creation, and leveraging the entry advantage of core equipment to construct an industrial data foundation. Focusing on data collection, governance and application development, the Company leverages AI algorithm models to tap into data value, providing value-added services ranging from equipment health management to production process optimization, and assisting customers in transforming from experience-driven to data-driven operations. Consolidate technical and market advantages in the field of intelligent equipment, and facilitate the transformation of the manufacturing industry towards advanced manufacturing.

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(II) Development strategies of the Company

The Company is committed to developing into a leading domestic electronic information enterprise and building a reliable force for national digital-intelligent equipment. It will seize the development opportunities of the digital economy and information technology application innovation, adhere to market orientation and core technology drivers, revolve around building a reliable force for national digital-intelligent equipment, focus on the primary responsibility and main business of digital-intelligent equipment, and achieve the evolution of the industrial system as a whole towards high-end, intelligent, and green development.

In the field of smart transportation, consolidate existing advantageous markets, actively explore emerging key regions, and actively participate in various key projects; integrate internal and external advantageous resources, increase expansion efforts in the existing line transformation market, and enrich diversified business scenarios; firmly implement the "going global" strategy, accelerate overseas market layout and brand internationalization, and strive with full force for the implementation of more overseas projects. The digital park business revolves around the national development strategy for next-generation information technology, strengthens forward-looking deployment, breaks through development bottlenecks, and adheres to independent product research and development as the core to promote the transformation from single intelligent engineering to a "product supplier-system integrator" system; focuses on expanding intelligent business in economic circles such as the Yangtze River Delta and the Beijing-Tianjin-Hebei region; in terms of information system integration, creates industry-level solutions and strives to achieve project implementation in fields such as government affairs, finance and energy. In the field of specialized communications, closely follow the implementation of existing orders from overall units, actively explore external markets, and focus on developing businesses such as low-orbit satellite communication terminals, wireless image transmission, ad-hoc network terminals, unmanned data links, satellite station control systems, and mobile communication terminals. In the power supply business sector, the Company will increase its existing power supply market share and extend its reach into civil consumer fields such as bidirectional inverters and energy storage power supplies. In the field of intelligent manufacturing, with digitalisation and intelligence as the core, focusing on the business directions of intelligent factory construction, special operation robots and industrial data services, the Company deeply cultivates flexible assembly and intelligent warehousing, provides intelligent system solutions, strengthens the research and development of segmented robot applications in specific industries and fields, and helps customers improve production and operation efficiency through industrial data empowerment. In the field of electronic manufacturing, focus on developing human-machine interaction and electronically controlled home appliance products, and deepening cooperation with strategic customers; actively expand automotive electronics platform business; leverage manufacturing advantages in EMS, injection molding, and electronic components to expand into supporting markets such as flow batteries, charging piles, charging stations, and battery swapping cabinets; and continuously promote the international export business of consumer electronic products such as notebook computers, recording equipment, dash cams, and artificial intelligence terminals.

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(II) Development strategies of the Company (Continued)

The Company will deepen the engine of scientific and technological innovation, construct a collaborative and efficient innovation system for digital and intelligent equipment, and make every effort to cultivate new quality productive forces. Adhering to the unification of basing on the present and looking towards the long term, relying on existing industrial accumulation and innovation resources, focusing on tackling key core technologies in the field of digital intelligence equipment, and focusing on directions such as high-end equipment manufacturing, low-orbit satellite internet communication terminals and related products, and artificial intelligence applications, the Company will actively align with major national strategies, promote the deep integration of the innovation chain and the industrial chain, explore replicable commercialisation paths, seize new tracks, and shape new advantages. With the construction of an efficient and collaborative innovation system as the core, the Company will rationalize management mechanisms, clarify R&D responsibilities, and optimize resource allocation; focus on key technologies of the core business and forward-looking fields, build high-level R&D platforms, and deepen open cooperation with universities, scientific research institutes, and industry chain partners. Focusing on industry frontiers and industrial bottlenecks, we shall plan and implement a number of major scientific and technological projects, so as to drive the overall leap in innovation capabilities through such major projects. The Company will strengthen key technological and product research and development in core areas, deepen cooperation across the industry chain, integrate large artificial intelligence models, overcome robot intelligent recognition technology, and form an overall solution.

(III) Business plan

1. The progress of development strategies and business plan during the reporting period

   In 2025, facing a complex and severe external environment, the Company resolutely implemented the work requirements of the Party Committee at higher levels and the board of directors, focused on its main responsibilities and core businesses, anchored its development goals, and coordinated the promotion of various tasks such as deepening reform, technological innovation, structural adjustment and risk prevention, striving to maintain stable and orderly operations of the enterprise and achieve a turnaround from loss to profit. However, affected by factors such as the internal and external operating environments and business transformation, the Company failed to achieve the major operating targets set at the beginning of the year. The operating targets of the Company in 2025 were: operating revenue of RMB2,800.00 million, and total profit of RMB115 million. According to the audited financial report, for the year 2025, the Company achieved operating revenue of RMB2,487.91 million and total profit of RMB70.38 million.

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(III) Business plan (Continued)

2. Operating plan

The operating targets of the Company for 2026 are to achieve an operating income of RMB3,100 million and total profit of RMB80 million. Based on the overall economic development situation at home and abroad, the board of directors has fully considered the development status of the industry and formulated the above operating targets in combination with the actual situation of the Company. During the actual operation process, there will be many uncertain factors. The Company will adhere to a practical work style, pursue progress while maintaining stability, and strive to achieve the operating targets.

2026 is the commencement year for the Company's implementation of the "15th Five-Year" Plan and a crucial year for deepening reform and innovation and advancing towards high-quality development. In accordance with the work requirements of the Party Committee at a higher level and the board of directors, the Company will focus on its main responsibility and core business of digital and intelligent equipment, take the continuous deepening of reform as the main line of operation, concentrate efforts on improving quality and efficiency, strengthen innovation-driven development, and promote the enhancement of corporate governance effectiveness and core functions, striving to create a new situation for the high-quality development of the Company during the "15th Five-Year" Plan period.

First is to systematically optimize the industrial structure. Standing at the new starting point of development for the "15th Five-Year Plan", the Company will strengthen comprehensive planning and strategic deployment, taking intelligent equipment and smart cities, advanced manufacturing services, and wireless private communications as its main business segments. Adhering to the industrial chain mindset and persisting in the simultaneous implementation of "consolidation, cultivation, enhancement and cleanup", the Company will promote the refinement and strengthening of core pillar industries, the accelerated growth of emerging growth industries, the forward-looking cultivation of future incubation industries, the synergistic efficiency enhancement of related supporting industries, and the orderly exit of inefficient and weak businesses on a classified basis, so as to achieve the evolution of the industrial system as a whole towards high-end, intelligent and green development.

Second is to promote the simultaneous improvement of business volume and quality, and to deepen the synergy between existing and incremental business. Adhering to the unification of basing on the present and focusing on the long term, and relying on existing industrial accumulation and innovation resources, the Company will actively seize new tracks and shape new advantages. Focusing on strategic emerging industries and future industries, the Company will actively explore replicable and sustainable commercialization paths, and make every effort to cultivate and form new industrial competitive advantages.

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(III) Business plan (Continued)

2. Operating plan (Continued)

Third is to strengthen innovation leadership. The Company will strengthen the construction of the scientific research system, focus on key technologies of the core business and forward-looking fields, enhance the construction of research and development capabilities, and create high-level research and development platforms; deepen open cooperation, proactively engage with universities, scientific research institutes, and industry chain partners, and construct a collaborative innovation system. It will plan and implement a batch of major projects, and intensify efforts in technical and product research and development in fields such as low-orbit satellite internet communication terminals, smart transportation, and intelligent manufacturing.

(IV) Potential risks

1. Technical risk

The industry in which the Company operates is experiencing accelerated technological iteration. Influenced by factors such as changes in the external economic environment, internal R&D investment structure, high-end talent reserves, and the efficiency of R&D achievement transformation, there are deficiencies in frontier technology layout and key core competitiveness. The Company will focus on key directions, strengthen the construction of the Digital Intelligence Industry Research Institute, and improve the R&D system and industry-university-research collaboration mechanism; increase the introduction and incentive of high-level talents, optimize the allocation of R&D resources, and accelerate breakthroughs in key technologies and patent layout; promote the efficient transformation of R&D achievements and product iteration, enhance independent innovation capabilities, and provide technical support for industrial upgrading and high-quality development.

2. Market risk

Affected by factors such as macroeconomic fluctuations, adjustments to industry policies, changes in market demand, and intensified market competition, the growth of the Company's traditional businesses is under pressure, the scale of its emerging businesses has yet to be established, and its market share and profit stability are facing challenges. In order to better cope with market risks, the Company will steadfastly adhere to its sustainable development strategy, keep up with market dynamics, follow industry trends, optimize its business structure, and strive to find new growth points for the business; and continue to optimize its market expansion strategy, strengthen resource integration and collaboration, continuously promote industrial transformation and upgrading, improve the core competitiveness of its products and services based on market demand and policy adjustments; and actively explore and develop overseas business markets.

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(IV) Potential risks (Continued)

3. Litigation risk

If certain cases of the Company are handled improperly, losses, misappropriation of funds, and reputational impacts may arise; the Company will strengthen the management and control of the entire process of cases, actively adopt effective response measures, and earnestly safeguard the legitimate rights and interests of the Company. At the same time, the Company will continue to improve the proactive legal risk prevention and control system, and strengthen the whole-process review and compliance management of contracts; perfect the mechanisms for pre-litigation screening, mid-litigation disposal, and post-litigation review and rectification, and make every effort to reduce the stock of cases and control incremental disputes; strengthen the synergy between legal affairs and business, and enhance the compliance awareness and risk disposal capabilities of all employees, so as to reduce legal disputes from the source and safeguard operational stability.

VII. Explanations on Facts not Disclosed in accordance with the Inapplicability of Standards or Special Reasons including state secrets or trade secrets: N/A

VIII. Other Disclosures

(I) Liquidity of Capital

In accordance with the Accounting Standards for Business Enterprises of China, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 37.69%, RMB2.024 billion, 1.99 and 1.74 respectively as at 31 December 2025 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB1,125 million as at 31 December 2025 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB0 as at 31 December 2025 as shown in the consolidated financial statements of the Company.

As of 22 December 2025, the loan prime rates (LPR) of the loan market were: the LPR for 1-year was 3.0%, and the LPR for more than 5-year was 3.5%; as of 20 March 2026, the LPRs were: the LPR for 1-year was 3.0%, and the LPR for more than 5-year was 3.5%. The LPR is available for public inspection at websites of the National Interbank Funding Center and the People's Bank of China.

VIII. Other Disclosures (Continued)

(II) Purchase, Sale or Redemption of the Company's Listed Securities

The Group had not purchased, sold or redeemed any of the Company's listed securities during the reporting period.

(III) Pre-emptive Rights

There is no provision for pre-emptive rights according to the relevant laws of the PRC and the Articles of Association of the Company.

(IV) Highest Paid Individuals

The five highest paid individuals of the Company during the year were operators of the Company's subsidiaries, details of which are provided in the notes to the financial statements prepared in accordance with the accounting standards of PRC enterprises.

(V) Arrangements for Purchase of Shares or Debentures by Directors and Senior Management Staff

At no time during the year had the Company become a party to any arrangements which enabled the Directors and senior management or any of their spouses or children under 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other corporate bodies.

(VI) Interests in Contracts of Directors and Senior Management Staff

At no time during the year had the Group entered into any contract of significance in which a Director or Senior Management Staff of the Company was materially interested. None of the Directors and Senior Management Staff of the Company had engaged in the operating activities which compete with the business of the Group.

(VII) Service Agreements of Directors

The Company's Executive Directors were Xia Dechuan, and Hu Huichun, respectively, the Non-executive Directors were Liu Jianfeng, Hu Jin and Lv Song, respectively, and the Independent Non-executive Directors were Dai Keqin, Xiong Yanren, and Chu Wai Tsun, Baggio, respectively. The employee Director was Yi Guofu. For the main work experience, remuneration and shareholding in the Company of the Directors of the Company, please refer to "Section IV Corporate Governance" in the report for details.

All Directors have entered into service agreements with the Company, with the term of such service agreements coinciding with the term of the current board of directors. Each of the Directors has entered into any contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

VIII. Other Disclosures (Continued)

(VIII) Liability insurance for Directors and Senior management

During the reporting period, the Company purchased liability insurance for its Directors and senior management in compliance with the relevant regulations of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

(IX) Privileges of Directors and Senior management

During the reporting period, no privileges were enjoyed by the Directors and senior management of the Company.

(X) Interested Relations with Suppliers and Customers

Nanjing Panda Handa Technology Co., Ltd. is the connected legal person of the Company. It is listed as the top five customers of the Company in 2025.

Save as disclosed above, during the year, neither the Directors, nor their close associates or shareholders (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) had any interest in the five largest customers or suppliers of the Company.

(XI) Contracts of Significance

Particulars of the contracts of significance under paragraph 16 of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries, or for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries, are set out in the sub-section headed "Material Connected Transactions" under Section V "Significant Events" of this report.

(XII) Enter into Material Contracts

During the reporting period, the material contracts entered into by the Company were as follows:

During the reporting period, the material contracts entered into by the Company were to provide financing guarantees for its subsidiaries and carry out wealth management with its idle funds. The contracts for financing guarantee provided by the Company for its subsidiaries and wealth management with its idle funds were disclosed on China Securities Journal, Shanghai Securities News and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, and the sub-section headed "Material Contracts and Performance Thereof" under Section V "Significant Events" of this report.

(XIII) Convertible Securities, Options, Warrants or Similar Rights

The Company had not issued any convertible securities, options, warrants or similar rights as at 31 December 2025.

VIII. Other Disclosures (Continued)

(XIV) Reserves

As calculated in accordance with the applicable laws of the PRC where the Company is incorporated, the distributable reserves of the Company as at 31 December 2025 amounted to RMB303,372,560.00.

(XV) Pension Scheme

The Company participated in a pension scheme established by the government. In accordance with the terms of the scheme, the annual contributions made by the Company should be equivalent to around 16% of the salaries of its employees. According to the said scheme, the pension of present and retired employees of the Company is protected by Nanjing Human Resources and Social Security Bureau.

(XVI) Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into by the Company or existed during the year.

(XVII) Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2025 are set out in the notes to the financial statements prepared under the PRC accounting standards.

(XVIII) Changes in Owners' Equity

Particulars of changes in owners' equity of the Group during the year are set out in the statement of changes in owners' equity prepared under the PRC accounting standards.

(XIX) Fixed Assets

Details of the movements in the fixed assets of the Group during the year are set out in the notes to the financial statements prepared under the PRC accounting standards.

(XX) Subsidiaries

Information on the subsidiaries of the Company is set out in the notes to the financial statements prepared under the PRC accounting standards.

VIII. Other Disclosures (Continued)

(XXI) The Company's Code of Corporate Governance and Model Code

During the reporting period, the Company has adopted and complied with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "**Listing Rules**"). Upon the Company's written inquiry, all Directors have adopted and complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in the Appendix 10 to the Listing Rules.

(XXII) Confirmation by Independent Non-executive Directors on Connected Transactions

The Independent Non-executive Directors of the Company, within their scope of duties, have reviewed the "connected relationship and transactions" set out in the notes to the financial statements of the Company for 2025 prepared under the Accounting Standards for Business Enterprises of China, as well as the relevant letter of the auditors, and confirmed that:

1. Such transactions were entered into in the ordinary and usual course of business of the Group;

2. Such transactions were (1) on normal commercial terms or better or (2) on terms no less favorable to the Company than those available to or from independent third parties, if there were no applicable comparables;

3. Such transactions were carried out in accordance with relevant agreements governing such transactions, and the terms of such transactions were fair and reasonable and in the interests of the Company's shareholders as a whole;

4. Such transactions did not exceed the relevant caps disclosed previously.

For details of the connected transactions and continuing connected transactions of the Company, please refer to the sub-section headed "Material Connected Transactions" under Section VI "Significant Events" of this report.

(XXIII) Contingencies

Details of contingent events of the Group during the year are set out in the notes to the financial statements prepared under the PRC accounting standards.

VIII. Other Disclosures (Continued)

(XXIV) Environmental, Social and Governance Report

The Group is committed to supporting the sustainable development of the environment and is subject to various national laws and regulations in relation to environmental protection promulgated by the PRC. The Group has set up compliance procedures to ensure compliance with relevant laws, rules and regulations in relation to environmental protection. In addition, the employees and operating units concerned have paid attention to changes in relevant laws, rules and regulations from time to time. The Group has always been devoted to maintaining well observed standards regarding environmental protection and the society and safeguarding the sustainable development of our business.

During the reporting period, in accordance with the requirements under the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules, the Company has prepared the 2025 Environmental, Social and Governance (ESG) Report. In the preparation of the report, the Company followed the reporting principles of materiality, quantitative, balance and consistency to the greatest possible extent. The report focused on disclosing the Company's policies, objectives, specific measures, and achievements in the areas of environment, society, and governance during the period from 1 January 2025 to 31 December 2025. This report also complies with the requirements of the "Guidelines for Self-regulation of Listed Companies in Shanghai Stock Exchange No. 14 – Sustainability Report (Trial)" and the "Guidelines for Self-regulation of Listed Companies in Shanghai Stock Exchange No. 4 – Compilation of Sustainability Report". The report was considered and approved at the eighth meeting of the 11th session of the board of directors, and was published on the website of the Shanghai Stock Exchange on 28 March 2026.

(XXV) Others

1. For the principal operations of the Group, please refer to "Section III Management Discussion and Analysis" in this report for details.

2. The Board of the Company considered and approved the profit distribution proposal to distribute cash dividend for 2025, the details of which are set out in "Section IV Corporate Governance, Environment and Society" in this report.

3. Taxation policies applicable to the shareholders in respect of the cash dividend received for the shares held by them in the Company shall follow the laws and regulations as revised from time to time by the State, details in relation thereto will be otherwise announced by the Company.

4. As at the date of this report, based on the information announced by the Company and within the knowledge of the Directors, the Company has complied with the continuous requirements of Hong Kong Stock Exchange in relation to the sufficiency of public float.

5. During the year, the Company issued a total of RMB413,100 in charitable assistance funds, employee care, subsidies for employees in difficulty and golden autumn scholarships throughout the year.

VIII. Other Disclosures (Continued)

(XXVI) Annual Shareholders' Meeting

The Board proposes to convene the 2025 annual shareholders' meeting of the Company before 30 June 2026, the announcement of which will be made separately.

By order of the Board
Xia Dechuan
Chairman
Nanjing, the PRC, March 27, 2026

I. Explanation of Corporate Governance

During the reporting period, observing the Company Law, the Securities Law and other laws and regulations, and in accordance with the provisions of the CSRC and the SFC on corporate governance and standardized operation, as well as the requirements of the listing rules of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, the Company has continued to refine its corporate governance structure, improve internal rules and systems, and strengthened the internal control and risk management to promote stable development and safeguard the interests of all shareholders of the Company. There is no significant difference between the corporate governance of the Company and the provisions of the laws, administrative regulations and CSRC's regulations on the governance of listed companies. The Company is in compliance with and observes the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, and the objectives, values and strategies of the Company as formulated are consistent with the corporate culture of the Company.

With respect to risk management and internal control, the Company established the management system, risk management system and internal control system on the basis of the multi-layered management organization and corresponding management documents, and ameliorated and perfected it on a continuous basis in accordance with requirements of the regulatory authorities and the operation situation of the Company. Such systems were designed to manage rather than eliminate the risk of failure to achieve business objectives, and could only provide reasonable and not absolute assurance against material misstatement or loss. The Board is responsible for overseeing and reviewing the Group's risk management and internal control systems on an ongoing basis, and ensuring the Group to establish and maintain appropriate and effective risk management and internal control systems. Pursuant to Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company has established the Audit and Risk Management Committee. The Audit and Risk Management Committee is responsible for reviewing the effectiveness of the risk management and internal control systems, ensuring strict compliance with relevant rules and regulations and reporting to the Board. The Audit and Risk Management Committee has reviewed the Company's interim financial report for the first half of 2025 and the audited financial report for the year 2025. The multi-layered management structure, mainly comprised of functional departments at the headquarters of the Company, the united council, Office of General Manager and the Board, undertook decision-making, management and supervising obligations according to relevant procedures. Their obligations concerned risk assessment and amelioration for material events, reviewing and execution of significant investment projects, overall budgeting management, appraisal of economic responsibilities, design of the remuneration system, financing guarantee, and other related work. According to their responsibilities and authority, the functional departments or joint deliberative bodies will submit the relevant topics to the meetings of the Office of General Manager for consideration. If such topics need to be submitted to the board of directors for decision-making, they shall be submitted to the Board meetings for consideration in the form of proposals.

The rule of law and risk control committee under the united council is mainly responsible for assessing and making recommendations for reducing and solving risks in relation to important operation practices and business procedures as well as material events, and analyzing and making improving recommendations for irregularities in internal operation.

I. Explanation of Corporate Governance (Continued)

The Company has set up an independent internal auditing department, which carries out monitoring and reviewing activities independently and objectively and pushes forward the realization of goals of the Company through reviewing and assessing the appropriateness, legitimacy and effectiveness of the business activities and internal control of various units. The Audit Department (performing internal audit function) consists of a number of professional auditors with expertise, technical titles, auditing experiences and competent capabilities. Such professionals attend continuing professional education and trainings held by competent authorities or associations of the occupation for a certain period each year. The Company will also organize business trainings relating to risk management and internal control based on practical demands. The Audit Department is directly accountable to the Board, receives instructions from the Audit and Risk Management Committee under the Board and reports to the Audit and Risk Management Committee on the internal auditing work for the year and the auditing and inspecting plan for the forthcoming year at the meeting of Audit and Risk Management Committee held periodically. The Audit Department reports to the Party Committee and the General Manager on a daily basis.

The Company has strengthened the construction of Party style and clean government and anti-corruption work. It has set up a discipline inspection department to carry out work independently, formulated the key points of annual Party style and clean government and anti-corruption work, and promoted the integrated implementation of the "three non-corruptions" with a systematic concept. The Company supervised and inspected major business decisions, major project investment decisions, major personnel appointments and dismissals, large-scale capital operations, performance of duties and exercise of power in key positions, and integrity and self-discipline, so as to strengthen the positive style, strict discipline and anti-corruption with a strict tone. The Company strictly implemented relevant systems and regulations on Party conduct and integrity, including the Work System of the Disciplinary Inspection Commission, and established and improved working mechanisms such as supervision and reminders, integrity risk prevention and control, coordination group for establishment of Party style and clean government construction and anticorruption work, and promotion of reform and governance through cases, so as to effectively prevent employee corruption. The Company has organized education on Party spirit, Party style and Party discipline, strengthened the construction of integrity culture, vigorously carried forward the concept of integrity, and strived to promote the formation of a work style of pragmatism and commitment. In 2025, 227 anti-corruption and integrity trainings were carried out, covering 3,795 attendances.

I. Explanation of Corporate Governance (Continued)

The Company continuously strengthened its risk management and internal monitoring in light of its own production and operation situation. In accordance with the requirements of ensuring the lawfulness and compliance of business management, the security of assets, the truthfulness and completeness of financial reports and related information, improving the efficiency and effectiveness of operations, and promoting the realization of the enterprise's development strategy, the Company formulated risk identification and evaluation criteria from both quantitative and qualitative aspects, which are also used as the identification criteria for internal control deficiencies. The Company regularly reviewed the effectiveness of the risk management and internal control systems and formed a complete workflow and procedures, and a mechanism to address significant risks or internal control deficiencies, and kept them updated in a real-time manner. In order to promote the ongoing perfection and amelioration of the risk management and internal control systems, the Company conducted self-assessment on internal control every year. Under the leadership of rule of law and risk control committee, the Audit Department organised the assessment panel (comprising the Audit Department and backbones of personnel in charge of internal control work from relevant business departments and the subsidiaries) and conducted the self-assessment. The Audit Department reports the self-assessment scheme on internal control to the independent Directors and the Audit and Risk Management Committee under the Board at the meeting of Audit and Risk Management Committee held at the end of each year. The Company prepares Internal Control Evaluation Report and submits it to the Board for consideration for each year. During the internal control self-assessment stage, the Company focused on high-risk areas, including but not limited to subsidiary management and control, business risk control, capital asset security management, contract management, major litigation progress, etc., established and improved the basic system, strictly implemented rectification, continuously improved the standardized operation of the Company and promoted the sustainable, stable and healthy development of the Company. During the reporting period, as reviewed by the Board, there was no significant deficiency in internal control in relation to financial reporting of the Company, nor was any significant deficiency in internal control in relation to non-financial reporting identified. WUYIGE Certified Public Accountants LLP has audited the effectiveness of the internal control relating to financial reporting of the Company, and issued an audit report with unqualified opinion. The Board has reviewed the effectiveness of the risk management and internal control systems and considered the system to be effective and sound.

The Company adopts a closed-loop management approach in identifying, assessing and managing significant risks and internal control. The internal control evaluation set asides a rectification phase. After the issuance of a report, the Audit Department will send the identification and rectification opinions of deficiencies to the relevant responsible units and departments, which will implement the rectification work of the internal control deficiencies. Subsequently, the Audit Department will track and check the implementation of the rectification and consolidate the results of the internal control evaluation. For major matters that have been reviewed or approved by Audit and Risk Management Committee under the board of directors or the rule of law and risk control committee, the relevant responsible departments shall be designated to implement the rectification and provide feedback on the completion of the matters. With regard to risk matters, it is required to timely take counter-measures, analyse the causes of such matters, formulate corrective action plans, follow up on the implementation of corrective action and improve business processes, and relevant personnel who fail to comply with internal control norms shall be held accountable in accordance with relevant regulations. The Company has formulated an emergency disposal plan for the business of deposits in the financial company to which the de facto controller belongs. During the reporting period, the Company did not identify any significant monitoring system defects or failures.

I. Explanation of Corporate Governance (Continued)

In 2025, in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission of the State Council regarding the reform of the supervisory committee and other matters, the relevant provisions of the "Arrangements for the Implementation of Supporting Systems and Rules for the New <Company Law> during the Transition Period", "Guidelines for the Articles of Association of Listed Companies" and "Rules for Shareholders' Meetings of Listed Companies" of the China Securities Regulatory Commission, and the Listing Rules of the Hong Kong Stock Exchange, and taking into account the actual circumstances of the Company, the Company considered and amended certain articles of the Articles of Association, and correspondingly revised the Rules of Procedure for General Meetings, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Audit and Risk Management Committee, the Rules of Procedure for the Strategy and Sustainable Development Committee, and the Implementation Measures for the 'Three Major and One Large' Decision-making System; meanwhile, the supervisory committee was abolished, with the Audit and Risk Management Committee of the board of directors exercising the powers and functions of the supervisory committee, and the Rules of Procedure for the Supervisory Committee was abolished accordingly. These amendments also clarify that the board of directors is responsible for the Company's ESG strategy and reporting, as well as managing and supervising sustainability-related impacts, risks and opportunities. The setup of the Board's special committees has been optimized, with an Investment Review and ESG Group established under the Strategy and Sustainability Committee, forming a three-tier governance system of "overall decision-making by the Board–professional support from special committees–execution and implementation by the Investment Review and ESG Group".

In 2025, in accordance with the spirit of relevant documents of the SASAC, the Company considered and approved the revised "Implementation Rules for the Management of the Performance Wage and Business Expenses for Company-Level Leaders" and "Implementation Rules for the Term System and Contractual Management of Senior Management", and considered, approved and completed the signing of the term system and contractual management documents for the senior management of the Company (including the position appointment agreement, the 2025 annual business performance responsibility statement and the position description, etc.). The senior management of the Company is able to perform their duties in accordance with the various management systems of the Company and is able to faithfully implement the various resolutions of the board of directors. In accordance with the provisions of the "Remuneration Management System for Directors and Senior Management", the Remuneration and Appraisal Committee conducted performance appraisals for the senior management, reviewed and approved the 2024 performance-based remuneration distribution plan for the senior management, and agreed to submit it to the board of directors for consideration.

In 2025, the Company strengthened the training of key individuals, organized its directors and senior management to participate in various training organized by the Jiangsu Securities Regulatory Bureau, the Shanghai Stock Exchange, and the Hong Kong Chartered Governance Institute, with 17 attendances in total, which further enhanced their ability to perform their duties. Additionally, the Company organized sustainability (ESG) thematic training sessions for directors, senior management, and responsible persons of relevant functional departments to further enhance their understanding of ESG development trends, regulatory requirements, and related topics. The Company sent regulatory newsletters to its directors and senior management from time to time to inform them of the latest regulatory developments and typical cases, so as to effectively enhance the level of compliance operation and risk prevention awareness. During the reporting period, members of the Company's governance level actively participated in training programs on operational management and other topics organized by the state-owned shareholders.

I. Explanation of Corporate Governance (Continued)

Whether or not there is any significant difference between corporate governance of the Company and laws, administrative regulations and the provisions of the CSRC on the governance of listed companies: N/A

II. Specific Measures Taken by the Controlling Shareholder and De Facto Controller of the Company to Ensure the Independence of Assets, Staff, Finance, Organization and Business of the Company, and Solutions and Work Progress and Follow-up Work Plans Formulated to Ensure the Company's Independence:

The business, staff, asset, organization and finance of the Company are completely separated from those of its controlling shareholders, and the Company has its own independent and complete businesses and possesses the capabilities for independent operation.

1. Business: The Company has a highly independent and complete business and operation ability. The controlling shareholder and its associates have separately signed the "Letter of Undertaking on Avoidance of Horizontal Competition".

2. Staff: The staff of the Company is independent from its controlling shareholder. The Company has independent management in labour, personnel and wages, and established the relevant management systems. Senior management members such as general manager and deputy general manager receive salaries from the Company. Save for the position of director, they do not hold any other positions in the controlling shareholder entity.

3. Asset: The Company has its own supply, production and sale systems, ancillary production system and facilities. The Company holds intangible assets such as trademark ownership, industrial property right, and non-patent technology.

4. Organization structure: The Company established a sound organizational system in which the Board, senior management and internal functional departments each operate and function independently. The Company is not subordinate to its controlling shareholder in term of its duties and departmental functions.

5. Finance: The Company has set up its own finance department, accounting system, financial management system and its own bank accounts.

The scenario where the controlling shareholder, the de facto controller and other units controlled by them are engaged in the same or similar business as those of the Company, and the impact of peer competition or great changes in peer competition on the Company, the solutions taken, the progress of solutions and the subsequent solutions plan: N/A

III. Profiles of Directors and Senior Management

(I) Changes in Shareholdings in Current and the resigned Directors and senior management during the reporting period and their remuneration

As of 31 December 2025, interests of the Directors and senior management of the Company in the domestic shares of the Company which were recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance (Chapter 571) ("**SFO**") or notified to the Company or Hong Kong Stock Exchange according to the Model Code under Appendix 10 to the Listing Rules are as follows (the nature of such interests is personal interest):

Name	Position	Gender	Age	Effective date of appointment	Expire date of appointment	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/ decrease in the number of shares held in the year	Reason for the change	Total remuneration received from the Company during the reporting period (before tax) *(RMB0'000)*	Remuneration received from the related parties of the Company
Xia Dechuan	Chairman, Executive Director	M	56	2023-6-6	2027-6-21	0	0	0		0	Yes
Liu Jianfeng	Non-executive Director	M	49	2023-6-27	2027-6-21	0	0	0		0	Yes
Hu Jin	Non-executive Director	M	46	2024-6-21	2027-6-21	0	0	0		0	Yes
Hu Huichun	Executive Director, General Manager	M	53	2022-9-26	2027-6-21	0	0	0		99.05	No
Yi Guofu	Employee Representative Director, Secretary of Party Committee	M	56	2025-12-24	2027-6-21	0	0	0		92.64	No
Lv Song	Non-executive Director	M	41	2023-12-15	2027-6-21	0	0	0		0	Yes
Dai Keqin	Independent Non-executive Director	M	68	2021-6-29	2027-6-21	0	0	0		12	No
Xiong Yanren	Lead Independent Non-executive Director	F	54	2021-6-29	2027-6-21	0	0	0		12	No
Chu Wai Tsun, Baggio	Independent Non-executive Director	M	52	2021-6-29	2027-6-21	0	0	0		12	No
Hu Shoujun	Chief Accountant	M	51	2023-11-10	2027-6-21	0	0	0		69.7	No

III. Profiles of Directors and Senior Management (Continued)

(I) Changes in Shareholdings in Current and the resigned Directors and senior management during the reporting period and their remuneration (Continued)

Name	Position	Gender	Age	Effective date of appointment	Expire date of appointment	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/ decrease in the number of shares held in the year	Reason for the change	Total remuneration received from the Company during the reporting period (before tax) *(RMB0'000)*	Remuneration received from the related parties of the Company
Shao Bo	Deputy General Manager	M	46	2016-5-23	2027-6-21	0	0	0		62.04	No
Hu Dali	Deputy General Manager	M	48	2023-11-10	2027-6-21	0	0	0		64.76	No
Wang Dongdong	Secretary to the Board, Company Secretary	M	45	2019-8-12	2027-6-21	0	0	0		63.17	No
Wan Lei	Deputy General Manager	M	46	2023-1-3	2027-6-21	0	0	0		83.52	No
Lu Bin	Deputy General Manager	M	56	2022-6-24	2027-6-21	0	0	0		96.19	No
Fan Laiying	Former Chairman of the Supervisory Committee	M	55	2023-6-27	2025-12-4	0	0	0		0	Yes
Yi Guofu	Former Non-executive Director	M	56	2021-12-28	2025-12-23	0	0	0		0	No
Fu Yuanyuan	Former Non-employee Representative Supervisor	F	54	2020-6-29	2025-12-4	0	0	0		0	Yes
Xue Yuheng	Former Employee Representative Supervisor	M	51	2024-6-21	2025-12-4	0	0	0		73.6	No
Total						0	0	0		740.67	

III. Profiles of Directors and Senior Management (Continued)

(I) Changes in Shareholdings in Current and the resigned Directors and senior management during the reporting period and their remuneration (Continued)

1. In 2025, the total remunerations of Directors, senior management members and former employee representative supervisors were RMB7.4067 million. The remuneration of internal directors was not determined based on their capacity as directors, but rather according to the specific management positions they hold or the specific management responsibilities they undertake within the Company. The above remunerations did not include contributions to the pension scheme for these individuals. The pension scheme applicable to relevant internal directors has been included in the scope of the pension scheme for employees of the Company, with no other special arrangement. Save as above, the Company did not pay any other remuneration, allowance or bonus to the Directors, and each of the Directors was remunerated within RMB1,000,000 for the year.

2. In 2025, Independent Non-executive Directors received remuneration from the Company up to RMB360,000. They did not receive remuneration from shareholder entities or other related entities, and did not involve equity-based remuneration and performance-related elements.

Save as disclosed above, as of 31 December 2025, none of the Directors and senior management of the Company or their associates had any interests and short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company or its associated corporations (as defined in Part XV of the SFO, (a) which were required to be notified to the Company or the Stock Exchange under Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were regarded or deemed to have pursuant to such provisions of the SFO); or (b) which were required to be recorded in the register required to be kept by the Company under such provision of Section 352 of SFO; or (c) which were required to be separately notified to the Company or the Stock Exchange according to the Model Code under Appendix 10 to the Listing Rules. None of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Based on the information that is publicly available to the Company and as far as the Directors are aware, there are no relationships between the members of the Board (in particular between the chairman of the Board and the chief executive officer), including financial, business, family or other material or relevant relationships.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences

1. Executive Directors

Mr. Xia Dechuan, born in 1970, is a senior engineer at researcher level, graduated from Xidian University with a bachelor's degree in Electronic Mechanics and holds a master's degree in business administration from the Southeast University. Mr. Xia has served as Deputy Head and Head of the NFC Design Institute under PEGL, a standing Deputy General Manager and General Manager of Nanjing Panda Information Industry Co, Ltd., the Deputy General Manager, General Manager, Executive Director, Legal Person, deputy secretary and secretary of the Party Committee of Nanjing Panda Electronics Company Limited. He currently serves as a Deputy General Manager of Nanjing Electronics Information Industrial Corporation, and concurrently serves as Chairman of Nanjing Panda Electronics Company Limited, and Chairman of Nanjing China Electronics Panda Lighting Co., Ltd. Mr. Xia has long been engaged in the management of information technology industries, and has extensive professional knowledge and experience in operation and management.

Mr. Hu Huichun, born in 1973, master's degree from the Party School of the Central Committee of CPC, majoring in economic management and is an economist. He successively served as the Deputy Head of the office of PEGL and the General Manager of the production company of Nanjing Panda Electronic Manufacturing Group. He served as the Deputy General Manager of Nanjing Panda Electronics Company Limited from May 2016 to June 2022. He has been the General Manager of Nanjing Panda Electronic Manufacture Co., Ltd. concurrently from May 2016 to December 2019. He served as the General Manager of Nanjing Panda Information Industry Co., Ltd. from December 2019 to June 2022. He currently serves as the General Manager, the legal person and Deputy Secretary of the Party Committee of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in the management in the electronic information industry and has extensive experience in operation and management.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences (Continued)

2. Non-executive Directors

Mr. Liu Jianfeng, born in 1977, graduated from the School of Electro-Optics of Nanjing University of Science and Technology, majoring in communication and information system, with a doctoral degree in engineering, and is a senior engineer at researcher level. He successively served as a deputy chief engineer, deputy director of system department, assistant to the director of Science and Technology Committee, assistant to the general manager, and deputy general manager of Nanjing Panda Handa Technology Co., Ltd.. From March 2021 to May 2022, he served as a deputy chief engineer of Nanjing Electronics Information Industrial Corporation, deputy general manager and assistant to the director of Science and Technology Committee of Nanjing Panda Handa Technology Co., Ltd. (from June 2021 to April 2022, he was temporarily employed as the assistant to the director of military industry department and director of system department of China Electronics Corporation); from May 2022 to August 2022, he served as the assistant to general manager of Nanjing Electronics Information Industrial Corporation. From August 2022 to January 2024, he served as the deputy general manager of Nanjing Electronics Information Industrial Corporation and concurrently the deputy general manager of CEC Defense Technology Co., Ltd. From January 2024 to November 2025, he served as an executive director and Secretary of Party Committee of Nanjing Panda Handa Technology Co., Ltd., and concurrently the deputy general manager of CEC Defense Technology Co., Ltd.. From November 2025 to the present, he has been serving as a director of Nanjing Panda Handa Technology Co., Ltd. and the deputy dean of Spring Research Institute (Shenzhen) Technology Co., Ltd. Mr. Liu Jianfeng has long been engaged in the research and development and management of the electronic information technology and has extensive professional knowledge and management experience.

Mr. Hu Jin, born in 1980, graduated from Hefei University of Technology with a bachelor's degree in Industrial Automation. He successively served as a project leader, deputy director of the Investment and Development Department, and deputy director of the Planning and Investment Department of Nanjing Electronics Information Industrial Corporation. From December 2019 to September 2021, he served as the director of the Administrative and Legal Affairs Department and the director of the Legal Affairs Office of Nanjing Electronics Information Industrial Corporation. From September 2021 to May 2022, he served as the assistant to the general manager, director of the Planning and Technology Department, and deputy director of the Reform Office of Nanjing Electronics Information Industrial Corporation. Since May 2022, he served as the assistant to the general manager, director of the Planning and Technology Department, and director of the Reform Office of Nanjing Electronics Information Industrial Corporation.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences (Continued)

2. Non-executive Directors (Continued)

Mr. Lv Song, born in 1985, holds a Bachelor's degree in law from Nanjing University of Finance & Economics, and possesses qualification in legal profession and a company lawyer certificate. He successively served as a legal affairs officer of the legal affairs department in Panda Electronics Group Limited, a legal affairs officer in the office of Panda Electronics Group Limited, a legal affairs officer of the administration and legal affairs department, an executive secretary and a deputy director of the legal affairs office in Nanjing Electronics Information Industrial Corporation. From March 2017 to January 2019, he served as the deputy director (presiding) of the administration and legal affairs department and the director of the confidentiality office in Nanjing Panda Electronics Company Limited. From February 2019 to January 2020, he served as the director of the administration and legal affairs department and the director of the confidentiality office in Nanjing Panda Electronics Company Limited. From January 2020 to September 2021, he served as the general counsel, the director of the administration and legal affairs department and the director of the confidentiality office in Nanjing Panda Electronics Company Limited. From September 2021 to present, he has been the deputy director (presiding), director of the administration and legal affairs department and the office of the board of directors and supervisory committee, and the deputy director of the legal affairs office of Nanjing Electronics Information Industrial Corporation, and from May 2022 to the present, he has been the secretary to the board of directors of Nanjing Electronics Information Industrial Corporation. Mr. Lv has been long engaged in corporate administration and legal affairs management and has extensive expertise in legal profession and experiences in management.

3. Independent non-executive Directors

Mr. Dai Keqin, born in 1958, is an on-job postgraduate, an economist at the highest level of seniority, and a lawyer. He once served as Deputy Director and Director of the General Manager Office, and Assistant General Manager of Jiangsu Zijin Electronics Information Industry Group, Director of President Office, Assistant President, Vice President, Administrative Director, General Counsel of Jiangsu Hongtu High-Tech Co., Ltd., deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission and Senior Legal Director of Sanpower Group Co., Ltd., Independent Director of Nanjing Huadong Technology Co., Ltd., Independent Director of Nanjing Port Co., Ltd., Independent Director of Nanjing Public Utilities Co., Ltd., Independent Director of Jiangsu Huahong Technology Co., Ltd, and Independent Director of Nanjing Xinlian Electronics Co., Ltd.. Mr. Dai is currently a lawyer at Jiangsu Jinding Yingjie Law Firm, a supervisor of Jiangsu Invention Association, an independent director of Nanjing Chemical Fiber Co., Ltd., and an independent director of Nanjing Panda Electronics Company Limited, and serves as the perennial legal advisor of many enterprises.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences (Continued)

3. Independent non-executive Directors (Continued)

Ms. Xiong Yanren, born in 1972, holds a Ph. D. in accounting and is a Masters Tutor of Nanjing University. From September 2019 to August 2025, she served as an Independent Director and the director of Audit Committee of Liaoning Aoke Chemical Co., Ltd. Ms. Xiong is currently an Associate Professor of the Department of Accounting at Nanjing University Business School, an Independent Director and the director of Audit Committee of Shanghai Yizhong Pharmaceutical Co., Ltd., and a lead Independent Non-executive Director and the director of Audit and Risk Management Committee of Nanjing Panda Electronics Company Limited.

Mr. Chu Wai Tsun, Baggio, born in 1974, is a member of CPA Australia and holds a master's degree in finance after graduating from the University of New South Wales in 2002. He once served as the audit manager of PricewaterhouseCoopers, Hong Kong, and the senior audit manager of Baker Tilly Hong Kong Limited. From July 2010 to March 2020, he worked with Eternal (Far East) Co., Ltd. as the chief financial officer. From March 2020 to September 2021, he worked with Sipai Health Industry Investment Co., Ltd. as the senior financial director. From September 2021 to December 2022, he has worked with Shenzhou Medical Technology Co., Ltd. as the vice president of finance. Since May 2023, he has served as the chief financial officer of Eternal Optical & Perfumery (Far East) Ltd. Mr. Chu has long been engaged in auditing and financial and has rich experience in financial management.

4. Employee representative director

Mr. Yi Guofu, born in 1970, holds a master's degree in business administration from Nanjing University and is a senior economist. Mr. Yi has served as the Head, Deputy Director, and Director of the personnel division, and the Head of the Human Resources Department of Nanjing Panda Electronics Company Limited. He served as the Deputy Secretary of the Party Committee and the Secretary of the Disciplinary Committee of Nanjing Panda Electronics Company Limited from November 2016 to September 2021; and has served as the Secretary of the Party Committee of Nanjing Panda Electronics Company Limited since September 2021. Mr. Yi Guofu is also currently serving as a director of Nanjing Panda Electronic Manufacture Co., Ltd. and a director of Shenzhen Jingwah Electronics Co., Ltd. Mr. Yi has long been engaged in human resources management and party affairs and has extensive professional knowledge and management experience.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences (Continued)

5. Senior management

Mr. Hu Huichun, born in 1973, master's degree from the Party School of the Central Committee of CPC majoring in economic management and is an economist. He successively served as the Deputy Head of the office of PEGL and the General Manager of the production company of Panda Electronic Industry Group. He served as the Deputy General Manager of Nanjing Panda Electronics Company Limited from May 2016 to June 2022. He has been the General Manager of Nanjing Panda Electronic Manufacture Co., Ltd. concurrently from May 2016 to December 2019. He served as the General Manager of Nanjing Panda Information Industry Co., Ltd. from December 2019 to June 2022. He currently serves as the General Manager, the legal person and Deputy Secretary of the Party Committee of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in the management in the electronic information industry and has extensive experience in operation and management.

Mr. Hu Shoujun, born in 1975, master's degree from the Party School of the Central Committee of CPC majoring in economic management, and is a Chinese certified public accountant. He successively served as an auditor of the Audit Department of Nanjing Panda Electronics Company Limited, manager, deputy director general and director general of the Financial Department of Nanjing Panda Information Industry Group Co., Ltd., and deputy head and head of the Planning and Finance Department of Nanjing CEC Panda LCD Technology Co., Ltd. He served as the deputy director of the Finance and Assets Department of Nanjing Electronics Information Industrial Corporation from September 2012 to January 2016, the director of the Finance and Assets Department of Nanjing Electronics Information Industrial Corporation from January 2016 to September 2018, and the director of the Financial Department of Nanjing Electronics Information Industrial Corporation from September 2018 to November 2023. Since November 2023, he has served as the chief accountant of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in corporate financial management and has profound professional knowledge in finance and extensive experience in operation and management.

Mr. Shao Bo, born in 1980, holds a bachelor's degree in finance from School of Finance of Shandong University of Finance and Economics and a master's degree and doctorate degree in politics and economics from Economics School of Jilin University. He is an economist. He successively served as the Head of Capital Operation Division of Asset Operation Department, the Deputy Head of Production and Operation Division of Production and Operation Department of China Electronics Corporation and Secretary of the Board of IRICO Group, etc. He served as Deputy Head of Production and Operation Division of Production and Operation Department of China Electronics Corporation from October 2013 to May 2016 and concurrently served as the Secretary of the Board of IRICO Group from December 2013 to March 2016. He has also been the Deputy General Manager of Nanjing Panda Electronics Company Limited since May 2016. Mr. Shao Bo has long been engaged in the management of asset operation and production and operation of state-owned enterprises with profound professional knowledge in finance and extensive experience in operation and management, mainly responsible for economic operation and information construction of the Company.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences (Continued)

5. Senior management (Continued)

Mr. Hu Dali, born in 1978, has a bachelor's degree in accounting from Nanjing University of Finance and Economics and is a senior accountant and Certified Management Accountant. He successively served as an Accountant and the Deputy Head of the Financial Management Department, the Deputy Head of the High-tech Electronic Equipment Department, and the Deputy Director of the Beijing Office of Nanjing Sanle Group Co., Ltd. From January 2013 to September 2013, he served as the Deputy Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from September 2013 to January 2014, he served as Deputy Head (executive) of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from January 2014 to March 2018, he served as the Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from April 2018 to April 2019, he served as Vice Chief Accountant and the Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd. He has served as the Chief Accountant of Nanjing Panda Electronics Company Limited from May 2019 to November 2023, a general manager of Nanjing Panda Electronics Equipment Co., Ltd. from October 2022 to March 2025, and concurrently served as the legal person, Secretary of the Party Committee of Nanjing Panda Electronics Equipment Co., Ltd. since October 2022. Since November 2023, he has served as the deputy general manager of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in corporate financial management and has profound professional knowledge in finance and extensive experience in operation and management.

Mr. Wang Dongdong, born in 1981, holds a bachelor's degree in accounting from Nanjing Audit College (currently known as Nanjing Audit University) and a master's degree in accounting (MPAcc) from Nanjing University and is a senior accountant, a Chinese certified public accountant and an international certified internal auditor (CIA). He joined the Company in August 2004 and served as an Auditor and the Chief Auditor of the Audit Division and the Supervision and Audit Department of the Company. He has served as the Securities Affairs Representative of the Company since April 2011, the Deputy Director of the Board Secretary's Office of the Company from June 2013 to December 2016, and has been the Director of the Board Secretary's Office of the Company since January 2017. He has served as the Company Secretary since May 2019 and the Secretary to the Board of the Company since August 2019. Mr. Wang has long been engaged in securities affairs management and internal audit and has rich expertise and management experience.

III. Profiles of Directors and Senior Management (Continued)

(II) Major working experiences (Continued)

5. Senior management (Continued)

Mr. Wan Lei, born in 1980, bachelor's degree in applied physics from Nanjing University and is an engineer. He successively served as the Deputy Director of the Manufacturing Department of Nanjing Huari LCD Co., Ltd., the Deputy Manager of the Office, Deputy Manager of the Party and Mass Work Department, Deputy Manager (presiding) of the Economic Operation Department of Nanjing Huadong Electronics Information & Technology Co., Ltd., the Deputy Manager of Operations and Management Department of Huadong Technology, Panda LCD and Panda Tablet, the Deputy Director (presiding) of New Display Business Management Department, Deputy Director (presiding) of Planning and Technology Department of Nanjing Electronics Information Industrial Corporation, the Deputy Secretary of Party Committee, Secretary of Disciplinary Committee and Chairman of Labor Union of Nanjing Panda Electronics Company Limited. He is currently the Deputy General Manager of Nanjing Panda Electronics Company Limited, and concurrently the General Manager and Secretary of the Party Committee of Nanjing Panda Electronic Manufacture Co., Ltd.. Mr. Wan has long been engaged in business management and Party affairs and has extensive professional knowledge and management experience.

Mr. Lu Bin, born in 1970, master's degree in measurement technology and instrumentation from Nanjing University of Science and Technology, and is a senior engineer at researcher level. He successively served as the Deputy Director of Urban Transportation Technology Development Center, Director of Smart City R&D Center, General Manager and Chief Engineer of Track 2 Department of Nanjing Panda Information Industry Co, Ltd, and the deputy chief engineer of Nanjing Panda Electronics Company Limited. He is currently the Deputy General Manager of Nanjing Panda Electronics Company Limited, concurrently serves as Secretary of the Party Committee and the General Manager of Nanjing Panda Information Industry Co, Ltd.. Mr. Lu has long been engaged in technology research and development with extensive experience.

III. Profiles of Directors and Senior Management (Continued)

(III) Positions of current and resigned Directors and senior management during the reporting period

1. Positions in shareholder entities

Name	Name of shareholder entity	Position(s)	Effective date of appointment	Expire date of appointment
Xia Dechuan	NEIIC	Deputy General Manager	August 2022	
Hu Jin	NEIIC	Assistant to General Manager	September 2021	
Lv Song	NEIIC	Head of Administration and Legal Affairs Department	May 2023	
Explanations for positions in shareholder entities	N/A			

III. Profiles of Directors and Senior Management (Continued)

(III) Positions of current and resigned Directors and senior management during the reporting period (Continued)

2. Positions in other entities

Name	Name of entity	Position(s)	Effective date of appointment	Expire date of appointment
Xia Dechuan	Nanjing China Electronics Panda Lighting Co., Ltd.	Chairman	June 2023	
Hu Huichun	Nanjing Ericsson Panda Communications Co., Ltd.	Vice Chairman	June 2023	October 2025
	Nanjing LG-Panda Appliances Co., Ltd.	Vice Chairman	June 2023	
Liu Jianfeng	CEC Defense Technology Co., Ltd.	Deputy General Manager	August 2022	November 2025
	Nanjing Panda Handa Technology Co., Ltd.	Director	January 2024	
	Spring Research Institute (Shenzhen) Technology Co., Ltd.	Deputy Director	November 2025	
Hu Jin	Nanjing Jinning Electronics Group Co., Ltd.	Director	June 2022	
	Nanjing CEC Panda LCD Technology Co., Ltd.	Director	January 2021	
Lv Song	Chengdu BOE Display Technology Co., Ltd.	Director	September 2025	
Dai Keqin	Jiangsu Jinding Yingjie Law Firm	Lawyer	April 2018	
	Nanjing Chemical Fiber Co., Ltd.	Independent Director	May 2021	
Xiong Yanren	Nanjing University Business School	Associate Professor	September 2000	
	Liaoning Aoke Chemical Co., Ltd.	Independent Director	September 2019	August 2025
	Shanghai Yizhong Pharmaceutical Co., Ltd.	Independent Director	March 2020	
Chu Wai Tsun, Baggio	Eternal Optical & Perfumery (Far East) Ltd	Chief Financial Officer	May 2023	
Wan Lei	Chengdu BOE Display Technology Co., Ltd.	Director	February 2025	September 2025
	Nanjing Ericsson Panda Communication Co., Ltd.	Director	June 2023	October 2025

III. Profiles of Directors and Senior Management (Continued)

(IV) Remuneration of Directors and Senior Management

Decision making process of remuneration of Directors and Senior Management	According to relevant requirements of the Articles of Association, the Remuneration System for Directors and Senior Management, and the Rules of Procedure of the Remuneration and Appraisal Committee, the remuneration plan for Directors of the Company shall be determined by the shareholders' meeting, while that of senior management by the Board. The Remuneration and Appraisal Committee shall appraise the performance of the Directors and senior management of the Company based on relevant information such as operating results, scope of work, and main duties, and submit the appraisal results to the Board for consideration.
Whether or not directors recuse themselves from the Board of Directors when discussing their remuneration matters	Yes
Specific circumstances of the recommendations made by the Remuneration and Appraisal Committee or the Independent Director's Special Meeting on the remuneration of directors and senior management	1. The Remuneration and Appraisal Committee of the Company conducted an assessment of the performance of senior management on 22 December 2025. It considered and approved the performance-based remuneration distribution plan for senior management for the year 2024, confirming the fairness and compliance of the remuneration distribution. 2. The Remuneration and Appraisal Committee of the Company held the 2026 first meeting on 27 March 2026, and considered and approved the proposal of the 2025 Remuneration for Directors and Senior Management of the Company. According to the adjusted remuneration policy of the directors of the 11th session of the Board of Directors and the senior management whose term of office is synchronised with that of the 11th session of the Board of Directors, and combined with the actual situation of the Company, the Remuneration and Appraisal Committee of the Board of Directors assessed the 2025 annual performance of the relevant directors and senior management of the Company. According to the assessment results, the Remuneration and Appraisal Committee confirmed the total amount of pre-tax remuneration received by the relevant directors and senior management from the Company in 2025 and approved and submitted to the Board of Directors for consideration. Mr. Chu Wai Tsun, Baggio, Mr. Dai Keqin, and Ms. Xiong Yanren respectively recused themselves when discussing their remuneration matters. The remuneration disclosed by the Company's directors and senior executives is in line with the Company's remuneration management system, and there is no violation of the Company's remuneration management system or inconsistency with the Company's remuneration management system.

III. Profiles of Directors and Senior Management (Continued)

(IV) Remuneration of Directors and Senior Management (Continued)

Basis for determination of remuneration of Directors and Senior Management	Basis for determination of remuneration mainly includes: the completion status of operational indicators and key tasks as stipulated in the annual and term-based performance responsibility agreements signed with Directors and senior management; and the formulation of the annual salary distribution plan for Directors and senior management based on the performance assessment results of the Company and individuals.
Actual payment of remuneration of Directors and Senior Management	Since the 2025 annual performance appraisal has not been completed yet, the performance payment for 2025 was excluded from the remuneration during the reporting period, whereas the annual performance payment for 2024 was included.
Total actual remuneration of Directors and Senior Management received at the end of the reporting period	During the reporting period, the total actual remuneration of all Directors, senior management and former employee representative supervisors was RMB7,406,700 (before tax).
Basis and completion status of performance appraisal for actual remuneration received by all Directors and Senior Management at the end of the reporting period	For the year 2025, independent Directors received a fixed allowance system and were not subject to performance appraisal. Directors and senior management who receive compensation from the Company received corresponding remuneration based on the Company's performance appraisal regulations. The performance appraisal work was effectively implemented and completed in accordance with the Company's performance appraisal regulations.
Deferred payment arrangements for actual remuneration received by all Directors and Senior Management at the end of the reporting period	The Company has established relevant systems for the deferred payment of performance-based annual salaries, with scientifically and reasonably set deferral ratios. 80% of the performance-based remuneration is paid after the appraisal is confirmed, while 20% is deferred. The payment schedule is linked to risk prevention and control, project completion, and other factors.
Clawback and suspension of payment for actual remuneration received by all Directors and Senior Management at the end of the reporting period	For the year 2025, independent Directors received a fixed allowance system and were not subject to the relevant provisions. There were no cases of suspension or clawback of remuneration for Directors and senior management who receive compensation from the Company.

III. Profiles of Directors and Senior Management (Continued)

(V) Change in Directors and Senior Management of the Company:

Name	Position	Changes	Reasons for change
Yi Guofu	Employee Representative Director	Election	Adjustments to the corporate governance structure and work arrangements
Yi Guofu	Former Non-executive Director	Resignation	Adjustments to the corporate governance structure and work arrangements
Fan Laiying	Former Chairman of the Supervisory Committee	Resignation	Adjustment to the corporate governance structure
Fu Yuanyuan	Former Non-employee Representative Supervisor	Resignation	Adjustment to the corporate governance structure
Xue Yuheng	Former Employee Representative Supervisor	Resignation	Adjustment to the corporate governance structure

Explanations on the changes in Directors and senior management of the Company:

1. On 7 November 2025, the Company convened an extraordinary meeting of the eleventh session of the board of directors, at which the "Proposal on Amendments to Certain Articles of the Articles of Association" was considered and approved, and it was proposed that the management of the Company be authorized to handle specific matters regarding the amendments to certain articles of the Articles of Association; the revised Procedural Rules of Shareholders' Meetings of the Company and Procedural Rules of the Board of Directors of the Company, and the "Proposal on Abolishing the Supervisory Committee of the Company and Repealing the Rules of Procedure for the Supervisory Committee of the Company" were also considered and approved. On 4 December 2025, the Company convened the 2025 second extraordinary general meeting, the 2025 first A Share class meeting and the 2025 first H Share class meeting, at which the above proposals were considered and approved; the supervisor of the Company departed from office on the same day.

2. On 23 December 2025, due to adjustments in the corporate governance structure and work arrangements, Mr. Yi Guofu applied to resign from his position as a Director and his relevant positions in the committees of the Board; after his resignation, Mr. Yi Guofu will continue to hold other positions in the Company. On 24 December 2025, the Company convened a joint meeting of the members of the Labor Union Committee and the heads of the groups of the Employee Representative Congress, at which Mr. Yi Guofu was elected to serve as an employee representative Director of the eleventh session of the board of directors of the Company, with a term of office consistent with that of the eleventh session of the board of directors of the Company.

III. Profiles of Directors and Senior Management (Continued)

(VI) Punishment by Securities Regulatory Authorities in the Last Three Years

In January 2025, the Company received the Decision of Jiangsu Regulatory Bureau of the China Securities Regulatory Commission on Taking the Measure of Issuing a Warning Letter against Nanjing Panda Electronics Company Limited, Xia Dechuan, Hu Huichun, and Hu Shoujun ([2025] No. 6). For details, please refer to the Company's announcement (Announcement No.: Lin 2025-001) published on the website of the Shanghai Stock Exchange on 14 January 2025.

IV. Performance of Duties by Directors

The 11th session of the Board of the Company was elected and established at the Company's 2023 annual general meeting held on 21 June 2024, with a term of three years. The tenth session of the Board now consists of nine directors, three of whom are Independent Non-executive Directors. The current Executive Directors of the eleventh session of the Board are Xia Dechuan and Hu Huichun, among whom, Xia Dechuan is Chairman. The Non-executive Directors are Liu Jianfeng, Hu Jin and Lv Song; and the Independent Non-executive Directors are Dai Keqin, Xiong Yanren and Chu Wai Tsun, Baggio, among whom, Xiong Yanren is a doctor of accounting, and serves as the Chairman of the Audit and Risk Management Committee as well as the Lead Independent Non-executive Director of the Company. The employee Director is Yi Guofu. Please refer to the biographies of current Directors and other members of the Board set out in Section IV "Corporate Governance, Environment and Society" of this report for details.

The Board is collectively responsible for the management of business and affairs of the Group with the objective of enhancing shareholders' value. The Board is accountable to the shareholders' meeting. Its duties mainly include: convening shareholders' meetings and reporting the work thereto; implementing resolutions passed at the shareholders' meeting; appointing and relieving General Manager and senior management of the Company (Details are set out in the Articles of Association). During the reporting period, the Board strictly carried out the resolutions approved at the shareholders' meetings, and in line with the principle of integrity and diligence, will continue to earnestly work for the best interest of the Company and its shareholders.

The Board is responsible for performing the corporate governance functions set out in Article A.2.1 of Appendix 14 of the Listing Rules. During the reporting period, the Board reviewed the corporate governance policies and practices of the Company; monitored the training and continuous professional development of the Directors and senior management and regularly arranged for them to take part in training or follow-up training; reviewed and monitored the Company's policies and practices for compliance with the statutory and regulatory requirements; monitored the Directors' compliance with the Model Code as set out in Appendix 10 of the Listing Rules; and reviewed the Company's compliance with the Corporate Governance Code and disclosure requirements in the Corporate Governance Report.

During the reporting period, the Company adopted and applied the Model Code for Securities Transactions by Directors. Having made unified enquiry to all Directors of the Company, all Directors have expressed that they have complied with the Model Code stipulated by the Hong Kong Stock Exchange and all of them have confirmed that during the reporting period, they participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board.

IV. Performance of Duties by Directors (Continued)

The Directors acknowledge their responsibility for the preparation of financial statements of the Company. The statement of the auditors of the Company about their responsibility of formulating and reporting financial statements of the Company is set out in the "Report of the Auditors" in this annual report.

(I) Attendance of Board meetings and shareholders' meetings by Directors

		Attendance at Board meetings						Attendance at shareholders' meetings
Name	Independent director or not	Required attendance at Board meetings for the year	Attendance in person	Attendance by way of communication	Attendance by proxy	Absence	Absence in person from the Board meetings for two consecutive times	Attendance at shareholders' meetings
Xia Dechuan	NO	20	20	0	0	0	NO	5
Liu Jianfeng	NO	20	20	0	0	0	NO	2
Hu Jin	NO	20	20	0	0	0	NO	5
Hu Huichun	NO	20	20	0	0	0	NO	5
Yi Guofu	NO	20	20	0	0	0	NO	5
Lv Song	NO	20	20	0	0	0	NO	5
Dai Keqin	YES	20	20	0	0	0	NO	5
Xiong Yanren	YES	20	20	0	0	0	NO	5
Chu Wai Tsun, Baggio	YES	20	20	0	0	0	NO	5

Explanations on absence in person from the Board meetings for two consecutive times

☐ Applicable ☑ Not applicable

Number of Board meetings held in the year	20
Of which: Number of on-site meetings	2
Number of meetings held by way of communication	0
Number of on-site meetings combined with the communication means	18

IV. Performance of Duties by Directors (Continued)

(II) Directors' Objection to the Relevant Matters of the Company: N/A

(III) Other

In 2025, the Independent Non-executive Directors of the Company did not raise any objection to the resolutions of the Board and other meetings.

In 2025, in accordance with the Company Law, the Securities Law, the Administrative Measures for Independent Directors of Listed Companies, the Guidelines for the Performance of Duties by Independent Directors of Listed Companies, and other relevant laws, regulations, and normative documents, as well as the relevant provisions of the Articles of Association and the System for the Independent Directors of Nanjing Panda, the Independent Non-executive Directors performed their duties as directors in accordance with the law. They fully understood the Company's operations and the content of Board meeting agendas, and played the roles of participating in decision-making, exercising supervisory checks and balances, and providing professional advice within the board of directors, thereby effectively safeguarding the interests of the Company and all shareholders and protecting the legitimate rights and interests of minority shareholders. In compliance with regulatory requirement, the Independent Non-executive Directors prepared the 2025 Annual Report of the Performance of Independent Directors. For details of performance, please refer to the 2025 Annual Report of the Performance of Independent Directors of Nanjing Panda Electronics Company Limited published on the website of Shanghai Stock Exchange on 28 March 2026.

The Company has received the annual confirmation letter (self-assessment report) on independence from all independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange and the relevant provisions of the Guidelines for Self-Regulation of Listed Companies of the Shanghai Stock Exchange No. 1 – Standardized Operation. The board of directors of the Company has assessed the independence of the incumbent independent Directors and concluded that all independent non-executive Directors meet the independence requirements under Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange and the relevant provisions of the Guidelines for Self-Regulation of Listed Companies of the Shanghai Stock Exchange No. 1 – Standardized Operation. Accordingly, they are considered independent under the terms of the relevant provisions.

1. The Company's view on independence

   The Company maintains the view that a Director's independence is a question of fact. The Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned, including the ability to continually provide constructive challenge for management and other Directors and to express one's own views independent of management or other fellow Directors and the gravitas inside and outside the boardroom context. These attributes and desired behaviour have been demonstrated by the Company's Independent Non-executive Directors as circumstances require.

IV. Performance of Duties by Directors (Continued)

(III) Other (Continued)

2. Mechanisms for ensuring independent views and input

The Company has established channels through formal and informal means whereby Independent Non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require; these include periodic Board surveys and Board reviews, dedicated meeting sessions with the Chairman and interaction with management and other Board Members including the Chairman outside the boardroom. Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-executive Directors to be independent.

V. Special Committees of the Board

(I) Names and Responsibilities of Special Committees of the Board

Committees	Main responsibilities
Audit and Risk Management Committee	Reviewing and supervising the financial reporting process and internal control system of the Group and providing advice and recommendation to the Board, including formulating whistle blowing policies and systems for employees and others who have dealings with the Company.
Nomination Committee	Reviewing the candidates, selection standards and procedure for the Company's directors and senior management members, and putting forward relevant proposals.
Remuneration and Appraisal Committee	Formulating and reviewing remuneration policies and plans for directors and senior management of the Company and developing evaluation standards for them and conducting such evaluation.
Strategy and Sustainable Development Committee	Studying the Company's long-term development strategies and major investment decisions and making recommendations.

The rules of procedure of the special committees of the Board have been published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

V. Special Committees of the Board (Continued)

(II) Members of the Special Committees of the Board

Type of Special Committees	Member names
Audit and Risk Management Committee	Xiong Yanren (Chairman), Dai Keqin, Chu Wai Tsun, Baggio, Hu Jin, Lv Song
Nomination Committee	Dai Keqin (Chairman), Xiong Yanren, Chu Wai Tsun, Baggio, Xia Dechuan, Hu Huichun
Remuneration and Appraisal Committee	Chu Wai Tsun, Baggio (Chairman), Dai Keqin, Xiong Yanren, Xia Dechuan, Liu Jianfeng
Strategy and Sustainable Development Committee	Xia Dechuan (Chairman), Liu Jianfeng, Hu Huichun, Yi Guofu, Chu Wai Tsun, Baggio

(III) Operation of the Special Committees

1. During the reporting period, the Audit and Risk Management Committee held 8 meetings, and all members of the Audit and Risk Management Committee attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
17 January 2025	Reviewing the resolution regarding the provision for asset impairment and submitted it to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
28 February 2025	Reviewing the resolution regarding the estimated amount for 2025 Daily Related-party Transactions to be entered into between the Company and its relevant subsidiaries and Nanjing Ericsson Panda Communications Co., Ltd., Nanjing LG-Panda Appliances Co., Ltd., and Chengdu BOE Display Technology Co., Ltd., and submitted it to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/

V. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

1. During the reporting period, the Audit and Risk Management Committee held 8 meetings, and all members of the Audit and Risk Management Committee attended. (Continued)

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
27 March 2025	Reviewing the Company's 2024 Annual Financial Report, the status of 2024 Daily Related-party Transactions, the 2024 Annual Internal Control Evaluation Report, the proposal regarding the appointment of auditors for 2025, the report on the performance of supervision duties over the accounting firm, and the proposal regarding the provision for asset impairment, and submitting them to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
28 April 2025	Reviewing the Company's Financial Report for the First Quarter of 2025 and submitting it to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
26 August 2025	Reviewing the Company's 2025 Interim Financial Report, and submitting it to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/

V. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

1. During the reporting period, the Audit and Risk Management Committee held 8 meetings, and all members of the Audit and Risk Management Committee attended. (Continued)

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
28 October 2025	Reviewing the Company's Third Quarterly Report for 2025 and submitting it to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
22 November 2025	Reviewing the resolution regarding the adjustment of the estimated amount for 2025 Daily Related-party Transactions and submitted it to the Board of Directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
22 December 2025	Listening to the report on matters related to the Company's 2025 annual report work.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved matters such as audit arrangements.	/

For details of the performance of duties by the Audit and Risk Management Committee in 2025 (including the convening of meetings), refer to the Report on the Performance of Duties by the Audit and Risk Management Committee of Nanjing Panda in 2025 published on the website of the Shanghai Stock Exchange on 28 March 2026.

V. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

2. During the reporting period, the Nomination Committee held one meeting, and all members of the Nomination Committee attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
27 March 2025	Reviewing the structure, number and composition of the board of directors to ensure compliance with regulatory requirements and regulations; The Company's independent non-executive directors meet the independence requirements of the China Securities Regulatory Commission, the Hong Kong Securities Regulatory Commission, the Shanghai Stock Exchange, the Hong Kong Stock Exchange etc.; The Company's senior management has the professional skills required to perform their duties; and submitting them to the board of directors for consideration.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/

(1) Board Diversity Policy

The Company adopted the board diversity policy in accordance with the requirement set out in the Corporate Governance Code. Such policy aims to set out the approach to achieve diversity on the Board, thereby the Company revised the terms of reference of the Nomination Committee and the revised Rules of Procedure of the Nomination Committee have been published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

V. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

2. During the reporting period, the Nomination Committee held one meeting, and all members of the Nomination Committee attended. (Continued)

(1) Board Diversity Policy (Continued)

Through the implementation of the board diversity policy, the efficiency of duty performance of the Board will be further improved, thus facilitating the Board in making scientific decisions on the core business and strategy of the Company and its subsidiaries. The Company will consider the diversification of the Board members at various levels while determining the composition of the Board, including (but not limited to) gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service, as well as any other factors that the Board may consider relevant and applicable from time to time. The Company places great emphasis on ensuring a balanced distribution of skills and experience among Board members to provide diverse perspectives, insights, and inquiries, enabling the Directors to effectively perform their duties and align with the Board's development. The nomination and appointment of all members of the Board will be proposed upon full consideration of the abovementioned measurable objectives, in accordance with the development goal and strategic plan of the Company and in line with the interests of all shareholders. In order to ensure that the board diversity policy is in compliance with the listing rules and being effective, the Nomination Committee will review the policy every year, discuss any amendments if necessary, and propose such amendments to the Board for approval.

The selection of directors will be conducted in accordance with the Company's nomination policy. The final decision will be made based on the strengths of the relevant candidates and the contributions they can make to the Board of the Company. In this process, the diversity of the board members and the needs of the Board will be considered, rather than focusing on a single level of diversity. The Board takes the selection of appropriate candidates for directors as an opportunity to gradually increase the proportion of female directors. The Board also seeks to reflect this policy by having an appropriate proportion of the portfolio of directors with direct experience in the core markets of the Group and diverse ethnic backgrounds.

At present, the members of the Board of the Company have diversified professional backgrounds, covering communications, electronics, information, economy, law, finance, etc., have extensive work experiences, covering manufacturing, education, accountants, lawyers and other intermediary institutions, and maintain the appropriate proportion of women and a certain geographical difference. The composition also gives consideration to the appeal of shareholders. For details of the role and duty of each member of the Board, please refer to the relevant contents as set out in this Section.

V. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

2. During the reporting period, the Nomination Committee held one meeting, and all members of the Nomination Committee attended. (Continued)

   (2) Nomination Policy

   The Company attaches great attention to the knowledge, experience, profession and diversity of the Board to ensure that the Board is diligent and responsible and makes scientific decisions in line with the interests of the Company and all its shareholders.

   The Nomination Committee shall study and prepare the election criteria and selection procedures and the term of office of Directors and senior management of the Company in accordance with relevant laws and regulations and the Articles of Association of the Company while taking into consideration of the Company's actual circumstances, and the formulated resolutions shall be submitted to the Board for consideration, approval and implementation. For details of the procedure for appointing Directors and senior management, please refer to the Rules of Procedure of the Nomination Committee published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

3. During the reporting period, the Remuneration and Appraisal Committee held four meetings, and all members of the Remuneration and Appraisal Committee attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
27 March 2025	Reviewing the Remuneration Plan for Directors and Senior Management for the year 2024 and the Implementation Rules for the Management of the Performance Wage and Business Expenses for Company-Level Leaders	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
18 June 2025	Reviewing the revised Implementation Rules for the Term-based and Contract-based Management of Senior Management of Nanjing Panda	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
25 July 2025	Reviewing the resolution regarding the Signing Documents for the Term-based and Contract-based Management of Senior Management of Nanjing Panda	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/
22 December 2025	Reviewing the Performance-based Remuneration Distribution Plan for Senior Management of Nanjing Panda for the year 2024	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/

V. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

4. During the reporting period, the Strategy and Sustainable Development Committee held one meeting, and all members of the Strategy and Sustainable Development Committee attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
27 March 2025	1. Focusing on the annual targets and tasks, the Company deepens industrial restructuring and transformation and upgrading, effectively integrates technological innovation with industrial development, continuously enhances core competitiveness, and further achieves breakthroughs in the overall deepening reform of the Company. 2. Centered on its functional positioning, the Company is guided by market applications, leverages technological innovation as a key driver, and takes the digital, intelligent, and green development of the manufacturing industry as the main thread. It coordinates internal and external resources to establish a technological innovation platform for the digital and intelligent equipment industry, injecting new vitality into the Company's long-term development. 3. In light of the Company Law and the latest regulatory policies, the Company timely revises its Articles of Association and supporting governance documents, adjusts its corporate governance structure, and continuously improves its internal control system. This will enhance the Company's operational management capabilities and risk prevention capabilities, strengthen its competitiveness, and promote its sustained, healthy, and stable development.	The attending committee members carefully reviewed and discussed the resolution and the relevant materials, and unanimously approved the resolution.	/

V. Special Committees of the Board (Continued)

(IV) The Specific Circumstances of Objections: N/A

VI. Explanations for the risks identified by the Audit and Risk Management Committee: N/A

VII. Details of Staff of the Company and Major Subsidiaries at the End of the Reporting Period

(I) Details of staff

Number of on-the-job employees of the Company	144
Number of on-the-job employees of major subsidiaries	2,147
Total number of on-the-job employees	2,291
Number of retired employees whose expenses the Company and major subsidiaries shall be responsible for	3,210

Composition of professions	
Type of profession	**Number of persons**
Production staff	1,006
Sales staff	104
Technical staff	852
Financial staff	67
Administrative staff	262
Total	2,291

Educational Background	
Education level	**Number of persons**
Masters or above	239
Bachelors	1,134
Associate degree	367
Other	551
Total	2,291

The Company adheres to diverse integration, strictly follows the relevant laws and regulations such as Labor Law, Employment Promotion Law, Law on the Protection of Disabled Persons, Social Security Law, Special Provisions on the Labor Protection of Female Workers in Jiangsu Province, and treats employees of different nationalities, ethnicities, races, genders, religious beliefs and cultural backgrounds equally. The Company has always been strictly abiding by the laws and regulations of the country. In the recruitment of personnel, the Company has always adhered to fairness, impartiality, openness, and equal treatment of applicants. It has never implemented any form of employment discrimination, and has not made special requirements in terms of ethnicity, race, gender, religious belief, etc. In 2025, the Company has 810 female employees, accounting for 35.36%, and 1,481 male employees, accounting for 64.64%.

VII. Details of Staff of the Company and Major Subsidiaries at the End of the Reporting Period (Continued)

(II) Remuneration policies

In order to effectively mobilize the enthusiasm, initiative and creativity of the staff, the Company formulated the Administrative Measures for Salary Distribution, definitely and clearly specifying the salary management and salary distribution. The Company implements a position based remuneration determination policy and enforces varied remuneration systems based on position based performance salary and the nature of different positions. Specifically, an annual salary system is implemented for persons in charge of operating units; a position-based performance salary system for administrative and managerial staff; a combination of position based performance salary and project-based salary system (distribution of allowances or royalties by project) for scientific research staff; base salary plus commission or position-based performance salary system for sales staff; and piece-rate salary or position-based performance salary system for production staff.

(III) Training plan

The Company further improved its employee training system by thoroughly identifying employee training needs. Based on training survey results, an annual training plan was formulated and implemented upon approval by the responsible supervisor. The training provides high-quality resources to all employees, with a focus on developing three key groups: technology talent, experienced management core personnel, and skilled core personnel.

(IV) Labor outsourcing

Total hours of labor outsourcing *(Hour)*	1,686,516
Total remuneration paid to labor outsourcing *(RMB0'000)*	4,553.59

VIII. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Formulation, implementation or adjustment of cash dividend distribution policy

Pursuant to the relevant regulations and requirements of the CSRC and the Shanghai Stock Exchange, proposals on the decision-making procedures and policy of profit distribution in the revised Articles of Association were considered and approved at the extraordinary meeting of the seventh session of the Board on 22 January 2014 and at the first extraordinary general meeting for 2014 on 12 March 2014, respectively. The amended profit distribution policy is in line with the requirements of the Articles of Association and the consideration procedures, so legitimate rights and interests of minority investors were adequately protected and independent directors expressed their consents. The profit distribution criteria and distribution ratios were clarified and conditions and procedures of adjustment or changes in profit distribution policy were in compliance with regulations and transparent.

VIII. Plan for Profit Distribution or Capitalization of Capital Reserve (Continued)

(I) Formulation, implementation or adjustment of cash dividend distribution policy (Continued)

On 27 March 2025, the "Shareholders' Return Plan of Nanjing Panda Electronics Company Limited (2025–2027)" was considered and approved at the fourth meeting of the eleventh session of the Board of the Company. The revised Shareholders' Return Plan maintains continuity and stability of the profit distribution policy. During the reporting period, the Company did not adjust the profit distribution policy for ordinary shares. The Company strictly performed the decision-making procedures for profit distribution and profit distribution policies in accordance with the relevant requirements of the CSRC and the Shanghai Stock Exchange and the relevant provisions under the Articles of Association.

In light of recent amendments to regulatory rules concerning profit distribution, the Company's 2025 second extraordinary general meeting, the 2025 first A share class meeting, and the 2025 first H share class meeting each considered and approved the proposal on the amendments to certain provisions of the Articles of Association. The amended provisions in the Articles of Association relating to profit distribution are in compliance with the relevant regulations of the CSRC and the Shanghai Stock Exchange.

On 27 March 2026, the Company held the 8th meeting of the 11th session of the Board of Directors and deliberated and approved the 2025 Annual Profit Distribution Plan of the Company. Upon the auditing, the Company's net profit attributable to shareholders of the listed company in 2025 was RMB10,731,710.09, and the undistributed profit at the end of the period in the parent company's financial statements was RMB303,372,560. In accordance with the relevant provisions of the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies and the Listing Rules of the Shanghai Stock Exchange, the proposed 2025 annual profit distribution plan is as follows: Based on the total share capital of 913,838,529 shares as of 31 December 2025, it is proposed to distribute a cash dividend of RMB0.10 (tax inclusive) per 10 shares to all shareholders, with the total cash dividend amounting to RMB9,138,385.29 (tax inclusive). The remaining undistributed profits will be carried forward to the following year. The Company will not implement any capitalization of capital reserves. This plan is subject to approval by the shareholders' meeting.

The Company has formulated a dividend policy, which aims to strike a balance between maintaining shareholder returns and the long-term development of the Company. In considering whether to declare, recommend or pay any dividend, the primary factors for the Board include: the financial performance, cash flow position, future operation and investment requirements, regulatory requirements and shareholders' interests of the Company. The Board confirms that all dividend decisions made during the reporting period are in compliance with the dividend policy of the Company.

VIII. Plan for Profit Distribution or Capitalization of Capital Reserve (Continued)

(I) Formulation, implementation or adjustment of cash dividend distribution policy (Continued)

The proposal for distribution of cash dividend is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on or before 30 June 2026 and the dividend is expected to be paid to the holders of H shares of the Company on or before 10 August 2026. The Company will announce in due course the date of convening the upcoming annual general meeting and the period for which the register of members will be closed for determining the list of shareholders entitled to attend and vote at the annual general meeting. The Company will announce in due course the record date and the period for closure of the register of members for the distribution of H share dividends, the implementation measures, and the withholding of income tax on dividends. The withholding and exemption of income tax from dividends shall be conducted in accordance with the relevant laws and regulations of the PRC.

(II) Special explanation of cash dividend policy

Does it comply with the provisions of the Company's Articles of association or the requirements of the resolution of the shareholders' general meeting?	☑ Yes ☐ No
Are the dividend standards and ratios clear and definite?	☑ Yes ☐ No
Are the relevant decision-making procedures and mechanisms complete?	☑ Yes ☐ No
Have the independent Directors fulfilled their responsibilities and played their due role?	☑ Yes ☐ No
Do minority shareholders have the opportunity to fully express their opinions and demands? Have their legitimate rights and interests been fully protected?	☑ Yes ☐ No

(III) Where the profit was achieved during the reporting period and the profit to shareholders of the parent company is positive, but no cash profit distribution plan has been proposed, the Company shall disclose the reasons in detail and the purpose and the plan on the application of the undistributed profits: N/A

VIII. Plan for Profit Distribution or Capitalization of Capital Reserve (Continued)

(IV) Profit distribution and capital reserve conversion plan for the reporting period

Unit: Yuan Currency: RMB

Number of bonus shares distributed per 10 shares *(share(s))*	0
Amount of dividend distributed per 10 shares *(RMB)* (including tax)	0.10
Number of shares transferred as capital stock per 10 shares *(share(s))*	0
Amount of cash dividend distribution (including tax)	9,138,385.29
Net profit attributable to common shareholders of the listed company in the consolidated financial statements	10,731,710.09
Ratio of the amount of cash dividend distribution to the net profit attributable to common shareholders of the listed company in the consolidated financial statements *(%)*	85.15
Amount of share repurchase in cash that is included in the cash dividend distribution	0
Total amount of dividend distribution (including tax)	9,138,385.29
Ratio of the total amount of dividend distribution to the net profit attributable to common shareholders of the listed company in the consolidated financial statements *(%)*	85.15

(V) Cash dividends in the last three fiscal years

Cumulative amount of cash dividends (including tax) in the last three fiscal years (1)	9,138,385.29
Cumulative amount of shares repurchased and cancelled in the last three fiscal years (2)	0
Cumulative amount of cash dividends and shares repurchased and cancelled in the last three fiscal years (3) = (1) + (2)	9,138,385.29
Average annual net profit amount in the last three fiscal years (4)	-138,661,692.09
Cash dividend ratio *(%)* in the last three fiscal years (5) = (3)/(4)	N/A
Net profit attributable to the common shareholders of the listed company in the consolidated financial statements of the most recent fiscal year	10,731,710.09
Undistributed profit at the end of the fiscal year in the parent company's financial statements of the most recent fiscal year	303,372,560.00

IX. Company's Share Incentive Scheme, Employee Shareholding Scheme and Other Employee Incentives and Their Impacts

(I) Where relevant incentive matters have been disclosed in ad hoc announcements and there is no progress or change in subsequent implementation: N/A

(II) The situations on incentives that have not been disclosed or have follow-up progress in ad hoc announcements: N/A

The situation of employee shareholding scheme: N/A

Other incentives: N/A

IX. Company's Share Incentive Scheme, Employee Shareholding Scheme and Other Employee Incentives and Their Impacts (Continued)

(III) Shareholding incentives granted to Directors and senior management during the reporting period: N/A

(IV) Establishment and implementation of appraisal and motivation mechanism for senior management during the reporting period

The Company conducted a comprehensive appraisal of the senior management based on their duties, positions and performance. Incentive rewards were granted according to the results of the appraisal. The Remuneration and Appraisal Committee is responsible for formulating and reviewing the remuneration policies and plans for the senior management of the Company, and setting up the evaluation criteria for the senior management of the Company and implementing the evaluation.

The Company formulated the Systems Regarding Remuneration Composition of Directors and Senior Management of Nanjing Panda. The Measures defined the matters concerning the remuneration composition, basis for confirmation, contents for verification, calculation method and encashment procedures and others, encouraged senior management officers to take initiatives and facilitated the Company's development.

X. Establishment and Implementation of Internal Control Systems during the Reporting Period

In 2025, the Company implemented the compilation of management systems (14th edition) as revised at the end of 2024, covering all aspects of the management of the Company, such as corporate governance, Party building of the Party Committee, management committee, administrative management, legal risk, planning technology, operation management, financial management, human resources, internal control audit, discipline inspection and supervision, and informatisation, and the internal control operation was effective. The Company has carried out internal control evaluation in accordance with the requirements of its internal control rules and relevant regulations. The Company's existing internal control system can provide reasonable assurance for the Company's operation and management, asset security, the authenticity and fairness of financial reports and related information, and no major deficiencies in financial reports and non-financial reports were found during the reporting period. In 2025, the Company revised 16 basic management systems. The Company will further improve various internal control management rules, maintain the continuous and effective operation of the internal control system, strengthen the supervision and inspection of the implementation of internal control, continue to optimize business processes and internal control environment, provide reasonable guarantee for the realisation of its economic benefits and strategic objectives, and promote its high-quality development. According to the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Content and Format of Annual Reports (Revision 2025) promulgated by the CSRC and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Board of the Company has prepared the Self-assessment Report on the Internal Control of the Nanjing Panda for 2025, which was disclosed along with the 2025 annual report. For details, please refer to the relevant announcements of the Company published on the websites of the Shanghai Stock Exchange on 28 March 2026 and on the website of the Hong Kong Stock Exchange on 27 March 2026.

Explanation on significant deficiencies in internal control during the reporting period: N/A

XI. Management and Control of Subsidiaries during the Reporting Period

In accordance with the provisions of the internal standard system of the enterprise, the Company has established, improved and effectively implemented the internal control of the enterprise, and carried out effective management and control of the subsidiaries. In 2025, in accordance with the principle of "overall arrangement, graded self-assessment, and key supervision", the Company implemented the evaluation work of internal control, realising a full coverage of all the subsidiaries.

Risk warning regarding abnormal management and control over subsidiaries: N/A

XII. Auditors' Report on Internal Control

The Company appointed WUYIGE Certified Public Accountants LLP to audit the effectiveness of the internal control relating to the financial report of the Company, which issued the auditors' report with unqualified audit opinions. The auditor's report was disclosed along with the 2025 annual report. For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange on 28 March 2026.

Whether to disclose the auditors' report on internal control: Yes

Opinion type of the auditors' report on internal control: standard unqualified audit opinions

XIII. Rectification of Problems Found in the Self-inspection of Governance Special Action of the Listed Company

According to the Announcement on Launching Special Action on Corporate Governance of Listed Companies promulgated by the CSRC and the work arrangement of the Jiangsu Securities Regulatory Bureau of the CSRC on "Special Action on Corporate Governance", the Company carried out special selfinspection on corporate governance at the beginning of 2021, and completed the filling of the Special Self-Inspection List of Governance of the Listed Companies, whose content covers seven aspects of the listed companies, such as the basic situation, the operation and decision-making of organizations, controlling shareholders, de facto controllers and connected parties, the construction of internal control standard system, information disclosure and transparency, institutions and overseas investors, and other issues. After self-inspection, there was no significant difference between the current situation of corporate governance of the Company and the normative documents on the governance of listed companies issued by the CSRC.

In accordance with the provisions of laws and regulations, the Company will further improve the governance level, strengthen the construction of internal control system and risk management, and continuously improve the development quality of the listed company.

XIV. Environmental Information on Listed Companies and their Major Subsidiaries Included in the List of Enterprises whose Environmental Information is Disclosed in Accordance with the Law

Number of enterprises included in the list of enterprises whose environmental information has been disclosed in accordance with the law	1

No.	Name of enterprise	Inquiry index of reports on legal disclosure of environmental information
1	Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js

Other explanation: N/A

XV. Overview of Social Responsibility

(I) Whether social responsibility report, sustainability report or ESG report are disclosed separately

The Company considered and approved the Environmental, Social and Governance (ESG) Report in 2025 of the Company at the 8th meeting of the eleventh session of the Board on 27 March 2026, the full text of which was published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 28 March 2026.

(II) Details of social responsibility work: N/A

External donations and public welfare projects	Quantity/ Content	Description
Total investment: *(RMB10,000)*	48.64	Donations to the charitable assistance fund
Including: Capital *(RMB10,000)*	48.64	
Materials converted into cash *(RMB10,000)*		
Number of beneficiaries (persons)	64	

XVI. Efforts in Consolidating Achievements in Poverty Alleviation and Promoting Rural Revitalization:

Poverty alleviation and rural revitalization projects	Quantity/ Content	Description
Total investment: *(RMB10,000)*	28.71	Purchasing agricultural products under the "Assisting Farmer" campaign
Including: Capital *(RMB10,000)*		
Materials converted into cash *(RMB10,000)*	28.71	Purchasing agricultural products under the "Assisting Farmer" campaign
Number of beneficiaries *(persons)*	2,000	
Forms of assistance (such as poverty alleviation through industrial development, employment and education)	Purchasing agricultural products under the "Assisting Farmer" campaign	

XVII. Others

(I) Chairman and Chief Executive Officer

The main duties of Chairman of the Board are to preside over the shareholders' meeting and convene the Board meetings, and to inspect the actual implementation of resolutions passed by the Board (Details are set out in Article 142 of Chapter 8 of the Articles of Association). The General Manager (Chief Executive Officer) is accountable to the Board. His principal duties include presiding over the production, operation and management of the Company, organizing the implementation of resolutions of the Board, and organizing the implementation of the annual operation plan and investment proposal (Details are set out in Article 166 of Chapter 9 of the Articles of Association).

(II) Auditors' remuneration

WUYIGE Certified Public Accountants LLP was engaged as the Company's international auditor, PRC auditor and internal control auditor for 2025. The remuneration paid by the Company for its audit services for the annual report (including the internal control audit service) was RMB2,480,000, among which RMB1,920,000 was paid to international and PRC auditors and RMB560,000 to the internal control auditor.

XVII. Others (Continued)

(III) Communications with shareholders and investor relations

The Board recognizes its accountability to shareholders for the performance and activities of the Company. The Board strives to maintain effective communication with shareholders. The Company has established different communication channels with its shareholders and investors:

1. The annual shareholders' meeting and extraordinary shareholders' meetings held during the reporting period provided a forum for shareholders to raise comments and exchange views with the Board;

2. The annual reports, interim reports and so forth have been sent to the shareholders and interested investors containing therein a full financial and operational review of the Company;

3. Fully perform obligations of information disclosure by disclosing financial results and various transactions in quarterly reports, various announcements and circulars (if applicable);

4. Set up multiple channels such as investor hotlines, site visiting by investors, stock analysts and fund managers, organize holding press conferences and road shows and etc.;

5. The Company further enhances the exchange and communication with investors, and delivers information of the Company to investors by way of the electronic platform of Shanghai Stock Exchange e-Interaction, online results presentation, and onsite meeting of shareholders' meeting, etc., and further improves the efficiency of the information disclosure of the Company by way of communication with investors and hearing their opinions.

The Company reviewed the implementation and effectiveness of the shareholder communication policy for the year ended 31 December 2025, and considered it to be effective.

XVII. Others (Continued)

(IV) Rights of shareholders

In accordance with Article 69 of Chapter 7 of the Articles of Association, shareholders individually or collectively holding 10% or above of the Company's shares shall be entitled to propose to the Board the convening of the extraordinary shareholders' meeting, provided that such proposal shall be made in writing. The Board shall provide written feedbacks on agreeing or disagreeing to convene an extraordinary shareholders' meeting within 10 days after receiving such proposal according to the provisions of the applicable laws, administrative regulations and Articles of Associations.

In the event that the Board agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting shall be issued within 5 days after the resolution of Board is made. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days upon receipt of the said proposal, shareholders individually or collectively holding 10% or above of the Company's shares shall be entitled to propose to the Audit and Risk Management Committee the convening of the extraordinary shareholders' meeting, provided that such proposal shall be made in writing.

Shareholders may send their enquiries to the Board by addressing them to the Secretary of the Board. Contact details of the Secretary of the Board are set out on page 4 of this report.

(V) Dividend policy

The Company focuses on the long-term and sustainable development while taking into consideration the needs of its operation and shareholders. It made systemic arrangements for the Company's profit distribution to ensure the continuity and stability of its policy on profit distribution. For the Company's profit distribution policy and relevant details, please refer to the relevant part of this section as well as the Articles of Association published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

XVII. Others (Continued)

(VI) Inside information management and the relevant situation

In order to further implement inside information management and prevention of insider trading, according to the requirements of the CSRC, the Insiders Management System of NPEC was formulated by the Company and considered and approved by the Board, which specifies the scope and confidentiality management of inside information, as well as the scope, registration and filing of the insiders. The Significant Information Internal Report System of NPEC was formulated by the Company and considered and approved by the Board, which specifies the reporting scope, division of responsibilities, procedures and formats, confidentiality obligations and legal liabilities in respect of the material information. Pursuant to the requirements, the Company delivered the controlling shareholder and the de facto controller the requirements of the Implementation of Strengthened Inside Information Management of State-owned and Controlled Listed Companies issued by relevant regulatory institutions. Moreover, the Company strictly followed the regulations on insider registration and management in respect of the preparation of regular reports, and other significant events in accordance with the requirements under the relevant administrative documents.

(VII) Establishment and implementation of the accountability system for major disclosure errors in annual report

In order to enhance the quality of information disclosure and ensure the truthfulness, accuracy and completeness of the information disclosed in the annual report, the Company established the Accountability System for Major Disclosure Errors in Annual Report. The Board of the Company will impose administrative or financial penalties on relevant responsible persons according to the seriousness of the matter, e.g. correction of major accounting errors and supplementation of omitted major information and correction of results prediction, occurred in the information disclosure in the annual report. There was no major error found in information disclosure in the 2025 annual report. During the reporting period, there was no correction of major accounting errors, supplementation of omitted major information and correction of results prediction.

Section V Significant Events

I. Fulfilment of Commitments

(I) Commitments of the ultimate controller, shareholders, connected parties, acquirers and the Company and other related parties during the Reporting Period or continued to the Reporting Period

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Avoidance of horizontal competition	CEC	Prior to this acquisition, CEC and its controlled enterprises had no projects or assets which constituted horizontal competition with the principal operations of the Company. Upon completion of this acquisition, CEC and its controlled enterprises would not be directly or indirectly engaged in business which constitutes horizontal competition with the principal operations of the Company, nor invest in enterprises or projects which have direct or indirect competition with the principal operations of the Company	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company	Yes	Yes	N/A	N/A
	Standardization and avoidance of related party transactions	CEC	Upon completion of the acquisition, CEC undertook to take the following measures to standardize potential connected transactions: (1) try to avoid or reduce connected transactions with the Company and its subsidiaries; (2) as for those that cannot be avoided or exist for reasonable reasons, standard connected transaction agreements shall be entered into with the Company according to law, and approval procedures shall be performed in accordance with relevant laws, rules, regulations, other regulatory documents and the Articles of Association. The price of such connected transactions shall be determined on the pricing principle of "reference to the market price and no less than the price of non-connected transactions then", so as to ensure the fairness of connected transaction prices; undertake to perform information disclosure obligation in compliance with relevant requirements of laws, regulations and the Articles of Association; (3) undertake not to illegally transfer the capital or profit of the Company, or harm the interest of the Company and its non-connected shareholders through connected transactions	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company	Yes	Yes	N/A	N/A
	Ensuring the Company's independence	CEC	Upon completion of the acquisition, CEC and the Company would maintain the independence of their respective staff, integrity of assets and financial independence; ensure the independent operation capability of the Company, the independence in respect of procurement, production, sales, and intellectual property rights, and protection of the interest of minority shareholders.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A

I. Fulfilment of Commitments (Continued)

(I) Commitments of the ultimate controller, shareholders, connected parties, acquirers and the Company and other related parties during the Reporting Period or continued to the Reporting Period (Continued)

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings relating to refinancing	Avoidance of horizontal competition	PEGL	(1) PEGL and its subsidiaries have no projects or assets which constitute horizontal competition with the principal operations of the Company. (2) PEGL and its subsidiaries would not engage in the same or similar business as that of the Company and its subsidiaries in any form (including such forms as investment, acquisition, operation, merger and entrusted operation inside or outside the PRC). (3) In the event of business competition with the Company and its subsidiaries, the PEGL and its subsidiaries would terminate production and operation, or integrate such competing business into the Company, or transfer such competing business to unrelated third parties to avoid horizontal competition. (4) If any business opportunity is provided to PEGL and its subsidiaries by third parties or by PEGL and its subsidiaries to third parties, and such business directly or indirectly constitutes competition with the Company, or the Company is able to and intends to undertake such business, PEGL and its subsidiaries shall immediately inform the Company of such opportunity and facilitate the undertaking of such business by the Company on reasonable terms and conditions. (5) If the Company or the relevant regulatory authorities believe(s) there exists horizontal competition between the business of PEGL and its subsidiaries is engaging in or will engage in PEGL and its subsidiaries will timely transfer or terminate such business upon objection by the Company. If the Company further requests to acquire such business, PEGL and its subsidiaries will, unconditionally, transfer the aforesaid business and assets to the Company with priority based on the fair price as audited or appraised by agencies qualified to deal in securities and futures related business. (6) If this letter of commitment proves to be untrue or not observed, PEGL will indemnify the Company and its subsidiaries for all direct and indirect losses. (7) PEGL confirms that each commitment contained in this letter of commitment is independently executable, and any one commitment, if deemed invalid or terminated, shall not affect the validity of other commitments. (8) This letter of commitment is effective from the date of signing.	Time: 30 November 2012; Term: effective from the date of signing	Yes	Yes	N/A	N/A

I. Fulfilment of Commitments (Continued)

(I) Commitments of the ultimate controller, shareholders, connected parties, acquirers and the Company and other related parties during the Reporting Period or continued to the Reporting Period (Continued)

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
	Avoidance of horizontal competition	NEIIC	The same contents as that of PEGL for "Avoidance of horizontal competition"	Time: 30 November 2012; Term: effective from the date of signing	Yes	Yes	N/A	N/A
	Standardization and avoidance of related party transactions	PEGL	(1) As long as PEGL is a shareholder of the Company, PEGL and its subsidiaries shall try to reduce and standardize connected transactions with the Company. (2) As for the connected transactions that cannot be avoided, PEGL shall enter into agreements with the Company in compliance and in accordance with relevant laws, regulations, regulatory documents and the articles of association of the Company, perform relevant approval procedures and the information disclosure obligation in accordance with statutory procedures, and refrain or abstain from voting at board meetings and/or general meetings, so as to procure such connected transaction can be conducted in compliance with the principle of "fairness, justice and openness" and normal commercial terms and conditions, and ensure such connected transactions will not harm the legitimate interests and rights of the Company and other shareholders.	Time: 30 November 2012; Term: effective from the date of signing	Yes	Yes	N/A	N/A
	Standardization and avoidance of related party transactions	NEIIC	The same contents as that of PEGL for "Standardization and avoidance of connected transactions"	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

I. Fulfilment of Commitments (Continued)

(I) Commitments of the ultimate controller, shareholders, connected parties, acquirers and the Company and other related parties during the Reporting Period or continued to the Reporting Period (Continued)

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Other undertakings	Others	CEC	Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows: (1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the listed company during the abnormal fluctuation period in stock markets. (2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the listed company when the stock price considerably deviates from its share value, in order to protect the benefit of investors. (3) CEC will continue to improve the quality of the listed company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the listed company with an upgraded healthy and comprehensive long-term reward mechanism to achieve continuous improvement of the return level of investors.	Time: 9 July 2015; Term: effective from the date of signing	Yes	Yes	N/A	N/A

As of the reporting date, CEC, NEIIC and PEGL confirmed that undertakings had been strictly fulfilled by each of the parties.

(II) The Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts. The Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor: N/A

(III) The fulfilment of result commitments: N/A

II. Misappropriation of the Company's Funds by Controlling Shareholders and Other Related Parties for Non-operating Purposes during the Reporting Period: N/A

III. Provision of Guarantee in Violation of Rules and Requirements: N/A

IV. Explanations of the Company on the "Modified Audit Report" Issued by the Accounting Firm: N/A

V. Analysis and Explanation of the Company on the Reasons and Impact of the Change in Accounting Policy, Accounting Estimation or the Correction to Material Accounting Errors

(I) Analysis and Explanation of the Company on the Reasons and Impact of the Changes in Accounting Policy and Accounting Estimation: N/A

(II) Analysis and Explanation of the Company on the Reasons and Impact of the Correction to Material Errors: N/A

(III) Communication with the Previous Accounting Firm: N/A

(IV) Approval procedures and other explanations: N/A

VI. Appointment and Dismissal of Accounting Firms

Unit: 0'000 Currency: RMB

	Currently appointed
Name of the domestic accounting firm	WUYIGE Certified Public Accountants LLP
Remuneration for the domestic accounting firm	192
Audit years of the domestic accounting firm	3 years
Name of the CPA of the domestic accounting firm	Gong Ronghua, Han Shimin
Cumulative audit years of the CPA in the domestic accounting firm	3 years
Name of the overseas accounting firm	N/A
Remuneration for the overseas accounting firm	N/A
Audit years of the overseas accounting firm	N/A

Unit: 0'000 Currency: RMB

	Name	**Remuneration**
Accounting firm for audit of internal control	WUYIGE Certified Public Accountants LLP	56

VI. Appointment and Dismissal of Accounting Firms (Continued)

Explanation about the appointment and dismissal of the accounting firm:

WUYIGE Certified Public Accountants LLP served as the Company's international auditor, domestic auditor and internal control auditor for the years 2023 and 2024.

In 2025, the Proposal on the Appointment of the Auditor for 2025 was considered and approved on the 4th meeting of the 11th session of the Board of Directors. It is recommended to reappoint WUYIGE Certified Public Accountants LLP as the Company's international auditor, domestic auditor and internal control auditor for 2025, determine its remuneration within the limit of no more than RMB2.48 million, and agree to submit it to the 2024 annual general meeting of the Company for consideration. The Audit and Risk Management Committee under the Board of the Company considered factors such as the operating history, professional experience, number of practitioners, firm size, and number of listed companies served by WUYIGE Certified Public Accountants LLP, as well as the integrity and independence of the partners and certified public accountants proposed to provide audit services to the Company. The Committee concluded that WUYIGE Certified Public Accountants LLP possesses the capability and experience to provide audit services to listed companies and can meet the Company's requirements for the audit of its financial statements and internal control. The Company's 2024 annual general meeting considered and approved the reappointment of WUYIGE Certified Public Accountants LLP as the Company's international auditor, domestic auditor and internal control auditor for 2025, and determined its remuneration within the limit of no more than RMB2.48 million. For details, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 28 March 2025 and 21 June 2025, and on the website of the Hong Kong Stock Exchange on 27 March 2025 and 20 June 2025.

Explanation about changing the appointed accounting firm during the audit period: N/A

Explanation of a decrease in audit fees of 20% or more compared to the previous year: N/A

VII. Exposure to Any Risk of Suspension of Listing: N/A

VIII. Bankruptcy and Restructuring Related Matter: N/A

IX. Material Litigation and Arbitration

(I) Litigation and Arbitration Disclosed in Interim Announcements with No Subsequent Developments: N/A

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events

Unit: 0'000 Currency: RMB

During the reporting period:

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Nanjing Panda Electronics Equipment Co., Ltd.	Jiangsu Jinmao Robot Technology Co., Ltd.	Nil	Litigation	The lawsuit: From July 2017 to November 2018, Electronics Equipment Company and Jiangsu Jinmao Robot Technology Co., Ltd. (hereinafter referred to as "Jinmao Company") has successively signed four purchase and sale contracts. Jinmao Company has been in arrears of RMB22,593,150 under the four contracts. After repeated urges for payment failed, in January 2022, Electronics Equipment Company filed a lawsuit with the Qixia District People's Court in Nanjing, demanding Jinmao Company to pay all the arrears.	Amount involved in the litigation: RMB22,593,200; Amount involved in the counterclaim: RMB123 million (amount involved in the counterclaim accepted by the court: RMB44,749,300)	N/A	In January 2022, Electronics Equipment Company filed a lawsuit with Qixia District People's Court. In February 2022, Qixia Court accepted the case. In the court trial, both parties put forward their own litigation opinions. After that, Jinmao Company applied for judicial expertise on the grounds of equipment quality problems, and the court started the judicial expertise procedure in January 2023. The appraisal institution conducted on-site inspection in September and October 2023, and issued the Appraisal Opinion and relevant letters on 31 January 2024. On 21 February 2024, Jinmao Company filed a counterclaim. On 23 February 2024, Qixia Court accepted the part of the counterclaim related to the lawsuit and tried it together with the lawsuit.	The court of second instance ruled in favor of the claims of Electronics Equipment Company	Appeal in progress

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
				Counterclaim: On 21 February 2024, during the trial of the lawsuit, Jinmao Company filed a counterclaim, demanding the cancellation of relevant contracts signed between the two parties (including the four contracts under the lawsuit), return of all the purchased equipment and RMB59 million of payment for goods and compensation of RMB64 million for the loss.			On 5 March 2024, Electronics Equipment Company received the written judgment made by the court on 29 February 2024, which ruled that Jinmao Company should pay RMB128,000, the unpaid price under a purchase and sales contract, and corresponding liquidated damages to Electronics Equipment Company, and cancel the other three purchase and sales contracts; Electronics Equipment Company should return RMB44,749,300 to Jinmao Company and pay corresponding interest, and Jinmao Company should return the goods delivered under the three purchase and sales contracts cancelled by Electronics Equipment Company. On 18 March 2024, Electronics Equipment Company filed an appeal, demanding that all counterclaims of Jinmao Company be rejected and all demands of Electronics Equipment Company be supported.		

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
							On 20 March 2024, Electronics Equipment Company received the appeal petition from Jinmao Company served by the court. On 17 April 2024, Electronics Equipment Company received a notice from the Nanjing Intermediate People's Court that the second instance case had been accepted. On 7 June 2024, both parties participated in the first court session of the second instance at the Nanjing Intermediate People's Court. On 19 March 2025, both parties participated in the second court session of the second instance at the Nanjing Intermediate People's Court. On 8 May 2025, Electronics Equipment Company received the second-instance judgment, the main content of which is as follows: the claims of Jinmao Company were dismissed, and Jinmao Company was ordered to pay Electronics Equipment Company RMB22,593,150 for goods and default interest on overdue payments within ten days from the effective date of this judgment.		

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
							In May 2025, Electronics Equipment Company applied to the Nanjing Qixia District Court for enforcement. In January 2026, Electronics Equipment Company received the retrial application filed by Jinmao Company with the Jiangsu Provincial High People's Court, as well as the "Notice of Responding to Lawsuit and Notice of Composition of the Collegial Panel《應訴通知書及合議庭組成人員告知書》" issued by the Jiangsu Provincial High People's Court. On 18 March 2026, the Jiangsu Provincial High People's Court organized an inquiry with both parties. The case is currently at the retrial review stage.		

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Nanjing Panda Information Industry Co., Ltd.	Xuzhou Suning Estate Co., Ltd.	Nil	Litigation	On 18 June 2012, Nanjing Panda Information Industry Co., Ltd. won the bid for the "automated control system project for the buildings of Xuzhou Suning Plaza", and then signed the Contract on the Automated Control System of Buildings. The party issuing the contract still owes Nanjing Panda Information Industry Co., Ltd. RMB6,611,200 of project fund so far.	Principal and interest: RMB6,611,200	N/A	On 30 May 2022, Nanjing Panda Information Industry Co., Ltd. filed a lawsuit with Gulou District Court, Xuzhou, and the case was later transferred to Nanjing Intermediate People's Court for centralized jurisdiction. On 4 November 2022, the case was heard at Nanjing Intermediate People's Court. After that, both parties communicated with each other on how to settle the case, but failed to reach a consensus. On 16 February 2023, the case was heard at Nanjing Intermediate People's Court.	The court of second instance ruled in favor of the claims of Information Industry Company	Appeal in progress

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
							On 23 August 2024, the Intermediate People's Court of Nanjing rendered a first-instance judgment, ruling as follows: ① Xuzhou Suning Real Estate Co., Ltd. shall, within ten days as of the effective date of this judgment, pay the project payment of RMB6,611,197.07 and the overdue liquidated damages to Information Industry Company; ② Information Industry Company shall enjoy the priority right to be compensated for the construction project price within the scope of the project payment of RMB6,611,197.07 that is owed by Xuzhou Suning Estate Co., Ltd. On 19 September 2024, Information Industry Company received the appeal petition from Xuzhou Suning Estate Co., Ltd., and the appeal request was to change the judgment of the first instance regarding the overdue liquidated damages calculated at 2 times the LPR to be calculated at 1 time the LPR. On 4 March 2025, both parties participated in the hearing organized by the Higher People's Court of Jiangsu Province.		

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
							On 18 March 2025, Information Industry Company received the second-instance judgment of the Higher People's Court of Jiangsu Province, which upheld the original judgment of the first instance. On 10 April 2025, Information Industry Company applied to the court for enforcement. On 25 April 2025, Information Industry Company received an announcement from the Nanjing Intermediate People's Court, in which the court ruled in accordance with the law to implement substantive consolidated reorganization of 38 companies, including Suning Appliance Group Co., Ltd. On 27 May 2025, Information Industry Company attended the first creditors' meeting for the Suning substantive consolidation, convened by the Nanjing Intermediate People's Court. The creditors' meeting confirmed Panda Information's priority claims for construction project funds of RMB6,611,970.7 and ordinary claims of RMB1,852,560.8.		

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
							In August 2025, due to adjustments in the cut-off date for calculating default interest, according to the fourth batch of publicized creditor list by the Nanjing Intermediate People's Court, the ordinary claims were adjusted from RMB1,852,560.8 to RMB1,722,744.42. On 29 December 2025, the Nanjing Intermediate People's Court approved the reorganization plan. In January and February 2026, Information Industry Company received a total of RMB1.1 million in claims paid by Xuzhou Suning Estate Co., Ltd.		

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events (Continued)

Unit: 0'000 Currency: RMB

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Suzhou RS Tech Co., Ltd.	Nanjing Panda Electronics Equipment Co., Ltd.	Nil	Litigation	From 2016 to 2020, Suzhou RS Tech Co., Ltd. signed several procurement contracts and purchase and sales contracts with Electronics Equipment Company, Suzhou RS Tech Co., Ltd. considered Electronics Equipment Company owed it RMB8,688,200 of principal and interest, and filed a lawsuit with the court, demanding the payment of the arrears.	Principal and interest: RMB10,010,400 RMB8,688,200		The case was heard at the court on 16 February 2023. On 17 July 2023, Electronics Equipment Company received the paper of civil judgment electronically delivered by Qixia Court, which ruled that Electronics Equipment Company should pay RMB8,688,200 in principal and interest, and Electronics Equipment Company filed an appeal. On 27 November 2023, Nanjing Intermediate People's Court ruled that the original judgment was upheld. In December 2023, Electronics Equipment Company fulfilled its payment obligation as ruled. On 24 May 2024, Electronics Equipment Company filed an application for retrial with the Higher People's Court of Jiangsu Province. On 3 March 2025, Electronics Equipment Company received a civil ruling from the Higher People's Court of Jiangsu Province, ruling to reject the Company's application for retrial.	Concluded	Executed in accordance with the judgment of the second instance

X. Punishment and Rectification to the Listed Company, its Directors Senior Management, Controlling Shareholder, Ultimate Controller due to Violations of Laws and Regulations

For details, please refer to Section VI "Corporate Governance", section (VI) of Part 3 "Punishment by Securities Regulatory Authorities in the Last Three Years" of this report.

XI. Explanation on Credibility Status of the Company, Its Controlling Shareholder and Ultimate Controller during the Reporting Period: N/A

XII. Material Connected Transactions

(I) Connected transactions relating to day-to-day operation

1. Matters disclosed in interim announcements with no progress or change in the followup implementation

Overview	Search index
(1) On 28 February 2025, an extraordinary meeting of the eleventh session of the board of directors of the Company was convened, at which the resolution in relation to the "2025 Daily Related-party Transactions" was considered and approved, pursuant to which the estimated amount of daily related-party transactions of the Company and relevant subsidiaries for 2025 was approved, namely the sales of materials, components and the provision of subcontracting services to Chengdu BOE Display Technology Co., Ltd., Nanjing LG-Panda Appliances Co., Ltd. and Nanjing Ericsson Panda Communication Co., Ltd. respectively, with an annual amount of not exceeding RMB100 million, RMB10million and RMB6 million respectively (inclusive). The Company convened an extraordinary meeting of the eleventh session of the board of directors on 12 November 2025, at which the resolution on "Adjustment of the Estimated Annual Cap for the 2025 Daily Related-party Transactions" was considered and approved, agreeing to adjust the amount of the estimated annual cap for the 2025 daily related-party transactions between the Company and Nanjing Ericsson Panda Communication Co., Ltd. to RMB10 million (inclusive).	For details, please refer to the relevant announcements of the Company disclosed in the China Securities Journal and the Shanghai Securities News and on the website of the Shanghai Stock Exchange on 1 March and 13 November 2025.

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

1. Matters disclosed in interim announcements with no progress or change in the followup implementation (Continued)

Overview	Search index
(2) The Company held an extraordinary meeting of the 11th session of the Board on 22 November 2024. The Group's continuing connected transactions and annual caps for the period from 2025 to 2027 with CEC, NEIIC and their respective connected persons were deliberated and approved in the meeting, with the term from 1 January 2025 to 31 December 2027. The Group's renewal of the continuing connected transactions and annual caps with the Financial Company were also approved, which shall take effect upon the approval by the independent shareholders at an extraordinary general meeting and shall have a term of three years. The Company authorized its directors or senior management personnel to sign a number of framework agreements for continuing connected transactions related to such continuing connected transactions, including the Agreement on Provision of Subcontracting Services and Comprehensive Services, Agreement on Acceptance of Subcontracting Services and Comprehensive Services, Agreement on Sale of Goods and Spare Parts, Agreement on Procurement of Goods and Spare Parts, Agreement on Provision of Leasing Services, Agreement on Acceptance of Leasing Services, Trademark License Agreement and the Financial Services Cooperation Agreement. The Company held the Second Extraordinary General Meeting for 2024 on 27 December 2024. In the meeting, Agreement on Sale of Goods and Spare Parts and the annual cap for the transactions thereunder, as well as the Financial Services Cooperation Agreement and the annual cap for the balance of fund settlement thereunder were deliberated and approved, and the Board of Directors was authorized to take necessary actions to ensure the effectiveness of the agreements.	For details, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 25 November and 28 December 2024, and on the website of the Hong Kong Stock Exchange on 24 November and 27 December 2024, and the H-share circular sent on 11 December 2024.

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

2. Matters disclosed in interim announcements with progress or change in the follow-up implementation

On 22 November 2024, the renewing of the existing continuing connected transactions and the cap between the Group and Financial Company was considered and approved at the extraordinary meeting of the 11th session of the Board, at which the directors or senior management of the Company were authorised to enter into the Financial Services Cooperation Agreement. It was stipulated that the cap for the fund settlement balance (Receipt and payment of transaction funds, deposit taking and handling of time deposits, call deposits and agreement deposits, the same below) of the Group with Financial Company be maintained at RMB700,000,000, the cap for the comprehensive credit balance (loans in local and foreign currencies, external guarantees, acceptance and discount of commercial acceptance bills, letters of guarantee, etc., the same below) provided by Financial Company to the Group be maintained at RMB800,000,000, and the annual cap for other financial services (fund management, discount of commercial acceptance bills, non-financing guarantee, principal agency, issuance of fund certificates, loan commitment, bank acceptance bill discount, etc., the same below) provided by Financial Company to the Group be maintained at RMB2,000,000. The agreement was effective from obtaining approval of independent shareholders at the extraordinary general meeting for a term of three years.

The entering into of the Financial Services Cooperation Agreement was in compliance with relevant state and industry regulations and on the principle of openness, fairness and justice, without prejudice to the interest of the Company and minority shareholders of the Company. Additionally, the Company has made the Emergency Risk Management Plan for the Deposits placed with Financial Company which guaranteed the safety and liquidity of the funds. The connected directors have abstained from voting; and non-connected directors, independent non-executive directors and the Audit and Risk Management Committee approved such continuing connected transaction, considering that such continuing connected transaction was in the interests of the Company and its shareholders as a whole. Wherein, the continuing related transaction corresponding to the fund settlement balance of the Group with Financial Company was considered and approved at the 2024 second extraordinary general meeting of the Company on 27 December 2024. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 25 November and 28 December 2024 and H share circular dispatched on 11 December 2024.

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

2. Matters disclosed in interim announcements with progress or change in the follow-up implementation (Continued)

The sixth meeting of the 11th session of the Board and the eighth meeting of the 11th session of the Board held respectively on 26 August 2025 and 27 March 2026 reviewed and approved the proposals regarding the Continuous Risk Assessment Report on the Related Party Transactions of Nanjing Panda Involving the Financial Company, and assessed the risk associated with the funds deposited in Financial Company. After the review, no major defects were found in Financial Company's risk management systems for funds, credit, investment, audit and information management related to financial statements as of 30 June 2025 and 31 December 2025. For details, please refer to relevant announcements published on the website of Shanghai Stock Exchange on 27 August 2025 and 28 March 2026.

As of 31 December 2025, the fund settlement balance of the Group with Financial Company was RMB689.4608 million, the comprehensive credit balance provided by Financial Company to the Group was RMB10.0655 million, and the transaction expense of other financial services provided by the Financial Company to the Group was RMB10,300.

The connected transactions between the Group and Financial Company were also confirmed by the independent non-executive Directors that the fund settlement balance, the comprehensive credit balance and the amount incurred from other financial service business did not exceed the approved annual caps.

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
Nanjing Rainbow New Energy Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				271.32	0.18			
Chengdu Sino Microelectronics Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				236.65	0.16			
CEC Herui Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				211.09	0.14			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				190.16	0.13			
Hunan Changcheng Galaxy Technology Co., Ltd.	Other related party	Purchase of goods				187.68	0.12			
China Electronics Commerce (Beijing) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				158.43	0.10			
Langfang Zhenhua Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				142.80	0.09			
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				135.93	0.09			
Nanjing Zhenhua Packaging Material Factory	Subsidiary owned by shareholders	Purchase of goods				135.18	0.09			
SHENZHEN ZHENHUA FU ELECTRONICS CO., LTD	Subsidiary owned by shareholders	Purchase of goods				76.60	0.05			
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned Factory No. 873)	Subsidiary owned by shareholders	Purchase of good				41.04	0.03			
Nanjing China Electronics Panda Crystal Technology Corporation	Subsidiary owned by shareholders	Purchase of goods				32.26	0.02			
Guizhou Zhenhua Hualian Electronic Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				25.91	0.02			
Nanjing Panda Medical Services Co., Ltd.	Other related party	Purchase of goods				14.15	0.01			

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type *(%)*	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
Shenzhen SED Wireless Communication Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				11.77	0.01			
Nanjing Panda Piezoelectricity Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				8.29	0.01			
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				5.90	0.00			
China Zhenhua (Group) New Cloud Electronic Components Co., Ltd. (State 4326 Factory)	Subsidiary owned by shareholders	Purchase of goods				5.87	0.00			
China Zhenhua Group Yunke Electronic Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				2.78	0.00			
Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd (state-owned eight nine one factory)	Subsidiary owned by shareholders	Purchase of goods				1.08	0.00			
Shenzhen Sangda Technology Development Co., Ltd.	Other related party	Purchase of goods				0.63	0.00			
Nanjing China Electronics Panda Lighting Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				0.12	0.00			
Gansu Changfeng Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				125.58	0.08			
Nanjing China Electronics Panda Magnetic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				8.32	0.01			
Suzhou Yunxin Microelectronics Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				0.90	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				600.24	2.06			
Nanjing Panda Medical Services Co., Ltd.	Other related party	Receipt of services				214.47	0.74			
Panda Electronics Group Limited	Controlling shareholder	Receipt of services				73.31	0.25			

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type *(%)*	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
China Electronics Commerce (Beijing) Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				64.14	0.22			
Nanjing Huadong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				33.12	0.11			
Nanjing China Electronics Panda Lighting Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				25.63	0.09			
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				15.85	0.05			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				13.10	0.04			
China Electronic Materials Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				12.09	0.04			
CEC Convention and Exhibition and Information Communication Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				5.94	0.02			
Nanjing China Electronics Panda Property Management Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				4.30	0.01			
CEC Cloud Computing Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				4.23	0.01			
Jiangsu Nanjixing New Energy Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				0.73	0.00			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				15,549.40	8.22			
Xianyang China Electric Rainbow Group Holdings Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,538.05	0.81			
Chengdu BOE Display Technology Co., Ltd.	Other related party	Sale of goods				1,140.73	0.60			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Sale of goods				864.98	0.46			
Jiangxi Rainbow Photovoltaic Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				712.39	0.38			
Shenzhen CEC Investment Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				676.05	0.36			

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Sale of goods				321.14	0.17			
Beijing Cssweb Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				315.17	0.17			
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Sale of goods				304.52	0.16			
Gansu Changfeng Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				272.57	0.14			
Great Wall Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				248.02	0.13			
Panda Electronics Group Limited	Controlling shareholder	Sale of goods				109.27	0.06			
Rainbow (Hefei) Liquid Crystal Glass Co., Ltd.	Other related party	Sale of goods				49.29	0.03			
Shenzhen China Electric Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				21.80	0.01			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				10.15	0.01			
Nanjing China Electronics Panda Magnetic Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				8.39	0.00			
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				3.76	0.00			
Nanjing Panda Medical Services Co., Ltd.	Other related party	Sale of goods				1.79	0.00			
Guizhou Zhenhua New Materials Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.68	0.00			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.49	0.00			
China Electronic Materials Jiangsu and Zhejiang Corporation	Subsidiary owned by shareholders	Sale of goods				0.71	0.00			

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
Nanjing Huadong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.58	0.00			
Nanjing Kerida Electronic Equipment Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.45	0.00			
Nanjing Changjiang Science Park Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.37	0.00			
Nanjing LG-Panda Appliances Co., Ltd.	Associate	Sale of goods				0.26	0.00			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.21	0.00			
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.17	0.00			
Nanjing Changjiang Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.15	0.00			
Nanjing Sanle Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				12.32	0.01			
Chengdu BOE Display Technology Co., Ltd.	Other related party	Rendering of services				3,527.18	7.34			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				1,343.22	2.80			
Panda Electronics Group Limited	Controlling shareholder	Rendering of services				606.66	1.26			
Nanjing LG-Panda Appliances Co., Ltd.	Associate	Rendering of services				71.08	0.15			
Nanjing China Electronics Panda Crystal Technology Corporation	Subsidiary owned by shareholders	Rendering of services				43.59	0.09			
Nanjing Changjiang Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				40.30	0.08			
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Other related party	Rendering of services				26.28	0.05			

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type *(%)*	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Rendering of services				23.35	0.05			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				19.04	0.04			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Rendering of services				12.75	0.03			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				9.97	0.02			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Trademark licensing				2.55	2.24			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Asset lease				3.33	0.03			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Asset lease				30.44	0.26			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Asset lease				0.72	0.01			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Asset lease				2.54	0.02			
Panda Electronics Group Limited	Controlling Shareholder	Asset lease				2.54	0.02			
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Asset lease				1.33	0.01			
Rainbow (Hefei) Liquid Crystal Glass Co., Ltd.	Other related party	Asset leased				0.32	0.05			
Total				/	/	31,066.37				

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Unit: 0'000 Currency: RMB

Related party	Related party relationship	Type of the related party transaction	Particulars of the related party transaction	Pricing principle of the related party transaction	Trading price of the related party transaction	Amount of the related party transaction	Proportion in the amount of transactions of the same type *(%)*	Settlement method of the related party transaction	Market price	Reason for the difference between trading price and market price
Details on return of bulk sales			N/A							
Explanation on related party transactions			The continuing connected transactions the Group conducted with CEC Group (including Financial Company) and NEIIC Group (continuing connected transactions under normal commercial conditions in the general business process) were reviewed and approved by the Company's extraordinary meeting of the 11th session of the Board, and some of the continuing connected transactions that can only be implemented with the approval of independent shareholders were approved by independent shareholders at the Company's 2nd extraordinary general meeting in 2024, with the procedures in compliance with relevant regulations. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 25 November and 28 December 2024, and H share circular dispatched on 11 December 2024. In addition, the Company entered into the Trademark Licensing Contracts with Panda Zhicheng based on the Trademark Licensing Agreement (2025–2027) between the Company and NEIIC. The 2025 daily related-party transactions conducted by the Company and its relevant subsidiaries with Chengdu BOE, LG-Panda and ENC, as well as the adjustment of the estimated annual amount of daily related-party transactions for 2025 respectively were considered and approved at the extraordinary meeting of the 11th session of the Board, with the procedures in compliance with relevant regulations. For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 1 March and 13 November 2025. The above connected transactions were confirmed by the independent non-executive Directors that these continuing connected transactions were conducive to the stability of the Group's production and operation. The pricing and transaction terms have been determined in accordance with the pricing policies approved by the shareholders' meeting. In addition, the terms of these connected transactions were fair and reasonable with fair pricing and had performed approval procedures in accordance with relevant requirements and these continuing connected transactions were conducted in the usual course of business and on normal commercial terms, were in the benefit of the Company and the shareholders as a whole and did not affect the Company's independence.							

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIIC Group (including Panda Zhicheng) during the reporting period, please refer to the section headed "Related party relationship and transactions" in the notes to the financial statements as set out in the 2025 annual report of the Company, summaries of which are as follows:

Unit: 0'000 Currency: RMB

No.	Categories of the Continuing Connected Transaction	Pricing Principle	Amount incurred
(A)	Provision of sub-contracting services and composite services by the Group to CEC Group	Market price, Government guidance rate	2,086
(B)	Provision of sub-contracting services and composite services by CEC Group to the Group	Market price, Government guidance rate	853
(C)	Sale of materials, components and parts by the Group to CEC Group	Market price, Cost plus pricing	19,804
(D)	Purchase of materials, components and parts by the Group from CEC Group	Market price	1,828
(E)	Lease of premises and relevant equipment by the Group to NEIIC Group	Market price	40
(F)	Licensing of Trademark by the Group to NEIIC Group	Market price	3
(G)	The fund settlement balance of the Group with Financial Company (receipt and payment of transaction amount, deposits taking, and handling time deposits, call deposits, agreement deposit, etc.)	Market price	68,946
(H)	Provision of comprehensive credit balance by Financial Company to the Group (loans in local and foreign currencies, external guarantees, acceptance and discount of commercial acceptance bills, letter of guarantee, etc.)	Market price	1,007
(I)	Provision of other financial services (fund management, discount of bank acceptance bills, principal agency, issuance of fund certificates, loan commitment, general planning consultation and special financial consultancy, etc.) by Financial Company to the Group	Market price	1

Note:

(G), (H) and (I) are the fund settlement balance and comprehensive credit balance of the Group with Financial Company under CEC on 31 December 2025, and the amounts of other financial services businesses in 2025. During the reporting period, the Group's fund settlement balance, comprehensive credit balance and the amounts of other financial businesses with Financial Company did not exceed the approved annual limits.

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

For such continuing connected transactions, the Company has signed agreements with CEC, NEIIC, Financial Company and Panda Zhicheng respectively in accordance with relevant laws and regulations and the relevant provisions of the Company's Articles of Association, and has fulfilled the relevant approval procedures and information disclosure obligations according to law. Related Directors, PEGL, NEIIC, and their related parties have waived their voting rights at the Company's Board meetings and shareholders' meetings respectively, so as to ensure that such continuing connected transactions comply with the principles of "fairness, impartiality and openness" and normal commercial transaction rules, and to ensure that such continuing connected transactions will not harm the legitimate rights and interests of the Company and other shareholders. Therefore, such continuing connected transactions will not have any impact on the Company's independence.

Related Party Transactions: During the reporting year, the Group entered into several transactions with persons regarded as "related parties" in accordance with the applicable accounting principles.

Except for the "Related Party Relationships and Their Transactions" set out in the notes to the financial statements and the related party transactions disclosed below, which constitute connected transactions and/or continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, none of the other transactions constitute "connected transactions" or "continuing connected transactions" as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Company has complied with the relevant provisions of Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(a) Material related party transactions entered into between the Group and intermediate holding companies, between the Group and direct holding companies, and between the Group and fellow subsidiaries; and

(b) As at 31 December 2025, the Group had placed a deposit of RMB689,460,800 with a fellow subsidiary of the Company. The balance of loans and other credit facilities provided by such fellow subsidiary to the Group was RMB10,065,500, and the transaction fees for other financial services provided by Financial Company to the Group were RMB10,300. Such fellow subsidiary is a financial institution established in China.

XII. Material Connected Transactions (Continued)

(I) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

The Company's auditor has been appointed to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (HKSAE 3000) Other than Audits or Reviews of Historical Financial Information issued by the Hong Kong Institute of Certified Public Accountants and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions Required by the Hong Kong Listing Rules".

The auditor has issued a letter containing the results of work on the above continuing connected transactions in accordance with Rule 14A.56 of the Main Board Listing Rules and has provided a copy of the letter to the Hong Kong Stock Exchange.

In addition, in accordance with the relevant provisions of Paragraph (3) of Article 6.3.3 on related legal persons of the Listing Rules of the Shanghai Stock Exchange, during 2025, the Company's sales of goods, spare parts and provision of subcontracting services to Chengdu BOE Display Technology Co., Ltd., Nanjing LG-Panda Appliances Co., Ltd. and Nanjing Ericsson Panda Communication Co., Ltd. each constitutes a related party transaction of the Company. The annual caps set by the Company for related party transactions with the above companies were RMB100,000,000, RMB10,000,000 and RMB10,000,000 respectively, and the actual transaction amounts during 2025 were RMB46,679,100, RMB713,400 and RMB8,777,300 respectively, all of which did not exceed the annual caps.

(II) Connected transactions in respect of asset or equity acquisition or disposal: N/A

(III) During the Reporting Period, the Company had no material connected transactions in respect of joint external investment.

XII. Material Connected Transactions (Continued)

(IV) Transactions Relating to Creditor's Rights and Debts

1. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Related parties	Connected party relationship	Provision of funds to related parties			Provision of funds to the company by related parties		
		Opening balance	Amount of the transaction	**Closing balance**	Opening balance	Amount of the transaction	**Closing balance**
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				9,790,000.00	–	**9,790,000.00**
Panda Electronics Group Limited	Controlling shareholder		250,000.00	**250,000.00**	3,765,011.31	–215,308.46	**3,549,702.85**
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders				214,625.00	–214,625.00	
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders		–		20,000.00	–	**20,000.00**
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders		–			415,148.84	**415,148.84**
CEC Herui Technology Co., Ltd.	Subsidiary owned by shareholders		–			20,000.00	**20,000.00**
Nanjing China Electronics Panda Lighting Co., Ltd.	Subsidiary owned by shareholders		–		10,000.00	–10,000.00	
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Subsidiary owned by shareholders		50,000.00	**50,000.00**			
Total			300,000.00	**300,000.00**	13,799,636.31	–4,784.62	**13,794,851.69**
Causes of the claims and debts	N/A						
Influence of creditor's rights and debts to the Company	N/A						

XII. Material Connected Transactions (Continued)

(V) Transaction relating to Financial Services between the Company and Financial Company, Financial Holding Company, and Other Connected Parties

1. Deposit services

Unit: Yuan Currency: RMB

Related party	Related party relationship	Daily maximum deposit limit	Interest rate range	Opening balance	Transaction amount for the period Total amount of deposit in the period	 Total amount of withdrawal in the period	Closing balance
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	700,000,000.00	0.10%-1.65%	606,131,362.15	3,142,117,421.00	3,058,787,949.31	**689,460,833.84**
Total	/	/	/	606,131,362.15	3,142,117,421.00	3,058,787,949.31	**689,460,833.84**

2. Loan services: N/A

3. Credit granting or other financial services

Unit: Yuan Currency: RMB

Related party	Related party relationship	Type of services	Total	Amount incurred
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Issuing bank acceptances and performance bonds	800,000,000.00	10,065,491.33
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Other financial services	2,000,000	10,291.88

XIII. Material Contracts and Performance Thereof

(I) Matters relating to trust, contract and lease:

1. Trust: N/A

2. Contract: N/A

3. Lease

Unit: 0'000 Currency: RMB

Lessor	Lessee	Leased assets	Amount of the leased assets	Start date	End date	Rental income	Basis for determining rental income	Effect of rental income on Company	Related party transaction or No	Related party relationship
Nanjing Panda Electronics Company Limited	Nanjing Gusheng Enterprise Management Co., Ltd.	The 1st to 4th floors (including 1 mezzanine floor) and 14th to 17th floors of Panda Building, No.301 Zhongshan Road East, Nanjing and the ancillary equipment and facilities thereof, with an aggregate area of 27502.165 square meters	The net value of the leased assets at the end of December 2025 was RMB170,470,000. The total guaranteed rent is RMB 245,516,200	1 December 2020	30 September 2031	The total guaranteed rent during the lease term is RMB245,516,200. If the annual rent receivable by the lessee in terms of the entire building to which the leased properties situated (the leased area other than the parking space(s)) is in excess of RMB107,398,200, the lessee shall pay 10.65% of the excess to the Company as the turnover rent. The estimated rent for 2025 was RMB20,519,600	Lease contract	The expected effect on the Company's profit or loss for 2025 amounts to RMB13,860,000	No	No

XIII. Material Contracts and Performance Thereof (Continued)

(II) Guarantees

Unit: 0'000 Currency: RMB

The Company's external guarantee (excluding guarantee provided for subsidiaries)														
Guarantor	Relationship between guarantor and the Company	Secured party	Guaranteed amount	Effective Date of Guarantee (agreement execution date)	Commencement date	Expiry date	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	whether overdue	Overdue amount	counter guarantee	Guarantee provided to the related parties	Related party relationship

Total amount of guarantees during the reporting period (excluding those in favour of subsidiaries)	0.00
Total balance of the amount of guarantees at the end of the reporting period (A) (excluding those provided for subsidiaries)	0.00
Guarantees in favour of subsidiaries provided by the Company and its subsidiaries	
Total amount of guarantees provided for subsidiaries during the Reporting Period	2,000.00
Total balance of the amount of guarantees provided for subsidiaries at the end of the reporting period (B)	1,006.55
Total amount of guarantees made by the Company (including those provided for subsidiaries)	
Total amount of guarantees (A+B)	1,006.55
Percentage of total guarantee amount in net assets of the Company (%)	0.32
Including:	
Amount of guarantees provided for shareholders, de facto controller and their related parties (C)	0.00
Amount of guarantees provided directly or indirectly for parties with a gearing ratio of over 70% (D)	0.00
Amount by which the total guarantee exceeds 50% of the net assets (E)	0.00
Total amount of the above three items (C+D+E)	0.00
Statement on the contingent joint and several liability in connection with unexpired guarantee	
Statement on guarantee	

XIII. Material Contracts and Performance Thereof (Continued)

(II) Guarantees (Continued)

The Company did not provide any guarantee to any independent third parties other than its subsidiaries, nor to its controlling shareholder, de facto controller or their connected parties. The gearing ratio of all subsidiaries receiving guarantees was below 70%. For details about the guarantees provided by the Company to its subsidiaries, please refer to "Related-party guarantees" in notes to the financial statements of 2025.

At the 2023 annual general meeting of the Company held on 21 June 2024, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB95,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of the 2023 annual general meeting to the date of the 2024 annual general meeting, and the general manager of the Company was authorized to handle the matters relating to the provision of guarantees for the financing of the subsidiaries during the period.

At the 2024 annual general meeting of the Company held on 20 June 2025, it was approved that the Company could provide a guarantee of RMB30 million financing for Huage Plastic, during the period from the date immediately after the conclusion of the 2024 annual general meeting to the date of the 2025 annual general meeting, and the general manager of the Company was authorized to handle the matters relating to the provision of guarantees for the financing of the subsidiaries during the period.

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management

1. Entrusted wealth management

(1) Overall condition of entrusted wealth management

Unit: 0'000 Currency: RMB

Type	Risk characteristics	Balance not yet due	Amount overdue but yet to recovery
Wealth management products of banks	Principal-guaranteed type	49,500	0

Other conditions:

At the extraordinary meeting of the eleventh session of the Board of the Company convened on 24 December 2024, the resolution concerning the Use of Temporarily Idle Fund for Cash Management was considered and approved. It was agreed that the internal periodically idle fund of no more than RMB900,000,000 (inclusive) could be used to invest in low-risk wealth management products with principal guaranteed terms for a term not exceeding 12 months. The resolution would remain effective for one year from the date of approval by the Board. During the effective term of the resolution, the aforesaid amount can be used for investment on cyclic and rolling basis. The General Manager shall be authorized to deal with relevant matters within the amount limit and during the effective term of the resolution. For details, please refer to the Announcement on Use of Internal fund for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2024–037) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 25 December 2024.

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(1) Overall condition of entrusted wealth management (Continued)

At the extraordinary meeting of the eleventh session of the Board of the Company convened on 29 December 2025, the resolution concerning the Use of Temporarily Idle Fund for Cash Management was considered and approved. It was agreed that the internal periodically idle fund of no more than RMB600,000,000 (inclusive) could be used to invest in principal-guaranteed wealth management products with principal guaranteed terms for a term not exceeding 12 months. The resolution would remain effective for one year from the date of approval by the Board. During the effective term of the resolution, the aforesaid amount can be used for investment on cyclic and rolling basis. The General Manager shall be authorized to deal with relevant matters within the amount limit and during the effective term of the resolution. For details, please refer to the Announcement on Use of Internal fund for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2025–034) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 December 2025.

During the reporting period, the balance used to purchase the wealth management products of banks with internal temporarily idle fund of the Group was within the limit approved by the Board. As of 31 December 2025, the balance used to purchase wealth management products with internal temporarily idle fund by the Group amounted to RMB495,000,000 and as of 26 March 2026, the balance thereof amounted to RMB410,000,000.

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management

Unit: 0'000 Currency: RMB

Trustee	Type of entrusted wealth management	Risk characteristics	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Whether there are any restrictions	Annual rate of return	Actual income or loss	Balance not yet due	Amount overdue but yet to recovery
Industrial and Commercial Bank of China Limited	Wealth management products of banks	Principal guaranteed with floating returns	1,800	2024.5.20	2025.5.20	Internal fund			1.5%-2.59%	46.62		
Industrial and Commercial Bank of China Limited	Wealth management products of banks	Principal guaranteed with floating returns	8,200	2024.5.20	2025.5.20	Internal fund			1.5%-2.59%	212.38		
Industrial and Commercial Bank of China Limited	Wealth management products of banks	Principal guaranteed with floating returns	3,000	2024.7.9	2025.7.9	Internal fund			1.5%-2.59%	76.71		
Bank of China (Hong Kong) Limited	Wealth management products of banks	Principal guaranteed	2,782	2024.7.10	2025.6.10	Internal fund			4.2% or 4.3%	109.50		
Bank of Communications Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	7,000	2024.8.30	2025.3.7	Internal fund			1.75% or 2.5% or 2.7%	90.62		
Bank of Beijing Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	20,000	2024.10.17	2025.1.20	Internal fund			1.3% or 2.54%	67.67		
China Merchants Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	2,000	2024.10.18	2025.1.20	Internal fund			1.55% or 2.10%	10.82		
China Merchants Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	600	2024.12.24	2025.3.24	Internal fund			1.3% or 2.0%	2.96		
China Merchants Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	3,400	2024.12.24	2025.3.24	Internal fund			1.3% or 2.0%	16.77		
Hua Xia Bank Co., Limited	Wealth management products of banks	Principal guaranteed with floating returns	20,000	2025.1.24	2025.4.24	Internal fund			1.2% or 2.4% or 2.6%	128.22		
China Merchants Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	2,000	2025.2.24	2025.5.26	Internal fund			1.3% or 2%	9.97		
Industrial Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	7,000	2025.3.11	2025.9.11	Internal fund			1.5% or 2.45%	86.45		

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management (Continued)

Unit: 0'000 Currency: RMB

Trustee	Type of entrusted wealth management	Risk characteristics	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Whether there are any restrictions	Annual rate of return	Actual income or loss	Balance not yet due	Amount overdue but yet to recovery
China Merchants Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	550	2025.4.11	2025.7.11	Internal fund			1.3% or 2.0%	2.74		
China Merchants Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	3,450	2025.4.11	2025.7.11	Internal fund			1.3% or 2.0%	17.20		
Hua Xia Bank Co., Limited	Wealth management products of banks	Principal guaranteed with floating returns	14,500	2025.5.6	2025.9.5	Internal fund			1.05% or 2.36% or 2.61%	114.38		
Industrial and Commercial Bank of China Limited	Wealth management products of banks	Principal guaranteed with floating returns	2,000	2025.6.6	2026.6.8	Internal fund			1.1%-2.24%		2,000	
Industrial and Commercial Bank of China Limited	Wealth management products of banks	Principal guaranteed with floating returns	10,000	2025.6.6	2026.6.8	Internal fund			1.1%-2.24%		10,000	
Industrial Bank Co., Ltd.	Wealth management products of banks	Principal guaranteed with floating returns	10,000	2025.7.7	2025.10.9	Internal fund			1.0% or 2.20%	56.66		
Hua Xia Bank Co., Limited	Wealth management products of banks	Principal guaranteed with floating returns	21,500	2025.9.18	2026.3.23	Internal fund			0.45% or 2.05% or 2.15%		21,500	
Hua Xia Bank Co., Limited	Wealth management products of banks	Principal guaranteed with floating returns	10,000	2025.10.17	2026.4.21	Internal fund			0.15% or 2.05% or 2.10%		10,000	
Industrial and Commercial Bank of China Limited	Wealth management products of banks	Principal guaranteed with floating returns	6,000	2025.12.1	2026.6.4	Internal fund			1.00%-2.00%		6,000	
Total			155,782							1,049.67	49,500	

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management (Continued)

Other conditions:

The purchases of wealth management products by the Group from banks were within the scope of approval by the Board of the Company and did not involve litigation, and there was no failure of recovery of principal when due. As of 31 December 2025, save for the wealth management products not yet due, the Company recovered the internal funds that were used to purchase wealth management products and the respective return thereof as scheduled. For the wealth management products which remain to be due, principal and returns were recovered as scheduled on the due dates.

(3) Provision for the impairment of entrusted wealth management: N/A

2. Entrusted loans: N/A

(IV) Other material contracts

Save as in the ordinary course of business, details of the material contracts entered into by the Company during the Reporting Period are set out in Section III "Enter into Material Contracts" in this Report.

XIV. Explanation on the use of proceeds: N/A

XV. Description of Other Material Events with a Significant Impact on the Value Judgement and Investment Decisions Made by Investors

(I) Tax policies

On 31 December 2025, details of the tax preferences of the Company and its subsidiaries are set out in the notes to the financial statements prepared in accordance with the accounting standards of PRC enterprises. The tax preference for subsidiaries registered in Hong Kong is subject to local laws and regulations.

(II) Basic medical insurance for employees

The Company has implemented the Interim Provisions on the Basic Medical Insurance for Urban Employees in Nanjing since 1 January 2001, and has implemented the basic medical insurance for employees in accordance with the provisions thereof. In 2023, according to the Notice on Reducing the Unit Contribution Rate of Basic Medical Insurance for Employees (NING YI FA [2023] No.40), the unit contribution rate of medical insurance for employees was lowered from 8.8% (including the maternity insurance contribution rate of 0.8%) to 7.8% from 1 January 2023. The individual contribution rate remained unchanged.

Section VI Changes in Shares and Information of Shareholders

I. Changes in Share Capital

(I) Table for changes in shares

1. Table for changes in shares

   During the Reporting Period, there was no change in total shares or shareholding structure of the Company.

   As of 27 March 2026, the latest practicable and recent date prior to the date of announcement of the annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the requirements of the Hong Kong Stock Exchange in relation to sufficiency of public float.

2. Explanations on changes in shares: N/A

3. Impact of share changes on financial indicators such as earnings per share and net assets per share in the most recent year and the most recent period (if any): N/A

4. Other contents that the Company deems necessary and the securities regulatory agencies require to disclose: N/A

(II) Changes in shares subject to trading moratorium: N/A

II. Securities Issue and Listings

(I) Issue of securities during the reporting period

During the Reporting Period, the Company did not issue any ordinary shares, convertible bonds, bonds with warrants, bonds and other derivatives.

(II) Changes in the total number of shares and shareholding structure of the Company and changes in the structure of assets and liabilities of the Company: N/A

(III) Existing internal employee's shares: N/A

III. Shareholders and Actual Controller

(I) Total number of shareholders

Total number of shareholders as of the end of the reporting period *(shareholder)*	75,185 shareholders (including 75,160 A shareholders and 25 H shareholders)
Total number of shareholders at the end of last month prior to the disclosure of this annual report *(shareholder)*	137,724 shareholders (including 137,700 A shareholders and 24 H shareholders)

III. Shareholders and Actual Controller (Continued)

(II) Shareholdings of top 10 shareholders and top 10 holders of circulating shares (or shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Shareholdings of top ten shareholders of the Company

Name of Shareholder (full)	Increase/ decrease during the reporting period	Number of shares held at the end of the reporting period	Percentage of shareholding (%)	Number of shares held subject to trading moratorium	Pledged, marked, or frozen shares		Nature of shareholders
					State of shares	Number of shares	
HKSCC (Nominees) Limited	1,304,463	244,414,175	26.75	0	Unknown		Overseas legal person
Panda Electronics Group Limited	0	210,661,444	23.05	0	Pledged	105,091,430	State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	22,120,611	2.42	0	Unknown		State-owned legal person
Chen Xianlai	3,760,000	3,760,000	0.41	0	Unknown		Domestic natural person
UBS AG	2,443,580	3,696,050	0.40	0	Unknown		Other
Pan Jun	2,270,000	2,270,000	0.25	0	Unknown		Domestic natural person
Zhang Peiyi	1,927,288	1,927,288	0.21	0	Unknown		Domestic natural person
Deng Chizhu	1,500,000	1,900,000	0.21	0	Unknown		Domestic natural person
Huatai Financial Holdings (Hong Kong) Ltd.-China Hongze Fund	1,431,849	1,800,600	0.20	0	Unknown		Other
Liu Jinhua	421,900	1,656,000	0.18	0	Unknown		Domestic natural person

III. Shareholders and Actual Controller (Continued)

(II) Shareholdings of top 10 shareholders and top 10 holders of circulating shares (or shares not subject to trading moratorium) as at the end of the Reporting Period (Continued)

Shareholdings of the top 10 holders of shares not subject to trading moratorium (excluding shares lent through refinancing)

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and number of shares: Class	Class and number of shares: Number
HKSCC (Nominees) Limited	244,414,175	Overseas listed foreign shares	241,697,140
		RMB ordinary shares	2,717,035
Panda Electronics Group Limited	210,661,444	RMB ordinary shares	210,661,444
Nanjing Electronics Information Industrial Corporation	22,120,611	RMB ordinary shares	22,120,611
Chen Xianlai	3,760,000	RMB ordinary shares	3,760,000
UBS AG	3,696,050	RMB ordinary shares	3,696,050
Pan Jun	2,270,000	RMB ordinary shares	2,270,000
Zhang Peiyi	1,927,288	RMB ordinary shares	1,927,288
Deng Chizhu	1,900,000	RMB ordinary shares	1,900,000
Huatai Financial Holdings (Hong Kong) Ltd.－China Hongze Fund	1,800,600	RMB ordinary shares	1,800,600
Liu Jinhua	1,656,000	RMB ordinary shares	1,656,000

III. Shareholders and Actual Controller (Continued)

(II) Shareholdings of top 10 shareholders and top 10 holders of circulating shares (or shares not subject to trading moratorium) as at the end of the Reporting Period (Continued)

Explanation about the repurchase accounts among the top 10 shareholders	N/A
Explanation about the above shareholders' entrusting voting rights, being entrusted with voting rights or waiving voting rights	N/A
Explanation about the connections or actions in concert among the above shareholders	NEIIC holds 100% stake in PEGL, the controlling shareholder of the Company. NEIIC holds 22,120,611 A-shares and 13,768,000 H-shares of the Company directly or through the asset management scheme, accounting for 3.93% of the Company's total shares, and holds 210,661,444 A-shares of the Company indirectly through PEGL, accounting for 23.05% of the Company's total shares. Collectively, it holds 26.98% of the Company's shares. CEIEC (H.K.) Limited, a whollyowned subsidiary of CEC, holds 27,414,000 H-shares of the Company, accounting for 3% of the Company's total shares, and the shares are held by HKSCC (Nominees) Limited on its behalf. **To sum up, CEC, the de facto controller of the Company, holds 29.98% of the Company's shares through its subsidiaries. Apart from the above, the Company is not aware whether other shareholders are related or acting in concert.**

Notes:

1. HKSCC (Nominees) Limited is the nominee holder of the shares held by non-registered H shareholder of the Company; the classes of shares held by other shareholders in the "Shareholdings of top ten shareholders of the Company" in the table above are all RMB ordinary shares (A Shares). As at the end of the reporting period, HKSCC (Nominees) Limited held 244,414,175 shares of the Company (including 241,697,140 H Shares and 2,717,035 A Shares), representing 26.75% of the total issued share capital of the Company, on behalf of several clients, including 13,768,000 H shares held by NEIIC, 27,414,000 H shares held by CEIEC (H.K.) Limited, a wholly-owned subsidiary of CEC, and 11,256,000 H shares held by Barclays Bank PLC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

2. NEIIC, a holding subsidiary of CEC, directly holds 22,120,611 A shares of the Company and holds 13,768,000 H shares of the Company through HKSCC (Nominees) Limited; CEIEC (H.K.) Limited, a wholly-owned subsidiary of CEC, holds 27,414,000 H shares of the Company through HKSCC (Nominees) Limited; PEGL, a wholly-owned subsidiary of NEIIC, holds 210,661,444 A shares of the Company. CEC, the de facto controller of the Company, holds a total of 273,964,055 A shares and H shares of the Company through the aforementioned companies, representing 29.98% of the total issued share capital of the Company.

III. Shareholders and Actual Controller (Continued)

(II) Shareholdings of top 10 shareholders and top 10 holders of circulating shares (or shares not subject to trading moratorium) as at the end of the Reporting Period (Continued)

Notes: (Continued)

3. As at the end of the reporting period, Barclays Bank PLC held 1,403,748 A shares of the Company and held 11,256,000 H shares of the Company through HKSCC (Nominees) Limited, with total shareholding representing approximately 1.38% of the total issued share capital of the Company. Please note that Barclays Bank PLC is a non-registered H shareholder of the Company. Therefore, the latest H shareholding information of Barclays Bank PLC in the Company is only as of 15 August 2025. The above data assumes that Barclays Bank PLC's H shareholding remained unchanged from 15 August 2025 to the end of the reporting period. If Barclays Bank PLC changes its H shareholding in the Company during the period from 15 August 2025 to the end of the reporting period, unless certain conditions are met, it is not required to notify the Company or the Hong Kong Stock Exchange. Accordingly, Barclays Bank PLC's latest H shareholding in the Company as of the end of the reporting period may differ from the shareholding information filed with the Hong Kong Stock Exchange.

4. On 19 April 2024, the Company received a notice from PEGL, the controlling shareholder of the Company, that part of the shares it held in the Company were pledged. Pursuant to the notice, PEGL pledged 105,091,430 shares in the Company, accounting for 49.89% of the total shares it held in the Company and 11.50% of the total share capital of the Company. For details, please refer to the relevant announcements published by the Company in the China Securities Journal, the Shanghai Securities News and on the website of the Shanghai Stock Exchange on 20 April 2024.

Information on the shareholders holding more than 5% of shares in issue, the top ten shareholders and the top ten shareholders not subject to selling restrictions participating in the refinancing and securities lending business: N/A

Changes of the top ten shareholders and the top ten shareholders not subject to selling restrictions compared with last period due to refinancing lending/restitution: N/A

Number of shares held by the top ten shareholders subject to trading moratorium and the condition of trading moratorium: N/A

(III) Strategic investors or general legal persons becoming the top ten shareholders because of placing of new shares: N/A

IV. Controlling shareholders and the de facto controllers of the Company

(I) Controlling shareholders

1. Legal person

Name	Panda Electronics Group Limited
The person in charge of the entity or legal representative	Xu Guozhong
Date of establishment	5 December 1990
Principal business	Approved items: Accommodation service; road freight transport (excluding hazardous goods); road passenger transport operations (For items subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities, and specific business items are subject to approval results).

IV. Controlling shareholders and the de facto controllers of the Company (Continued)

(I) Controlling shareholders (Continued)

1. Legal person (Continued)

	General items: Manufacturing of electronic special equipment; sales of electronic special equipment; manufacturing of communication equipment; sales of communication equipment; professional repair of communication transmission equipment; manufacturing of electronic components; wholesale of electronic components; retail of electronic components; manufacturing of special equipment for electrical machinery; manufacturing of instruments and meters; sales of instruments and meters; manufacturing of computer software, hardware and peripheral equipment; wholesale of computer software, hardware and auxiliary equipment; retail of computer software, hardware and auxiliary equipment; software development; information system integration services; manufacturing of household appliances; sales of household appliances; manufacturing of radio and television equipment (excluding radio and television transmission equipment); sales of radio, film and television equipment; sales of home audio-visual equipment; manufacturing of cultural and office equipment; property management; parking lot services; general goods warehousing services (excluding items requiring license approval such as hazardous chemicals); loading and unloading; operation of road freight transport stations; small and micro passenger car leasing services; international freight forwarding (except for items subject to approval in accordance with the law, operating activities independently in accordance with the law with a business license).
Equities of other domestic and overseas listed companies in which the Company holds controlling shares or shares during the reporting period	N/A
Other explanations	N/A

IV. Controlling shareholders and the de facto controllers of the Company (Continued)

(I) Controlling shareholders (Continued)

1. Legal person (Continued)

As at the end of the Reporting Period, NEIIC held 100% of PEGL's share capital, which is the controlling shareholder of the Company. NEIIC held 3.93% of the Company's total share capital directly and through the asset management plan and indirectly held 23.05% of the Company's total share capital through PEGL, collectively held 26.98% of the Company's total share capital. Main information of NEIIC is as follows:

Name	Nanjing Electronics Information Industrial Corporation
The person in charge of the entity or legal representative	Zhou Guixiang
Date of establishment	11 May 2007
Principal business	Research and development, services and transfer of electronic information technology; research and development, manufacture, sales and related services of electronic products; design, construction and related services in electronic engineering; real estate investment; property management; industrial investment and asset management services. (For items subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities)
Equities of other domestic and overseas listed companies in which the Company holds controlling shares or shares during the reporting period	As of 31 December 2025, other than its equity interests in the Company, NEIIC held 28.13% equity interests of TPV Technology (000727).

2. Natural persons: N/A

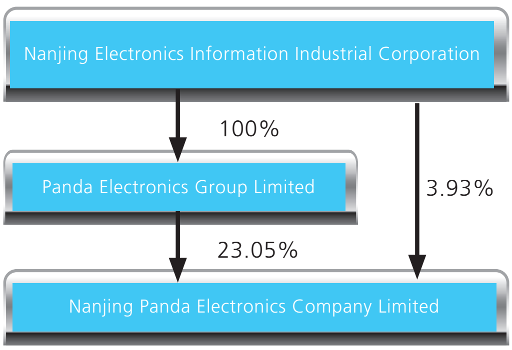
IV. Controlling shareholders and the de facto controllers of the Company (Continued)

(I) Controlling shareholders (Continued)

3. Special explanation regarding the Company not having a controlling shareholder: Not applicable: N/A

4. Explanation of changes in controlling shareholder during the reporting period: N/A

5. Diagram of property rights and controlling relationship between the Company and its controlling shareholders



IV. Controlling shareholders and the de facto controllers of the Company (Continued)

(II) De facto controllers

1. Legal person

Name	China Electronics Corporation
The person in charge of the entity or legal representative	Li Ligong
Date of establishment	26 May 1989
Principal business	Research, development, design, and manufacture of electronic raw materials, electronic devices and components, electronic instruments and meters, complete sets of electronic products, electronic application products and systems, special electronic equipment, auxiliary products and software as well as sales of complete sets of relevant products; general contracting, organization and management of electronic application system projects, construction projects, communication projects, and water treatment projects; development, promotion and application of environment protection and energy saving technologies; development and operation of real estate; sales of automobiles, auto parts, hardware and electrical equipment, photographic apparatus, construction materials, decorative materials and apparel; exhibition management; house repairing business; consulting services, technical services and transfer; maintenance and sales of home appliances.
Equities of other domestic and overseas listed companies in which the Company holds controlling shares or shares during the reporting period	Please refer to the chart below for details.

IV. Controlling shareholders and the de facto controllers of the Company (Continued)

(II) De facto controllers (Continued)

1. Legal person (Continued)

Other explanations	To the best knowledge of the Company having made all reasonable enquiries, CEC confirmed that as of the date of this Report, CEC held 232,782,055 A shares and 41,182,000 H shares in the Company through its subsidiaries, with 273,964,055 shares in aggregate, representing 29.98% of the total share capital of the Company. In particular, it held 22,120,611 A shares and 13,768,000 H shares in the Company through its controlling subsidiary, NEIIC, representing 3.93% in aggregate of the total issued capital of the Company; held 210,661,444 A shares in the Company through PEGL, a wholly-owned subsidiary of NEIIC, representing 23.05% of the total issued capital of the Company; and held 27,414,000 H shares in the Company through its overseas whollyowned subsidiary, CEIEC (H. K.) Limited, representing 3.00% of the total issued capital of the Company.

IV. Controlling shareholders and the de facto controllers of the Company (Continued)

(II) De facto controllers (Continued)

1. Legal person (Continued)

As at 31 December 2025, equities of other domestic and overseas listed companies (other than the Company) in which the de facto controller held controlling shares or shares were as follows:

No.	Abbreviation of listed company	Securities code	Percentage of CEC's shareholding Note
1.	IRICO New Energy	00438HK	74.90%
2.	China Electronics Huada Technology	00085HK	59.42%
3.	Shenzhen SED A	000032	41.42%
4.	China Great Wall	000066	40.32%
5.	Kaifa	000021	34.27%
6.	China Electronics Optics Valley	00798HK	33.94%
7.	China Software	600536	42.57%
8.	Zhenhua Science & Technology	000733	31.01%
9.	Solomon Systech	02878HK	28.29%
10.	TPV Technology	000727	28.13%
11.	Shanghai Beiling	600171	25.14%
12.	IRICO Display	600707	21.06%
13.	QI-ANXIN-U	688561	23.19%
14.	Montage Technology	688008	4.20%
15.	Zhenhua New Materials	688707	31.41%
16.	Anlu Technology	688107	29.11%
17.	Empyrean	301269	33.90%
18.	Zhenhua Fengguang	688439	43.04%
19.	Centec	688702	30.14%
20.	CECport	001287	35.65%
21.	Chengdu Sino Microelectronics	688709	65.18%
22.	Dameng Database	688692	23.00%
23.	Kaifa Technology	920029	50.40%
24.	Taiji Computer Corp	002368	4.64%

Note: Percentage of CEC's shareholding represents the aggregate of the shareholdings held through relevant connected parties or party acting in concert among the shareholders of listed companies.

IV. Controlling shareholders and the de facto controllers of the Company (Continued)

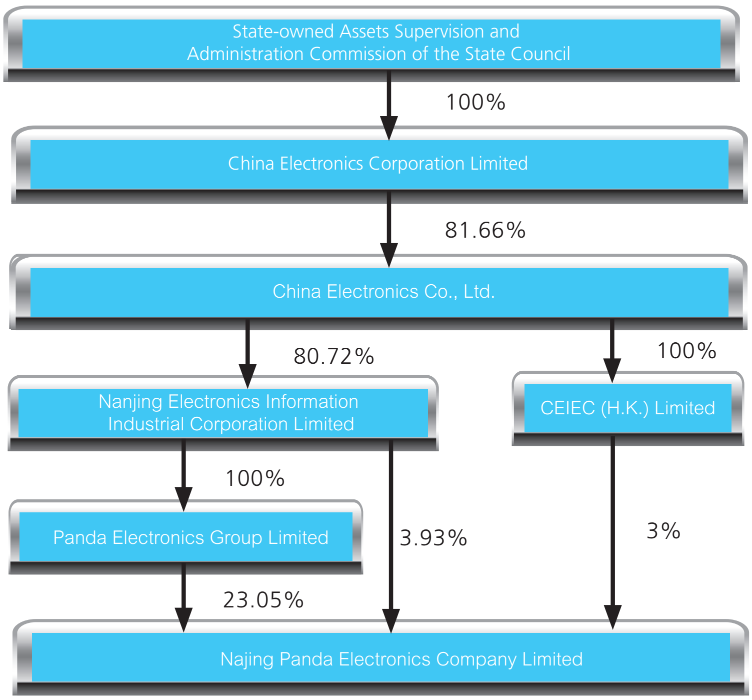
(II) De facto controllers (Continued)

2. Natural persons: N/A

3. Special explanation regarding the Company not having a de facto controller: N/A

4. Explanation of changes in control of the Company during the reporting period: N/A

5. Diagram of property rights and controlling relationship between the Company and its de facto controllers



6. Control over the Company via trust or other assets management methods by the de facto controller: N/A

V. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and its concert parties accounting for more than 80% of the number of shares held in the Company: N/A

VI. Other legal person shareholders holding 10% or more of shares of the Company

As of the end of the reporting period, HKSCC (Nominees) Limited held 244,414,175 shares of the Company (including 241,697,140 H shares and 2,717,035 A shares), representing 26.75% of the issued share capital of the Company, on behalf of several clients, including 13,768,000 H shares held by NEIIC, 27,414,000 H shares held by CEIEC (H. K.) Limited, a wholly-owned subsidiary of CEC, and 11,256,000 H shares held by Barclays Bank PLC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company. Besides, as of 31 December 2025, there is no other legal person shareholders holding 10% or more of shares of the Company.

VII. Limitation on the reduction of shareholding: N/A

VIII. Specific implementation of share repurchases during the reporting period: N/A

IX. Information on preferred shares: N/A

X. Substantial shareholders' interests and short positions in the shares or underlying shares of the Company

As at 31 December 2025, so far as the Directors and senior management staff of the Company were aware, and having made all reasonable enquiries, interests or short positions in shares and underlying shares of the Company held by substantial shareholders (exclusive of Directors and senior management staff of the Company) which were required to be recorded in the register pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIIC held 22,120,611 domestic shares, accounting for approximately 3.29% of domestic shares in issue and approximately 2.42% of the total shares in issue and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. NEIIC held 100% equity interests in PEGL and in total held 246,550,055 shares in the Company which was held in the capacity of controlled corporation and beneficial owner, accounting for approximately 26.98% of the total shares in issue. (3) CEIEC (H. K.) Limited held 27,414,000 H shares, accounting for approximately 11.33% of H shares in issue and approximately 3.00% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (4) CEC held 80.72% equity interests in NEIIC and 100% equity interests in CEIEC (H. K.) Limited. NEIIC held 100% equity interests in PEGL, and CEC held 273,964,055 shares in the Company in total which was held in the capacity of controlled corporation, accounting for approximately 29.98% of the total shares in issue. (5) China State Shipbuilding Corporation(中國船舶工業集團有限公司)held 16,998,000 H shares as the beginning of the reporting period, accounting for approximately 7.02% of H shares in issue and approximately 1.86% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation. China State Shipbuilding Corporation disposed of the above H shares on 17 June 2025. As of the end of the reporting period, China State Shipbuilding Corporation held 0 H shares. (6) Barclays Bank PLC held 1,403,748 A shares of the Company and held 11,256,000 H shares of the Company through HKSCC (Nominees) Limited, with total shareholding representing approximately 1.38% of the total issued share capital of the Company. Please note that Barclays Bank PLC is a non-registered H shareholder of the Company. Therefore, the latest H shareholding information of Barclays Bank PLC in the Company is only as of 15 August 2025. The above data assumes that Barclays Bank PLC's H shareholding remained unchanged from 15 August 2025 to the end of the reporting period. If Barclays Bank PLC changes its H shareholding in the Company during the period from 15 August 2025 to the end of the reporting period, unless certain conditions are met, it is not required to notify the Company or the Hong Kong Stock Exchange. Accordingly, Barclays Bank PLC's H shareholding in the Company as of the end of the reporting period may differ from the shareholding information filed with the Hong Kong Stock Exchange.

Pursuant to Section 336 of the SFO, the Shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When a Shareholder's shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled, therefore substantial Shareholders' latest shareholding in the Company may be different to the shareholding filed with the Hong Kong Stock Exchange.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2025.

Section VII Information on Corporate Bonds

N/A

Section VIII Financial Report

WUYIGE Certified Public Accountants LLP audited the financial report of the Company for the year 2025 in accordance with the PRC Accounting Standards for Business Enterprises and issued an unqualified auditors' report for the Company.

Auditor’s Report

DAXIN SHEN ZI [2026] No.14-00003

To the Shareholders of Nanjing Panda Electronics Co., Ltd:

I. Opinion

We have audited the financial statements of Nanjing Panda Electronics Co., Ltd (“the **Company**”), which comprise the consolidated and Company’s balance sheets as at 31 December 2025, the consolidated and Company’s income statements, the consolidated and Company’s cash flow, the consolidated and Company’s statements of changes in shareholders’ equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2025, and of its consolidated and Company financial performance and its consolidated and Company cash flows for the year then ended in compliance with the disclosure requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China.

II. Basis for Opinion

We conducted our audit in accordance with the China Standards on Auditing for Certified Public Accountants (“CSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants (“the Code”), and we have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

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

Key audit matters identified in our audit are as follows:

1. Operating Revenue and Operating Cost

1.1. Key audit matter

For the year 2025, the Company's operating revenue was RMB 2,488 million, a decrease of RMB 158 million compared to the previous year; operating cost was RMB 2,110 million, a decrease of RMB 110 million compared to the previous year. These changes have a very significant impact on the Company's operating results. Therefore, we have identified operating revenue and operating cost as key audit matters

1.2. How the matter was addressed in our audit

Our procedures to address this key audit matter included:

- Evaluating the reasonableness and effectiveness of the key internal controls related to the recognition, measurement and disclosure of operating revenue and costs.
- Performing substantive analytical procedures, including monthly gross profit margin analysis, gross profit margin analysis by customers, and that by products, as well as other analytical procedures, to guide the execution of further audit procedures.
- Examining the client's terms of revenue recognition in sales contracts, and evaluating the progress of performance obligations fulfilled.
- Verifying the direct evidence for revenue recognition of key customers, performing detail tests and completeness check procedure, and reviewing the authenticity and completeness of the business.
- Reconciling whether the amount of revenue matches the export customs declaration data and invoice amount.
- Performing confirmation procedures by sending confirmation letters to key customers and suppliers.
- Understanding the inventory valuation method, checking the product cost calculation, and performing pricing tests on raw materials and finished goods.
- Reviewing the goods returned by customers and the revenue written off after the reporting period end.
- Evaluating the authenticity of accounts receivable by reviewing post-year end payments from customers.
- Other necessary procedures.

III. Key Audit Matters (Continued)

2. Accounts receivable and Expected credit losses of accounts receivable

2.1. Key audit matter

As at 31 December 2025, the Company's closing balance of accounts receivable was RMB 1,561 million, and the bad debt allowance was RMB 146 million. The carrying amount of accounts receivable was RMB 1,415 million, representing 25.88% of total assets as of year end – a relatively high proportion. This has a significant impact on the Company's financial position and operating results. Therefore, we have identified the impairment of trade accounts receivable as a key audit matter.

2.2. How the matter was addressed in our audit

Our procedures to address this key matter included:

- Assessing the design, implementation and operating effectiveness of key internal controls over the sales and collection process.
- Cross-checking actual receivables listing to sub-ledger and to general ledger to confirm their accuracy; Also, checking if the allowance for doubtful accounts is in conformity with the figures in the financial statements.
- Calculating the accounts receivable turnover ratio, the days sales outstanding and other key indicators of the reporting period, and then comparing these indicators with those of previous years to assess whether any significant abnormalities exist.
- Review and analyze the accuracy of the classification of accounts receivable portfolios.
- Performing confirmation procedures on accounts receivable, and ensuring the confirmation process is properly controlled and safeguarded, as well as keeping professional skepticism over the reliability of confirmation responses.
- Performing alternative procedures, and scrutinizing relevant supporting documents, to verify the authenticity of the related accounts receivable.
- Review and analyze your company's calculation sheet of allowance for doubtful accounts for trade receivables, and evaluate the accounting policies for recognizing bad debt provisions, as well as the underlying data, assumptions, and methods used.
- Scrutinizing bank statements, confirmation letters, and other relevant documents to assess whether accounts receivable have been pledged or sold.
- Performing the test of subsequent collections.
- Evaluating whether the accounts receivable in the financial statements have been properly disclosed in consistent with Accounting Standards for Business Enterprises or other relevant financial reporting basis.

III. Key Audit Matters (Continued)

3. Inventory impairment

3.1. Key audit matter

As at 31 December 2025, the Company's closing balance of inventory was RMB 594 million, the inventory write-down provision was RMB 140 million, and the carrying amount of inventory was RMB 454 million. The provision rate for inventory write-down was 23.61%. This has a significant impact on the Company's financial position and operating results. Therefore, we have identified the provision for inventory impairment as a key audit matter.

3.2. How the matter was addressed in our audit

Our procedures to address this key matter included:

- Understanding and testing internal controls over the production and warehousing cycle, to evaluate whether the relevant business controls are effective.
- Obtaining the schedule of provision for inventory write-down, reviewing the clerical accuracy of the schedule, and verifying that the total agrees with the general ledger and the subsidiary ledger.
- Selecting samples, and performing impairment testing on both the portion with contracts and the portion without contracts.
- Examining whether the circumstances under which the provision for inventory write-down is recognized comply with the requirements of the relevant accounting standards.
- Evaluating the appropriateness of the basis, assumptions and formulas used for the provision for write-down.
- Recalculating the provision for inventory write-down.
- Verify that any reversal of a previously recognized inventory write-down provision does not exceed the original provision amount.
- In conjunction with the inventory count, examine whether adequate provisions for impairment have been made for inventory items that are defective, damaged, slow-moving or obsolete.

IV. Other Information

The Company's management is responsible for the other information. The other information comprises all the information included in annual report other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that a material misstatement of the other information exists, we are required to report that fact. In this regard, we have nothing to report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

VI. Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

Beijing • China

Certified Public Accountant of China
(Engagement partner)

Certified Public Accountant of China

March 27, 2026

Consolidated Balance Sheet

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Closing balance	Open balance
Current assets:		
Cash and cash equivalents	**1,125,211,947.94**	757,643,131.44
Financial assets held for trading	**498,123,487.68**	491,594,758.95
Derivative financial assets		
Notes receivable	**49,848,486.38**	98,477,213.49
Accounts receivable	**1,415,199,698.55**	1,407,009,242.46
Receivables financing	**47,523,811.39**	30,350,019.89
Advance to suppliers	**56,253,122.50**	27,410,781.74
Other receivables	**29,536,989.28**	36,680,080.03
Including: Interest receivable		
Dividend receivable		
Inventories	**453,948,539.45**	487,807,239.73
Including: data resource		
Contract assets	**137,569,961.40**	144,611,505.52
Held-for-sale assets		
Non-current assets due within one year		730,582.81
Other current assets	**218,855,357.37**	248,086,578.12
Total current assets	**4,032,071,401.94**	3,730,401,134.18

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Closing balance	Open balance
Non-current assets:		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	**410,747,201.71**	492,989,930.44
Other equity instruments investments		
Other non-current financial assets		
Investment properties	**175,813,376.51**	182,988,535.58
Fixed assets	**726,563,745.18**	764,716,893.66
Construction in progress	**778,720.32**	1,506,311.96
Biological assets for production		
Fuel assets		
Right-of-use assets	**5,161,461.31**	8,464,815.42
Intangible assets	**83,924,063.96**	98,469,809.17
Including: data resource		
Development expenses		
Including: data resource		
Goodwill		
Long-term expenses to be amortised	**11,192,577.90**	16,398,879.07
Deferred income tax assets	**21,554,290.72**	19,542,269.84
Other non-current assets	**245,092.90**	5,329,316.34
Total non-current assets	**1,435,980,530.51**	1,590,406,761.48
Total assets	**5,468,051,932.45**	5,320,807,895.66

Consolidated Balance Sheet (Continued)

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Closing balance	Open balance
Current liabilities:		
Short-term borrowings		42,326,327.88
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	**106,090,889.23**	110,289,431.12
Accounts payable	**1,467,773,842.89**	1,328,218,690.98
Advance receipts from customers	**48,628.60**	468,971.75
Contract liabilities	**148,777,425.69**	108,769,990.54
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Security trading of agency		
Securities underwriting		
Staff salaries payable	**75,405,260.59**	59,341,157.51
Taxes payable	**43,628,898.51**	39,829,425.41
Other payables	**107,017,466.74**	103,658,239.63
Including: Interest payable		
Dividends payable	**38,108,810.84**	13,111,074.34
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	**5,039,511.36**	5,848,681.83
Other current liabilities	**70,148,816.03**	84,356,494.83
Total current liabilities	**2,023,930,739.64**	1,883,107,411.48

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Closing balance	Open balance
Non-current liabilities:		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	**2,633,805.93**	4,628,222.00
Long-term payables		
Long-term staff salaries payables	**2,292,859.18**	4,200,641.03
Estimated liabilities		1,800,000.00
Deferred income	**26,260,990.36**	32,419,676.43
Deferred income tax liabilities	**5,624,137.33**	5,032,799.89
Other non-current liabilities		
Total non-current liabilities	**36,811,792.80**	48,081,339.35
Total liabilities	**2,060,742,532.44**	1,931,188,750.83
Owners' equity:		
Share capital	**913,838,529.00**	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	**1,470,247,737.78**	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income		
Special reserve		275,607.10
Surplus reserve	**330,561,591.05**	309,500,586.70
General preparation		
Undistributed profit	**409,658,830.41**	419,988,124.67
Total equity attributable to the shareholders of the parent company	**3,124,306,688.24**	3,114,294,647.60
Minority interests	**283,002,711.77**	275,324,497.23
Total owners' equity	**3,407,309,400.01**	3,389,619,144.83
Total liabilities and owners' equity	**5,468,051,932.45**	5,320,807,895.66

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Hu Huichun	**Hu Shoujun**	**Xue Gang**

Parent Company Balance Sheet

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Closing balance	Open balance
Current assets:		
Cash and cash equivalents	**275,027,400.31**	64,793,248.82
Financial assets held for trading	**316,694,760.28**	200,541,369.86
Derivative financial assets		
Notes receivables	**5,141,417.09**	2,590,000.00
Accounts receivable	**110,936,663.17**	138,188,127.19
Financing receivables	**3,647,170.50**	
Prepayments	**4,547,114.23**	4,353,935.87
Other receivables	**643,456,435.17**	692,726,057.21
Including: Interest receivable		
Dividend receivable	**257,814,655.75**	377,960,335.78
Inventories	**8,619,100.75**	26,990,640.02
Including: data resource		
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	**43,545,026.26**	32,642,794.52
Total current assets	**1,411,615,087.76**	1,162,826,173.49
Non-current assets:		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	**1,149,785,323.06**	1,106,475,911.13
Other equity instruments investments		
Other non-current financial assets		
Investment properties	**373,619,047.49**	492,600,160.79
Fixed assets	**325,197,783.62**	239,179,849.73
Construction in progress	**74,716.96**	746,173.91
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	**64,677,382.27**	66,640,489.07
Including: data resource		
Development expenses		
Including: data resource		
Goodwill		
Long-term deferred expense	**9,486,681.22**	14,483,614.99
Deferred tax assets		
Other non-current assets		
Total non-current assets	**1,922,840,934.62**	1,920,126,199.62
Total assets	**3,334,456,022.38**	3,082,952,373.11

Parent Company Balance Sheet (Continued)

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Closing balance	Open balance
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	**1,889,925.69**	24,619,303.68
Accounts payable	**52,472,686.99**	32,835,566.90
Advance receipts from customers		414,114.61
Contract liabilities	**200,976.74**	168,817.60
Staff salaries payable	**11,971,595.77**	1,800,302.98
Taxes payable	**12,100,830.01**	10,954,216.58
Other payables	**224,714,190.15**	193,360,406.83
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	**8,303,159.13**	6,389,314.73
Total current liabilities	**311,653,364.48**	270,542,043.91
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term staff salaries payable	**409,048.41**	606,390.93
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	**423,690.07**	
Other non-current liabilities		
Total non-current liabilities	**832,738.48**	606,390.93
Total liabilities	**312,486,102.96**	271,148,434.84

Parent Company Balance Sheet (Continued)

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Closing balance	Open balance
Owners' equity:		
Share capital	**913,838,529.00**	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	**1,474,197,239.37**	1,474,641,301.72
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	**330,561,591.05**	309,500,586.70
Undistributed profits	**303,372,560.00**	113,823,520.85
Total owners' equity	**3,021,969,919.42**	2,811,803,938.27
Total liabilities and owners' equity	**3,334,456,022.38**	3,082,952,373.11

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Hu Huichun	**Hu Shoujun**	**Xue Gang**

Consolidated Income Statement

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Amount for the current period	Amount for the previous period
1. Total revenue	**2,487,905,161.86**	2,645,884,960.86
Including: Operating income	**2,487,905,161.86**	2,645,884,960.86
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	**2,683,845,702.53**	2,822,054,026.19
Including: Operating costs	**2,110,452,090.16**	2,220,744,587.45
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	**23,066,710.75**	22,876,449.26
Selling expenses	**39,265,266.28**	45,292,628.32
Administrative expenses	**300,732,240.07**	283,038,723.68
R&D costs	**215,718,706.04**	262,177,873.98
Financial expenses	**-5,389,310.77**	-12,076,236.50
Including: Interest expense	**334,379.03**	506,758.31
Interest income	**6,953,972.44**	11,139,368.49
Add: Other gains	**22,853,139.53**	24,877,109.00
Investment income (losses are represented by "-")	**349,929,425.74**	96,152,132.69
Including: Investment income of associates and joint ventures	**69,367,758.08**	83,013,136.15
Gains arising from derecognition of financial assets at amortised cost		
Exchange gain (losses are represented by "-")		
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	**8,562,187.34**	4,914,915.97
Credit impairment loss (losses are represented by "-")	**-36,517,369.96**	-27,310,416.22
Asset impairment loss (losses are represented by "-")	**-80,532,601.62**	-46,693,274.64
Gains on disposal of assets (losses are represented by "-")	**-247,757.88**	8,373.69
3. Operating profit (losses are represented by "-")	**68,106,482.48**	-124,220,224.84
Add: Non-operating income	**3,236,839.97**	987,777.94
Less: Non-operating expenses	**967,002.63**	1,389,551.26
4. Total profit (total losses are represented by "-")	**70,376,319.82**	-124,621,998.16
Less: Income tax expense	**19,368,658.69**	16,810,838.46

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
5. Net profit (net losses are represented by "-")	**51,007,661.13**	-141,432,836.62
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	**78,550,233.25**	-117,890,092.62
2. Net profit for discontinued operation (net losses are represented by "-")	**-27,542,572.12**	-23,542,744.00
(2) Classified by the attribution of the ownership		
1. Net profit attributable to the equity shareholders of the parent company (net losses are represented by "-")	**10,731,710.09**	-188,854,556.25
2. Minority interests (net losses are represented by "-")	**40,275,951.04**	47,421,719.63
6. Net other comprehensive income after tax		
(I) Net other comprehensive income after tax attributable to shareholders of the parent company		
i. Other comprehensive income which will not be reclassified subsequently to profit and loss		
(1) Changes as a result of remeasurement of defined benefit plan		
(2) Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
(3) Changes in fair value of other equity instruments investment		
(4) Changes in fair value of the enterprise's own credit risk		
ii. Other comprehensive income which will be reclassified to profit and loss		
(1) Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
(2) Changes in fair value of other equity instruments investment		
(3) Amount of financial assets reclassified to other comprehensive income		
(4) Provision for credit impairment of other bonds investment		
(5) Cash flow hedging reserve (effective portion of cash flow hedge gains and losses)		
(6) Translation difference of financial statements in foreign currencies		
(7) Others		
(II) Net other comprehensive income after tax attributable to minority shareholders		

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
7. Total comprehensive income	**51,007,661.13**	-141,432,836.62
(1) Total comprehensive income attributable to the equity shareholders of the parent company	**10,731,710.09**	-188,854,556.25
(2) Total comprehensive income attributable to minority shareholders	**40,275,951.04**	47,421,719.63
8. Earnings per share		
(1) Basic earnings per share *(RMB/share)*	**0.0117**	-0.2067
(2) Diluted earnings per share *(RMB/share)*	**0.0117**	-0.2067

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Hu Huichun	**Hu Shoujun**	**Xue Gang**

Parent Company Income Statement

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Amount for the current period	Amount for the previous period
1. Operating income	**100,230,873.57**	138,659,789.00
Less: Operating costs	**67,298,018.44**	82,612,299.17
Business taxes and surcharge	**11,042,256.36**	12,068,608.50
Selling expenses	**2,568,959.76**	4,239,244.64
Administrative expenses	**138,188,515.21**	129,759,853.15
R&D costs	**75,521,376.78**	57,505,257.94
Financial expenses	**776,707.10**	-1,844,362.87
Including: Interest expense		
Interest income	**687,608.19**	930,713.39
Add: Other incomes	**268,668.25**	322,281.69
Investment income (losses are represented by "-")	**403,146,839.61**	108,835,256.81
Including: Investment income of associates and joint ventures	**69,598,597.80**	83,122,640.63
Gains arising from derecognition of financial assets at amortised cost		
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	**4,718,187.67**	1,756,972.61
Credit impairment loss (losses are represented by "-")	**8,242,926.01**	-3,289,243.53
Assets impairment loss (losses are represented by "-")	**-10,025,505.57**	-192,118,179.69
Gains on disposal of assets (losses are represented by "-")	**-311,614.43**	-13,197.01
2. Operating profit (losses are represented by "-")	**210,874,541.46**	-230,187,220.65
Add: Non-operating income	**219,996.26**	72,506.05
Less: Non-operating expenses	**60,804.15**	25,016.44
3. Total profit (total losses are represented by "-")	**211,033,733.57**	-230,139,731.04
Less: Income tax expense	**423,690.07**	-19,299.38
4. Net profit (net losses are represented by "-")	**210,610,043.50**	-230,120,431.66
(1) Net profit for going concern (net losses are represented by "-")	**210,610,043.50**	-230,120,431.66
(2) Net profit for discontinued operation (net losses are represented by "-")		

Items	Amount for the current period	Amount for the previous period
5. Net other comprehensive income after tax		
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss		
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment		
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve (effective portion of cash flow hedge gains and losses)		
6. Translation difference of financial statements in foreign currencies		
7. Others		
6. Total comprehensive income	**210,610,043.50**	-230,120,431.66
7. Earnings per share		
(1) Basic earnings per share *(RMB/share)*		
(2) Diluted earnings per share *(RMB/share)*		

Legal representative: **Hu Huichun** *Chief Accountant:* **Hu Shoujun** *Head of the Accounting Department:* **Xue Gang**

Consolidated Cash Flow Statement

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	**2,614,120,090.14**	2,616,144,085.49
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in deposits and placements from financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from securities brokerage		
Refunds of taxes	**23,541,213.43**	42,241,798.52
Cash received relating to other operating activities	**101,675,479.21**	118,386,346.90
Sub-total of cash inflows from operating activities	**2,739,336,782.78**	2,776,772,230.91
Cash paid on purchase of goods and services received	**1,822,162,102.06**	2,115,721,742.07
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	**628,534,648.96**	649,219,453.53
Cash paid for all types of taxes	**104,962,742.19**	103,357,352.36
Cash paid relating to other operating activities	**181,028,621.63**	173,748,417.06
Sub-total of cash outflows from operating activities	**2,736,688,114.84**	3,042,046,965.02
Net cash flows generated from operating activities	**2,648,667.94**	-265,274,734.11

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
Cash received from return on investments	**331,132,842.29**	
Cash received from income from investments	**98,959,248.71**	73,363,087.37
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	**627,952.24**	921,967.06
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	**1,203,255,428.92**	1,521,697,800.00
Sub-total of cash inflows from investing activities	**1,633,975,472.16**	1,595,982,854.43
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	**47,117,356.13**	37,814,435.53
Cash paid for investments		
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	**1,174,180,000.00**	1,455,255,428.92
Sub-total of cash outflows from investing activities	**1,221,297,356.13**	1,493,069,864.45
Net cash flows generated from investing activities	**412,678,116.03**	102,912,989.98
3. Cash flows generated from financing activities		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received relating to other financing activities		73,431,628.73
Sub-total of cash inflows from financing activities		73,431,628.73
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interest expenses	**7,600,000.00**	38,084,461.70
Including: bonus and profit paid to minority shareholders by subsidiaries	**7,600,000.00**	38,084,461.70
Cash paid relating to other financing activities	**2,426,609.00**	5,072,863.60
Sub-total of cash outflows from financing activities	**10,026,609.00**	43,157,325.30
Net cash flows generated from financing activities	**-10,026,609.00**	30,274,303.43
4. Effect of fluctuations in exchange rate on cash and cash equivalents	**235,080.41**	189,794.31
5. Net increase in cash and cash equivalents	**405,535,255.38**	-131,897,646.39
Add: balance of cash and cash equivalents at the beginning of the period	**666,522,106.70**	798,419,753.09
6. Balance of cash and cash equivalents at the end of the period	**1,072,057,362.08**	666,522,106.70

Legal representative: **Hu Huichun** *Chief Accountant:* **Hu Shoujun** *Head of the Accounting Department:* **Xue Gang**

Parent Company Cash Flow Statement

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	**150,226,438.71**	163,142,185.25
Refunds of taxes	**1,192,175.36**	1,900,790.70
Cash received relating to other operating activities	**19,713,285.09**	25,334,190.70
Sub-total of cash inflows from operating activities	**171,131,899.16**	190,377,166.65
Cash paid on purchase of goods and services received	**76,669,548.83**	68,279,483.06
Cash paid to and on behalf of employees	**110,390,286.85**	108,105,120.86
Cash paid for all types of taxes	**11,216,158.50**	17,788,519.21
Cash paid relating to other operating activities	**64,237,219.87**	56,361,501.29
Sub-total of cash outflows from operating activities	**262,513,214.05**	250,534,624.42
Net cash flows generated from operating activities	**-91,381,314.89**	-60,157,457.77
2. Cash flows from investing activities		
Cash received from disposal and returns of investments	**330,812,595.63**	
Cash received from return on investments	**277,729,891.94**	130,745,298.17
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	**34,980.00**	8,000.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	**1,052,662,671.23**	421,000,000.00
Sub-total of cash inflows from investing activities	**1,661,240,138.80**	551,753,298.17
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	**5,350,488.30**	11,180,573.33
Cash paid for investments	**125,000,000.00**	
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	**1,265,332,642.57**	571,282,671.23
Sub-total of cash outflows from investing activities	**1,395,683,130.87**	582,463,244.56
Net cash flows generated from operating activities	**265,557,007.93**	-30,709,946.39

Parent Company Cash Flow Statement (Continued)

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings		
Cash received relating to other financing activities	**90,000,000.00**	414,000,000.00
Sub-total of cash inflows from financing activities	**90,000,000.00**	414,000,000.00
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses		
Cash paid on other financing activities	**50,000,000.00**	364,000,000.00
Sub-total of cash outflows from financing activities	**50,000,000.00**	364,000,000.00
Net cash flows from financing activities	**40,000,000.00**	50,000,000.00
4. Effect of fluctuations in exchange rates on cash and cash equivalents	**-134.69**	96.88
5. Net increase in cash and cash equivalents	**214,175,558.35**	-40,867,307.28
Add: balance of cash and cash equivalents at the beginning of the period	**60,473,856.82**	101,341,164.10
6. Balance of cash and cash equivalents at the end of the period	**274,649,415.17**	60,473,856.82

Legal representative: **Hu Huichun** *Chief Accountant:* **Hu Shoujun** *Head of the Accounting Department:* **Xue Gang**

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Current period														
	Equity attributable to the owners of parent company														
		Other equity instrument													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13			275,607.10	309,500,586.70		419,988,124.67		3,114,294,647.60	275,324,497.23	3,389,619,144.83
Add: Changes in accounting policies															
Error correction of previous period															
Others															
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13			275,607.10	309,500,586.70		419,988,124.67		3,114,294,647.60	275,324,497.23	3,389,619,144.83
III. Changes of current year (decreases are represented by "-")					-444,062.35			-275,607.10	21,061,004.35		-10,329,294.26		10,012,040.64	7,678,214.54	17,690,255.18
(I) Total comprehensive income											10,731,710.09		10,731,710.09	40,275,951.04	51,007,661.13
(II) Share capital contributed or withdrew by owners															
1. Share capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Others															
(III) Profit distribution									21,061,004.35		-21,061,004.35			-32,597,736.50	-32,597,736.50
1. Appropriation of surplus reserve									21,061,004.35		-21,061,004.35				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners														-32,597,736.50	-32,597,736.50
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Change in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								-275,607.10					-275,607.10		-275,607.10
1. Appropriation for the current period								475,687.88					475,687.88		475,687.88
2. Application for the current period								751,294.98					751,294.98		751,294.98
(VI) Others					-444,062.35								-444,062.35		-444,062.35
IV. Balance at the end of current period	913,838,529.00				1,470,247,737.78				330,561,591.05		409,658,830.41		3,124,306,688.24	283,002,711.77	3,407,309,400.01

Consolidated Statement of Changes in Shareholders' Equity (Continued)

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Previous period														
	Equity attributable to the owners of parent company														
		Other equity instrument													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13			362,395.49	309,500,586.70		608,842,680.92		3,303,235,992.24	273,800,514.10	3,577,036,506.34
Add: Changes in accounting policies															
Error correction of previous period															
Others															
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13			362,395.49	309,500,586.70		608,842,680.92		3,303,235,992.24	273,800,514.10	3,577,036,506.34
III. Changes of current year (decreases are represented by "-")								-86,788.39			-188,854,556.25		-188,941,344.64	1,523,983.13	-187,417,361.51
(I) Total comprehensive income											-188,854,556.25		-188,854,556.25	47,421,719.63	-141,432,836.62
(II) Share capital contributed or withdrew by owners															
1. Share capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Others															
(III) Profit distribution														-45,897,736.50	-45,897,736.50
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners														-45,897,736.50	-45,897,736.50
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Change in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve								-86,788.39					-86,788.39		-86,788.39
1. Appropriation for the current period								436,760.65					436,760.65		436,760.65
2. Application for the current period								523,549.04					523,549.04		523,549.04
(VI) Others															
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13			275,607.10	309,500,586.70		419,988,124.67		3,114,294,647.60	275,324,497.23	3,389,619,144.83

Legal representative: **Hu Huichun**

Chief Accountant: **Hu Shoujun**

Head of the Accounting Department: **Xue Gang**

Parent Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

(Unit: RMB)

Items	Current Period										
	Share capital	Other equity instrument: Preference shares	Other equity instrument: Perpetual bonds	Other equity instrument: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,474,641,301.72				309,500,586.70	113,823,520.85	2,811,803,938.27
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00				1,474,641,301.72				309,500,586.70	113,823,520.85	2,811,803,938.27
III. Changes of current year (decreases are represented by "-")					-444,062.35				21,061,004.35	189,549,039.15	210,165,981.15
(I) Total comprehensive income										210,610,043.50	210,610,043.50
(II) Share capital contributed or withdrew by owners											
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution									21,061,004.35	-21,061,004.35	
1. Appropriation of surplus reserve									21,061,004.35	-21,061,004.35	
2. Appropriation to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Change in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others					-444,062.35						-444,062.35
IV. Balance at the end of current period	913,838,529.00				1,474,197,239.37				330,561,591.05	303,372,560.00	3,021,969,919.42

Parent Company Statement of Changes in Shareholders' Equity (Continued)

For the year ended 31 December 2025 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

Items	Previous period										
		Other equity instrument									
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,474,641,301.72				309,500,586.70	343,943,952.51	3,041,924,369.93
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00				1,474,641,301.72				309,500,586.70	343,943,952.51	3,041,924,369.93
III. Changes of current year (decreases are represented by "-")										-230,120,431.66	-230,120,431.66
(I) Total comprehensive income										-230,120,431.66	-230,120,431.66
(II) Share capital contributed or withdrew by owners											
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Change in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current year	913,838,529.00				1,474,641,301.72				309,500,586.70	113,823,520.85	2,811,803,938.27

Legal representative: **Hu Huichun** *Chief Accountant:* **Hu Shoujun** *Head of the Accounting Department:* **Xue Gang**

1. Company profile

1.1. Company Status

Nanjing Panda Electronics Co., Ltd. (the "Company") was established on 27 April 1992, in accordance with the "approval of the Nanjing Economic System Reform Commission [1992] No.034", and was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in May and November 1996 respectively.

As of December 31, 2025, the total shares of the Company are 913,838,529, and the registered capital is RMB913,838,529. Unified social credit code: 91320100134974572K; Registered address: No. 7, Jingtian Road, Nanjing Economic and Technological Development Zone; The legal representative is Hu Huichun. Headquarters address: No. 7, Jingtian Road, Nanjing Economic and Technological Development Zone.

The parent of the Company is Panda Electronics Group Co., Ltd. (the "Panda Group" or "the Group"), and the Company's ultimate holding company is China Electronics Corporation Limited.

1.2. Business scope and principal activities

The Company is a public company limited by shares (Taiwan, Hongkong, Macao and mainland of China), principally engaged in the computer, communication and other electronic equipment manufacturing industry. The principal activities of the Company are intelligent transportation and safe city projects, industrial Internet and intelligent manufacturing installation, green service-oriented electronic manufacturing products sales and others, with business term from October 5, 1996 to no fixed term.

The business scope: development, manufacturing and sales of wireless radio and television transmission equipment, and engaged in the after-sales and technical services of the above business; development, manufacturing and sales of communication equipment, computers and other electronic equipment; instrumentation and cultural and office machinery; electrical machinery and equipment; plastic products; fans, scales, packaging equipment and other general equipment; chemical, wood, non-metallic processing equipment; power transmission and distribution and control equipment; environmental protection, social public safety and other equipment; finance, Tax control equipment, power products, molds, computer services, software, system integration, property management, and engaged in after-sales and technical services of the above business operations. (For projects subject to approval in accordance with the law, business activities can only be carried out after approval by relevant departments) General projects: technology import and export, import and export of goods (except for projects subject to approval in accordance with the law, independently carry out business activities according to law with a business license).

1.3. Approval of the financial statements

The financial statements were authorized by all directors (the Board of Directors) of the Company on March 27, 2026.

2. Basis of preparation for the financial statements

2.1. Basis of preparation

The financial statements have been prepared in accordance with "Accounting Standards for Business Enterprises" issued by the Ministry of Finance of the People's Republic of China, which collective term includes Accounting Standards for Business Enterprises – basic Standards, concrete accounting standard, Application Guide of the Accounting Standards for Business Enterprises, Interpretation of the Accounting Standards and other relevant regulations, and the disclosure provisions of "Regulation on the Preparation of Information Disclosure by Companies That Publicly Issue Securities, No. 15: General Provisions for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance.

2.2. Going concern

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

3. Significant accounting policies and accounting estimates

The following disclosures have covered the specific accounting policies and accounting estimates that are significant to the Company's business and operation. For details, please refer to "notes 3.12: Determination and accounting treatment of expected credit losses "and "notes 3.28: Revenue".

3.1. Statement of compliance

The financial statements have been prepared in compliance with "Accounting Standards for Business Enterprises". The financial statements present truly and completely the Company's financial position as of 31 December 2025 and its financial performance, cash flows and other relevant information for the year ended 31 December 2025.

3.2. Accounting period

The accounting period is from January 1 to December 31 of each calendar year.

3. Significant accounting policies and accounting estimates (Continued)

3.3. Operating cycle

The Company takes 12 months in each calendar year as an operating cycle, and classifies the assets and liabilities' liquidity by operating cycle.

3.4. Functional currency

The Company's functional currency is Renminbi ("RMB"), and the financial statements are presented in Renminbi.

3.5. Materiality determination

3.5.1 Materiality of items in the financial statements

The Company determines the materiality of the financial statements' items based on whether their omission, misstatement or obscurity could reasonably be expected to influence decisions made by users of the financial statements. The Company makes the materiality judgement by considering quantitative and qualitative factors. For quantitative considerations, the Company adopt the approach of applying a percentage (3%-5%) to a selected benchmark, including total assets, total liabilities, total shareholders' equity, operating income and net profit. For qualitative considerations, items' materiality in the financial reports are based on whether they have significant impact on the financial position and operating results, including:

- whether they arise from daily business activities,
- the capacity of misstatements to turn net losses into profits
- whether misstatements enable the Company to comply with regulatory requirements

3. Significant accounting policies and accounting estimates (Continued)

3.5. Materiality determination (Continued)

3.5.2 Materiality of detailed items in the Notes to financial statements

The Company determines the materiality of detailed items in the Notes to financial statements on the basis of the materiality of items in the financial statements, which considers the percentage of the detailed item to the item in the financial statements, along with its value, and its qualitative influence.

If an item is immaterial in the financial statements, but considered material in the Notes, it is required to be disclosed separately in the Notes.

The materiality benchmarks for the Notes to the financial statements are as follow:

Item	Materiality Thresholds
Significant individual bad debt provision for accounts receivable	The amount of individual item that accounts for more than 5% of the receivables or bad debt provisions, and the amount exceeds RMB1 million, or the current provision for bad debts that significantly impacts the profit and loss
Significant recovery or reversal of allowance for credit losses	The amount of individual item accounts for more than 5% of the recovery or reversal of the allowance for credit losses, and the amount exceeds RMB1 million, or the amount significantly impacts the profit and loss
Significant accounts receivable written-off	An individual amount constitutes more than 5% of the receivables or bad debt provisions, and exceeds RMB1 million
Significant changes in the carrying value of receipt in advance and contract assets	The change in the reporting period exceeds 20%
Significant debt investments	The amount of individual item accounts for more than 5% of the total debt investments, and the amount exceeds RMB1 million
Significant construction in process	The investment budget accounts for more than 5% of the fixed assets amount, and the current period's occurrence accounts for more than 10% of the total current period's construction in progress (or the ending balance accounts for more than 10%)，and the amount exceeds RMB1 million
Significant capitalized Research & Development (R&D) projects	The R&D project budget accounts for more than 5% of the total budget for ongoing research project, and the amount capitalized in the current period accounts for more than 10% of the total capitalization of the R&D project (or the closing balance accounts for more than 10%), with the amount exceeding RMB1 million
Significant acquired in-progress R&D projects	A single externally acquired in-progress research project accounts for more than 5% of the total R&D investment with the amount exceeding RMB1 million
Significant accounts payable over a year	The amount of individual item accounts for more than 5% of total accounts payable, and the amount exceeds RMB1 million
Significant other payables over one year	The amount of individual item accounts for more than 5% of other payables, and the amount exceeds RMB1 million

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

3. Significant accounting policies and accounting estimates (Continued)

3.5. Materiality determination (Continued)

3.5.2 Materiality of detailed items in the Notes to financial statements

Item	Materiality Thresholds
Significant estimated liabilities	The amount of an individual type of estimated liability accounts for more than 10% of the total estimated liabilities, and the amount exceeds RMB1 million
Significant investment activities	A individual investment accounts for more than 10% of the total cash inflows or outflows from investing activities and the amount exceeds RMB1 million
Significant subsidiaries with minority shareholders	Minority shareholders hold more than 5% of the equity, and any one of the subsidiary's total assets, net assets, operating revenue, and net profit accounts for more than 10% of the corresponding items in the consolidated financial statements.
Significant joint ventures or associates	An individual investment accounts for more than 10% of the carrying value of the long-term equity investment and the amount exceeds RMB1 million, or the investment income (loss calculated in absolute amount) from the joint venture or associated enterprise accounts for more than 10% of the net profit of the consolidated financial statements.
Significant debt restructuring	The total assets or liabilities account for more than 10% of the consolidated financial statements, and the absolute amount exceeds RMB10 million, or the impact on net profit exceeds 10%
Significant asset swaps, asset transfers and disposals	Any one of the total assets, net assets, operating income and net profit accounts for more than 10% of the corresponding items in the consolidated financial statements, and the absolute amount exceeds RMB10 million (the absolute amount of net profit exceeds RMB1 million)
Significant contingencies	The amount exceeds RMB10 million, and accounts for more than 10% of the absolute value of the net assets in the consolidated financial statements

3. Significant accounting policies and accounting estimates (Continued)

3.6. Accounting treatments for business combinations involving entities under common control and not under common control

3.6.1 Business combinations involving entities under common control

The assets acquired and liabilities assumed, including the goodwill formed by the acquisition of the merged party by the ultimate controller, are measured at their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the consideration paid for the combination (or the total par value of the issued shares) shall be adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

3.6.2 Business combinations involving entities not under common control

The combination costs, are the aggregate of the fair values of the assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree at the acquisition date. If the acquirer's combination cost is greater than the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the combination cost is less than the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference shall be recognized in profit or loss for the current period. In a business combination, the acquirer shall measure the acquiree's identifiable assets, the liabilities assumed, and contingent liabilities, at their acquisition-date fair values, if the recognition criteria are met.

The acquisition-related costs shall be expensed in the periods in which the costs are incurred and the services are received, with one exception. The costs of issuing equity or debt securities as consideration for the acquisition shall be included in the carrying amounts of the equity or debt securities upon initial recognition.

3. Significant accounting policies and accounting estimates (Continued)

3.7. Method of Preparing the Consolidated Financial Statements

3.7.1 Scope of consolidation

The scope of consolidated financial statements shall be determined on a control basis, and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the Company has all of the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

3.7.2 Procedures of consolidation

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, and adopt uniform accounting policies to reflect the overall financial position, operating results and cash flows of the group. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are offset. If internal transactions indicate that the related assets have occurred impairment losses, the full amount of such loss shall be recognized. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with those of the Company, when preparing the consolidated financial statements.

Non-controlling interests are presented separately within shareholders' equity in the consolidated balance sheet, as net profit or loss attributable to non-controlling shareholders presented separately in the consolidated income statement below the net profit line item, and total comprehensive income attributable to non-controlling shareholders presented separately in the consolidated income statement below the total comprehensive income line item. If loss attributed to the minority shareholders of a subsidiary in current period exceeds the proportion of non-controlling interest in this subsidiary at the beginning of the period, the excess is still offset against the minority shareholders' equity.

3. Significant accounting policies and accounting estimates (Continued)

3.7. Method of Preparing the Consolidated Financial Statements (Continued)

3.7.2 Procedures of consolidation (Continued)

(1) Acquisition of subsidiaries or business

Subsidiaries or business acquired through business combination under common control

If a subsidiary or business is acquired during the reporting period, through a business combinations involving entities under common control, the financial statements of the subsidiary, which based on the carrying value of assets and liabilities in the financial statement of the ultimate controlling party, shall be included in the consolidated financial statements, as if the combined reporting entity had existed at the date when the ultimate controlling party initially obtained control. And the opening balances and the comparative figures of the consolidated financial statements shall also be restated.

If the acquiring entity holds equity investment in the acquired entity prior to the combination date and the equity investment is accounted for under the equity method, related profit or loss, other comprehensive income and other changes in equity which have been recognized during the period from the later of the date of the Company obtaining original equity interest and the date of both the acquirer and the acquiree under common control of the same ultimate controlling party to the combination date should be offset against the opening balance of retained earnings at the comparative financial statements period respectively.

Subsidiaries or business acquired through business combination not under common control

Where a subsidiary or business was acquired during the reporting period, through a business combinations involving entities not under common control, the identifiable assets, liabilities and contingent liabilities of the subsidiary, which measured at fair value on the acquisition date, shall be included into the consolidated financial statements.

Where the acquirer obtains control of an acquiree under uncommon control in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value, and any difference between the fair value and carrying amount shall be recognized in profit or loss. The other comprehensive income recognized in prior reporting periods, that can be reclassified into profit or loss and changes in value of owners' equity under the equity method, shall be recognized in the current period's investment income as of the acquisition date.

3. Significant accounting policies and accounting estimates (Continued)

3.7. Method of Preparing the Consolidated Financial Statements (Continued)

3.7.2 Procedures of consolidation (Continued)

(2) Disposal of subsidiaries

① General principles

If the Company loses control in an investee through partial disposal of the equity investment, the retained equity interest should be re-measured at fair value at the date of loss of control. The difference between i) the fair value of consideration received from the disposal plus non-controlling interest retained; ii) share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of equity interest plus the goodwill, shall be recognized in current investment income when control is lost. Other comprehensive income related to the equity investment in the former subsidiary, that can be reclassified into profit or loss and other changes in owner's equity under the equity method, shall be converted into current investment income when the control is lost.

② Disposal in stages

When the Company loses control of a subsidiary in multiple transactions by disposing its long-term equity investment in the subsidiary in stages, in considering of the terms and conditions of the transactions as well as their economic impact, the presence of one or more of the following indicators may lead to account for multiple transactions as a bundled transaction:

- The transactions are entered into simultaneously or in contemplation of one another.
- The transactions work together to achieve an overall commercial effect.
- The occurrence of one transaction depends on the occurrence of at least one other transaction.
- One transaction, considered on its own merits, is not economically justified, but it is economically justified when considered together with other transactions.

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction.

For each transaction prior of the date of loss of control, the difference between consideration received and the carrying amount of long-term equity investment corresponding to the equity interest disposed should be recognized as other comprehensive income in the consolidated financial statements, and transferred to profit or loss as a whole when control is lost.

3. Significant accounting policies and accounting estimates (Continued)

3.7. Method of Preparing the Consolidated Financial Statements (Continued)

3.7.2 Procedures of consolidation (Continued)

(2) Disposal of subsidiaries (Continued)

② Disposal in stages (Continued)

If these transactions are not part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained, and accounted for as disposal of subsidiaries when control is lost.

(3) Purchase of minority stake in subsidiary

Where, the Company purchases non-controlling interests of its subsidiary, the difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the acquisition date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted into capital reserve (share premium) in the consolidated financial statements, with any excess offsetting retained earnings.

(4) Partial disposal of equity investment in subsidiaries without loss of control

For partial disposal of the long-term equity investment in the subsidiaries without a loss of control, the difference between consideration received from the disposal and the corresponding share of subsidiary's net assets cumulatively calculated from the acquisition date or combination date shall be adjusted into capital reserve (share premium). If the capital reserve is insufficient to absorb the difference, any excess shall be offset against retained earnings.

3. Significant accounting policies and accounting estimates (Continued)

3.8. Classification of joint arrangements and Accounting for joint ventures

Joint arrangements include joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company shall recognize the following items in relation to shared interest in joint operations:

(1) its assets, including its share of any assets held jointly;

(2) its liabilities, including its share of any liabilities incurred jointly;

(3) its revenue from the sale of its share of the output arising from the joint operation;

(4) its share of the revenue from the sale of the output by the joint operation; and

(5) its expenses, including its share of any expenses incurred jointly.

The Company accounts for the joint venture under equity method, refer to "Note. 3.15 Long-term Equity Investment".

3.9. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Significant accounting policies and accounting estimates (Continued)

3.10. Foreign currency transactions and translation of foreign currency financial statements

3.10.1 Foreign currency transaction

Foreign currency transactions are translated into the functional currency (Renminbi) at the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currency are translated to Renminbi using spot exchange rate prevailing at the balance date. The resulting foreign exchange differences are generally recognized in profit or loss, except the differences arising from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets.

3.10.2 Translation of foreign currency financial statements

The assets and liabilities of foreign operations, when translating the financial statements of a foreign operation, are translated to Renminbi at the spot exchange rate at the balance sheet date; Equity items, are translated at the spot exchange rate at the time of occurrence, except retained earnings that is translated at historical exchange rate. The income and expenses of foreign operation are translated to Renminbi using the spot exchange rate on the date of the transaction. Where the foreign operation is disposed, the resulting translation differences accumulated in shareholders' equity of that foreign operation are transferred to profit or loss in the period.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments

A financial asset or a financial liability should be recognized in the statement of financial position when, and only when, an entity becomes party to the contractual provisions of the instrument.

3.11.1 Classification of financial instruments

At initial recognition, the Company classified its financial assets based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortized cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVOCI).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows

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

A financial asset (a debt instrument) is measured at FVOCI when it meets both of the following conditions and is not designated as at FVTPL:

– it is held within the 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 payment of principal and interest on the principal amount outstanding.

The Company may irrevocably designate an equity investment that is not held for trading as PVOIC (equity instrument) on initial recognition. This designation is made on investment-by investment basis, and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

At initial recognition, the Company may make an irrevocable decision to designate part of equity instrument investments, which meet the requirements to be measured at amortized cost or FVOCI, as measured through FVTPL, in order to eliminate or significantly reduce accounting mismatches.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments (Continued)

3.11.1 Classification of financial instruments (Continued)

Financial liabilities are classified as measured at fair value through profit or loss (FVTPL) or amortized cost at initial recognition.

A financial liability can be designated as at FVTPL if it meets any of the following conditions:

(1) The designation can eliminate or significantly reduce accounting mismatches.

(2) In accordance with the enterprise risk management or investment strategy set forth in a formal written document, the financial liabilities portfolio or the portfolio of financial assets and financial liabilities is managed and performance evaluated on a fair value basis, and reports are made to key management personnel within the enterprise on this basis.

(3) The financial liability contains embedded derivatives that need to be separately split.

3.11.2 Recognition basis and measurement method of financial instruments

(1) Financial assets at amortized cost

Financial assets measured at amortized cost including notes receivable, accounts receivable, other receivables, long-term receivables, debt investments and others, are initially measured at fair value of the financial assets, and the related transaction costs are included in the initial recognition amount. Accounts receivable that does not include a material financing component and accounts receivable for which the Company decides not to consider a financing component of no more than one year will be initially measured at the contract transaction price.

During the holding period, the interest using the effective interest rate method is included in the profit or loss for the current period.

When the financial asset is recovered or disposed, the difference between the price obtained and the carrying amount of the financial asset is recognized in the current profit or loss.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments (Continued)

3.11.2 Recognition basis and measurement method of financial instruments (Continued)

(2) Financial assets (debt instruments) at fair value through other comprehensive income (FVOCI)

Financial assets (debt instruments) measured at FVOCI, including receivables financing and other debt investments, are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. All changes in fair value are recognized in other comprehensive income, except for interest income calculated using the effective interest method, impairment and foreign exchange gains and losses, which should be recognized in profit or loss.

At derecognition, cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

(3) Financial assets (equity instruments) at fair value through other comprehensive income (FVOCI)

Financial assets (equity instruments) measured at FVOCI, including investments in other equity instruments, are measured at fair value on initial recognition, and the relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Net gains and losses are recognized in other comprehensive income, except for dividends recognized as income in profit or loss.

At derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(4) Financial assets at fair value through profit or loss (FVTPL)

Financial assets measured at FVTPL, including trading financial assets, derivative financial assets, other non-current financial assets and others, are initially measured at fair value, and the relevant transaction costs are recognized in profit or loss. The financial asset is subsequently measured at fair value, and the change in fair value is included in profit or loss for the current period.

(5) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities measured at FVTPL, including trading financial liabilities and derivative financial liabilities, are initially measured at fair value, and the relevant transaction costs are included in profit or loss for the current period. The financial liability at FVTPL is subsequently measured at fair value, and the change in fair value is recognized in the current profit or loss.

On derecognition, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments (Continued)

3.11.2 Recognition basis and measurement method of financial instruments (Continued)

(6) Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables. These financial liabilities are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount.

During the holding period, the interest calculated using the effective interest rate method is included in the profit or loss for the current period.

When derecognized, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.

3.11.3 Derecognition of financial assets and transfer of financial assets

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

– The contractual right to receive the cash flow of the financial asset is terminated;

– The financial asset has been transferred, the Company transfers almost all the risks and rewards of ownership of the financial asset to the transferee;

– The financial asset has been transferred, the Company does not retain control over the financial asset, although it neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset.

In the event of a transfer of financial assets, if almost all of the risks and rewards in the ownership of the financial assets are retained, the financial assets shall not be terminated.

When determining whether the transfer of financial assets meets the above-mentioned derecognition criteria for financial assets, the principle of substance over form is adopted.

The Company distinguishes between the overall transfer and partial transfer of financial assets.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments (Continued)

3.11.3 Derecognition of financial assets and transfer of financial assets (Continued)

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognized in profit or loss:

(1) the carrying amount of the financial assets transferred;

(2) The sum of the consideration received from the transfer and the cumulative gain or loss that has been recognized directly in other comprehensive income (in the case of the transferred financial assets (debt instruments) at FVOCI).

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets as a whole shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the following two amounts shall be included in the profit or loss for the current period:

(1) the carrying amount of the derecognized portion;

(2) The sum of the consideration for the derecognition portion and the amount corresponding to the derecognition portion of the accumulated fair value changes originally directly included in the owner's equity (in the case that the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and the changes thereof are included in other comprehensive income).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

3.11.4 Derecognition of financial liabilities

If the current obligation of a financial liability has been discharged in whole or in part, the financial liability or part thereof shall be derecognized; If the Company enters into an agreement with creditors to replace existing financial liabilities by assuming new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of existing financial liabilities, the recognition of existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time.

If all or part of the contract terms of the existing financial liabilities are substantially modified, the existing financial liabilities or part of them shall be derecognized, and the financial liabilities after the amended terms shall be recognized as a new financial liability.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments (Continued)

3.11.4 Derecognition of financial liabilities (Continued)

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including the non-cash assets transferred or the new financial liabilities assumed) shall be recognized in profit or loss for the current period.

If the Company buys back part of the financial liabilities, the carrying amount of the entire financial liabilities will be allocated according to the relative fair value of the recognizable part and the derecognized part on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

3.11.5 Method for determining the fair value of financial assets and financial liabilities

A financial instrument with an active market whose fair value is determined by quotes quoted in an active market. Financial instruments for which there is no active market are used to determine their fair value using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transaction of the underlying assets or liabilities, and preferentially uses relevant observable inputs. Unobservable inputs are used only if the relevant observable input is not available or practicable to obtain.

3.11.6 Test methods and accounting treatment for impairment of financial assets

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) and financial guarantee contracts measured at fair value through other comprehensive income, either individually or in combination.

The Company recognizes expected credit losses by calculating the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, weighting the risk of default, taking into account reasonable and evidence-based information such as past events, current conditions, and forecasts of future economic conditions.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures the loss allowance at an amount equivalent to the expected credit loss over the entire life of the financial instrument, and if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The amount of the increase or reversal of the resulting loss provision is recognized in the current profit or loss as an impairment loss or gain.

3. Significant accounting policies and accounting estimates (Continued)

3.11. Financial instruments (Continued)

3.11.6 Test methods and accounting treatment for impairment of financial assets (Continued)

The Company determines the relative change in the risk of default during the expected duration of a financial instrument by comparing the risk of default on the balance sheet date with the risk of default occurring on the initial recognition date to assess whether the credit risk of a financial instrument has increased significantly since its initial recognition. Normally, the Company considers that the credit risk of the Financial Instrument has increased significantly if it is overdue for more than 30 days, unless there is conclusive evidence that the credit risk of the Financial Instrument has not increased significantly since the initial recognition.

If the credit risk of a Financial Instrument is low at the balance sheet date, the Company does not believe that the credit risk of such Financial Instrument has increased significantly since its initial recognition.

If there is objective evidence that a financial asset has been impaired for credit, the Company will make an impairment provision for the financial asset on a single basis.

For the receivables and contract assets formed by transactions regulated by《Accounting Standard for Business Enterprises No. 14 – Revenue》(2017) regardless of whether they contain significant financing components, the Company has always measured its loss provision at an amount equivalent to the expected credit loss over the entire duration.

For lease receivables, the Company has always chosen to measure its loss provision at an amount equal to the expected credit loss over the entire duration.

If the Company no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part, it shall directly write down the book balance of the financial asset.

3. Significant accounting policies and accounting estimates (Continued)

3.12. Determination and accounting treatment of expected credit losses

3.12.1 Methods for determining expected credit losses

On the basis of expected credit losses, the Company carries out impairment accounting and recognises loss provisions for financial assets (including receivables) measured at amortized cost, financial assets classified as measured at fair value through other comprehensive income, and lease receivables.

The Company assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date, and divides the process of credit impairment of financial instruments into three stages, and adopts different accounting treatment methods for the impairment of financial instruments at different stages: (1) In the first stage, if the credit risk of the financial instrument does not increase significantly since the initial recognition, the Company measures the loss provision according to the expected credit loss of the financial instrument in the next 12 months; and calculate interest income based on its book balance (i.e. before deducting impairment provisions) and effective interest rate; (2) In the second stage, if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Company shall measure the loss provision according to the expected credit loss of the financial instrument throughout its duration, and calculate the interest income according to its book balance and effective interest rate; (3) In the third stage, if credit impairment occurs after initial recognition, the Company measures the loss provision according to the expected credit loss of the financial instrument over the entire duration, and calculates the interest income according to its amortized cost (book balance minus impairment provision) and effective interest rate.

3.12.2 Accounts receivable and notes receivable

For accounts receivable and notes receivable, regardless of whether they contain significant financing components, the Company always measures the loss provision at an amount equivalent to the expected credit loss during the entire duration, and the increase or reversal of the resulting loss provision is included in the current profit or loss as an impairment loss or gain.

(1) Accounts receivable and notes receivable for separate provision for bad debts

For accounts receivable and notes receivable that have objective evidence of impairment and other accounts receivable and notes receivable that are suitable for individual assessment, the impairment test shall be carried out separately to confirm the expected credit loss and make a provision for individual impairment.

3. Significant accounting policies and accounting estimates (Continued)

3.12. Determination and accounting treatment of expected credit losses (Continued)

3.12.2 Accounts receivable and notes receivable (Continued)

(2) Accounts receivable for bad debt provision on a combined basis

For accounts receivable and notes receivable that do not have objective evidence of impairment, or when the individual provision cannot assess the expected credit loss at a reasonable cost, the Company divides the company into several portfolios based on the credit risk characteristics and calculates the expected credit loss on the basis of the portfolio, and the basis for determining the portfolio is as follows:

The basis for determining the group	
Note receivable group	The credit degree of the accepting bank or the acceptor is used as the credit risk characteristic to divide the group
Aging group	The credit risk characteristics of receivables are used as the credit risk characteristics to divide the group
Other group	The relationship between receivables and transaction counterparties is used as the credit risk characteristics to divide the group
Deposit, security deposits and reserves	The nature of the receivables is used as the credit risk characteristic to divide the group

Grouping assessment subject to allowance for credit losses	
Note group	Others
Aging group	Allowance for credit losses base on aging analysis methods
Other group	Others
Deposit, security deposits and reserves	Others

3. Significant accounting policies and accounting estimates (Continued)

3.12. Determination and accounting treatment of expected credit losses (Continued)

3.12.2 Accounts receivable and notes receivable (Continued)

(2) Accounts receivable for bad debt provision on a combined basis (Continued)

The Company has combined the receivables with similar credit risk characteristics and, based on all reasonable and evidence-based information, including forward-looking information, estimates the proportion of the provision for bad debts of the receivables as follows:

Aging	**Allowance rate** *(%)*
0-6 months	0
7-12months	5
1-2 years	10
2-3 years	15
3-4 years	30
4-5 years	50
More than 5 years	100

In the portfolio, other methods are used to provide for bad debts：

When there is objective evidence that the Company will not be able to recover all the payments under the original terms of the receivables, a separate impairment test will be carried out based on the difference between the present value of its future cash flows and its carrying amount, and a provision for bad debts will be made.

3. Significant accounting policies and accounting estimates (Continued)

3.12. Determination and accounting treatment of expected credit losses (Continued)

3.12.3 Receivables Financing

When notes receivable and accounts receivable meet the following conditions at the same time: 1) the contractual cash flow is the payment of principal and interest based on the outstanding principal amount; 2) The Company's business model for managing notes receivable and accounts receivable is aimed at both collecting contractual cash flow and selling. The financial assets classified by the Company as measured at fair value through other comprehensive income are listed in the financial statements as receivables financing, and the relevant specific accounting treatment is shown in "3.11 Financial Instruments" in this note;

When the information of expected credit loss cannot be assessed at a reasonable cost, the Company divides notes receivable and accounts receivable into several portfolios according to the credit risk characteristics, and calculates the expected credit loss on the basis of the combination. If there is objective evidence that a note receivable and accounts receivable have been credit impaired, the Company shall make a separate provision for bad debts for the notes receivable and accounts receivable and recognize the expected credit loss, and treat the notes receivable and accounts receivable classified as a combination according to the above-mentioned impairment loss measurement method for accounts receivable.

3.12.4 Other receivables

For the measurement of impairment losses on other receivables, it shall be treated in accordance with the above-mentioned impairment loss measurement method for receivables.

3.12.5 Others

For other receivables such as prepayments, interest receivables, long-term receivables, etc., provision for bad debts is made based on the difference between the present value of their future cash flows and their book value.

3. Significant accounting policies and accounting estimates (Continued)

3.13. Inventories

3.13.1 Categories of inventories

Inventory is classified as: raw materials, turnover materials, inventory goods, work-in-progress, issued goods, consignment processing materials, etc.

Inventory is initially measured at cost, which includes the cost of procurement, processing and other expenses incurred to bring the inventory to its current premises and condition.

3.13.2 Measurement of inventories upon delivery

Weighted average method is used to measure the actual costs of inventories upon delivery.

3.13.3 The basis for determining the net realizable value of different types of inventory

At the balance sheet date, inventories should be measured at the lower of cost and net realizable value. When the cost of inventory is higher than its net realizable value, provision should be made for inventory decline. Net realizable value is the estimated selling price of inventory in the ordinary course of business, less the estimated costs to be incurred at completion, estimated selling expenses, and related taxes.

In the normal course of production and operation, the net realizable value of the inventory of goods directly used for sale, such as finished products, inventory commodities and materials used for sale, shall be determined by the estimated selling price of the inventory minus the estimated sales expenses and relevant taxes and fees; In the normal course of production and operation, the net realizable value of the inventory of materials that need to be processed shall be determined by the estimated selling price of the finished products produced minus the estimated costs to be incurred at the time of completion, the estimated sales expenses and relevant taxes and fees; The net realizable value of the inventory held for the execution of the sales contract or service contract shall be calculated on the basis of the contract price, and if the quantity of the inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

After the provision for inventory decline is made, if the influencing factors of the previous write-down of the inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying amount, it shall be reversed within the amount of the original provision for inventory decline and the amount reversed shall be included in the profit or loss for the current period.

3. Significant accounting policies and accounting estimates (Continued)

3.13. Inventories (Continued)

3.13.4 Inventory count system

The Company adopts the perpetual inventory system.

3.13.5 Amortization methods of low-value consumables and packaging materials

Low-cost consumables and packaging materials are amortized by the once-off amortization method.

3.14 Contract assets and contract liabilities

3.14.1 Methods and standards for the recognition of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and the customer's payment. The right of the Company to receive consideration for the transfer of goods or services to the Client (and such right depends on factors other than the passage of time) is listed as a contract asset. Contract assets and contract liabilities under the same contract are shown in net. The Company's right, unconditionally (subject only to the passage of time) to receive consideration from the Client, is presented separately as a receivable.

3.14.2 Methods for determining the expected credit losses of contract assets and accounting treatment

For details of the method of determining the expected credit loss and accounting treatment of contract assets, please refer to "notes 3.11.6: Test methods and accounting treatment methods for impairment of financial assets "and "notes 3.12: Determination and accounting treatment of expected credit losses "in this note, and the combination classification and expected credit loss provision method are the same as those of accounts receivable.

3.14.3 Contract liabilities

The Company presents the obligation to transfer goods or services to the Customer for consideration received or receivable from the Customer as contractual liabilities, and the contractual assets and contractual liabilities under the same contract are shown on a net basis.

3. Significant accounting policies and accounting estimates (Continued)

3.15. Long-term equity investment

3.15.1 Criteria for judging joint control and significant impact

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants who share the control before decision-making. If the Company and other joint venture parties exercise joint control over the investee and have rights to the net assets of the investee, the investee shall be a joint venture of the Company.

Significant influence refers to the power to participate in the financial and operational decisions of the investee, but is not able to control or jointly control the formulation of these policies with other parties. If the Company is able to exert significant influence on the investee, the investee shall be an associate of the Company.

3.15.2 Determination of the initial investment cost

(1) Long-term equity investment formed by business combination

For the long-term equity investment in the subsidiary formed by the business combination under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller on the date of consolidation. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid shall be adjusted for the equity premium in the capital reserve, and the retained earnings shall be adjusted when the equity premium in the capital reserve is insufficient to offset the difference. If the investee under the same control can be controlled due to additional investment or other reasons, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amount of the long-term equity investment before the merger plus the book value of the consideration further paid for the shares obtained on the merger date shall be adjusted to the equity premium, and if the equity premium is insufficient to offset the retained earnings.

For a long-term equity investment in a subsidiary formed by a business combination not under the same control, the initial investment cost of the long-term equity investment shall be determined according to the merger cost determined on the date of purchase. If the investee is not under the same control due to additional investment or other reasons, the initial investment cost shall be the sum of the carrying amount of the equity investment originally held plus the new investment cost.

3. Significant accounting policies and accounting estimates (Continued)

3.15. Long-term equity investment (Continued)

3.15.2 Determination of the initial investment cost (Continued)

(2) Long-term equity investments obtained through means other than business combinations

For long-term equity investments made in cash, the initial investment cost is based on the purchase price actually paid. For long-term equity investment obtained through the issuance of equity securities, the fair value of the equity securities issued shall be used as the initial investment cost.

3.15.3 Follow-up measurement and profit and loss recognition method

(1) Accounting for long-term equity investment

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The initial investment cost is less than the difference between the fair value share of the investee's identifiable net assets at the time of investment, and the initial investment cost of the long-term equity investment shall not be adjusted, and the difference between the initial investment cost and the fair value share of the investee's identifiable net assets shall be included in the profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted.

The Company shall separately recognize investment income and other comprehensive income according to the share of the net profit or loss and other comprehensive income realized by the investee, and adjust the book value of the long-term equity investment, reduce the carrying amount of the long-term equity investment accordingly according to the profit or cash dividend declared by the investee, and other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "other changes in owner's equity"), adjust the book value of long-term equity investments and include them in owners' equity.

When recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the net profit and other comprehensive income of the investee shall be recognized on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment, and adjusted in accordance with the company's accounting policies and accounting periods.

The unrealized gains and losses from internal transactions between the company and its associates and joint ventures shall be calculated and offset in accordance with the proportion to which it is entitled, and the investment income shall be recognized on this basis, except for the assets invested or sold that constitute business. If the unrealized internal transaction loss with the investee is an asset impairment loss, it shall be recognized in full.

3. Significant accounting policies and accounting estimates (Continued)

3.15. Long-term equity investment (Continued)

3.15.3 Follow-up measurement and profit and loss recognition method (Continued)

(1) Accounting for long-term equity investment (Continued)

In addition to the obligation to bear additional losses, the net loss incurred by the company in respect of the joint venture or associated enterprise shall be written down to zero at the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associate. If the joint venture or associated enterprise realizes net profit in the future, the company shall resume the recognition of the revenue sharing amount after the revenue sharing amount makes up for the unrecognized loss sharing amount.

(2) Disposal of long-term equity investment

The difference between the carrying amount of the disposal of long-term equity investment and the actual acquisition price shall be included in the profit or loss for the current period.

If part of the long-term equity investment accounted for by the equity method is partially disposed of, and the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the investee's direct disposal of the relevant assets or liabilities in the corresponding proportion, and the changes in other owners' equity shall be carried forward to the profit or loss for the current period on a proportional basis.

If the investee loses common control or significant influence due to the disposal of the equity investment, the other comprehensive income recognized by the original equity investment due to the adoption of the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities when the equity method of accounting is terminated, and all changes in other owners' equity shall be transferred to the current profit or loss when the equity method of accounting is terminated.

3. Significant accounting policies and accounting estimates (Continued)

3.16. Investment Properties

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and ready to be transferred after appreciation, and buildings that have been leased out (including buildings that are self-constructed or used for rent after the completion of development activities, and buildings that are under construction or in the process of being developed for rent in the future).

Subsequent expenses related to investment real estate are included in the cost of investment real estate when the relevant economic benefits are likely to flow in and their costs can be reliably measured; Otherwise, it will be recognized in profit or loss for the current period when incurred.

The Company adopts a cost model for the measurement of existing investment properties. The same depreciation policy as the Company's fixed assets is applied to the investment real estate rental buildings measured according to the cost model, and the amortization policy for the lease land use rights is implemented in accordance with the same amortization policy as the intangible assets.

3.17. Fixed assets

3.17.1 Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets that are held for the production of goods, the provision of services, leasing or business management, and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

(1) The economic benefits related to the fixed assets are likely to flow into the enterprise;

(2) The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the impact of the projected disposal expense factor).

Subsequent expenses related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow in and their costs can be reliably measured; derecognition of the carrying amount of the part to be replaced; All other subsequent expenses are recognized in profit or loss for the period when incurred.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

3. Significant accounting policies and accounting estimates (Continued)

3.17. Fixed assets (Continued)

3.17.2 Depreciation method

The depreciation of fixed assets is classified and accrued using the average life method, and the depreciation rate is determined according to the type of fixed assets, the expected useful life and the estimated net residual value rate. For fixed assets for which impairment provisions have been made, the depreciation amount shall be determined in future periods based on the carrying amount after deducting the impairment provision and based on the remaining useful life. If the service life of each component of the fixed assets is different or provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciation is accrued separately.

The depreciation methods, depreciation periods, residual value rates and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciation methods	Depreciation years	Residual value rate	Annual depreciation rate
Buildings	Straight line method	20-30	5%	3.17%-4.75%
Machinery & equipment	Straight line method	5-11	0-10%	8.18%-20.00%
Transportation vehicles	Straight line method	5-10	0-5%	9.50%-20.00%
Electronic equipment	Straight line method	2-10	2%-10%	9.00%-49.00%
Others	Straight line method	2-5	0-10%	18.00%-50.00%
Operating Lease Fixed Assets:				
Buildings	Straight line method	20-30	5%	3.17%-4.75%

3.17.3 Disposal of fixed assets

A fixed asset is derecognized when it is disposed of, or when it is not expected to generate economic benefit from its use or disposal. The amount of disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting their book value and related taxes is included in profit or loss for the current period.

3. Significant accounting policies and accounting estimates (Continued)

3.18. Construction in progress

Construction in progress is measured at the cost actually incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other expenses necessary to bring the work in progress to its intended useable condition. When the construction in progress reaches the intended usable state, it is transferred to fixed assets and depreciation begins to accrue from the following month.

3.19. Borrowing Costs

3.19.1 Recognition principle for capitalization of borrowing costs

The borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets that meet the conditions for capitalization shall be capitalized and included in the cost of relevant assets; Assets eligible for capitalization refer to assets such as fixed assets, investment real estate, and inventories that need to be purchased, constructed, or produced for a considerable period of time to reach a predetermined usable or marketable state.

3.19.2 Capitalization period of borrowing costs

The capitalization period refers to the period from the time when the capitalization of borrowing costs starts to the time when capitalization ceases, excluding the period during which the capitalization of borrowing costs is suspended.

Borrowing costs are capitalized when the following conditions are met:

(1) Asset expenditure has been incurred, and asset expenditure includes expenditure in the form of cash payment, transfer of non-cash assets or assumption of interest-bearing debts for the acquisition, construction or production of assets eligible for capitalization;

(2) borrowing costs have been incurred;

(3) The acquisition, construction or production activities necessary to bring the asset to its intended usable or marketable state have begun.

When the acquisition, construction or production of assets eligible for capitalization reaches the intended usable or saleable state, the capitalization of borrowing costs ceases.

3. Significant accounting policies and accounting estimates (Continued)

3.19. Borrowing Costs (Continued)

3.19.3 Suspension of capitalization period

If there is an abnormal interruption in the acquisition, construction or production of an asset eligible for capitalization, and the interruption period exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended: if the interruption is necessary for the acquisition, construction or production of assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing cost will continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as profit or loss for the current period and continue to be capitalized until the acquisition and construction of assets or production activities resume.

3.20. Intangible assets

3.20.1 Valuation method of intangible assets

(1) When the company acquires intangible assets, the initial measurement is carried out at cost; The cost of the purchased intangible asset, including the purchase price, related taxes and other expenses directly attributable to the use of the asset for its intended purpose.

(2) Follow-up measurement

Analyze and judge the useful life of intangible assets when acquiring them.

For intangible assets with a limited useful life, they shall be amortized within the period of economic benefits brought to the enterprise; if the period of economic benefits brought to the enterprise by the intangible assets cannot be foreseen, they shall be regarded as intangible assets with indefinite useful life and shall not be amortized.

3. Significant accounting policies and accounting estimates (Continued)

3.20. Intangible assets (Continued)

3.20.2 Estimation of useful life of intangible assets with limited useful life:

Category	**Useful life** *(years)*	**Amortisation methods**
Land use rights	16.75-50	Straight line method
Trademark rights	10	Straight line method
Software	5-10	Straight line method
Copyrights	10	Straight line method
Patent rights	10	Straight line method
Non-Patent techniques	5	Straight line method

3.20.3 Specific criteria for dividing the research stage and the development stage

The expenditure on R&D projects within the company is divided into research stage expenditure and development stage expenditure.

Research stage: The stage of original planned investigation and research activities to acquire and understand new scientific or technological knowledge, etc.

Development stage: The stage in which research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use.

3. Significant accounting policies and accounting estimates (Continued)

3.20. Intangible assets (Continued)

3.20.4 Specific conditions for capitalization of expenditures in the development phase

Expenses incurred during the research phase are included in profit or loss for the current period when incurred. If the expenditure in the development stage meets the following conditions at the same time, it shall be recognized as an intangible asset, and the expenditure in the development stage that cannot meet the following conditions shall be included in the profit or loss for the current period:

(1) it is technically feasible to complete the intangible asset so that it can be used or sold;

(2) have the intention to complete the intangible asset and use or sell it;

(3) the manner in which the intangible asset generates economic benefits, including the usefulness of the intangible asset if it can be proved that there is a market for the products produced by the intangible asset or that there is a market for the intangible asset itself, and that the intangible asset will be used internally;

(4) have sufficient technical, financial and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible asset；

(5) the expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between the expenditure in the research stage and the expenditure in the development stage, all the R&D expenditure incurred shall be included in the profit or loss for the current period.

3. Significant accounting policies and accounting estimates (Continued)

3.21. Impairment of long-term assets

Long-term assets such as long-term equity investments, investment real estate measured under the cost model, fixed assets, projects under construction, right-of-use assets, and intangible assets with a limited useful life are subject to impairment testing at the balance sheet date. If the impairment test results show that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

For goodwill formed as a result of business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a usable state, regardless of whether there is an indication of impairment, the impairment test shall be carried out at least at the end of each year.

The Company conducts a goodwill impairment test, and allocates the carrying amount of goodwill formed as a result of the business combination to the relevant asset group in a reasonable manner from the date of purchase, and if it is difficult to allocate it to the relevant asset group, it is allocated to the relevant asset group combination. The relevant asset group or combination of asset groups is the one that can benefit from the synergies of the business combination.

When conducting an impairment test on a relevant asset group or a combination of asset groups containing goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, the impairment test shall be carried out on the asset group or asset group combination that does not contain goodwill, and the recoverable amount shall be calculated and the corresponding impairment loss shall be recognized by comparing it with the relevant book value. If the recoverable amount is lower than the book value, the amount of impairment loss will first be offset against the book value of the goodwill allocated to the asset group or asset group combination, and then the book value of other assets will be offset proportionally according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination.

Once the above-mentioned asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

3. Significant accounting policies and accounting estimates (Continued)

3.22. Long-term amortized expenses

Long-term amortized expenses are those expenses that have already been incurred but should be borne by the current and subsequent periods for an amortized period of more than one year.

The long-term amortized expenses incurred by the Company are valued at actual cost and amortized on an average basis according to the expected benefit period, and the amortized value of the long-term amortized expense items that cannot benefit subsequent accounting periods shall be fully included in the profit or loss for the current period when determined.

3.23. Contract Liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and the customer's payment. The Company's obligation to transfer goods or services to the Customer for consideration received or receivable from the Customer is shown as a contractual liability.

Contract assets and contract liabilities under the same contract are shown in net.

3.24. Employee Compensation

3.24.1 Accounting treatment of short-term remuneration

During the accounting period in which employees provide services to the Company, the Company recognizes the actual short-term remuneration as a liability and includes it in the profit or loss for the current period or the cost of related assets.

The social insurance premiums and housing provident fund paid by the Company for the employees, as well as the trade union funds and employee education funds withdrawn in accordance with the regulations, shall be calculated and determined according to the prescribed basis and proportion of the employees' remuneration during the accounting period in which the employees provide services to the Company.

The employee benefit expenses incurred by the Company shall be included in the profit or loss for the current period or the cost of related assets according to the actual amount incurred when actually incurred, of which non-monetary benefits shall be measured at fair value.

3. Significant accounting policies and accounting estimates (Continued)

3.24. Employee Compensation (Continued)

3.24.2 Accounting treatment of post-employment benefits

(1) Set up a deposit and withdrawal plan

The Company shall pay basic endowment insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government, and the amount payable shall be calculated according to the payment base and proportion stipulated by the local government during the accounting period in which the employees provide services to the Company, which shall be recognized as liabilities and included in the profit or loss for the current period or the cost of related assets. In addition, the company also participates in the enterprise annuity plan/supplementary pension insurance fund approved by the relevant state departments. The Company pays a certain percentage of the total salary of employees to the annuity plan/local social insurance institution, and the corresponding expenses are included in the profit or loss for the current period or the cost of related assets.

(2) Set up a benefit plan

The Company attributes the benefit obligations arising from the defined benefit plan to the period during which the employee provides services based on the formula determined by the expected accrued benefit unit method, and includes it in the profit or loss for the current period or the cost of related assets.

The deficit or surplus resulting from the present value of defined benefit plan obligations minus the fair value of defined benefit plan assets is recognized as a defined benefit plan net liability or net assets. If there is a surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan by the lower of the surplus of the defined benefit plan and the asset limit.

All defined benefit plan obligations, including those expected to be paid within twelve months of the end of the annual reporting period in which employees provide services, are discounted based on the market yield of Treasury bonds or high-quality corporate bonds in active markets that match the term and currency of the defined benefit plan obligations at the balance sheet date.

The cost of services arising from the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are included in the profit or loss for the current period or the cost of related assets; Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans are included in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and all of the original included in other comprehensive income is carried forward to undistributed profit within the scope of equity when the original defined benefit plan is terminated.

At the time of settlement of the defined benefit plan, the settlement gain or loss is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date. ◦

3. Significant accounting policies and accounting estimates (Continued)

3.24. Employee Compensation (Continued)

3.24.3 Termination benefits

When the Company provides termination benefits to employees, the employee remuneration liabilities arising from the dismissal benefits shall be recognized as soon as possible and included in the profit or loss for the current period as soon as possible: when the Company cannot unilaterally withdraw the severance benefits provided due to the termination of labor relationship plan or layoff proposal; When the Company recognizes costs or expenses related to a reorganization involving the payment of termination benefits.

3.25. Provisions

The Company recognizes obligations related to contingencies as Provisions if they meet the following conditions at the same time:

(1) the obligation is a current obligation of the Company;

(2) the performance of such obligation is likely to result in an outflow of economic benefits from the Company;

(3) the amount of the obligation can be reliably measured.

Provisions are initially measured on the basis of the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimates, factors such as risks, uncertainties and time value of money associated with contingencies are taken into account. Where the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

If there is a continuous range of expenditures within which the likelihood of the outcomes is the same, the best estimate is determined by the midpoint of that range; In other cases, the best estimate is treated separately in the following cases:

– Where a contingency involves a single item, it is determined according to the amount that is most likely to occur.

– Where a contingency involves multiple items, it is to be determined according to the various possible outcomes and the relevant probabilities.

If all or part of the expenses required to settle the Provisions are expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is basically determined that it can be received, and the amount of compensation recognized shall not exceed the carrying amount of the projected liabilities.

The Company reviews the carrying amount of the Provisions at the balance sheet date, and if there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount shall be adjusted according to the current best estimate.

3. Significant accounting policies and accounting estimates (Continued)

3.26. Share-based payment

The Company's share-based payments are transactions in which equity instruments are granted or liabilities determined on the basis of equity instruments for the purpose of obtaining services provided by employees or other parties. The Company's share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

3.26.1 Equity-settled share-based payments and equity instruments

If the equity-settled share-based payment is exchanged for the services provided by the employee, it shall be measured at the fair value of the equity instrument granted to the employee. For share-based payment transactions with exercisable rights immediately after grant, the relevant costs or expenses will be included in the fair value of the equity instruments on the grant date, and the capital reserve will be increased accordingly. For share-based payment transactions that are exercisable only after the completion of services during the waiting period or the fulfillment of specified performance conditions, at each balance sheet date during the waiting period, the Company will include the services obtained in the current period into the relevant costs or expenses at the fair value at the grant date based on the best estimate of the number of exercisable equity instruments, and increase the capital reserve accordingly.

If the terms of equity-settled share-based payments are modified, the services obtained will be recognized, at least as if the terms were not modified. In addition, any modification that increases the fair value of the equity instrument granted, or that is beneficial to the employee at the date of the amendment, recognizes an increase in services obtained.

During the waiting period, if the granted equity instruments are cancelled, the Company will treat the cancelled granted equity instruments as an accelerated exercise, and the amount that should be recognized during the remaining waiting period will be immediately included in the profit or loss for the current period, and the capital reserve will be recognized at the same time. However, if a new Equity Instrument is granted and it is determined on the New Equity Instrument Grant Date that the new Equity Instrument granted is used in place of the cancelled Equity Instrument, the Granted Replacement Equity Instrument will be treated in the same manner as if the original Equity Instrument Terms and Conditions were amended.

3. Significant accounting policies and accounting estimates (Continued)

3.26. Share-based payment (Continued)

3.26.2 Cash-settled share-based payments and equity instruments

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the Company on the basis of shares or other equity instruments. In the case of share-based payment transactions with exercisable rights immediately after grant, the Company will include the relevant costs or expenses at the fair value of the liabilities assumed on the grant date, and increase the liabilities accordingly. For share-based payment transactions that are exercisable after the completion of services during the waiting period or the fulfillment of specified performance conditions, the Company will include the services obtained in the current period into the relevant costs or expenses based on the fair value of the liabilities assumed by the Company on the basis of the best estimate of the vesting situation at each balance sheet date during the waiting period, and accordingly include them in the liabilities. The fair value of the liability is remeasured at each balance sheet date and at the settlement date before the settlement of the relevant liability, and its change is recognized in profit or loss for the current period.

If the Company amends the terms and conditions of the cash-settled share-based payment agreement to such that it is paid by equity-settled shares, the Company will measure the equity-settled share-based payment at the fair value of the granted equity instrument on the date of the amendment (whether during or after the end of the waiting period), and the services obtained will be included in the capital reserve, and the cash-settled share-based payment will be derecognized as a liability recognized on the date of the amendment, and the difference between the two will be recognized in profit or loss for the current period. If the waiting period is extended or shortened due to amendments, the Company will account for the revised waiting period.

3. Significant accounting policies and accounting estimates (Continued)

3.27. Preferred shares, perpetual bonds and other financial instruments

The Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at the time of initial recognition based on the contractual terms of the issued preferred shares/perpetual bonds and the economic substance reflected therein rather than in legal form only.

If the perpetual bonds/preferred shares and other financial instruments issued by the Company meet one of the following conditions, the financial instruments as a whole or their components will be classified as financial liabilities at the time of initial recognition:

(1) There is a contractual obligation that the Company cannot unconditionally avoid performing by the delivery of cash or other financial assets;

(2) Includes a contractual obligation to deliver a variable number of its own equity instruments for settlement;

(3) Includes derivatives settled with their own equity (such as equity conversion, etc.), and the derivatives are not settled by exchanging a fixed amount of their own equity instruments for a fixed amount of cash or other financial assets;

(4) There are contractual clauses that indirectly create contractual obligations;

(5) The perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer at the time of liquidation by the issuer. For financial instruments such as perpetual bonds/preferred shares that do not meet any of the above conditions, the financial instrument as a whole or its components will be classified as equity instruments at the time of initial recognition.

3. Significant accounting policies and accounting estimates (Continued)

3.28. Revenues

3.28.1 Accounting policies used for revenue recognition and measurement

The Company has fulfilled its performance obligations under the contract, i.e., recognises revenue when the customer acquires control of the relevant goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and derive almost all of the economic benefits from them.

If the contract contains two or more performance obligations, the Company shall allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the commencement date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The Transaction Price means the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the Client, excluding payments received on behalf of third parties and amounts expected to be returned to the Client. The Company determines the transaction price in accordance with the terms of the contract and its past practices, and takes into account the impact of factors such as variable consideration, significant financing elements existing in the contract, non-cash consideration, and consideration payable to customers when determining the transaction price. The Company determines the transaction price, including variable consideration, by an amount not exceeding the amount of the accrued recognized revenue that is likely not to be materially reversed at the time the relevant uncertainty is eliminated. If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash assuming that the customer acquires control of the goods or services, and amortize the difference between the transaction price and the contract consideration using the effective interest rate method during the contract period.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time, otherwise, the performance obligation shall be performed at a certain point in time:

– The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance.

– The customer is able to control the products under construction in the company's fulfillment process.

– The goods produced by the Company in the course of performing the contract have irreplaceable uses, and the Company has the right to receive payment for the part of the performance that has been completed so far during the entire contract period.

3. Significant accounting policies and accounting estimates (Continued)

3.28. Revenues (Continued)

3.28.1 Accounting policies used for revenue recognition and measurement (Continued)

For the performance obligations performed within a certain period of time, the Company shall recognize revenue in accordance with the performance progress during that period, unless the performance progress cannot be reasonably determined. Taking into account the nature of the goods or services, the Company adopts the output method or the input method to determine the performance progress. When the performance progress cannot be reasonably determined, if the costs incurred are expected to be compensated, the Company shall recognize the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer acquires control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

– The Company has the right to receive payment for the goods or services, i.e. the Customer has a current payment obligation for the goods or services

– The Company has transferred the legal ownership of the Goods to the Customer, i.e. the Customer has legal ownership of the Goods.

– The Company has physically transferred the Commodity to the Customer, i.e. the Customer has taken physical possession of the Goods.

– The Company has transferred the main risks and rewards of the ownership of the goods to the Customer, that is, the Customer has obtained the main risks and rewards of the ownership of the goods.

– The customer has accepted the goods or services, etc.

3. Significant accounting policies and accounting estimates (Continued)

3.28. Revenues (Continued)

3.28.2 Principles of income measurement

The Company measures revenue at the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the Customer, excluding payments received on behalf of third parties and amounts expected to be refunded to the Customer.

Where there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the amount most likely to occur, provided that the transaction price, including the variable consideration, does not exceed the amount by which the accumulated recognized revenue is likely not to be materially reversed at the time the relevant uncertainty is eliminated.

If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer acquires control of the goods or services. The difference between the transaction price and the contract consideration is amortized over the life of the contract using the effective interest method. On the commencement date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price shall not exceed one year, the material financing component in the contract shall not be considered.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation.

3. Significant accounting policies and accounting estimates (Continued)

3.28. Revenues (Continued)

3.28.3 The specific method of revenue recognition

(1) Revenue recognized at the point of time

The company's sales of safe city products, intelligent manufacturing core components, green service-oriented electronic manufacturing products, smart factories and system engineering installation, etc., belong to the performance obligation to be fulfilled at a certain point in time. The following conditions must be met for the recognition of revenue from domestic products: the company has delivered the products to the customer in accordance with the contract and the control of the goods has been transferred, the payment has been recovered or the receipt certificate has been obtained and the relevant economic benefits are likely to flow in, the main risks and rewards in the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred. The following conditions must be met for the recognition of revenue from export products: the company has declared the products in accordance with the contract, obtained the bill of lading, has recovered the payment or obtained the receipt voucher and the relevant economic benefits are likely to flow in, the main risks and rewards in the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred.

(2) Revenue recognized according to the performance progress

The Company provides services such as intelligent transportation integration, and since the customer can control the goods or services under construction during the performance process while the Company performs the contract, the Company regards it as a performance obligation to be performed within a certain period of time, and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. The company determines the performance progress of the services provided in accordance with the output method. If the performance progress cannot be reasonably determined, if the costs incurred by the company are expected to be compensated, the revenue shall be recognized according to the amount of the costs incurred until the performance progress can be reasonably determined.

(3) Rental services

If the company provides leasing services, it shall be recognized as rental income in accordance with the straight-line method within the lease period agreed in the lease contract or agreement (the rent-free period shall be considered if there is a rent-free period). For details, see 3.32 Disclosure of Lease Accounting Policies.

(4) Others

Others are applicable to property management, park services, etc., and the revenue is recognized according to the straight-line method as agreed in the contract.

3. Significant accounting policies and accounting estimates (Continued)

3.29. Contract Costs

Contract costs include contract performance costs and contract acquisition costs.

If the costs incurred by the Company for the performance of the contract do not fall within the scope of the relevant standards such as inventory, fixed assets or intangible assets, they shall be recognized as an asset as contract performance costs when the following conditions are met：

– the cost is directly related to a current or anticipated contract；

– This cost increases the Company's resources to meet its performance obligations in the future；

– The cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract. Assets related to contract costs are amortized on the same basis as revenue recognition for goods or services to which the asset relates; However, if the amortization period of the cost of contract acquisition does not exceed one year, the Company will include it in the profit or loss for the current period when it occurs.

If the carrying amount of an asset related to the contract cost is higher than the difference between the following items, the Company shall make an impairment provision for the excess and recognize it as an asset impairment loss:

(1) The residual consideration that is expected to be obtained as a result of the transfer of the goods or services to which the asset relates;

(2) An estimate of the costs to be incurred for the transfer of the relevant goods or services.

If the impairment factors of the previous period change later, so that the aforesaid difference is higher than the carrying amount of the asset, the Company shall reverse the impairment provision that has been made and include it in the profit or loss for the current period, but the carrying amount of the reversed asset shall not exceed the carrying amount of the asset on the reversal date assuming that no provision for impairment is made.

3. Significant accounting policies and accounting estimates (Continued)

3.30. Government grants

3.30.1 Category

Government grants are monetary assets or non-monetary assets obtained by the Company from the government free of charge, which are divided into asset-related government grants and income-related government grants.

Asset-related government grants refer to government subsidies obtained by the Company for the acquisition, construction or other formation of long-term assets. Income-related government grants refer to government grants other than asset-related government grants.

3.30.2 The recognition timing for government grants

Government grants are recognized when the Company is able to meet the conditions attached to them and is able to receive them.

3.30.3 Accounting treatment

Asset-related government grants are offset against the carrying amount of the underlying assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the profit or loss for the current period in installments in accordance with a reasonable and systematic method during the useful life of the relevant assets (if it is related to the daily activities of the Company, it shall be included in other income; if it is not related to the company's daily activities, it shall be included in the non-operating income);

If the government grants related to the income is used to compensate the relevant costs, expenses or losses of the Company in subsequent periods, it shall be recognized as deferred income, and shall be included in the profit or loss for the current period during the period when the relevant costs, expenses or losses are recognized (if it is related to the daily activities of the Company, it shall be included in other income; if it is not related to the company's daily activities, it shall be included in non-operating income) or offset the relevant costs or losses; If it is used to compensate for the relevant costs, expenses or losses incurred by the Company, it shall be directly included in the profit or loss for the current period (if it is related to the daily activities of the Company, it shall be included in other income; if it is not related to the company's daily activities, it shall be included in non-operating income) or offset the relevant costs or losses.

The preferential policy loan interest discount obtained by the Company is divided into the following two situations and is accounted for separately:

If the finance department allocates the subsidized funds to the lending bank, and the lending bank provides loans to the Company at a preferential policy interest rate, the Company shall take the actual amount of the loan received as the recorded value of the loan, and calculate the relevant borrowing costs according to the principal of the loan and the preferential interest rate of the policy.

If the finance department directly allocates the interest discount funds to the company, the company will offset the relevant borrowing costs with the corresponding interest discount.

3. Significant accounting policies and accounting estimates (Continued)

3.31. Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations and transactions or events directly credited to owners' equity (including other comprehensive income), the Company includes current income tax and deferred income tax in profit or loss for the current period.

Deferred tax assets and deferred tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their carrying amounts (temporary differences).

For deductible temporary differences, deferred tax assets are recognized to the extent of the taxable income that is likely to be obtained in future periods to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained.

For taxable temporary differences, deferred tax liabilities are recognized, except in exceptional circumstances. Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

– Initial recognition of goodwill;

– Transactions or events that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) at the time of their occurrence.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company has control over the timing of the reversal of such temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures when the temporary differences are likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period in which the relevant assets are expected to be recovered or the relevant liabilities are liquidated, in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of the deferred tax asset is written down if there is a high probability that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax asset. The write-down amount is reversed when it is likely that sufficient taxable income will be obtained.

When there is a legal right to settle on a net basis, and the intention is to settle on a net basis or to acquire assets and settle liabilities at the same time, the current income tax assets and current income tax liabilities are presented as net offset.

3. Significant accounting policies and accounting estimates (Continued)

3.31. Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting if the following conditions are met:

The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;

Deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different tax entities, but in each future period when the deferred tax assets and liabilities are reversed, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis or acquire assets and settle liabilities at the same time.

3.32. Lease liabilities

Lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for a certain period of time for consideration. On the commencement date of the contract, the Company assesses whether the contract is a lease or includes a lease. A contract is a lease or contains a lease if one of the parties to a contract relinquishes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Company will split the contract and account for each separate lease. If the contract contains both leased and non-leased parts, the lessee and the lessor will split the leased and non-leased parts.

For rent concessions such as rent reductions and deferred payments reached in respect of existing lease contracts directly caused by the novel coronavirus pneumonia epidemic, and the following conditions are met, the Company adopts a simplified approach for all lease options and does not assess whether there is a lease change or re-evaluate the lease classification:

– The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, of which the lease consideration is not discounted or discounted at the discount rate before the concession；

– After taking into account both qualitative and quantitative factors, it was determined that there were no significant changes to the other terms and conditions of the lease.

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.1 The Company acts as the lessee

(1) Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

– The amount of the initial measurement of the lease liability；

– If there is a lease incentive for the lease payment paid on or before the start date of the lease period, the relevant amount of the lease incentive already enjoyed shall be deducted；

– Initial direct costs incurred by the Company；

– Costs expected to be incurred by the Company to dismantle and remove the Leased Assets, restore the premises on which the Leased Assets are located, or restore the Leased Assets to the conditions agreed in the lease terms, excluding costs incurred for the production of inventory.

Subsequently, the Company adopted the straight-line method to depreciate the right-of-use assets. If the ownership of the leased assets can be reasonably determined at the expiration of the lease term, the Company shall accrue depreciation during the remaining useful life of the leased assets; Otherwise, depreciation is accrued on the leased asset over the period between the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in "3.21 Impairment of Long-term Assets" in this note, and accounts for the identified impairment losses.

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.1 The Company acts as the lessee (Continued)

(2) Lease liabilities

At the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of unpaid lease payments. Lease payments include:

– Fixed payment amount (including substantial fixed payment amount), if there is a lease incentive, deduct the relevant amount of the lease incentive；

– Variable lease payments that depend on an index or ratio；

– The amount expected to be paid based on the residual value of the guarantee provided by the company；

– The exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised；

– Payments to be made for exercising the termination option, provided that the term of the lease reflects that the Company will exercise the termination option.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense of the lease liabilities for each period of the lease term at a fixed periodic interest rate, and includes them in the profit or loss for the current period or the cost of related assets.

Variable lease payments that are not included in the measurement of lease liabilities are recognized in profit or loss for the current period or the cost of related assets when actually incurred.

After the commencement date of the lease term, if the following circumstances occur, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets, and if the carrying amount of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference shall be included in the profit or loss for the current period:

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.1 The Company acts as the lessee (Continued)

(2) Lease liabilities (Continued)

If there is a change in the valuation results of the purchase option, renewal option or termination option, or the actual exercise of the aforesaid option is inconsistent with the original valuation result, the Company will remeasure the lease liability based on the present value calculated by the changed lease payment amount and the revised discount rate;

When there is a change in the amount of the real fixed payment, the amount expected to be payable for the residual value of the guarantee, or the index or ratio used to determine the amount of lease payment, the Company will remeasure the lease liability based on the present value calculated by the changed amount of the lease payment and the original discount rate. However, where the change in lease payments is due to a change in the floating interest rate, the present value is calculated using the revised discount rate.

(3) Short-term leases and leases of low-value assets

The Company elects not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to include the relevant lease payments in profit or loss or the cost of related assets on a straight-line basis for each period of the lease term. A short-term lease is a lease with a lease period of not more than 12 months on the start date of the lease term and does not include an option to purchase. A lease of a low-value asset refers to a lease with a lower value when a single leased asset is a brand new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.1 The Company acts as the lessee (Continued)

(4) Lease Change

If there is a change in the lease and the following conditions are met at the same time, the company will account for the lease change as a separate lease：

– The lease variation expands the scope of the lease by adding the right to use one or more leased assets；

– The increased consideration is commensurate with the amount of the individual price for the expanded portion of the lease as adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will reallocate the consideration of the modified contract, redetermine the lease term, and remeasure the lease liability according to the present value calculated by the lease payment amount after the change and the revised discount rate.

If the lease scope is shortened or the lease term is shortened as a result of the lease change, the Company shall reduce the carrying amount of the right-of-use assets accordingly, and include the relevant gains or losses related to the partial or complete termination of the lease into profit or loss for the current period. If other lease changes lead to the remeasurement of lease liabilities, the Company shall adjust the carrying amount of the right-of-use assets accordingly.

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.2 The Company acts as the lessor

On the lease commencement date, the Company divides the lease into a finance lease and an operating lease. A financial lease refers to a lease that substantially transfers almost all of the risks and rewards associated with the ownership of the leased assets, regardless of whether the ownership is ultimately transferred. Operating lease refers to leases other than financial leases. When the Company acts as a sublease, it classifies the sublease based on the right-of-use assets generated from the original lease.

(1) Accounting treatment of operating leases

Lease receipts from operating leases are recognized as rental income on a straight-line basis for each period of the lease term. The Company capitalizes the initial direct expenses incurred in connection with the operating lease and appropriates them to profit or loss for the current period on the same basis as rental income recognition during the lease term. Variable lease payments that are not included in lease receipts are recognized in profit or loss for the current period when they are actually incurred. If there is a change in the operating lease, the company shall account for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change shall be regarded as the amount received from the new lease.

(2) Accounting treatment of financial leases

On the lease commencement date, the Company recognized the financial lease receivables for the financial lease and terminated the recognition of the financial lease assets. When the Company initially measures the financial lease receivables, the net lease investment is recorded as the value of the financial lease receivables. The net lease investment is the sum of the unsecured residual value and the present value of lease receipts not yet received at the start date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term at a fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with "3.11 Financial Instruments" of this note.

Variable lease payments that are not included in the net measurement of lease investments are recognized in profit or loss for the period when they are actually incurred.

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.2 The Company acts as the lessor (Continued)

(2) Accounting treatment of financial leases (Continued)

If there is a change in the financial lease and the following conditions are met at the same time, the Company will treat the change as a separate lease for accounting treatment:

– The change expands the scope of the lease by adding the right to use one or more leased assets;

– The increased consideration is commensurate with the amount of the individual price for the expanded portion of the lease as adjusted for the circumstances of the contract.

If the change of the financial lease is not accounted for as a separate lease, the Company shall treat the changed lease in the following circumstances:

– If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the Company will account for it as a new lease from the effective date of the lease change, and the net lease investment before the effective date of the lease change will be used as the carrying amount of the leased assets;

– If the change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the Company will account for it in accordance with the policy of amending or renegotiating contracts in Note 3.11 Financial Instruments.

3. Significant accounting policies and accounting estimates (Continued)

3.32. Lease liabilities (Continued)

3.32.3 Sale-leaseback transactions

The Company shall evaluate and determine whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with the principles described in "3.28 Revenues" of this note.

(1) As a lessee

If the transfer of assets in the sale-leaseback transaction is a sale, the company, as the lessee, measures the right-of-use assets formed by the sale and leaseback according to the part of the book value of the original assets related to the right of use obtained from the leaseback, and only recognizes the relevant gains or losses for the rights transferred to the lessor; If the transfer of assets in the sale-leaseback transaction is not a sale, the company, as the lessee, continues to recognize the transferred assets and at the same time recognizes a financial liability equal to the transfer income. For details of the accounting treatment of financial liabilities, please refer to "3.11 Financial Instruments" of this note.

(2) As a lessor

If the transfer of assets in the sale-leaseback transaction is a sale, the Company shall account for the purchase of the assets as the lessor, and shall account for the lease of the assets in accordance with the policy of "3.32.2 The Company as the lessor" mentioned above; If the transfer of assets in a sale-leaseback transaction is not a sale, the company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For details of the accounting treatment of financial assets, please refer to "3.11 Financial Instruments" of this note.

3. Significant accounting policies and accounting estimates (Continued)

3.33. Discontinued operations

Discontinued operation is a separately distinguishable component that satisfies one of the following conditions and has been disposed of by the Company or classified by the Company as held for sale:

(1) the component represents a separate principal business or a separate principal operating territory;

(2) the component is part of an associated plan for the proposed disposition of a separate principal business or a separate principal operating territory;

(3) The component is a subsidiary acquired exclusively for resale.

Profit or loss from continuing operations and profit or loss from discontinued operations are presented separately in the income statement. Operating gains and losses, such as impairment losses and reversal amounts from discontinued operations, as well as gains or losses on disposal, are presented as gains or losses from discontinued operations. For the discontinued operations reported in the current period, the Company re-stated the information originally presented as profit or loss from continuing operations as profit or loss from continuing operations in the current financial statements as profit or loss from discontinued operations in comparable accounting periods.

3.34. Safety production costs

In accordance with the relevant provisions of the Notice of the Ministry of《Finance on Printing and Distributing the Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses》(Cai Zi (2022) No. 136) the Company withdraws safety production expenses according to the percentage of income stipulated by the industry. When the safety production expenses are withdrawn, they are included in the cost of the relevant products or the current profit or loss, and at the same time included in the "special reserve" account.

When the extracted safety production fee is used within the prescribed range, if it is an expense expenditure, the special reserve shall be directly deducted; If a fixed asset is formed, the expenditure incurred shall be collected through the "construction in progress" account, and recognized as a fixed asset when the safety project is completed and reaches the intended state of use; At the same time, the Segment Report special reserve is offset according to the cost of forming fixed assets, and the accumulated depreciation of the same amount is recognized. The fixed asset is not depreciated in subsequent periods.

3. Significant accounting policies and accounting estimates (Continued)

3.35. Segment Report

The Company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system, and determines the reporting segment and discloses the segment information based on the operating segment. The operating segment refers to the component of the Company that satisfies the following conditions at the same time: (1) the component is able to generate income and incur expenses in daily activities; (2) the Company's management is able to regularly evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; (3) The Company is able to obtain accounting information related to the financial position, results of operations, and cash flows of such components. If two or more operating divisions have similar economic characteristics and meet certain conditions, they can be merged into one operating division.

3.36. Major Accounting Estimates and Judgments

Estimates and judgments are assessed on an ongoing basis based on past experience and other factors, including reasonable predictions of future events in the circumstances. Estimates are evaluated on an ongoing basis and based on historical experience and other factors, including expectations of future events, that are deemed reasonable in the circumstances. Estimates and assumptions of significant adjustment risk to the carrying amounts of assets and liabilities in the coming year are as follows:

3.36.1 Estimated useful life and net residual value of fixed assets

The management of the Company confirms the estimated useful life, net residual value and related depreciation expense of buildings, machinery and equipment of similar nature or function based on their historical experience in the actual useful life of buildings, machinery and equipment. Management adjusts depreciation expense when the projected useful life differs from the previous estimate, or when an asset is retired or sold that is technically obsolete or non-strategic. The actual economic life may differ from the projected useful life, and the actual net residual value may differ from the projected net residual value. Periodic review of the depreciable life, projected net residual value may cause it to change, as well as affect changes in depreciation expense in future periods.

3.36.2 Net realizable value of inventories

Net realizable inventory is equal to the estimated selling price in ordinary operating activities less estimated costs to be incurred at completion, estimated selling expenses and related taxes. This estimate is based on current market conditions and historical experience in producing and selling products of the same nature, and is subject to significant changes due to technological innovations and the behavior of competitors in response to severe industry cycles. Management will re-evaluate the estimate at the balance sheet date.

3. Significant accounting policies and accounting estimates (Continued)

3.36. Major Accounting Estimates and Judgments (Continued)

3.36.3 Current and deferred income tax

The Company is required to pay income tax in different jurisdictions, and significant judgments need to be made on the accrual of income tax in each jurisdiction. In the ordinary course of business, the final determination of the tax amount involved in certain transactions and calculations is uncertain, and given the long-term and complex nature of the existing provisions, there may be differences between the actual results and the assumptions, and the relevant assumptions may change in the future, which will affect the determination of current income tax and deferred income tax. Deferred tax assets related to temporary differences or income tax losses are recognized when management believes that there is a high probability that there will be sufficient taxable income to offset temporary differences or income tax losses in the future. When the expected results are different from the previous ones, the difference will affect the recognition of deferred tax assets and current income tax expense, which is included in the current period of the estimate change.

3.36.4 Impairment of financial assets

Impairment allowance for financial assets is calculated based on assumptions about the risk of default and the expected loss ratio. In making assumptions and selecting inputs for calculation, the Group makes judgments based on the Group's past ageing, existing market conditions and forward-looking estimates at the end of each reporting period. Notes 3.11 and 3.12 disclose information relating to all key assumptions.

3.36.5 Impairment of non-financial assets

The Company's management is required to make judgments on asset impairment at the balance sheet date, especially when valuing long-term assets, including fixed assets, construction in progress, intangible assets, etc. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. The recoverable amount of the revaluation can be adjusted for each impairment test. Note 3.21 discloses relevant information.

3. Significant accounting policies and accounting estimates (Continued)

3.37. Changes of significant accounting policies and accounting estimates

3.37.1 Changes of significant accounting policies

There were no significant changes in accounting policies in the reporting period.

3.37.2 Changes in significant accounting estimates

There were no significant changes in accounting estimates in the reporting period.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

4. Tax

4.1 Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and the difference is the VAT payable after deducting the input tax allowed to be deducted in the current period	13% for domestic sales of general goods and water and electricity charges, 9% for domestic engineering services and leasing services, 6% for domestic technical service fees and property service fees, 5% for simple tax calculation for leasing services, 3% for some other services, and 1% for small-scale taxpayers
Urban maintenance and construction tax	Based on the actual VAT payable	7%
Enterprise income tax	Based on the taxable income	25%、20%、16.50%、15%
Educational surtax	Based on the actual VAT payable	3%
Local educational surtax	Based on the actual VAT payable	2%

There are taxpayers who implement different corporate income tax rates, and the disclosure is as follows:

Name of taxpayer	Income tax rate *(%)*
Nanjing Panda Electronics Manufacturing Co., Ltd	15.00
Nanjing Panda Communication Technology Co., Ltd	15.00
Nanjing Huage Electric and Plastic Industry Co., Ltd	15.00
Nanjing Panda Information Industry Co., Ltd	15.00
Nanjing Panda Electromechanical Instrument Technology Co., Ltd	15.00
Shenzhen Jinghua Information Technology Co., Ltd	15.00
Nanjing Panda Electronic Equipment Co., Ltd	15.00
Chengdu Panda Electronic Technology Co., Ltd	15.00
Shenzhen Jinghua Property Management Co., Ltd	20.00
Shenzhen Jinghua Digital Technology Co., Ltd	20.00
Shenzhen Jinghua Health Technology Co., Ltd	20.00
Shenzhen Jingjia Property Management Co., Ltd	20.00
HongKong JWD Trading Company Limited.	16.50

4. Tax (Continued)

4.2 Significant tax incentives and approval documents

(1) Nanjing Panda Electronics Manufacturing Co., Ltd, a second-tier subsidiary of the Company, was re-identified as a high-tech enterprise on November 6, 2023 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202332007734) issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, NANJING PANDA ELECTRONICS COMPANY LTD. paid income tax at 15% of the taxable income.

(2) Nanjing Panda Communications Technology Co., Ltd, a second-tier subsidiary of the Company, passed the high-tech enterprise review on December 3, 2023 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202332012721) issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, nanjing panda communications technology Co., Ltd. paid corporate income tax at 15% of the taxable income.

(3) Nanjing Huage Electric Automobile & Plastic Industry Co., Ltd., a third-level subsidiary of the Company, was re-identified as a high-tech enterprise and obtained the "High-tech Enterprise Certificate" (certificate number is GR202032006058) issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years on December 13, 2023. During this period, Nanjing Huage Electric Automobile & Plastic Industry Co., Ltd. paid income tax at 15% of the taxable income.

(4) Nanjing Panda Information Industry Co., Ltd., a secondary subsidiary of the Company, was re-identified as the high-tech enterprise on December 16, 2024 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202432012701) jointly issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Panda Information Industry Co., Ltd. paid corporate income tax at 15% of the taxable income.

4. Tax (Continued)

4.2 Significant tax incentives and approval documents (Continued)

(5) Nanjing Panda Mechatronics Instrument Technology Co., Ltd, a third-level subsidiary of the Company, passed the high-tech enterprise review on December 16, 2024 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202432008891) jointly issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Panda Mechatronics Instrument Technology Co., Ltd. paid corporate income tax at 15% of the taxable income.

(6) Shenzhen Jinghua Information Technology Co., Ltd., a third-level subsidiary of the Company, passed the high-tech enterprise review on December 26, 2024 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202444200146) jointly issued by the Shenzhen Science and Technology Innovation Commission and others, which is valid for 3 years. During this period, Shenzhen Jinghua Information Technology Co., Ltd. pays corporate income tax at 15% of the taxable income.

(7) Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary of the Company, passed the high-tech enterprise review on December 16, 2024 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202432011280) jointly issued by the Ministry of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Panda Electronic Equipment Co., Ltd. paid corporate income tax at 15% of the taxable income.

(8) According to the announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the continuation of the enterprise income tax policy for the development of the western region (Announcement No. 23 [2020] of the State Administration of Taxation of the Ministry of Finance and the National Development and Reform Commission), from January 1, 2021 to December 31, 2030, the enterprise income tax will be levied at a reduced rate of 15% for enterprises in encouraged industries located in the western region. Chengdu Panda Electronic Technology Co., Ltd., a secondary subsidiary of the Company, complies with the provisions of the State Administration of Taxation's answer to the relevant enterprise income tax questions on the implementation of the "Catalogue of Encouraged Industries in the Western Region", for enterprises located in the western region, with encouraged industrial projects stipulated by the state as their main business, and their main business income in the current year exceeds 60% of the total income of the enterprise, the enterprise shall apply on its own, without the need for review and confirmation by the tax authorities, and the relevant information shall be retained by the company for future reference, and Chengdu Panda Electronic Technology Co., Ltd. can reduce the rate by 15% The tax rate is subject to corporate income tax.

4. Tax (Continued)

4.2 Significant tax incentives and approval documents (Continued)

(9) The Company's third-level subsidiaries, Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd., Shenzhen Jinghua Digital Technology Co., Ltd., Shenzhen Jinghua Health Technology Co., Ltd., are recognized as small and low-profit enterprises in this period, and according to Article 3 of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individually-owned Industrial and Commercial Households (No. 12 of 2023), the mortgage will be reduced by 25% for small and low-profit enterprises The enterprise income tax policy of calculating the taxable income and paying the enterprise income tax at the rate of 20% will be extended until December 31, 2027.

(10) The profit tax rate of HongKong JWD Trading Company Limited., a fourth-tier subsidiary registered in Hong Kong, is 16.5%.

(11) According to the provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Policy of Pre-tax Deduction of R&D Expenses (Announcement No. 7 of 2023 of the State Administration of Taxation of the Ministry of Finance), if the R&D expenses actually incurred by manufacturing enterprises in R&D activities are not included in the current profit or loss as intangible assets, on the basis of deduction according to the regulations, from January 1, 2023, 100% of the actual amount will be followed It is deducted before tax, and if it is formed into an intangible asset, it will be amortized before tax at 200% of the cost of the intangible asset from January 1, 2023.

The Company's second-tier subsidiaries, Nanjing Panda Electronic Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronics Manufacturing Co., Ltd., Nanjing Panda Communication Technology Co., Ltd. and Chengdu Panda Electronic Technology Co., Ltd., and the Company's third-tier subsidiaries, Nanjing Panda Mechatronics Instrument Technology Co., Ltd, Nanjing Huage Electric and Plastic Industry Co., Ltd and Shenzhen Jinghua Information Technology Co., Ltd. enjoy the tax incentive of deducting 100% of the actual amount of R&D expenses before tax.

(12) Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd., Shenzhen Jinghua Electronics Co., Ltd. Parking Lot, Shenzhen Jinghua Digital Technology Co., Ltd., and Shenzhen Jinghua Health Technology Co., Ltd. the third-level subsidiaries of the Company, in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households on Tax Policies (No. 12 [2023]) Article 2: From January 1, 2023 to December 31, 2027, small-scale VAT taxpayers and small low-profit enterprises will be charged half of the urban maintenance and construction tax, stamp duty (excluding stamp duty on securities transactions), education surcharge, and local education surcharge.

4. Tax (Continued)

4.2 Significant tax incentives and approval documents (Continued)

(13) Nanjing Panda Communication Technology Co., Ltd., a second-level subsidiary of the Company, in accordance with the provisions of the Notice on the VAT Policy for Software Products (CS [2011] No. 100), general VAT taxpayers who sell software products developed and produced by themselves, localize and transform imported software products for external sales, levy VAT at a rate of 13%, and implement a refund policy for the part of their actual VAT burden exceeding 3%.

(14) Shenzhen Jingjia Property Management Co., Ltd., a third-level subsidiary of the Company, in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on the VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers (CS [2023] No. 19), enjoys the taxable sales income of Shenzhen Municipality applicable to small-scale VAT taxpayers at a rate of 3%, and the VAT is levied at a reduced rate of 1% until December 31, 2027.

(15) Nanjing Panda Electronic Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronics Company Ltd., Nanjing Panda Communication Technology Co., Ltd., and the Company's third-level subsidiaries, Nanjing Panda Mechatronics Instrument Technology Co., Ltd., Nanjing Huage Electric Automobile and Plastic Industry Co., Ltd., Shenzhen Jinghua Information Technology Co., Ltd. and Shenzhen Jingyu Electronics Co., Ltd., in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Deduction Policy for Advanced Manufacturing Enterprises (Ministry of Finance Announcement No. 43 [2023] of the State Administration of Taxation) stipulates that from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct the VAT payable according to the deductible input tax of the current period plus 5%.

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5. Notes to the consolidated financial statements

5.1. Cash and cash equivalents

Item	31 December 2025	1 January 2025
Cash on hand	**26,809.59**	27,411.04
Cash at bank	**1,072,022,411.14**	666,484,334.11
Other monetary funds	**53,162,727.21**	91,131,386.29
Total	**1,125,211,947.94**	757,643,131.44
Including: Total overseas deposits	**34,591,418.88**	7,708,622.00
Financial company deposits	**609,660,833.84**	526,131,362.15

5.2. Financial assets held for trading

Item	31 December 2025	1 January 2025
1. Financial assets at fair value through profit or loss	**498,123,487.68**	491,594,758.95
Including: Debt instrument investment		
Equity instrument investment		
Others-wealth management products	**498,123,487.68**	491,594,758.95
Derivative financial assets		
Total	**498,123,487.68**	491,594,758.95

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.3. Notes receivable

5.3.1 Classification of notes receivable

Item	31 December 2025	1 January 2025
Bank acceptance bills	**45,443,172.38**	55,739,415.20
Trade acceptance bills	**4,405,314.00**	42,273,403.34
Finance company acceptance bills		464,394.95
Subtotal	**49,848,486.38**	98,477,213.49
Less: bad debt provision		
Total	**49,848,486.38**	98,477,213.49

5.3.2 The Company has no pledged notes receivable at the end of the period.

5.3.3 Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	Amount derecognized as at 31 December 2025	Amount not derecognized as at 31 December 2025
Bank acceptance bills		28,989,638.78
Trade acceptance bills		753,671.50
Total		29,743,310.28

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.3. Notes receivable (Continued)

5.3.4 Notes receivable by provisioning method

Item	31 December 2025				
	Book value		Allowance for credit losses		
	Amount	Percentage *(%)*	Amount	Allowance rate *(%)*	Carrying amount
Collective assessment	**49,848,486.38**	**100.00**			**49,848,486.38**
Including: notes receivable group	**49,848,486.38**	**100.00**			**49,848,486.38**
Total	**49,848,486.38**	**100.00**			**49,848,486.38**

Item	1 January 2025				
	Book value		Allowance for credit losses		
	Amount	Percentage *(%)*	Amount	Allowance rate *(%)*	Carrying amount
Collective assessment	98,477,213.49	100.00			98,477,213.49
Including: notes receivable group	98,477,213.49	100.00			98,477,213.49
Total	98,477,213.49	100.00			98,477,213.49

Notes receivable for bad debt provision based on credit risk characteristics

Notes receivable group：

Aging	31 December 2025			1 January 2025		
	Book value	Allowance for credit losses	Expected Credit Loss Rate *(%)*	Book value	Allowance for credit losses	Expected Credit Loss Rate *(%)*
0-6 months	**49,848,486.38**			98,477,213.49		
Total	**49,848,486.38**			98,477,213.49		

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable

5.4.1 Accounts receivable by aging

Aging	31 December 2025	1 January 2025
Within 1 year	**1,009,128,328.81**	1,058,676,684.09
Including: 0-6 months	**828,205,040.64**	834,046,420.47
7-12 months	**180,923,288.17**	224,630,263.62
1-2 years	**256,485,579.67**	224,822,427.20
2-3years	**144,102,094.86**	90,518,974.51
3-4years	**45,598,888.30**	54,186,725.99
4-5years	**42,486,846.63**	41,979,545.13
Over 5 years	**63,661,376.59**	46,396,005.16
Subtotal	**1,561,463,114.86**	1,516,580,362.08
Less: Allowance for credit losses	**146,263,416.31**	109,571,119.62
Total	**1,415,199,698.55**	1,407,009,242.46

Note: The aging is counted starting from the date when accounts receivable is recognized.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable (Continued)

5.4.2 Accounts receivable by provisioning method

Item	31 December 2025					1 January 2025				
	Book value		Allowance for credit losses			Book value		Allowance for credit losses		
	Amount	Percentage (%)	Amount	ECL Rate (%)	Carrying amount	Amount	Percentage (%)	Amount	ECL Rate (%)	Carrying Amount
Individual assessment	**66,163,315.73**	**4.24**	**54,866,740.73**	**82.93**	**11,296,575.00**	45,965,959.08	3.03	34,669,384.08	75.42	11,296,575.00
Collective assessment	**1,495,299,799.13**	**95.76**	**91,396,675.58**	**6.11**	**1,403,903,123.55**	1,470,614,403.00	96.97	74,901,735.54	5.09	1,395,712,667.46
Including: aging group	**1,141,537,168.72**	**73.11**	**88,226,547.58**	**7.73**	**1,053,310,621.14**	1,151,378,825.75	75.92	70,943,007.98	6.16	1,080,435,817.77
Other groups	**353,762,630.41**	**22.65**	**3,170,128.00**	**0.90**	**350,592,502.41**	319,235,577.25	21.05	3,958,727.56	1.24	315,276,849.69
Total	**1,561,463,114.86**	**100.00**	**146,263,416.31**	**9.37**	**1,415,199,698.55**	1,516,580,362.08	100.00	109,571,119.62	7.22	1,407,009,242.46

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable (Continued)

5.4.2 Accounts receivable by provisioning method (Continued)

(1) Accounts receivable that are individually assessed for provisions at the reporting date

	31 December 2025			
Company name	Book value	Allowance for credit losses	ECL rate *(%)*	Reasons
Jiangsu Jinmao Robot Technology Co., Ltd.	22,593,150.00	11,296,575.00	50.00	Expected to be partially unrecoverable
Nanjing Ludian Environmental Technology Co., Ltd.	13,201,320.00	13,201,320.00	100.00	Expected to be unrecoverable
Anhui Zaiyuan Environmental Protection Equipment Co., Ltd.	7,120,000.00	7,120,000.00	100.00	Expected to be unrecoverable
Xuzhou Suning Real Estate Co., Ltd.	6,611,197.07	6,611,197.07	100.00	Expected to be unrecoverable
Jiangsu Zhongshi Environmental Technology Co., Ltd.	6,500,000.00	6,500,000.00	100.00	Expected to be unrecoverable
Nanchang Shuntang Green Electric Technology Co., Ltd.	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Wenzhou Zhongdian Xingxin Intelligent Technology Co., Ltd.	2,040,000.00	2,040,000.00	100.00	Expected to be unrecoverable
Information Technology Department of a Military Region	2,023,000.00	2,023,000.00	100.00	Expected to be unrecoverable
Zhejiang Bajun Plastic Industry Co., Ltd.	1,600,000.00	1,600,000.00	100.00	Expected to be unrecoverable
Total	64,242,149.42	52,945,574.42	82.42	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable (Continued)

5.4.2 Accounts receivable by provisioning method (Continued)

(1) Accounts receivable that are individually assessed for provisions at the reporting date (Continued)

	1 January 2025			
Company name	Book value	Allowance for credit losses	ECL rate *(%)*	Reasons
Jiangsu Jinmao Robot Technology Co., Ltd.	22,593,150.00	11,296,575.00	50.00	Expected to be partially unrecoverable
Xuzhou Suning Real Estate Co., Ltd.	6,611,197.07	6,611,197.07	100.00	Expected to be unrecoverable
Jiangsu Zhongshi Environmental Technology Co., Ltd.	6,500,000.00	6,500,000.00	100.00	Expected to be unrecoverable
Nanchang Shuntang Green Electric Technology Co., Ltd.	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Wenzhou Zhongdian Xingxin Intelligent Technology Co., Ltd.	2,040,000.00	2,040,000.00	100.00	Expected to be unrecoverable
Information Technology Department of a Military Region	2,023,000.00	2,023,000.00	100.00	Expected to be unrecoverable
Zhejiang Bajun Plastic Industry Co., Ltd.	1,600,000.00	1,600,000.00	100.00	Expected to be unrecoverable
Total	43,920,829.42	32,624,254.42	74.28	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable (Continued)

5.4.2 Accounts receivable by provisioning method (Continued)

(2) Accounts receivable that are assessed on grouping basis for provisions at the reporting date:

① Collective assessment: Aging group

Aging	31 December 2025			1 January 2025		
	Book value	**ECL Rate** *(%)*	**Allowance for credit losses**	Book value	ECL Rate *(%)*	Allowance for credit losses
Within 1 year	**766,368,799.33**		**7,473,666.01**	851,408,942.18		7,110,878.56
Including: 0-6 months	**616,895,479.08**			709,191,371.03		
7-12 months	**149,473,320.25**	**5.00**	**7,473,666.01**	142,217,571.15	5.00	7,110,878.56
1-2 years	**199,322,562.43**	**10.00**	**19,932,256.24**	163,641,078.03	10.00	16,364,107.79
2-3years	**95,872,155.44**	**15.00**	**14,380,823.32**	49,005,295.10	15.00	7,350,794.26
3-4years	**26,382,851.79**	**30.00**	**7,914,855.54**	39,276,073.88	30.00	11,782,822.16
4-5years	**30,131,706.52**	**50.00**	**15,065,853.26**	39,426,062.71	50.00	19,713,031.36
Over 5 years	**23,459,093.21**	**100.00**	**23,459,093.21**	8,621,373.85	100.00	8,621,373.85
Total	**1,141,537,168.72**	**7.73**	**88,226,547.58**	1,151,378,825.75	6.16	70,943,007.98

② Collective assessment: Other groups

Group Name	31 December 2025			1 January 2025		
	Book value	**ECL Rate** *(%)*	**Allowance for credit losses**	Book value	ECL Rate *(%)*	Allowance for credit losses
Related party	**353,762,630.41**	**0.90**	**3,170,128.00**	319,235,577.25	1.24	3,958,727.56
Total	**353,762,630.41**	**0.90**	**3,170,128.00**	319,235,577.25	1.24	3,958,727.56

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable (Continued)

5.4.3 Movements of Allowance for credit losses on accounts receivable

Item	Balance at 1 January 2025	Changes during the year: Provision	Changes during the year: Recovery or Reversal	Changes during the year: Write-off	Others	Balance at 31 December 2025
Individual assessment	34,669,384.08	20,320,959.90	99,003.25	24,600.00		**54,866,740.73**
Collective assessment	74,901,735.54	17,330,803.99	788,599.56	47,264.39		**91,396,675.58**
Total	109,571,119.62	37,651,763.89	887,602.81	71,864.39		**146,263,416.31**

5.4.4 The actual amount of accounts receivable written off during the current period is RMB71,864.39.

5.4.5 Accounts receivable and contract assets due from the top five debtors of the Company are as follows:

Company name	Balance of accounts receivable as at 31 December 2025	Balance of contract assets as at 31 December 2025	Total balance as at 31 December 2025	Percentage of total accounts receivable and contract assets *(%)*	Balance of allowance for credit losses as at 31 December 2025
Nanjing Metro Group Co., Ltd.	315,403,286.73		315,403,286.73	18.44	10,903,927.43
Nanjing Panda Handa Technology Co., Ltd.	253,449,902.63		253,449,902.63	14.82	1,304,974.34
Ma'anshan Chujiang Intercity Rail Transit Co., Ltd.	56,997,698.77		56,997,698.77	3.33	1,696,176.63
Chengdu Rail Transit Group Co., Ltd.	38,347,876.63		38,347,876.63	2.24	7,649,101.97
Ninebot Technology Co., Ltd.	31,990,902.13		31,990,902.13	1.87	
Total	696,189,666.89		696,189,666.89	40.70	21,554,180.37

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.4. Accounts receivable (Continued)

5.4.6 Overdue accounts receivable at 31 December 2025

Item	Carrying amount
Current (not past due or impaired)	1,413,910,085.98
1-3 months past due	28,263,994.06
More than 3 months past due	119,289,034.82
Total	1,561,463,114.86

5.5. Contract Assets

5.5.1 Contract assets by categories

	31 December 2025			1 January 2025		
Item	Book value	Impairment loss	Carrying amount	Book value	Impairment loss	Carrying amount
Smart Transportation and Safe city	**149,016,884.18**	**11,446,922.78**	**137,569,961.40**	157,113,052.22	12,501,546.70	144,611,505.52
Total	**149,016,884.18**	**11,446,922.78**	**137,569,961.40**	157,113,052.22	12,501,546.70	144,611,505.52

5.5.2 Significant changes in the contract assets and reasons during the reporting period

Item	Amount of change	Reason
Smart Transportation and Safe city	-7,041,544.12	Transferred to accounts receivable due to changes in settlement progress

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.5. Contract Assets (Continued)

5.5.3 Contract assets by provision method for impairment loss

Item	31 December 2025				
	Book value		Impairment loss		
	Amount	Percentage *(%)*	Amount	Provision rate *(%)*	Carrying amount
Individual assessment					
Collective assessment	**149,016,884.18**	**100.00**	**11,446,922.78**	**7.68**	**137,569,961.40**
Including: Aging group	**148,898,167.69**	**99.92**	**11,446,922.78**	**7.68**	**137,451,244.91**
Other groups	**118,716.49**	**0.08**			**118,716.49**
Total	**149,016,884.18**	**100.00**	**11,446,922.78**	**7.68**	**137,569,961.40**

Item	1 January 2025				
	Book value		Impairment loss		
	Amount	Percentage *(%)*	Amount	Provision rate *(%)*	Carrying amount
Individual assessment					
Collective assessment	157,113,052.22	100.00	12,501,546.70	7.96	144,611,505.52
Including: Aging group	157,113,052.22	100.00	12,501,546.70	7.96	144,611,505.52
Other groups					
Total	157,113,052.22	100.00	12,501,546.70	7.96	144,611,505.52

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.5. Contract Assets (Continued)

5.5.3 Contract assets by provision method for impairment loss (Continued)

(1) Contract assets for bad debt provision based on credit risk characteristics

① Collective assessment: Aging group

Aging	31 December 2025			1 January 2025		
	Book value	Impairment loss	Provision rate (%)	Book value	Impairment loss	Provision rate (%)
Within 1 year	**70,343,576.72**			32,097,585.27		
Including: 0-6 months	**70,343,576.72**			32,097,585.27		
7-12 months						
1-2 years	**6,725,317.29**	**672,531.73**	**10.00**	125,015,466.95	12,501,546.70	10.00
2-3years	**71,829,273.68**	**10,774,391.05**	**15.00**			
Total	**148,898,167.69**	**11,446,922.78**	**7.69**	157,113,052.22	12,501,546.70	7.96

② Collective assessment: Other groups

Aging	31 December 2025			1 January 2025		
	Book value	Impairment loss	Provision rate (%)	Book value	Impairment loss	Provision rate (%)
Related party	**118,716.49**					
Total	**118,716.49**					

5.5.4 Movements of Allowance for credit losses on contract assets

Item	Balance at 1 January 2025	Changes during the year				31 December 2025	Reason
		Provision	Recovery or Reversal	Write-off	Others		
Smart Transportation and Safe city	12,501,546.70		1,054,623.92			**11,446,922.78**	
Total	12,501,546.70		1,054,623.92			**11,446,922.78**	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.6. Receivables for financing

5.6.1 Accounts receivable financing by categories

Item	31 December 2025	1 January 2025
Notes receivable	**47,523,811.39**	30,350,019.89
Accounts receivable		
Total	**47,523,811.39**	30,350,019.89

5.6.2 The Company has no pledged accounts receivable financing at the end of the period.

5.6.3 Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	Amount derecognized as at 31 December 2025	Amount not derecognized as at 31 December 2025
Bank acceptance bills	**88,731,500.96**	
Total	**88,731,500.96**	

5.6.4 Movements of receivables financing and changes in fair value

Item	Balance at 1 January 2025	Increase	Derecognize	Other changes	Balance at 31 December 2025	Accumulated loss provisions recognized in other comprehensive income
Notes receivable	30,350,019.89	249,315,353.70	232,141,562.20		**47,523,811.39**	
Accounts receivable						
Total	30,350,019.89	249,315,353.70	232,141,562.20		**47,523,811.39**	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.7. Prepayments

5.7.1 Prepayments by aging

Aging	31 December 2025 Amount	31 December 2025 Percentage (%)	1 January 2025 Amount	1 January 2025 Percentage (%)
Within 1 year	**50,456,668.27**	**89.70**	18,842,953.56	68.75
1-2 years	**1,470,026.90**	**2.61**	7,725,566.90	28.18
2-3 years	**3,565,356.42**	**6.34**	104,674.36	0.38
Over 3 years	**761,070.91**	**1.35**	737,586.92	2.69
Total	**56,253,122.50**	**100.00**	27,410,781.74	100.00

5.7.2 The top five prepayments by debtor at the end of the year

Company name	31 December 2025	Percentage in total prepayments (%)
Jiangsu Jicui Mobile Communication Technology Research Institute Co., Ltd.	**7,642,642.00**	13.59
Jiangsu Xikaicheng Rail Transit Engineering Co., Ltd.	**5,399,999.84**	9.60
Shenzhen JOYAR GROUP Technology (Group) Co., Ltd.	**4,675,048.74**	8.31
Shenzhen Motianxing Intelligent Technology Co., Ltd.	**4,247,720.50**	7.55
EmdoorVR Technology Co., Ltd	**2,962,326.25**	5.27
	24,927,737.33	44.32

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.8. Other receivables

Item	31 December 2025	1 January 2025
Interest receivable		
Dividends receivable		
Other receivables	**29,536,989.28**	36,680,080.03
Total	**29,536,989.28**	36,680,080.03

Other receivables

(1) Other receivables by aging

Aging	31 December 2025	1 January 2025
Within 1 year	**17,169,267.14**	25,175,700.73
Including: 0-6 months	**16,458,331.95**	21,304,909.32
7-12 months	**710,935.19**	3,870,791.41
1-2 years	**4,034,542.36**	2,496,000.60
2-3years	**1,953,642.60**	535,002.54
3-4years	**385,002.54**	2,428,584.46
4-5years	**1,844,697.82**	6,293,293.63
Over 5 years	**18,262,629.43**	14,111,169.80
Subtotal	**43,649,781.89**	51,039,751.76
Less: Allowance for credit losses	**14,112,792.61**	14,359,671.73
Total	**29,536,989.28**	36,680,080.03

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.8. Other receivables (Continued)

(2) Other receivables by nature

Item	31 December 2025	1 January 2025
Surety and deposits	**29,757,308.07**	39,521,546.92
Others	**13,892,473.82**	11,518,204.84
Less: Allowance for credit losses	**14,112,792.61**	14,359,671.73
Total	**29,536,989.28**	36,680,080.03

(3) Disclosure by Bad Debt Provision Method

Item	31 December 2025					1 January 2025				
	Book value		Allowance for credit losses			Book value		Allowance for credit losses		
	Amount	Percentage (%)	Amount	ECL Rate (%)	Carrying Amount	Amount	Percentage (%)	Amount	ECL Rate (%)	Carrying Amount
Individual assessment	**10,563,389.08**	**24.20**	**10,563,389.08**	**100.00**		10,579,423.08	20.73	10,579,423.08	100.00	
Collective assessment	**33,086,392.81**	**75.80**	**3,549,403.53**	**10.73**	**29,536,989.28**	40,460,328.68	79.27	3,780,248.65	9.34	36,680,080.03
Including: aging group	**12,370,380.74**	**28.34**	**3,074,284.38**	**24.85**	**9,296,096.36**	9,712,861.76	19.03	3,319,330.86	34.17	6,393,530.90
Other groups	**20,716,012.07**	**47.46**	**475,119.15**	**2.29**	**20,240,892.92**	30,747,466.92	60.24	460,917.79	1.50	30,286,549.13
Total	**43,649,781.89**	**100.00**	**14,112,792.61**	**32.33**	**29,536,989.28**	51,039,751.76	100.00	14,359,671.73	28.13	36,680,080.03

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.8. Other receivables (Continued)

(3) Disclosure by Bad Debt Provision Method (Continued)

① Other receivables for which bad debt provision is recognized on an individually assessed basis (material items)

	31 December 2025			
Name of Entity	**Amount**	**Allowance for Credit Losses**	**Provision Rate** *(%)*	**Basis**
MCT Worldwide LLC	**6,937,000.00**	**6,937,000.00**	**100.00**	Expected uncollectible
Chongqing Ruyang Communication Technology Co., Ltd.	**1,383,966.00**	**1,383,966.00**	**100.00**	Expected uncollectible
Total	**8,320,966.00**	**8,320,966.00**	**100.00**	

	1 January 2025			
Name of Entity	Amount	Allowance for Credit Losses	Provision Rate *(%)*	Basis
MCT Worldwide LLC	6,937,000.00	6,937,000.00	100.00	Expected uncollectible
Chongqing Ruyang Communication Technology Co., Ltd.	1,400,000.00	1,400,000.00	100.00	Expected uncollectible
Total	8,337,000.00	8,337,000.00	100.00	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.8. Other receivables (Continued)

(3) Disclosure by Bad Debt Provision Method (Continued)

② Other receivables for which bad debt provision is recognized on a portfolio basis

	31 December 2025		
Name	**Amount**	**Allowance for Credit Losses**	**Provision Rate** *(%)*
Portfolio 1: Aging portfolio	**12,370,380.74**	**3,074,284.38**	24.85
Portfolio2: Deposit & guarantee portfolio	**20,716,012.07**	**475,119.15**	2.29
Total	**33,086,392.81**	**3,549,403.53**	**10.73**

	1 January 2025		
Name	Amount	Allowance for Credit Losses	Provision Rate *(%)*
Portfolio 1: Aging portfolio	9,712,861.76	3,319,330.86	34.17
Portfolio 2: Deposit & guarantee portfolio	30,747,466.92	460,917.79	1.50
Total	40,460,328.68	3,780,248.65	9.34

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.8. Other receivables (Continued)

(4) The provision of allowance for credit losses

The allowance for credit losses	Stage one 12-month ECL	Stage two Lifetime ECL (credit-unimpaired)	Stage three Lifetime ECL (credit-impaired)	Total
Balance as at 31/12/2024	3,780,248.65		10,579,423.08	14,359,671.73
Balance as at 31/12/2024 during the year	3,780,248.65		10,579,423.08	14,359,671.73
–Transfer to stage two				
–Transfer to stage three				
–Reversal to stage two				
–Reversal to stage one				
Provision during the year	14,201.36	–	88.00	14,289.36
Reversal during the year	245,046.48	–	16,034.00	261,080.48
Written-off during the year			88.00	88.00
Other changes				
Balance as at 31/12/2025	3,549,403.53	–	10,563,389.08	14,112,792.61

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.8. Other receivables (Continued)

(5) Movements of Allowance for credit losses

Item	1 January 2025	Movements during the year: Provision	Recovery or Reversal	Write-off	Others	31 December 2025
Individual assessment	10,579,423.08	88.00	16,034.00	88.00		**10,563,389.08**
Collective assessment	3,780,248.65	14,201.36	245,046.48			**3,549,403.53**
Total	14,359,671.73	14,289.36	261,080.48	88.00		**14,112,792.61**

(6) The amount of other receivables written off during the current period is RMB88.00.

(7) Other receivables due from the top five debtors are as follows:

Company name	Nature	Balance as at 31 December 2025	Aging	Percentage in total other receivables *(%)*	Balance of allowance for credit losses as at 31 December 2025
MCT Worldwide LLC	Deposit	6,937,000.00	Over 5 years	15.89	6,937,000.00
Shenzhen Municipal Tax Authority	Export rebate	6,802,939.06	0-6 months	15.58	
Nanjing Metro Operation Co., Ltd.	Guarantee deposit	3,518,387.35	0-5years/Over 5 years	8.06	60,879.64
Nantong Rail Transit Group Co., Ltd.	Guarantee deposit	3,400,000.00	Over 5 years	7.79	187,680.00
Chengdu Rail Transit Group Co., Ltd.	Guarantee deposit	2,180,834.93	0-6 months	4.99	
Total	–	22,839,161.34	–	52.31	7,185,559.64

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.9. Inventories

5.9.1 Inventories by categories

Item	31 December 2025			1 January 2025		
	Book value	**Provision for impairment of inventories/ Provision for impairment of costs to fulfil a contract with a customer**	**Carrying amount**	Book value	Provision for impairment of inventories/ Provision for impairment of costs to fulfil a contract with a customer	Carrying amount
Raw materials	**222,673,383.05**	**47,645,657.90**	**175,027,725.15**	162,138,845.53	20,280,020.65	141,858,824.88
Work in progress	**82,296,745.90**	**28,612,392.25**	**53,684,353.65**	85,578,598.60	17,858,135.62	67,720,462.98
Finished goods	**117,518,575.95**	**55,695,484.45**	**61,823,091.50**	104,398,460.63	35,179,469.36	69,218,991.27
Goods in transit	**46,973,239.47**	**3,910,330.50**	**43,062,908.97**	49,982,508.71	1,164,340.11	48,818,168.60
Revolving materials	**4,088,799.76**		**4,088,799.76**	1,320,389.18	16,252.82	1,304,136.36
Costs to fulfil contracts	**120,707,591.38**	**4,445,930.96**	**116,261,660.42**	165,248,826.62	6,362,170.98	158,886,655.64
Total	**594,258,335.51**	**140,309,796.06**	**453,948,539.45**	568,667,629.27	80,860,389.54	487,807,239.73

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.9. Inventories (Continued)

5.9.2 Provision for impairment of inventories and impairment of costs to fulfil contracts

Item	Balance at the beginning of the year	Additions during the year: Provision	Additions during the year: Others	Decrease during the year: Reversal or write-down	Decrease during the year: Others	Balance at the end of the year
Raw materials	20,280,020.65	27,994,046.42		628,409.17		**47,645,657.90**
Revolving materials	16,252.82			16,252.82		**–**
Work in progress	17,858,135.62	12,354,225.60		1,599,968.97		**28,612,392.25**
Finished goods	35,179,469.36	23,470,061.48		2,954,046.39		**55,695,484.45**
Costs to fulfil contracts	6,362,170.98	1,902,424.23		3,818,664.25		**4,445,930.96**
Goods in transit	1,164,340.11	2,831,362.84		85,372.45		**3,910,330.50**
Total	80,860,389.54	68,552,120.57		9,102,714.05		**140,309,796.06**

Note: According to the inventory sold in the current period, the reversal of write-down of inventories made in prior years due to the resale of these inventories was RMB9,102,714.05.

5.10. Non-current assets due within one year

Item	31 December 2025	1 January 2025
Warranty due within one year	**0.00**	730,582.81
Total	**0.00**	730,582.81

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.11. Other current assets

Item	**31 December 2025**	1 January 2025
VAT on tax credits, input tax to be deducted、input tax to be certified	**3,256,021.69**	1,207,530.66
Prepaid income tax	**2,252,408.34**	991,463.41
Large-denomination certificates of deposit to be transferred within one year	**213,346,927.34**	245,887,584.05
Total	**218,855,357.37**	248,086,578.12

5.12. Long-term equity investments

		Movements during the reporting period									
Investee	Balance as at 1 January 2025	**Addition of investment**	**Reduction of investment**	**Investment income/loss recognized under the equity method**	**Adjustment of OCI**	**Changes of other equity**	**Cash dividend or profit distribution announced**	**Provision for impairment**	**Others**	**Balance as at 31 December 2025**	**Provision for impairment as at 31 December 2025**
1. Associates											
Shenzhen Jinghua Network Marketing Co., Ltd.	1,748,732.17			-230,839.72						**1,517,892.45**	
Shenzhen Chebao Information Technology Co., Ltd.	321,300.94		321,300.94								
Nanjing LG-PANDA Appliance Co., Ltd.	426,919,897.33			69,598,597.80			87,289,185.87			**409,229,309.26**	
Nanjing Ericsson Panda Communication Co., Ltd.			230,134,881.37						230,134,881.37		
Beijing SE Potevio Mobile Communications Co., Ltd.	64,000,000.00		77,192,317.99						13,192,317.99		
Subtotal	492,989,930.44		307,648,500.30	69,367,758.08			87,289,185.87		243,327,199.36	**410,747,201.71**	
Total	492,989,930.44		307,648,500.30	69,367,758.08			87,289,185.87		243,327,199.36	**410,747,201.71**	

Note: [1] Nanjing Ericsson Panda Communications Co., Ltd. disposed of relevant assets during the current period, and the provision for impairment of RMB230,134,881.37 accrued in prior periods was reversed in the current period.

[2] Beijing SE Potevio Mobile Communications Co., Ltd. completed its liquidation and deregistration in the current period, and the provision for impairment of RMB13,192,317.99 accrued in prior periods was reversed in the current period.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.13. Investment property

Investment property measured by cost

Item	Buildings	Land use rights	Construction in progress	Total
I. Cost				
1. Balance at 1 January 2025	281,359,433.03			281,359,433.03
2. Additions				
3. Reductions				
(1) Transfer to fixed assets	638,110.88			638,110.88
4. Balance at 31 December 2025	280,721,322.15			280,721,322.15
II. Accumulated depreciation or amortization				
1. Balance at 1 January 2025	98,370,897.45			98,370,897.45
2. Additions				
Accrual or amortization	7,040,351.22			7,040,351.22
3. Reductions				
(1) Transfer to fixed assets	503,303.03			503,303.03
4. Balance at 31 December 2025	104,907,945.64			104,907,945.64
III. Provision for impairment				
1. Balance at 1 January 2025				
2. Balance at 31 December 2025				
IV. Carrying amount				
1. Balance at 31 December 2025	175,813,376.51			175,813,376.51
2. Balance at 1 January 2025	182,988,535.58			182,988,535.58

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.14. Fixed assets

Category	31 December 2025	1 January 2025
Fixed assets	**740,244,307.23**	766,605,062.74
Disposal of fixed assets		308,954.94
Less: Allowance for impairment	**13,680,562.05**	2,197,124.02
Total	**726,563,745.18**	764,716,893.66

5.14.1 Movement of fixed assets

Item	Buildings	Machinery & equipment	Electronic equipment	Transportation vehicles	Others	Total
I. Cost						
1. Balance at 1 January 2025	945,933,114.92	568,903,488.92	89,897,968.50	19,020,093.68	76,333,639.17	1,700,088,305.19
2. Additions	638,110.88	27,847,101.28	2,535,300.84	193,340.90	15,696,819.73	46,910,673.63
(1) Purchases		27,573,515.44	2,509,684.84	47,345.13	13,785,862.96	43,916,408.37
(2) Transfers from construction in process		15,929.20		87,876.11	1,910,956.77	2,014,762.08
(3) Transfers from investment property for self-use	638,110.88					638,110.88
(4) Others		257,656.64	25,616.00	58,119.66		341,392.30
3. Reductions		4,913,486.05	2,023,738.72	565,201.74	1,203,402.20	8,705,828.71
(1) Disposals or scrap		4,575,024.50	2,014,877.72	565,201.74	928,990.56	8,084,094.52
(2) Others		338,461.55	8,861.00		274,411.64	621,734.19
4. Balance at 31 December 2025	946,571,225.80	591,837,104.15	90,409,530.62	18,648,232.84	90,827,056.70	1,738,293,150.11

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.14. Fixed assets (Continued)

5.14.1 Movement of fixed assets (Continued)

Item	Buildings	Machinery & equipment	Electronic equipment	Transportation vehicles	Others	Total
II. Accumulated depreciation						
1. Balance at 1 January 2025	374,852,354.29	410,662,004.39	75,114,197.86	16,813,329.63	56,041,356.28	933,483,242.45
2. Additions	31,058,184.47	31,272,525.71	4,021,211.34	432,143.27	5,850,686.43	72,634,751.22
(1) Provision	30,554,881.44	31,029,039.48	3,997,595.14	374,023.61	5,850,686.43	71,806,226.10
(2) Transfers from investment property for self-use	503,303.03					503,303.03
(3) Others		243,486.23	23,616.20	58,119.66		325,222.09
3. Reductions		4,503,802.98	1,862,761.02	560,720.11	1,141,866.68	8,069,150.79
(1) Disposals or scrap		4,165,341.43	1,853,900.02	560,720.11	883,625.25	7,463,586.81
(2) Others		338,461.55	8,861.00		258,241.43	605,563.98
4. Balance at 31 December 2025	405,910,538.76	437,430,727.12	77,272,648.18	16,684,752.79	60,750,176.03	998,048,842.88
III. Provision for impairment						
1. Balance at 1 January 2025		1,831,130.64	192,219.23	173,774.15		2,197,124.02
2. Additions		8,283,552.05	643,509.10	146,297.36	2,493,695.69	11,567,054.20
(1) Provision		8,283,552.05	643,509.10	146,297.36	2,493,695.69	11,567,054.20
3. Reductions			83,616.17			83,616.17
(1) Disposals or scrap			83,616.17			83,616.17
4. Balance at 31 December 2025		10,114,682.69	752,112.16	320,071.51	2,493,695.69	13,680,562.05
IV. Carrying amount						
1. At 31 December 2025	540,660,687.04	144,291,694.34	12,384,770.28	1,643,408.54	27,583,184.98	726,563,745.18
2. At 1 January 2025	571,080,760.63	156,410,353.89	14,591,551.41	2,032,989.90	20,292,282.89	764,407,938.72

5.14.2 There are no temporarily idle fixed assets as at 31 December 2025.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.14. Fixed assets (Continued)

5.14.3 The fixed assets leased out by operating lease as at 31 December 2025

Category	Carrying amount
Buildings	5,382,981.61
Transportation vehicles	90,019.50
Total	5,473,001.11

5.14.4 Fixed assets pending certificates of ownership

Item	Carrying amount	Reasons
Buildings (Shenzhen Longgang Jinghua Electric Co., Ltd.)	3,840,789.14	Cooperative Housing – The land is a collective land provided by Shenzhen Longgang Liangantian Economic Development Co., Ltd
Xingang 3# workshop	4,324,844.11	Erected steel-framed building
Total	8,165,633.25	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.14. Fixed assets (Continued)

5.14.5 Impairment test

Management has identified indicators of impairment for certain assets in the electronic equipment segment of the Group's Industrial Internet and Intelligent Manufacturing division, and engaged Zhongrui Shilian Asset Appraisal Group Co., Ltd. to perform an impairment test over the relevant assets. The recoverable amount of the relevant asset group was determined as the higher one between its fair value less costs of disposal and its value in use. After comparing these two amounts, the recoverable amount was determined as the value in use. The entrusted asset group primarily consists of air compressors, CNC lathes, and cutting machines. Zhongrui Shilian issued appraisal report ZhongRui Appraisal Report [2026] No. 600103. Based on the appraisal results and consideration of government grants related to the assets, an impairment loss of RMB11,567,054.20 was recognised during the current period.

Recoverable amount is determined based on the present value of estimated future cash flows. (Unit: RMB10,000)

Item	Carrying Amount	Recoverable Amount	Impair-ment Loss	Forecast Period	Key Parameters in Forecast Period	Key Parameters in Stable Period	Basis for Determining Key Parameters in Stable Period
Electronic Equipment Asset Group	4,507.15	693.68	1,303.51	10 years	Growth rate: 19%-44%；Gross profit margin: 11%；Discount rate: 14%.	Gross profit margin: 11%；Discount rate: 14%.	The discount rate adopts the pre-tax weighted average cost of capital (WACC).
Total	4,507.15	693.68	1,303.51				

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.14. Fixed assets (Continued)

5.14.5 Impairment test (Continued)

Note: *[1]* The Electronic Equipment Asset Group includes fixed assets – machinery equipment, vehicles, electronic equipment and other intangible assets.

[2] The impairment loss takes into account the government subsidies related to the assets, i.e., deferred income.

[3] The revenue growth rate is determined based on the enterprise's historical production and sales situation, its "15th Five-Year Plan" and production capacity, as well as the development of the enterprise and the industry. Nanjing Panda Electronic Equipment Co., Ltd. has formulated a new market plan, taking into account certain competitive factors.

[4] The gross profit margin is based on the enterprise's "15th Five-Year Plan" and the industry development. It is expected that the main business of the enterprise in the future will be in the field of intelligent manufacturing, with the gross profit margin ranging from 10% to 15%. After the enterprise divests relevant hardware manufacturing businesses in 2026, the gross profit margin is expected to increase year by year.

5.14.6 Other explanations

Useful life in China:

Located in China	**31 December 2025**	1 January 2025
Mid-term (10-50 years)	**540,660,687.04**	571,080,760.63
Short-term (within 10 years)	**185,903,058.14**	193,327,178.09

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.14. Fixed assets (Continued)

5.14.7 Disposal of fixed assets

Item	**31 December 2025**	1 January 2025
Electronic equipment		86,816.49
Machinery & equipment		212,824.66
Others		9,313.79
Total		308,954.94

5.15. Construction in process

Category	**31 December 2025**	1 January 2025
Projects constructed in process	**778,720.32**	1,506,311.96
Construction materials		
Less: Provision for impairment		
Total	**778,720.32**	1,506,311.96

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.15. Construction in process (Continued)

Projects constructed in process

(1) Construction in process

Item	31 December 2025			1 January 2025		
	Book value	**Provision for impairment**	**Carrying amount**	Book value	Provision for impairment	Carrying amount
Construction of production auxiliary rooms	**74,716.96**		**74,716.96**	74,716.96		74,716.96
Intelligent transformation of the warehouse in Building No.1 factory				745,138.05		745,138.05
Jinghua Science and Technology Park's main gate and functional rooms	**630,631.68**		**630,631.68**	15,000.00		15,000.00
Digital Upgrade of Equipment Park				671,456.95		671,456.95
Others	**73,371.68**		**73,371.68**			
Total	**778,720.32**		**778,720.32**	1,506,311.96		1,506,311.96

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.16. Right-of-use Assets

Item	Houses and Buildings	Machinery & Equipment	Total
I. Cost			
1. Balance at 1 January 2025	16,704,920.38		16,704,920.38
2. Additions during the year	983,861.85		983,861.85
(1) New lease	983,861.85		983,861.85
3. Decrease during the year	5,981,369.86		5,981,369.86
(1) Lease contracts expired	5,981,369.86		5,981,369.86
4. Balance at 31 December 2025	11,707,412.37		11,707,412.37
II. Accumulated depreciation			
1. Balance at 1 January 2025	8,240,104.96		8,240,104.96
2. Additions during the year	4,287,215.96		4,287,215.96
(1) Provision	4,287,215.96		4,287,215.96
3. Decrease during the year	5,981,369.86		5,981,369.86
(1) Lease contracts expired	5,981,369.86		5,981,369.86
4. Balance at 31 December 2025	6,545,951.06		6,545,951.06
III. Provision for impairment			
1. Balance at 1 January 2025			
2. Balance at 31 December 2025			
IV. Carrying amount			
1. Balance at 31 December 2025	5,161,461.31		5,161,461.31
2. Balance at 1 January 2025	8,464,815.42		8,464,815.42

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.17. Intangible assets

5.17.1 Intangible assets

Item	Land use rights	Patent rights	Non-Patent techniques	Trademark rights	Copyrights	Software	Total
I. Cost							
1. Balance at 1 January 2025	105,197,729.12	730,105.00	91,320,811.48	158,340,000.00	9,768,026.49	32,915,423.63	398,272,095.72
2. Additions during the year						1,491,658.27	1,491,658.27
(1) Purchases						1,211,316.38	1,211,316.38
(2) Transfers from construction in process							
(3) Others						280,341.89	
3. Decrease during the year							
4. Balance at 31 December 2025	105,197,729.12	730,105.00	91,320,811.48	158,340,000.00	9,768,026.49	34,407,081.90	399,763,753.99
II. Accumulated depreciation							
1. Balance at 1 January 2025	30,233,609.42	350,938.33	78,321,475.08	158,340,000.00	6,753,141.38	21,889,301.93	295,888,466.14
2. Additions during the year	2,802,423.89	70,000.00	8,401,989.81		803,218.77	2,491,720.24	14,569,352.71
(1) Provision	2,802,423.89	70,000.00	8,401,989.81		803,218.77	2,211,378.35	14,289,010.82
(2) Others						280,341.89	280,341.89
3. Decrease during the year							
4. Balance at 31 December 2025	33,036,033.31	420,938.33	86,723,464.89	158,340,000.00	7,556,360.15	24,381,022.17	310,457,818.85
III. Provision for impairment							
1. Balance at 1 January 2025			3,562,919.55			350,900.86	3,913,820.41
2. Additions during the year			71,320.67		294,940.35	1,101,789.75	1,468,050.77
(1) Provision			71,320.67		294,940.35	1,101,789.75	1,468,050.77
3. Decrease during the year							
4. Balance at 31 December 2025			3,634,240.22		294,940.35	1,452,690.61	5,381,871.18
IV. Carrying amount							
1. Balance at 31 December 2025	72,161,695.81	309,166.67	963,106.37		1,916,725.99	8,573,369.12	83,924,063.96
2. Balance at 1 January 2025	74,964,119.70	379,166.67	9,436,416.85		3,014,885.11	10,675,220.84	98,469,809.17

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.17. Intangible assets (Continued)

5.17.1 Intangible assets (Continued)

The proportion of intangible assets formed through internal research and development to the balance of intangible assets at the end of the period was 23.86%.

Note: Management has identified indicators of impairment for certain intangible assets in the electronic equipment segment of the Group's Industrial Internet and Intelligent Manufacturing division, and engaged Zhongrui Shilian Asset Appraisal Group Co., Ltd. to perform an impairment test over the relevant assets. The recoverable amount of the relevant asset group was determined as the higher one between its fair value less costs of disposal and its value in use. The intangible assets within the entrusted asset group primarily consisted of purchased software technology. Zhongrui Shilian issued appraisal report ZhongRui Appraisal Report [2026] No. 600103. Based on the appraisal results, an impairment loss of RMB1,468,050.77 on intangible assets was recognised during the current period.

Recoverable amount is determined based on the present value of estimated future cash flows. (Unit: RMB10,000)

Item	Carrying Amount	Recoverable Amount	Impairment Loss	Forecast Period	Key Parameters in Forecast Period	Key Parameters in Stable Period	Basis for Determining Key Parameters in Stable Period
Electronic Equipment Asset Group	4,507.15	693.68	1,303.51	10 years	Growth rate: 19%-44%；Gross profit margin: 11%；Discount rate: 14%。	Gross profit margin:11%；Discount rate: 14%。	The discount rate adopts the pre-tax weighted average cost of capital (WACC).
Total	4,507.15	693.68	1,303.51				

Note: *[1]* The Electronic Equipment Asset Group comprises fixed assets (including machinery and equipment, vehicles, electronic equipment) and other intangible assets.

[2] The impairment amount takes into account the government grants related to the assets, i.e., the balance of deferred income.

[3] The revenue growth rate is determined based on the Company's historical production and sales performance, its "15th Five-Year Plan", production capacity, as well as the development of the Company and the industry. Nanjing Panda Electronic Equipment Co., Ltd. has formulated a new market plan, taking into account certain competitive factors.

[4] The gross profit margin is determined based on the Company's "15th Five-Year Plan" and industry development. The gross profit margin of the intelligent manufacturing sector, where the Company's main business is located, is expected to range from 10% to 15% in the future. After the Company divests its relevant hardware manufacturing businesses in 2026, the gross profit margin is expected to increase year by year.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.17. Intangible assets (Continued)

5.17.2 During the reporting period, there was no land use right for which the property right certificate had not been completed.

5.17.3 Other explanations

Useful life in China:

Located in China	31 December 2025	1 January 2025
Long-term (not shorter than 50 years)	**45,755,951.84**	46,995,390.72
Short-term (shorter than 50 years but not shorter than 5 years)	**38,168,112.12**	51,474,418.45

5.18. Long-term deferred expenses

Item	Balance at 1 January 2025	Additions	Amortization	Other reductions	Balance at 31 December 2025
Renovation and renovation of Xingang Park	11,049,369.21		4,235,138.87		**6,814,230.34**
Equipment transformation of Shenzhen Jinghua Park	1,903,355.92	917,537.70	831,859.59		**1,989,034.03**
Panda Mansion renovations	2,733,395.32		496,195.85		**2,237,199.47**
Others	712,758.62		560,644.56		**152,114.06**
Total	16,398,879.07	917,537.70	6,123,838.87		**11,192,577.90**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.19. Deferred tax assets and deferred tax liabilities

5.19.1 Deferred tax assets and deferred tax liabilities before offsetting

	31 December 2025		1 January 2025	
Item	**Deferred tax assets or liabilities**	**Deductible or taxable temporary differences**	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Deferred tax assets：				
Provisions for impairment of assets	**18,788,432.21**	**126,247,553.92**	14,491,705.24	96,425,381.92
Unrealized profits from internal transactions	**717,118.42**	**4,564,775.99**	820,341.03	3,893,506.42
Deductible tax losses	**177,702.04**	**1,184,680.28**	706,037.87	4,706,919.13
Employee benefits payable	**469,738.65**	**2,404,735.87**	740,334.48	3,912,721.15
Withholding Expenses	**205,763.78**	**4,115,275.60**	246,960.95	4,939,219.09
Depreciation and amortization				
Government grants	**390,000.00**	**2,600,000.00**	540,000.00	3,600,000.00
Leases	**805,535.62**	**5,106,173.98**	1,471,890.27	8,538,018.24
Estimated Liabilities			525,000.00	3,500,000.00
Subtotal	**21,554,290.72**	**146,223,195.64**	19,542,269.84	129,515,765.95
Deferred tax liabilities:				
Change in fair value of financial assets held for trading	**736,451.10**	**3,123,487.77**	696,152.52	3,230,009.09
Right-of-use assets	**819,655.32**	**5,161,461.31**	1,453,114.43	8,464,815.44
Accelerated depreciation of fixed assets	**4,068,030.91**	**26,880,630.97**	2,883,532.94	18,772,218.36
Subtotal	**5,624,137.33**	**35,165,580.05**	5,032,799.89	30,467,042.89

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.19. Deferred tax assets and deferred tax liabilities (Continued)

5.19.2 Details of unrecognized deferred tax assets

Item	31 December 2025	1 January 2025
Deductible temporary differences	**208,350,595.31**	379,727,242.52
Deductible tax losses	**1,316,352,389.38**	1,469,235,732.64
Total	**1,524,702,984.69**	1,848,962,975.16

5.19.3 Expiration of deductible tax losses not yet recognized deferred tax assets

Year	31 December 2025	1 January 2025	Remarks
2025		133,307,129.51	
2026	**95,818,882.32**	132,838,626.64	
2027	**112,296,795.19**	139,832,745.89	
2028	**177,721,080.60**	147,270,566.92	
2029	**228,722,974.92**	293,712,294.87	
2030 and subsequent years	**701,792,656.35**	622,274,368.81	
Total	**1,316,352,389.38**	1,469,235,732.64	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.20. Other non-current assets

Item	31 December 2025			1 January 2025		
	Book value	**Provision for impairment**	**Carrying amount**	Book value	Provision for impairment	Carrying amount
Prepayment for the acquisition of long-term assets	**245,092.90**		**245,092.90**	5,329,316.34		5,329,316.34
Total	**245,092.90**		**245,092.90**	5,329,316.34		5,329,316.34

5.21. Short-term loans

5.21.1 Short-term loans by categories

Item	**31 December 2025**	1 January 2025
Accounts receivable pledged borrowing		614,845.96
Banker's acceptance bills discounted but not derecognized		41,711,481.92
Total		42,326,327.88

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.22. Notes payable

Item	31 December 2025	1 January 2025
Bank acceptance bills	**96,025,397.90**	108,540,615.36
Trade acceptance bills		
Finance company acceptance bills	**10,065,491.33**	1,748,815.76
Total	**106,090,889.23**	110,289,431.12

5.23. Accounts payable

5.23.1 Accounts payable by aging

Item	31 December 2025	1 January 2025
Within 1 year(including 1 year)	**876,248,947.21**	987,034,107.84
1 – 2 years(including 2 year)	**367,064,200.33**	209,102,581.68
2 – 3 years(including 3 year)	**130,299,085.25**	53,611,183.43
More than 3 years	**94,161,610.10**	78,470,818.03
Total	**1,467,773,842.89**	1,328,218,690.98

Note: The age of the accounts payable is disclosed based on the age on the date of entry.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.23. Accounts payable (Continued)

5.23.2 Significant accounts payable aging over 1 year

Creditor	31 December 2025	Reasons
Shanghai Charmhope Information Technology Co., Ltd.	**36,787,601.22**	Not settled
Jiangsu Zhengjie Construction Labor Service Co., Ltd.	**24,773,296.79**	Not settled
Nanjing Rail Transit Systems Co., Ltd.	**16,395,288.00**	Not settled
CRSC Research & Design Institute Group Co., Ltd.	**12,350,401.41**	Not settled
Nanjing Conch Technology Co., Ltd.	**11,186,891.04**	Not settled
Nanjing Xinleizhu Communication Technology Development Co., Ltd.	**9,948,262.84**	Not settled
Jiangsu Shengyaode Construction Engineering Labor Service Co., Ltd.	**9,683,133.03**	Not settled
Jiangsu Zhongzhishun Technology Co., Ltd.	**9,644,275.40**	Not settled
Nanjing Guochuang Electromechanical Engineering Co., Ltd.	**9,373,931.85**	Not settled
Nanjing Keyong Technology Co., Ltd.	**8,907,856.07**	Not settled
Total	**149,050,937.65**	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.24. Advances from customers

(1) Advances from customers by aging

Item	31 December 2025	1 January 2025
Within 1 year (including 1 year)	**48,628.60**	468,971.75
More than 1 year		
Total	**48,628.60**	468,971.75

5.25. Contract liabilities

Item	31 December 2025	1 January 2025
Smart Transportation and Safe City	**89,693,254.94**	48,867,867.30
Industrial Internet and intelligent manufacturing	**30,554,402.91**	32,359,975.83
Green service-oriented electronic manufacturing	**28,529,767.84**	27,542,147.41
Total	**148,777,425.69**	108,769,990.54

Significant changes in the contract liabilities and reasons during the reporting period

Item	Amount of change	Reasons
Smart Transportation and Safe City	40,825,387.64	Advances from customers
Industrial Internet and intelligent manufacturing	-1,805,572.92	Recognize revenue

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.26. Employee benefits payable

5.26.1 Movement of employee benefits payable

Item	1 January 2025	Increase	Decrease	31 December 2025
I. Short-term employee benefits	55,358,573.83	548,460,441.93	530,197,067.53	**73,621,948.23**
II. Post-employment benefits–defined contribution plans	794,773.72	61,765,864.44	62,560,638.16	**–**
III. Termination benefits	3,187,809.96	33,722,944.96	35,127,442.56	**1,783,312.36**
IV. Other benefits due within one year				
Total	59,341,157.51	643,949,251.33	627,885,148.25	**75,405,260.59**

5.26.2 Details of the short-term employee benefits

Item	1 January 2025	Accrued	Paid	31 December 2025
Salaries, bonus, and allowances	46,356,612.43	386,327,809.15	369,853,177.81	**62,831,243.77**
Staff welfare	420,000.00	29,043,463.82	29,363,463.82	**100,000.00**
Social insurances	136,421.29	24,039,692.52	24,176,113.81	
Including: Medical and maternity insurances	109,579.68	19,795,258.58	19,904,838.26	
Work injury insurance	14,318.38	1,940,489.23	1,954,807.61	
Maternity insurance premiums	12,523.23	2,303,944.71	2,316,467.94	
Others				
Housing Fund	1,435,324.00	52,040,790.47	52,535,063.47	**941,051.00**
Union funds and employee education fee	226,162.48	8,472,750.76	7,168,656.79	**1,530,256.45**
Short-term paid absences				
Short-term profit –sharing plan	4,500,000.00	3,000,000.00	1,810,000.00	**5,690,000.00**
Labor costs	2,284,053.63	45,535,935.21	45,290,591.83	**2,529,397.01**
Total	55,358,573.83	548,460,441.93	530,197,067.53	**73,621,948.23**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.26. Employee benefits payable (Continued)

5.26.3 Defined contribution plans

Item	1 January 2025	Accrued	Paid	31 December 2025
Primary endowment insurance	638,958.00	48,390,281.43	49,029,239.43	
Unemployment insurance	8,137.45	1,559,644.09	1,567,781.54	
Pension insurance	147,678.27	11,815,938.92	11,963,617.19	
Total	794,773.72	61,765,864.44	62,560,638.16	

5.27. Taxes and surcharges payable

Item	31 December 2025	1 January 2025
Value added tax	**31,567,083.45**	25,693,085.15
Enterprise income tax	**3,084,679.40**	5,331,078.54
Urban maintenance and construction tax	**597,836.93**	636,686.29
Estate tax	**2,786,111.38**	2,459,392.67
Land use tax	**429,886.10**	429,886.10
Individual income tax	**4,506,187.70**	4,621,963.04
Educational surtax	**427,015.87**	454,776.14
Other taxes and surcharges	**230,097.68**	202,557.48
Total	**43,628,898.51**	39,829,425.41

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.28. Other payables

Item	31 December 2025	1 January 2025
Interest payable		
Dividends payable	**38,108,810.84**	13,111,074.34
Other payables	**68,908,655.90**	90,547,165.29
Total	**107,017,466.74**	103,658,239.63

5.28.1 Dividends payable

Item	31 December 2025	1 January 2025
Dividends for common shares	**38,108,810.84**	13,111,074.34
Total	**38,108,810.84**	13,111,074.34

5.28.2 Other payables

(1) Other payables by nature

Item	31 December 2025	1 January 2025
Surety and deposits	**29,261,513.70**	26,446,061.88
Operation-related payments	**12,916,757.45**	22,189,053.73
Transactions	**21,227,179.66**	28,317,510.44
Others	**5,503,205.09**	13,594,539.24
Total	**68,908,655.90**	90,547,165.29

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.28. Other payables (Continued)

5.28.2 Other payables (Continued)

(2) Significant other payables aging over 1 year

Company name	31 December 2025	Reasons
Nanjing China Electronics Panda Corporation	**9,790,000.00**	Transactions
Shenzhen Jingji Baina Business Management Co., Ltd.	**4,195,908.00**	The deposit has not yet expired
Nanjing Gusheng Enterprise Management Co., Ltd.	**3,600,000.00**	The deposit has not yet expired
Panda Electronics Group Co., Ltd.	**3,551,869.27**	Transactions
Shenzhen Lichang Industry Co., Ltd.	**2,032,430.00**	The deposit has not yet expired
Shenzhen Shanshui Fashion Hotel Management Co., Ltd.	**1,785,628.00**	The deposit has not yet expired
Total	**20,759,927.27**	

5.29 Non-current liabilities due within one year

Item	31 December 2025	1 January 2025
Lease liabilities due within one year	**5,039,511.36**	4,148,681.83
Estimated liabilities due within one year		1,700,000.00
Total	**5,039,511.36**	5,848,681.83

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.30 Other current liabilities

Item	**31 December 2025**	1 January 2025
Pending output VAT	**16,197,238.42**	11,398,063.09
Endorsed and discounted notes receivable that have not yet matured	**38,389,209.17**	57,531,063.30
Government grants that have not been accepted	**15,562,368.44**	15,427,368.44
Total	**70,148,816.03**	84,356,494.83

5.31. Lease liabilities

Item	**31 December 2025**	1 January 2025
Lease payment	**7,908,247.12**	9,303,070.75
Less: Unrealized finance expense	**234,929.83**	526,166.92
Less: Lease liabilities due within one year	**5,039,511.36**	4,148,681.83
Total	**2,633,805.93**	4,628,222.00

5.32. Long-term employee salaries payable

Item	**31 December 2025**	1 January 2025
Termination benefits	**2,292,859.18**	4,200,641.03
Total	**2,292,859.18**	4,200,641.03

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.33. Estimated Liabilities

Item	1 January 2025	Addition	Decrease	31 December 2025	Reasons
Product Quality Assurance	1,800,000.00		1,800,000.00	**0.00**	
Total	1,800,000.00		1,800,000.00	**0.00**	

5.34. Deferred income

Item	1 January 2025	Increase	Decrease	31 December 2025	Related to assets/income
Government grants	986,461.50	1,875,000.00	1,909,897.47	**951,564.03**	Related to income
Government grants	31,433,214.93	3,000,000.00	9,123,788.60	**25,309,426.33**	Related to assets
Total	32,419,676.43	4,875,000.00	11,033,686.07	**26,260,990.36**	

5.35. Share capital

		Changes during the reporting period (+/-)					
Item	1 January 2025	Issuance of new share	Bonus s hares	Capital reserve transfer in	Others	Sub-total	31 December 2025
Total shares	913,838,529.00						**913,838,529.00**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.36. Capital reserve

Item	1 January 2025	Increase	Decrease	31 December 2025
Share premiums	1,450,743,806.12			**1,450,743,806.12**
Other capital reserve	19,947,994.01		**444,062.35**	**19,503,931.66**
Total	1,470,691,800.13		**444,062.35**	**1,470,247,737.78**

Note: The decrease of Capital reserve due to disposal of associate company Nanjing Ericsson Panda Communication Co., Ltd.

5.37. Special reserve

Item	1 January 2025	Increase	Decrease	31 December 2025	Reason
Safety costs	275,607.10	475,687.88	751,294.98	**0.00**	Accrual and use
Total	275,607.10	475,687.88	751,294.98	**0.00**	

5.38. Surplus reserve

Item	1 January 2025	Increase	Decrease	31 December 2025
Statutory surplus reserve	239,123,945.37	**21,061,004.35**	**–**	**260,184,949.72**
Discretionary surplus reserve	70,376,641.33			**70,376,641.33**
Total	309,500,586.70	**21,061,004.35**	**–**	**330,561,591.05**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.39. Retained earnings

Item	**Year ended 31/12/2025**	Year ended 31/12/2024
Retained earnings as at 31/12/2024	**419,988,124.67**	608,842,680.92
The total adjustment of retained earnings as at 1/1/2025 (Increase+, decrease-)		
Retained earnings as at 1/1/2025 after adjustment	**419,988,124.67**	608,842,680.92
Increase in the current period	**10,731,710.09**	-188,854,556.25
Including: Net profit attributable to the Company during the year	**10,731,710.09**	-188,854,556.25
Other adjustment factors		
Decrease for the period	**21,061,004.35**	
Including:the amount of surplus reserve withdrawn in the current period	**21,061,004.35**	
The number of cash dividends distributed for the period		
Conversion of capital		
Reduced others		
Retained earnings as at 31/12/2025	**409,658,830.41**	419,988,124.67

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.40. Operating income and operating costs

5.40.1 Operating income and operating costs by category

Item	2025 Income	2025 Costs	2024 Income	2024 Costs
Principal activities	**2,458,101,202.16**	**2,100,024,039.80**	2,612,549,693.59	2,213,860,194.41
Other operating activities	**29,803,959.70**	**10,428,050.36**	33,335,267.27	6,884,393.04
Total	**2,487,905,161.86**	**2,110,452,090.16**	2,645,884,960.86	2,220,744,587.45

50.4.2 Segmented by Business Type

Item	2025 Income	2025 Costs	2024 Income	2024 Costs
Revenue from contracts with customers	**2,371,983,991.52**	**2,092,194,735.61**	2,530,369,540.16	2,200,675,800.12
Revenue from operating leases	**115,921,170.34**	**18,257,354.55**	115,515,420.70	20,068,787.33
Total	**2,487,905,161.86**	**2,110,452,090.16**	2,645,884,960.86	2,220,744,587.45

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.40. Operating income and operating costs (Continued)

5.40.3 Table of Deductions from Operating Income

Item	2025	Deduction	2024	Deduction
Operating income	**2,487,905,161.86**		2,645,884,960.86	
Total amount reduced from operating income	**8,452,948.25**		6,163,863.19	
The proportion of the total amount deducted to operating income (%)	**0.34**	/	0.23	/
I. Operating income unrelated to principal activities				
1. Other business income includes: Rental revenue of fixed assets, intangible assets and packing material; Revenue from selling material or exchanging non-monetary assets with materials; Revenues from operating entrusted management businesses, and other activities that are not main business for the listed company although included in the operating income.	**8,452,948.25**	Other operating income such as sales of materials, waste materials and parking fees, etc.	6,163,863.19	Other operating income such as sales of materials, waste materials and parking fees, etc.
Subtotal	**8,452,948.25**		6,163,863.19	
II. Income without commercial substance				
III. Other income unrelated to principal activities or without commercial substance				
Net Operating income	**2,479,452,213.61**		2,639,721,097.67	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.40. Operating income and operating costs (Continued)

5.40.4 Breakdown information of operating income and operating costs

Income Categories	Industrial Internet and intelligent manufacturing		Smart transportation and safe city		Green service-oriented electronic manufacturing		Offsetting		Total	
	Operating Income	Operating Costs	Operating Income	Operating Costs	Operating Income	Operating Costs	Operating Income	Operating Costs	Operating Income	Operating Costs
Business type										
Income from contracts with customer	124,640,127.26	161,495,611.59	1,127,838,135.02	907,612,324.99	1,214,172,227.86	1,106,933,316.62	-94,666,498.62	-83,846,517.59	2,371,983,991.52	2,092,194,735.61
Rental income – operating leases			135,424,327.26	29,351,069.58			-19,503,156.92	-11,093,715.03	115,921,170.34	18,257,354.55
Total	124,640,127.26	161,495,611.59	1,263,262,462.28	936,963,394.57	1,214,172,227.86	1,106,933,316.62	-114,169,655.54	-94,940,232.62	2,487,905,161.86	2,110,452,090.16
Operating region										
Nanjing	124,640,127.26	161,495,611.59	1,099,406,524.81	870,910,255.83	747,268,909.08	702,457,348.36	-54,121,849.06	-36,361,882.06	1,917,193,712.09	1,698,501,333.72
Shenzhen			163,855,937.47	66,053,138.74	402,998,323.85	345,595,059.59	-60,047,806.48	-58,578,350.56	506,806,454.84	353,069,847.77
Chengdu					63,904,994.93	58,880,908.67			63,904,994.93	58,880,908.67
Total	124,640,127.26	161,495,611.59	1,263,262,462.28	936,963,394.57	1,214,172,227.86	1,106,933,316.62	-114,169,655.54	-94,940,232.62	2,487,905,161.86	2,110,452,090.16
Recognition timing										
Point in time	124,640,127.26	161,495,611.59	926,961,259.44	638,890,782.19	1,214,172,227.86	1,106,933,316.62	-114,169,655.54	-94,940,232.62	2,151,603,959.02	1,812,379,477.78
Over time			336,301,202.84	298,072,612.38					336,301,202.84	298,072,612.38
Total	124,640,127.26	161,495,611.59	1,263,262,462.28	936,963,394.57	1,214,172,227.86	1,106,933,316.62	-114,169,655.54	-94,940,232.62	2,487,905,161.86	2,110,452,090.16

5. Notes to the consolidated financial statements (Continued)

5.40. Operating income and operating costs (Continued)

5.40.5 Performance Obligations

The Company shall recognize revenue when it satisfies the performance obligation in the contract by transferring the control over relevant assets (goods or services) to the customers. A performance obligation satisfied over time or at a point of time is determined by the terms in the contract and the requirements of relevant laws and regulations. If the Company meets one of the following conditions, it is considered to have fulfilled its performance obligations within a certain period of time:

(1) the customer simultaneously obtains and consumes the benefits provided by the Company's performance as the Company fulfills its obligations;

(2) the customer is able to control the assets under construction during the Company's performance process;

(3) the assets produced by the Company during the performance process have irreplaceable uses, and the Company has the right to receive payments for the cumulative performance completed to date throughout the entire contract period.

For performance obligations over a certain period of time, the revenue will be recognized over time by its progress towards complete satisfaction of that performance obligation. Otherwise, the Company shall recognize revenue at the point in time at which the customer obtains control of related goods or services. The progress of a performance obligation is determined based on the value of the goods that has been transferred to the customer.

5.40.6 Explanation of allocation to remaining performance obligations

The revenue based on signed contracts yet to be fulfilled or executed contracts that have not yet been satisfied at the end of the reporting period is 1,067,611,100 yuan (1,296,639,600 yuan in Year 2024), of which the revenue expected to be recognized in the year of 2026 is 609,709,400 yuan, and thereafter the Company is expected to recognize revenue in the amount of 263,628,400 yuan in year 2027, 142,207,400 yuan in 2028, and 46,159,800 yuan in 2029, 5,906,100 yuan in 2030 respectively.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.41. Taxes and surcharges

Item	2025	2024
Property tax	**10,922,708.35**	11,634,402.13
Land use tax	**2,416,344.06**	2,416,344.06
Urban maintenance and construction tax	**4,598,198.03**	3,921,349.19
Educational surcharge	**3,295,827.63**	2,815,909.36
Stamp duty	**1,794,687.28**	2,050,793.13
Others	**38,945.40**	37,651.39
Total	**23,066,710.75**	22,876,449.26

5.42. Selling and distribution expenses

Item	2025	2024
Payroll	**29,339,263.63**	30,950,656.99
Office and travel expenses	**2,850,664.37**	3,102,843.66
Business entertainment expenses	**2,185,587.75**	2,825,319.37
Advertising and exhibition costs	**2,256,138.70**	4,388,067.93
Material and repair costs	**496,598.59**	1,235,851.38
Others	**2,137,013.24**	2,789,888.99
Total	**39,265,266.28**	45,292,628.32

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.43. General and administrative expenses

Item	2025	2024
Wages	**215,594,230.78**	202,461,082.46
Depreciation and amortization	**29,891,391.57**	30,693,037.44
Office, utilities and transportation travel expenses	**18,858,784.09**	18,595,896.73
Business entertainment expenses	**3,343,264.62**	5,411,284.89
Audit, law and consult fees	**12,309,871.20**	6,180,760.02
Repair costs	**7,419,908.29**	8,012,671.56
Greenery, security and cleaning fees	**6,774,882.61**	5,583,283.34
Auditor's remuneration	**2,339,622.64**	2,339,622.65
Others	**4,200,284.27**	3,761,084.59
Total	**300,732,240.07**	283,038,723.68

5.44. Research and development expenses

Item	2025	2024
Labor costs	**180,795,560.42**	186,257,643.41
Materials, fuels, and power costs	**14,974,323.96**	43,932,892.30
Depreciation and amortization	**8,652,583.63**	11,266,237.97
Consignment development fee	**5,227,620.61**	5,292,993.74
Travel expenses	**2,286,377.45**	4,331,125.55
Other	**3,782,239.97**	11,096,981.01
Total	**215,718,706.04**	262,177,873.98

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.45. Finance expenses

Item	2025	2024
Interest expenses	**334,379.03**	506,758.31
Including: interest expense on lease liabilities	**334,379.03**	498,660.79
Less: interest income	**6,953,972.44**	11,139,368.49
Less: Gains from foreign exchange	**178,782.24**	-2,899,129.22
Finance charges	**1,051,500.40**	1,455,502.90
Total	**-5,389,310.77**	-12,076,236.50

5.46. Other income

Item	2025	2024
Government grants	**15,184,587.05**	17,886,205.33
Withholding personal income tax handling fee	**235,162.83**	283,326.57
Input tax plus credit	**7,361,778.76**	6,621,225.37
Software enterprises will be refunded VAT immediately	**55,110.89**	47,983.93
Others	**16,500.00**	38,367.80
Total	**22,853,139.53**	24,877,109.00

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.47. Investment income

Item	2025	2024
Income from long-term equity investments under equity method	**69,367,758.08**	83,013,136.15
Investment income from disposal of financial assets held for trading	**938,075.02**	6,198,151.05
Investment income from disposal of long-term equity investments	**267,255,603.70**	
Investment income from debt restructuring	**6,460,741.36**	
Investment income from large-denomination certificates of deposit	**5,907,247.58**	6,940,845.49
Total	**349,929,425.74**	96,152,132.69

5.48. Gains from changes in fair value

Source of gains/(losses) from changes in fair value	2025	2024
Financial assets held for trading	**8,562,187.34**	4,914,915.97
Total	**8,562,187.34**	4,914,915.97

5.49. Credit impairment losses

Item	2025	2024
Allowance for credit losses of accounts receivable	**-36,764,161.08**	-28,411,738.39
Allowance for credit losses of other receivables	**246,791.12**	1,101,322.17
Total	**-36,517,369.96**	-27,310,416.22

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.50. Assets impairment losses

Item	2025	2024
Impairment losses on inventories	**-68,552,120.57**	-33,840,827.08
Impairment losses on contract assets	**1,054,623.92**	-12,501,546.70
Impairment losses on intangible assets	**-1,468,050.77**	-350,900.86
Impairment losses on fixed assets	**-11,567,054.20**	
Total	**-80,532,601.62**	-46,693,274.64

5.51. Gains from disposal of assets

Item	2025	2024	Amount recognized in extraordinary gain or loss in 2025
Gain on disposal of non-current assets	**-247,757.88**	8,373.69	-247,757.88
Total	**-247,757.88**	8,373.69	-247,757.88

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.52. Non-operating income

5.52.1 Non-operating income by category

Item	**2025**	2024	**Amount recognized in extraordinary gain or loss in 2025**
Gains from disposal of non-current assets	**231,544.20**	543,482.62	231,544.20
Including: gains on disposal of fixed assets	**231,544.20**	543,482.62	231,544.20
Payables no longer required to be paid	**2,470,366.00**	43.69	2,470,366.00
Income from fines	**2,000.00**	1,500.00	2,000.00
Income from liquidated damages	**468,326.17**	363,404.83	468,326.17
Others	**64,603.60**	79,346.80	64,603.60
Total	**3,236,839.97**	987,777.94	3,236,839.97

5.53. Non-operating expenses

Item	**2025**	2024	**Amount recognized in extraordinary gain and loss in 2025**
Losses on damage or scrapping of non-current assets	**24,463.14**	26,014.19	24,463.14
Including: disposal of fixed assets	**24,463.14**	26,014.19	24,463.14
Litigation Indemnification		959,553.04	
Liquidated damages losses	**630,182.41**	110,954.58	630,182.41
Others	**312,357.08**	293,029.45	312,357.08
Total	**967,002.63**	1,389,551.26	967,002.63

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.54. Income taxes expenses

5.54.1 Details of income tax expenses

Item	2025	2024
Current income tax expense calculated according to tax laws and relevant regulations	**20,789,342.13**	16,403,810.38
Deferred income tax	**-1,420,683.44**	407,028.08
Total	**19,368,658.69**	16,810,838.46

5.54.2 Reconciliation between income tax expenses and accounting profit:

Item	Amount
Profit before taxation	**70,376,319.82**
Income tax expenses calculated at statutory/applicable tax rates	**17,594,079.96**
Effect of different tax rates applied by subsidiaries	**10,807,795.89**
Effect of adjustment for income tax in prior year	**2,325,270.72**
Tax effect of non-taxable income	**-17,341,939.52**
Tax effect of non-deductible costs, expenses and losses	**1,374,665.18**
Effect of additional deductions for research and development expenses (expenses for technology development) (represented by "-")	**-32,600,369.27**
Effect of deductible temporary differences losses not recognized as deferred tax assets in prior year or unused tax losses not recognized	**-7,639,428.02**
Effect of deductible temporary differences unrecognized deferred tax assets or deductible losses in current period	**44,727,427.79**
Effect of reversal of deferred tax assets previously recognized on temporary differences and deductible losses	**121,155.96**
Income tax expenses	**19,368,658.69**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.55. Notes to statement of cash flows

5.55.1 Cash relating to operating activities

(1) Other cash received from operating activities

Item	2025	2024
Withdraw security deposits and deposits	**83,422,139.06**	86,342,414.06
Government grants	**6,160,900.98**	15,040,025.03
Interest income	**6,936,156.57**	11,139,368.49
Others	**5,156,282.60**	5,864,539.32
Total	**101,675,479.21**	118,386,346.90

(2) Other cash paid relating to operating activities

Item	2025	2024
Pay for security deposit and restricted funds	**78,923,327.40**	84,547,958.35
Pay for expenses	**88,303,389.96**	74,859,140.73
Finance charges	**969,584.35**	1,253,168.97
Others	**12,832,319.92**	13,088,149.01
Total	**181,028,621.63**	173,748,417.06

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.55. Notes to statement of cash flows (Continued)

5.55.2 Cash related to investing activities

(1) Other Cash received from investing activities

Item	2025	2024
Principal amount of the wealth management product	**1,062,823,380.00**	1,293,697,800.00
Principal amount of large certificates of deposit	**140,432,048.92**	228,000,000.00
Total	**1,203,255,428.92**	1,521,697,800.00

(2) Other Cash paid relating to investing activities

Item	2025	2024
Principal amount of the wealth management product	**1,070,000,000.00**	1,298,823,380.00
Principal amount of large certificates of deposit	**104,180,000.00**	156,432,048.92
Total	**1,174,180,000.00**	1,455,255,428.92

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.55. Notes to statement of cash flows (Continued)

5.55.3 Cash relating to financing activities

(1) Other cash received from financing activities

Item	**2025**	2024
Factoring of accounts receivable and discounting of bills that have not been derecognized		73,431,628.73
Total		73,431,628.73

(2) Other Cash paid relating to financing activities

Item	**2025**	2024
Payable of lease liabilities	**2,426,609.00**	5,072,863.60
Total	**2,426,609.00**	5,072,863.60

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.55. Notes to statement of cash flows (Continued)

5.55.3 Cash relating to financing activities (Continued)

(3) Changes in liabilities arising from fund-raising activities

Item	Balance at 1 January 2025	Increase		Decrease		Balance at 31 December 2025
		Changes in cash	Non-cash movements	Changes in cash	Non-cash movements	
Short-term loans	42,326,327.88			614,845.96	41,711,481.92	
Non-current liabilities due within one year	8,776,903.83		1,295,922.98	2,382,772.48	16,737.04	**7,673,317.29**
Total	51,103,231.71		1,295,922.98	2,997,618.44	41,728,218.96	**7,673,317.29**

5.55.4 No presentation of cash flows on a net basis occurred in the reporting period.

5.55.5 During the reporting period, there are no major activities and financial impacts that did not involve cash inflows or outflows in the current period, but affect the Company's financial position or may potentially affect future cash flows.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.56. Supplement to statement of cash flows

5.56.1 Supplement to statement of cash flows

Item	2025	2024
1. Net profit adjusted to cash flows from operating activities		
Net profit	**51,007,661.13**	-141,432,836.62
Add: provision for asset impairment	**80,532,601.62**	46,693,274.64
Credit impairment losses	**36,517,369.96**	27,310,416.22
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and investment property	**78,846,577.32**	80,520,254.44
Depreciation of right-of-use assets	**4,287,215.96**	4,408,784.73
Amortization of intangible assets	**14,289,010.82**	15,175,106.02
Amortization of long-term deferred expenses	**6,123,838.87**	6,969,045.80
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	**247,757.88**	-8,373.69
Losses on write-down of fixed assets ("-" for gains)	**-207,081.06**	-517,468.43
Losses from net position hedging ("-" for gains)		
Losses from changes in fair value ("-" for gains)	**-8,562,187.34**	-4,914,915.97
Financial expenses ("-” for income)	**334,379.03**	506,758.31
Investments losses ("-" for gains)	**-349,929,425.74**	-96,152,132.69
Decreases in the deferred tax assets ("-" for increases)	**-2,012,020.88**	1,728,062.42
Increases in the deferred tax liabilities ("-" for decreases)	**591,337.44**	-1,321,034.34
Decreases in inventories ("-" for increases)	**-25,590,706.24**	54,605,853.07
Decreases in operating receivables ("-" for increases)	**-2,790,002.60**	-248,790,780.58
Increases in operating payables ("-" for decreases)	**118,962,341.77**	-10,054,747.44
Others		
Net cash flows from operating activities	**2,648,667.94**	-265,274,734.11

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.56. Supplement to statement of cash flows (Continued)

5.56.1 Supplement to statement of cash flows (Continued)

Item	2025	2024
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under lease		
3. Net change in cash and cash equivalents		
Cash as at 31 December 2025	**1,072,057,362.08**	666,522,106.70
Less: cash as at 1 January 2025	**666,522,106.70**	798,419,753.09
Add: cash equivalents as at 31 December 2025	**–**	
Less: cash equivalents as at 1 January 2025	**–**	
Net increase in cash and cash equivalents	**405,535,255.38**	-131,897,646.39

5.56.2 Cash and cash equivalents

Item	31 December 2025	1 January 2025
I. Cash	**1,072,057,362.08**	666,522,106.70
Including: cash on hand	**26,809.59**	27,411.04
Unrestricted bank deposits	**1,072,022,411.14**	666,484,334.11
Unrestricted other cash and cash equivalents	**8,141.35**	10,361.55
II. Cash equivalents		
III. Cash and cash equivalents as at 31 December 2025	**1,072,057,362.08**	666,522,106.70
Including: cash and cash equivalents restricted for use in the Company or the subsidiaries		

5.56.3 At the end of the reporting period, there were no cash and cash equivalents that were restricted in use but still presented as such.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.56. Supplement to statement of cash flows (Continued)

5.56.4 Monetary funds that are not cash and cash equivalents

Item	31 December 2025	1 January 2025	Reasons
Deposit of bank acceptance bills	**19,937,451.23**	39,687,770.29	Restricted
Deposit of performance and guarantees	**33,217,134.63**	51,433,254.45	Restricted
Total	**53,154,585.86**	91,121,024.74	–

5.57 Assets with restrictive ownership title or right of use

Item	Carrying amount at 31 December 2025	Restriction reasons
Cash at bank and on hand	**53,154,585.86**	Bank acceptances, letters of guarantee, performance bonds, and litigation to freeze funds
Notes receivable	**29,743,310.28**	Outstanding endorsed or discounted bills that have not been derecognized
Accounts receivable	**8,645,898.89**	Supply chain bills that have been endorsed but not derecognized
Total	**91,543,795.03**	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.58. Monetary items denominated in foreign currency

Item	Balance in foreign currency at 31 December 2025	Exchange rate	Balance translated into RMB at 31 December 2025
Cash on hand and at bank	–	–	–
Including: USD	6,674,337.35	7.0288	46,912,582.36
Euro	259,409.24	8.2355	2,136,364.80
HKD	223,207.60	0.9032	201,605.06
JPY	72,251,586.00	0.04479	3,236,654.29
Accounts receivable			
Including: USD	738,208.11	7.0288	5,188,717.15
Euro	5,823.48	8.2355	47,959.26
HKD	2,200.00	0.9032	1,987.04
JPY	14,282,827.00	0.04479	639,827.80
Other receivables			
Including: USD			
Euro			
HKD	41,800.00	0.9032	37,754.59
JPY			
Accounts payable			
Including: USD	332,481.89	7.0288	2,336,948.68
Euro	56.34	8.2355	463.99
HKD			
JPY	20,143,000.00	0.04479	902,204.97
Other payables			
Including: USD	123,420.00	7.0288	867,494.50
Euro			
HKD			
JPY	–		

5. Notes to the consolidated financial statements (Continued)

5.59. Leases

5.59.1 As a lessee

Item	Amount
Variable lease payments that are not included in the measurement of lease liabilities through the cost of the underlying asset or current profit or loss	
Including: the part generated by the sale and leaseback transaction	
Short-term lease charges that are included in the cost of the underlying asset or the current profit or loss for the simplified treatment	**1,883,986.14**
Lease expense of low-value assets through simplified treatment of the cost of the underlying asset or profit or loss for the period (other than short-term lease expense of low-value assets)	
Income derived from the sublease of right-of-use assets	
Total cash outflows related to leases	**4,310,595.14**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

5. Notes to the consolidated financial statements (Continued)

5.59. Leases (Continued)

5.59.2 As a lessor

Operating leases

Item	Rental income	Including: income related to variable lease payments that are not included in lease receipts
Property rental	**112,651,788.67**	
Vehicle rental	**64,159.30**	
Total	**112,715,947.97**	

The amount of undiscounted lease receipts that will be received after the balance sheet date is as follows:

Remaining lease term	Year end 31 December 2025	Year end 1 January 2025
Year 1	**100,872,580.34**	100,183,133.14
Year 2	**62,649,170.10**	55,655,974.71
Year 3	**46,865,589.48**	31,847,031.25
Year 4	**18,978,504.48**	29,338,998.08
Year 5	**18,978,504.48**	29,338,998.08
The total amount of undiscounted lease receipts after five years	**14,233,878.36**	53,250,281.50
Total	**262,578,227.24**	299,614,416.76

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

6. R&D expenditure

6.1. R&D expenditure by nature

Item	2025	2024
Labor costs	**180,795,560.42**	186,257,643.41
Materials, fuels, and power	**14,974,323.96**	43,932,892.30
Depreciation and amortization	**8,652,583.63**	11,266,237.97
Consignment development fee	**5,227,620.61**	5,292,993.74
Travel expenses	**2,286,377.45**	4,331,125.55
Others	**3,782,239.97**	11,096,981.01
Total	**215,718,706.04**	262,177,873.98
Including: expensed R&D expenditure	**215,718,706.04**	262,177,873.98
capitalized R&D expenditures		

7. Changes in consolidation scope

7.1. Business combination involving enterprises not under common control.

None.

7.2. Business combination involving enterprises under common control (BCUCC)

In the current period, Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, has absorbed and merged Nanjing Panda Electromechanical Manufacturing Co., Ltd., its tertiary subsidiary.

In the current period, Shenzhen Jinghua Electronic Co., Ltd., a subsidiary of the Company, has absorbed and merged Shenzhen Jingyu Electronic Co., Ltd., its tertiary subsidiary.

7.3. Reverse purchase

None.

7.4. Disposal of subsidiaries

None.

7.5. Other reasons for the changes in consolidation scope

In the current period, Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, has absorbed and merged Nanjing Panda Electromechanical Manufacturing Co., Ltd., its tertiary subsidiary.

In the current period, Shenzhen Jinghua Electronic Co., Ltd., a subsidiary of the Company, has absorbed and merged Shenzhen Jingyu Electronic Co., Ltd., its tertiary subsidiary.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

8. Rights and interests in other entities

8.1. Interests in subsidiaries

8.1.1 Constitution of the Company

Unit：10K CNY

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Registered capital	Shareholding (%) Direct	Shareholding (%) Indirect	Acquisition method
Nanjing Panda Electronics Manufacturing Co., Ltd. [1]	Nanjing	Nanjing	Manufacture	2,000.00	75.00	25.00	Set up
Nanjing Panda Xinxing Industrial Co., Ltd.	Nanjing	Nanjing	Service	2,000.00	100.00		Set up
Nanjing Panda Electronic Equipment Co., Ltd	Nanjing	Nanjing	Manufacture	19,000.00	100.00		Set up
GALANT LIMITED [2]	Hongkong	Hongkong	Investment	1 HKD	100.00		Set up
Nanjing Panda Information Industry Co., Ltd. [5]	Nanjing	Nanjing	Manufacture	34,181.42	100.00		Set up
Nanjing Panda Communication Technology Co., Ltd.	Nanjing	Nanjing	Manufacture	10,000.00	100.00		Controlled by the same ultimate controlling party
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	Chengdu	Manufacture	5,000.00	100.00		Set up
Nanjing Panda Electromechanical Instrument Technology Co., Ltd.	Nanjing	Nanjing	Manufacture	1,000.00		100.00	Set up
Nanjing Panda Electromechanical Manufacturing Co., Ltd. [6]	Nanjing	Nanjing	Manufacture	3,500.00		100.00	Controlled by the same ultimate controlling party
Nanjing Huage Electric and Plastic Industry Co., Ltd.	Nanjing	Nanjing	Manufacture	6,000.00		100.00	Controlled by the same ultimate controlling party
Shenzhen JingWah Electronics Co., Ltd. [3]	Shenzhen	Shenzhen	Service	11,507.00	43.34		Controlled by the same ultimate controlling party
Shenzhen Jinghua Property Management Co., Ltd. [4]	Shenzhen	Shenzhen	Service	100.00		43.34	Set up
Shenzhen Jingjia Property Management Co., Ltd. [4]	Shenzhen	Shenzhen	Service	100.00		43.34	Set up
Shenzhen Jinghua Information Technology Co., Ltd. [4]	Shenzhen	Shenzhen	Manufacture	2,000.00		26.87	Set up
Shenzhen Jinghua Digital Technology Co., Ltd. [4]	Shenzhen	Shenzhen	Manufacture	500.00		26.87	Set up
HongKong JWD Trading Company Limited.[1][2][4]	Shenzhen	Shenzhen	Manufacture	100.00		26.87	Set up
Shenzhen Jinghua Health Technology Co., Ltd. [4]	Shenzhen	Shenzhen	Manufacture	500.00		43.34	Set up
Shenzhen Jingyu Electronics Co., Ltd. [4]	Shenzhen	Shenzhen	Manufacture	931.41		43.34	Set up
Shenzhen Longgang Jinghua Electric Co., Ltd. [4]	Shenzhen	Shenzhen	Service	350.00		39.01	Set up

8. Rights and interests in other entities (Continued)

8.1. Interests in subsidiaries (Continued)

8.1.1 Constitution of the Company (Continued)

Notes:

[1] The registered capital of Nanjing Panda Electronics Manufacturing Co., Ltd and HongKong JWD Trading Company Limited is denominated in US dollars.

[2] GALANT LIMITED has not yet made actual capital contribution, and the registered capital is Hong Kong dollars.

[3] Shenzhen JingWah Electronics Co., Ltd is company limited by shares (unlisted). The other companies mentioned above are limited liability companies.

[4] These subsidiaries are owned by Shenzhen JingWah Electronics Co., Ltd. Among the 7 members of the board of directors of Shenzhen JingWah Electronics Co., Ltd., the Company recommends 4 directors, and the articles of association stipulate that the board of directors make a resolution, except as otherwise provided by law and other provisions, must be passed by more than half of all directors, therefore the Company can control Shenzhen JingWah Electronics Co., Ltd.

[5] In the current period, the Company made an additional capital contribution of RMB125 million to Nanjing Panda Information Industry Co., Ltd.

[6] It was absorbed and merged by Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, in the current period.

8.1.2 Significant non-wholly owned subsidiary

Company name	Minority shareholding (%)	Profit or loss attributable to the minority for the current period	Dividends announced to distribute to the minority	Balance of the minority interests at 31 December 2025
Shenzhen JingWah Electronics Co., Ltd [1]	56.66%	40,275,951.04	32,597,736.50	283,002,711.77

Note [1]: Among the 7 members of the board of directors of Shenzhen JingWah Electronics Co., Ltd., the Company recommends 4 directors, and the articles of association stipulate that the board of directors must make a resolution, except as otherwise provided by law and other provisions, must be passed by more than half of all directors.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

8. Rights and interests in other entities (Continued)

8.1. Interests in subsidiaries (Continued)

8.1.3 Main financial information of significant non-wholly owned subsidiary

	31 December 2025					
Name of subsidiary	**Current assets**	**Non-current assets**	**Total Assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
Shenzhen JingWah Electronics Co., Ltd	**607,163,611.03**	**21,321,073.37**	**628,484,684.40**	**180,004,567.83**	**1,323,590.95**	**181,328,158.78**

	1 January 2025					
Name of subsidiary	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen JingWah Electronics Co., Ltd	563,038,826.19	25,952,057.83	588,990,884.02	148,234,555.68	2,186,258.52	150,420,814.20

	2025			
Name of subsidiary	**Operating income**	**Net profit**	**Total comprehensive income**	**Cash flows from operating activities**
Shenzhen JingWah Electronics Co., Ltd	**506,834,756.73**	**66,120,234.80**	**66,120,234.80**	**62,039,767.09**

	2024			
Name of subsidiary	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen JingWah Electronics Co., Ltd	722,620,264.65	75,519,545.94	75,519,545.94	77,680,000.22

8. Rights and interests in other entities (Continued)

8.2. Equity in joint ventures or associates

8.2.1 Significant joint ventures or associates

Company name	Principal place of business	Registration place	Business nature	Registered capital *(10K USD)*	Shareholding *(%)* Direct	Direct	Accounting treatment for investments	Whether it is strategic for the company's activities
Nanjing LG-PANDA Appliance Co., Ltd.	Nanjing	Nanjing	Electrical machinery and equipment manufacturing	3,570.00	30		Equity method	Yes
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Manufacture of computers, communications and other electronic equipment	2,090.00	27			

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

8. Rights and interests in other entities (Continued)

8.2. Equity in joint ventures or associates (Continued)

8.2.2 Principal financial information of significant associates

Item	31 December 2025/2025		1 January 2025/2024	
	Nanjing LG-PANDA Appliance Co., Ltd.	**Nanjing Ericsson Panda Communication Co., Ltd. [2]**	Nanjing LG-PANDA Appliance Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	**3,194,483,320.18**		2,939,533,379.00	1,116,871,188.12
Non-current assets	**803,969,648.12**		781,346,256.30	220,957,260.75
Total assets	**3,998,452,968.30**		3,720,879,635.30	1,337,828,448.87
Current liabilities	**2,807,040,643.76**		2,509,897,137.55	1,627,592,462.82
Non-current liabilities	**54,912,594.47**		57,409,217.60	
Total liabilities	**2,861,953,238.23**		2,567,306,355.15	1,627,592,462.82
Minority interests				
Equity attributable to the Company	**1,136,499,730.07**		1,153,573,280.15	-289,764,013.95
Share of net assets calculated as shareholding percentage%	**340,949,919.02**		346,071,984.05	
Adjustments [1]	**68,279,390.24**		80,847,913.28	
Book value of equity investment in associates	**409,229,309.26**		426,919,897.33	
Fair value of equity investment if there is a quoted market price for the investment				
Operating income	**7,444,069,982.81**		7,101,626,745.03	3,376,111,488.57
Net profit	**273,890,402.82**		323,293,281.00	83,534,710.03
Net profit for discontinued operations				
Others comprehensive income				
Total comprehensive income	**273,890,402.82**		323,293,281.00	83,534,710.03
Dividends from associates for the current year	**87,289,185.87**		60,000,000.00	

Note [1]: The adjustment is the amount by which the initial investment cost is greater than the share of the fair value of the investee's identifiable net assets at the time of investment.

Note [2]: The equity interests held by the Company in Nanjing Ericsson Communications Co., Ltd. were disposed of in the current period.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

8. Rights and interests in other entities (Continued)

8.2. Equity in joint ventures or associates (Continued)

8.2.3 Summary of financial information of other insignificant joint ventures and associates

Item	31 December 2025/2025	1 January 2025/2024
Associates		
Total investments' book value	**1,517,892.45**	66,070,033.11
Totals calculated as shareholding percentage (%):		
Net profit	**-230,839.72**	13,116.79
Other comprehensive income		
Total comprehensive income	**-230,839.72**	13,116.79

9. Government grants

9.1. There were no government grants recognized in the current year on the basis of receivables.

9.2. Liabilities involving government grants

Financial statement items	1 January 2025	The amount of new grants in this period	Other income was carried forward	Other changes	31 December 2025	Related to assets/income
Other current liabilities	15,427,368.44	1,135,000.00	1,000,000.00		**15,562,368.44**	Related to assets/ income
Deferred income	32,419,676.43	4,875,000.00	11,033,686.07		**26,260,990.36**	Related to assets/ income
Total	47,847,044.87	6,010,000.00	12,033,686.07		**41,823,358.80**	—

9.3. For details of the government subsidies included in the current profit or loss, please refer to "note 5.46 Other Income"

10. Related risks of financial instruments

The Company is exposed to various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). The financial risks described above and the risk management policies adopted by the Company to mitigate these risks are as follows:

The Board is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Company has developed risk management policies to identify and analyse the risks to which the Company is exposed, and these risk management policies clearly define specific risks, covering a wide range of aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's business activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates relevant risks in close cooperation with other business units of the Company. The Company's internal audit department conducts regular audits of risk management controls and procedures, and reports the results of the audits to the Company's Audit Committee.

The Company diversifies the risk of financial instruments through appropriate diversification of investment and business portfolios, and reduces the risk of concentration in a single industry, specific region or specific counterparty by developing corresponding risk management policies.

10.1. Credit Risk

Credit risk refers to the risk that the counterparty will fail to fulfill its contractual obligations and the Company will incur financial losses.

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, contract assets, other receivables, etc., as well as investments in debt instruments and derivative financial assets measured at fair value that are not included in the scope of impairment assessment and whose changes are included in profit or loss. At the balance sheet date, the carrying amount of the Company's financial assets represents its maximum credit exposure.

10. Related risks of financial instruments (Continued)

10.1. Credit Risk (Continued)

The Company's monetary funds are mainly bank deposits with state-owned banks and other large and medium-sized listed banks with good reputation and high credit ratings, and the Company believes that there is no significant credit risk and there is almost no significant loss caused by bank default.

In addition, the Company has established policies to control credit risk exposure to notes receivable, accounts receivable, receivables financing, contract assets and other receivables. The Company evaluates the credit qualifications of the Client based on the Client's financial situation, the likelihood of obtaining security from a third party, credit history and other factors such as current market conditions and sets the corresponding credit period. The Company will regularly monitor the credit history of customers, and for customers with bad credit records, the Company will adopt written reminders, shortening the credit period or canceling the credit period to ensure that the overall credit risk of the Company is within a controllable range.

10.2. Liquidity risk

Liquidity risk refers to the risk that a business will experience a shortage of funds when it fulfills its obligation to settle by way of cash or other financial assets.

It is the Company's policy to ensure that it has sufficient cash to pay off its debts as they fall due. Liquidity risk is centrally controlled by the Company's finance department. By monitoring cash balances, marketable securities that are readily realizable, and rolling forecasts of cash flows over the next 12 months, the finance department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts. At the same time, the company is continuously monitored for compliance with the provisions of the borrowing agreement and has obtained commitments from major financial institutions to provide sufficient standby funds to meet short- and long-term funding needs.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

10. Related risks of financial instruments (Continued)

10.2. Liquidity risk (Continued)

The Company's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

Item	Within 1 year	1-2 years	31 December 2025 2-5 years	Over 5 years	Total
Short-term loans					
Notes payable	**106,090,889.23**				**106,090,889.23**
Accounts payable	**1,467,773,842.89**				**1,467,773,842.89**
Other payables	**107,017,466.74**				**107,017,466.74**
Non-current liabilities due within one year	**5,216,822.39**				**5,216,822.39**
Lease liabilities		**2,691,424.73**			**2,691,424.73**
Total	**1,686,099,021.25**	**2,691,424.73**			**1,688,790,445.98**

Continued:

Item	Within 1 year	1-2 years	1 January 2025 2-5 years	Over 5 years	Total
Short-term loans	42,326,327.88				42,326,327.88
Notes payable	110,289,431.12				110,289,431.12
Accounts payable	1,328,218,690.98				1,328,218,690.98
Other payables	103,658,239.63				103,658,239.63
Non-current liabilities due within one year	6,158,383.67				6,158,383.67
Lease liabilities		2,419,029.80	2,425,657.28		4,844,687.08
Total	1,590,651,073.28	2,419,029.80	2,425,657.28		1,595,495,760.36

10. Related risks of financial instruments (Continued)

10.3. Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

   Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

   Interest-bearing financial instruments with fixed interest rates and floating interest rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed rate and floating rate instruments in accordance with market conditions and maintains an appropriate mix of fixed and floating rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

2. Exchange rate risk

   Exchange rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company continuously monitors foreign currency transactions and the size of foreign currency assets and liabilities to minimize foreign exchange exposure. In addition, the company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of hedging exchange rate risks. During the current and previous periods, Shenzhen Jinghua Information Technology Co., Ltd., a third-tier subsidiary of the Company, signed forward foreign exchange contracts to lock in the US dollar exchange rate, but fundamentally, the risk faced by the Company is still the US dollar exchange rate risk.

10. Related risks of financial instruments (Continued)

10.3. Market risk (Continued)

2. Exchange rate risk (Continued)

The exchange rate risk faced by the Company is mainly derived from the financial assets and financial liabilities denominated in US dollars, and the amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are set out below:

	31 December 2025			1 January 2025		
Item	US Dollars	Other foreign currencies	Total	US Dollars	Other foreign currencies	Total
Cash at hand and on bank	**46,912,582.36**	**5,574,624.15**	**52,487,206.51**	31,424,447.75	4,388,846.21	35,813,293.96
Accounts receivable	**5,188,717.15**	**689,774.10**	**5,878,491.25**	14,526,325.41	755,614.51	15,281,939.92
Other receivables		**37,754.59**	**37,754.59**		39,100.38	39,100.38
Subtotal	**52,101,299.51**	**6,302,152.84**	**58,403,452.35**	45,950,773.16	5,183,561.10	51,134,334.26
Accounts payable	**2,336,948.68**	**902,668.96**	**3,239,617.64**	3,472,850.39	930,605.60	4,403,455.99
Other payables	**867,494.50**		**867,494.50**	854,355.72		854,355.72
Subtotal	**3,204,443.18**	**902,668.96**	**4,107,112.14**	4,327,206.11	930,605.60	5,257,811.71

The impact of exchange rate changes is as follows:

	31 December 2025		1 January 2025	
Item	Exchange rate increase/ (decrease)	Total profit increase/ (decrease)	Exchange rate increase/ (decrease)	Total profit increase/ (decrease)
The RMB depreciated against the USD	**5%**	**2,444,842.82**	5%	2,081,178.35
The RMB appreciated against the USD	**5%**	**-2,444,842.82**	5%	-2,081,178.35
The RMB depreciated against the JPY	**5%**	**148,713.86**	5%	153,398.78
The RMB appreciated against the JPY	**5%**	**-148,713.86**	5%	-153,398.78

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

10. Related risks of financial instruments (Continued)

10.4. Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risks mainly arise from the investment in various equity instruments, and there is a risk of price changes in equity instruments.

11. Fair value

11.1. Analysis of the assets and liabilities measured at fair value according to the fair value hierarchy:

Item	Measurement by level 1	Measurement by level 2	Measurement by level 3	31 December 2025
I Recurring fair value measurement				
♦Financial assets held for trading			498,123,487.68	498,123,487.68
1. Financial assets measured at fair value through profit or loss			498,123,487.68	498,123,487.68
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
(4) Others – wealth management products			498,123,487.68	498,123,487.68
♦Receivables for financing			47,523,811.39	47,523,811.39
♦Other debt investments				
♦Other equity instrument investments				
Total assets of recurring fair value measurement			545,647,299.07	545,647,299.07

11.2. For recurring and non-recurring items in level 3 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs

(1) The recurring Level 3 fair value items of the company are bank wealth management products. Their fair value is adjusted based on the expected rate of return (0.15%–4.3%) at the end of the reporting period.

(2) The company's receivables financing measured at Level 3 fair value are notes receivable, which are held for endorsement, and due to their short remaining maturity, the carrying amount equals the fair value.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

11. Fair value (Continued)

11.3. For recurring items in level 3 of fair value hierarchy, the reconciliation between the opening book balance and ending book balance and sensitivity analysis of unobservable inputs.

Item	Balance at 1 January 2025	Move in level 3	Move out level 3	The total amount of gains or losses for the period		Buy, Issue, Sale, Settle				Balance at 31 December 2025	For assets held at the end of the reporting period, unrealized gains or changes in the current period through profit or loss
				Included in profit or loss	Included in other comprehensive income	Buy	Issue	Sale	Settle		
♦Financial assets held for trading	491,594,758.95			9,500,262.36		1,070,000,000.00		1,072,971,533.63		498,123,487.68	3,123,487.68
Financial assets measured at fair value through profit or loss	491,594,758.95			9,500,262.36		1,070,000,000.00		1,072,971,533.63		498,123,487.68	3,123,487.68
1) Debt instrument investment											
2) Equity instrument investment											
3) Derivative financial assets											
4) Others – wealth management products	491,594,758.95			9,500,262.36		1,070,000,000.00		1,072,971,533.63		498,123,487.68	3,123,487.68
♦Receivables for financing	30,350,019.89					249,315,353.70		232,141,562.20		47,523,811.39	
♦Other debt investments											
♦Other equity instrument investments											
Total	521,944,778.84			9,500,262.36		1,319,315,353.70		1,305,113,095.83		545,647,299.07	3,123,487.68
Including: gains and losses related to financial assets				9,500,262.36							
Gains or losses related to non-financial assets											

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions

12.1. The parent company of the Company

Name of parent company	Registration place	Type of business	Registered capital	Shareholding ratio of the Company (%)	Voting rights proportion % of the Company
Panda Electronics Group Co., Ltd.	Nanjing	Manufacturing	1,632,970,000.00	23.05	66.67

Note [1]：As of December 31, 2025, the total number of shares held by China Electronics Corporation Limited accounted for 29.98% of the total share capital of the Company. Among them, Nanjing China Electronics Panda Corporation, a holding subsidiary, holds 22,120,611 A shares and 13,768,000 H shares of the Company through an asset management plan, accounting for 3.93% of the total share capital of the Company, and 210,661,444 A shares of the Company, accounting for 23.05% of the total share capital of the Company, through Panda Electronics Group Co., Ltd., a wholly-owned subsidiary of Nanjing China Electronics Panda Corporation；Through its wholly-owned overseas subsidiary, BLUE BRIDGE INVESTMENT LIMITED, it holds 27,414,000 H shares of the Company, accounting for 3.00% of the total share capital of the China Electronics Corporation Limited is still the ultimate controller of the company and is registered in Beijing, China.

[2] The Parent Company's percentage of voting rights over the Company is higher than its percentage of shareholding, which is due to the Parent Company's recommendation to elect six directors out of the nine members of the Company's Board of Directors, and the Company's Articles of Incorporation stipulate that the Board of Directors shall make resolutions that must be approved by a majority of all the directors, except for those stipulated by law and otherwise.

12.2. Subsidiaries of the Company

Details of subsidiaries refer to Note 8 Interest in other entities.

12. Related parties and transactions

12.3. Joint ventures and associates of the Company

Details of Significant joint ventures and associates of the Company refer to Note 8 Interest in other entities. Information of other joint ventures and associates having transactions with the Company in current period or having outstanding balances carried forward from prior periods are as follows:

Entity name	Relationship
Nanjing Ericsson Panda Communication Co., Ltd. [1]	Associates of the Company
Beijing SE Potevio Mobile Communications Co., Ltd. [2]	Associates of the Company
Shenzhen Chebao Information Technology Co., Ltd. [3]	Associates of a Subsidiary
Shenzhen Jinghua Network Marketing Co., Ltd.	Associates of a Subsidiary
Nanjing LG-PANDA Appliance Co., Ltd.	Associates of the Company

Note *[1]:* The disposal of equity interest in Nanjing Ericsson Communications Co., Ltd. was completed in the current period. On 30 October 2025, ENC completed the industrial and commercial registration formalities for the change, and the Company no longer holds any equity interest in ENC. On 20 January 2026, Nanjing Ericsson Panda Communications Co., Ltd. was renamed Nanjing Ericsson Communications Co., Ltd.

[2]: The liquidation of the equity interest in Beijing SE Potevio Mobile Communications Co., Ltd. was completed in the current period. On 24 September 2025, the deregistration of Beijing SE Potevio Mobile Communications Co., Ltd. was completed.

[3]: The liquidation of the equity interest in Shenzhen Chebao Information Technology Co., Ltd. was completed in the current period. On 7 August 2025, the deregistration of Shenzhen Chebao Information Technology Co., Ltd. was completed.

12. Related parties and transactions

12.4. Other related parties

Entity name	Relationship
Nanjing CEC Panda Information Industry Group Co., Ltd. (Former name: Nanjing China Electronics Panda Corporation)	Shareholders of the Company
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary of the parent company
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Science and Technology Park Development Co., Ltd	Subsidiary of the parent company
Nanjing Panda Investment Development Co., Ltd	Subsidiary of the parent company
Nanjing Zhenhua Packaging Materials Factory	Subsidiary of the parent company
Nanjing Jingye Home Appliance Co., Ltd.	Subsidiary of the parent company
FAIRWIT HONGKONG CO., LIMITED	Subsidiary of the parent company
CHINA ELECTRONICS INTERNATIONAL EXHIBITION AND ADVERTISING CO., LTD.	Companies controlled by the same ultimate controlling party
China Electronics Defense Technology Co., Ltd. (Former name "CLC Defense Technology Limited")	Companies controlled by the same ultimate controlling party
Beijing Cssweb Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Jiangxi Rainbow Photovoltaic Co., Ltd.	Companies controlled by the same ultimate controlling party
IRICO Group Corporation	Companies controlled by the same ultimate controlling party
GANSU CHANGFENG ELECTRONIC TECHNOLOGY LIMITED LIABILITY COMPANY	Companies controlled by the same ultimate controlling party
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Companies controlled by the same ultimate controlling party
Guizhou Zhenhua Hualian Electronic Co., Ltd.	Companies controlled by the same ultimate controlling party
Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd (state-owned 891 factory)	Companies controlled by the same ultimate controlling party
GUIZHOU ZHENHUA YILONG E-CHEM CO., LTD.	Companies controlled by the same ultimate controlling party
Nanjing Rainbow New Energy Co., Ltd.	Companies controlled by the same ultimate controlling party

12. Related parties and transactions (Continued)

12.4. Other related parties (Continued)

Entity name	Relationship
Nanjing Huadong Electronics Group Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing China Electronics Panda Crystal Technology Corporation	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Property Management Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronics Commerce (Beijing) Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing CEC PANDA CF Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda LCD Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Lighting Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Real Estate Co., Ltd.	Companies controlled by the same ultimate controlling party
Zhongdian Huirong Commercial Factoring (Shenzhen) Co., Ltd.	Companies controlled by the same ultimate controlling party
Shenzhen SED Wireless Communication Technology Co., Ltd	Companies controlled by the same ultimate controlling party
CET Electric Technology Inc.	Companies controlled by the same ultimate controlling party
Shenzhen CECport Technologies Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronics Shenzhen Company	Companies controlled by the same ultimate controlling party
Wuhan Zhongyuan Communication Co., Ltd	Companies controlled by the same ultimate controlling party
Xianyang China Electronics IRICO Group Holding Co., Ltd.	Companies controlled by the same ultimate controlling party
Great Wall Power Supply Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
CLP Industrial Internet Co., Ltd	Companies controlled by the same ultimate controlling party
China Electronics Finance Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronics Import & Export Corporation	Companies controlled by the same ultimate controlling party
CEAC INTERNATIONAL LIMITED	Companies controlled by the same ultimate controlling party

12. Related parties and transactions (Continued)

12.4. Other related parties (Continued)

Entity name	Relationship
China Electronic Materials Jiangsu and Zhejiang Corporation	Companies controlled by the same ultimate controlling party
China Greatwall Technology Group CO., LTD.	Companies controlled by the same ultimate controlling party
China Zhenhua Group Yunke Electronic Co., Ltd.	Companies controlled by the same ultimate controlling party
NANJING SANLE GROUP CO., LTD	Companies controlled by the same ultimate controlling party
CLP Tai Risheng Maanshan Technology Co., Ltd	Companies controlled by the same ultimate controlling party
CEC FREUNDSCHAFT TECH CO., LTD.	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Magnetoelectric Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
SHENZHEN ZHENHUA FU ELECTRONICS CO., LTD	Companies controlled by the same ultimate controlling party
GUIZHOU ZHENHUA E-CHEM CO., LTD	Companies controlled by the same ultimate controlling party
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd	Companies controlled by the same ultimate controlling party
CLP Great Wall Shengfei Information System Co., Ltd	Companies controlled by the same ultimate controlling party
China Zhenhua (Group) New Cloud Electronic Components Co., Ltd. (State 4326 Factory)	Companies controlled by the same ultimate controlling party
Zhongdian Rainbow Intelligent Lighting Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
China zhenhua group yongguang electrical co., ltd (State 873 Factory)	Companies controlled by the same ultimate controlling party
Nanjing Runjing Hotel Co., Ltd	Companies controlled by the same ultimate controlling party
Chengdu Sino Microelectronics Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronic Systems Engineering Corporation.	Companies controlled by the same ultimate controlling party

12. Related parties and transactions (Continued)

12.4. Other related parties (Continued)

Entity name	Relationship
Nanjing Panda Handa Technology Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing Sanle Microwave Technology Development Co., Ltd	Companies controlled by the same ultimate controlling party
Dongguan CEC Panda Technology Development Co., Ltd	Companies controlled by the same ultimate controlling party
Langfang Zhenhua Crystal Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing Corad Electronic Equipment Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing Wally Electronchnology Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing Changjiang Science and Technology Park Co., Ltd.	Companies controlled by the same ultimate controlling party
Wuhan Sunmoon Battery Co., Ltd.	Companies controlled by the same ultimate controlling party
CEC Herui Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronic Exhibition & Information Communication Co., Ltd.	Companies controlled by the same ultimate controlling party
CECloud Computing Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Jiangsu Nanjixing New Energy Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Suzhou Yunxin Microelectronics Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Hunan Greatwall Galaxy Science and Technology Co., Ltd.	Other related parties
Shenzhen SED Technology Development Co., Ltd.	Other related parties
Panda Technology (Beijing) Co., Ltd.	Other related parties
IRICO(Hefei)LCD Glass Co., Ltd.	Other related parties
Shenzhen Jinghua Intelligent Technology Co., Ltd	Other related parties
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other related parties
Nanjing Panda Medical Services Co., Ltd	Other related parties
Chengdu BOE Display Technology Co., Ltd.	Other related parties

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services

Name of related party	Type	**Year ended 31/12/2025**	Year ended 31/12/2024
Nanjing IRICO New Energy Co., Ltd.	Purchase of goods	**2,713,249.82**	2,989,248.19
Chengdu Sino-Microelectronics Technology Co., Ltd.	Purchase of goods	**2,366,513.22**	627,982.31
China Electronics Herui Technology Co., Ltd.	Purchase of goods	**2,110,886.63**	
Nanjing Panda Handa Technology Co., Ltd.	Purchase of goods	**1,901,550.97**	
Hunan Great Wall Galaxy Technology Co., Ltd.	Purchase of goods	**1,876,814.15**	584,070.80
China Electronics Commerce (Beijing) Co., Ltd.	Purchase of goods	**1,584,348.56**	
Langfang Zhenhua Crystal Technology Co., Ltd.	Purchase of goods	**1,427,978.73**	17,900.38
TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	Purchase of goods	**1,359,325.36**	1,607,774.51
Nanjing Zhenhua Packaging Materials Factory	Purchase of goods	**1,351,751.20**	1,642,060.41
Shenzhen Zhenhua Fu Electronics Co., Ltd.	Purchase of goods	**765,988.00**	306,932.83
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned Factory 873)	Purchase of goods	**410,365.78**	156,181.18
Nanjing CEC Panda Crystal Technology Co., Ltd.	Purchase of goods	**322,604.66**	438,482.99
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	**259,055.98**	77,278.97
Nanjing Panda Medical Service Co., Ltd.	Purchase of goods	**141,500.16**	3,370.00

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

Name of related party	Type	Year ended 31/12/2025	Year ended 31/12/2024
Shenzhen SED Wireless Communication Technology Co., Ltd.	Purchase of goods	**117,699.12**	1,848,807.09
Nanjing Panda Dasheng Electronics Technology Co., Ltd.	Purchase of goods	**82,896.31**	245,715.92
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Purchase of goods	**59,000.00**	8,358.49
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned Factory 4326)	Purchase of goods	**58,687.68**	814.17
China Zhenhua Group Yunke Electronics Co., Ltd.	Purchase of goods	**27,827.62**	78,545.64
Guizhou Zhenhua Qunying Electric Appliance Co., Ltd. (State-owned Factory 891)	Purchase of goods	**10,840.71**	3,398.24
Shenzhen SED Technology Development Co., Ltd.	Purchase of goods	**6,323.01**	
Nanjing CEC Panda Lighting Co., Ltd.	Purchase of goods	**1,249.20**	
Gansu Changfeng Electronics Technology Co., Ltd.	Purchase of goods	**1,255,752.21**	
Nanjing CEC Panda Magnetoelectric Technology Co., Ltd.	Purchase of goods	**83,234.51**	
Suzhou Yunxin Microelectronics Technology Co., Ltd.	Purchase of goods	**9,000.00**	
CEC Rainbow Intelligent Lighting Technology Co., Ltd.	Purchase of goods		1,619,449.55
CEAC International Co., Limited	Purchase of goods		255,377.37
Panda Electronics Group Co., Ltd.	Purchase of goods		8,652.72

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

Name of related party	Type	Year ended 31/12/2025	Year ended 31/12/2024
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.	Purchase of goods		3,115.04
Wuhan Zhongyuan Changjiang Technology Development Co., Ltd.	Purchase of goods		212.4
Nanjing Panda Transportation Co., Ltd.	Receipt of services	**6,002,412.23**	6,945,642.89
Nanjing Panda Medical Service Co., Ltd.	Receipt of services	**2,144,716.35**	1,187,401.40
Panda Electronics Group Co., Ltd.	Receipt of services	**733,103.15**	231,553.68
China Electronics Commerce (Beijing) Co., Ltd.	Receipt of services	**641,365.74**	102,203.77
Nanjing Huadong Electronics Group Co., Ltd.	Receipt of services	**331,200.00**	344,250.00
Nanjing CEC Panda Lighting Co., Ltd.	Receipt of services	**256,327.35**	198,750.12
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Receipt of services	**158,497.40**	364,966.52
Nanjing Panda Handa Technology Co., Ltd.	Receipt of services	**131,033.86**	189,171.14
China Electronics Materials Co., Ltd.	Receipt of services	**120,860.60**	
China Electronics Exhibition and Information Communication Co., Ltd.	Receipt of services	**59,433.96**	
Nanjing CEC Panda Property Management Co., Ltd.	Receipt of services	**43,018.87**	45,600.00
China Electronics Cloud Computing Technology Co., Ltd.	Receipt of services	**42,289.62**	
Jiangsu Nanjixing New Energy Technology Co., Ltd.	Receipt of services	**7,323.68**	
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Receipt of services		637,759.29
Nanjing Panda Dasheng Electronics Technology Co., Ltd.	Receipt of services		94,339.62

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

Purchase of goods/Receipt of services Sales of goods/Rendering of services

Name of related party	Type	Year ended 31/12/2025	Year ended 31/12/2024
Nanjing Panda Handa Technology Co., Ltd.	Sales of goods	**155,493,959.93**	131,599,127.57
Xianyang CEC IRICO Group Holding Co., Ltd.	Sales of goods	**15,380,531.01**	16,194,690.27
Chengdu BOE Display Technology Co., Ltd.	Sales of goods	**11,407,271.69**	45,460,196.93
Nanjing Ericsson Panda Communications Co., Ltd.	Sales of goods	**8,649,818.00**	3,893,802.02
Jiangxi IRICO Photovoltaic Co., Ltd.	Sales of goods	**7,123,893.82**	
Shenzhen CEC Investment Co., Ltd.	Sales of goods	**6,760,462.06**	
Nanjing CEC Panda Information Industry Group Co., Ltd.	Sales of goods	**3,211,398.78**	1,746,098.07
Beijing CSSWEB Network Technology Co., Ltd.	Sales of goods	**3,151,688.10**	
Shenzhen Jinghua Network Marketing Co., Ltd.	Sales of goods	**3,045,210.68**	3,837,569.04
Gansu Changfeng Electronics Technology Co., Ltd.	Sales of goods	**2,725,663.72**	5,752.22
Great Wall Power Technology Co., Ltd.	Sales of goods	**2,480,229.53**	1,232,726.10
Panda Electronics Group Co., Ltd.	Sales of goods	**1,092,682.69**	680,092.74
IRICO (Hefei) LCD Glass Co., Ltd.	Sales of goods	**492,867.25**	13,031,681.42
Shenzhen CEC Electric Power Technology Co., Ltd.	Sales of goods	**217,999.22**	226,545.00
Nanjing Sanle Microwave Technology Development Co., Ltd.	Sales of goods		110,442.48

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

Name of related party	Type	Year ended 31/12/2025	Year ended 31/12/2024
Nanjing Panda Transportation Co., Ltd.	Sales of goods	**101,453.47**	107,280.55
Nanjing CEC Panda Magnetoelectric Technology Co., Ltd.	Sales of goods	**83,854.72**	81,996.22
Nanjing Panda Dasheng Electronics Technology Co., Ltd.	Sales of goods	**37,610.62**	22,566.37
Nanjing Panda Medical Service Co., Ltd.	Sales of goods	**17,900.95**	17,673.59
Guizhou Zhenhua New Materials Co., Ltd.	Sales of goods	**16,752.22**	14,407,079.65
Nanjing Panda Zhicheng Technology Co., Ltd.	Sales of goods	**14,877.10**	14,023.33
China Electronics Materials Suzhou-Zhejiang Company	Sales of goods	**7,075.47**	
Nanjing Huadong Electronics Group Co., Ltd.	Sales of goods	**5,761.06**	
Nanjing Keruida Electronic Equipment Co., Ltd.	Sales of goods	**4,458.49**	4,567.92
Nanjing Changjiang Science Park Co., Ltd.	Sales of goods	**3,674.70**	2,473.24
Nanjing LG Panda Appliances Co., Ltd.	Sales of goods	**2,636.27**	15,626.14
Nanjing Panda Investment & Development Co., Ltd.	Sales of goods	**2,052.83**	13,941.50
Nanjing Panda Science Park Development Co., Ltd.	Sales of goods	**1,745.28**	
Nanjing Changjiang Electronics & Information Industry Group Co., Ltd.	Sales of goods	**1,467.87**	
China Electronics Defense Technology Co., Ltd.	Sales of goods		1,070,742.02
Nanjing Sanle Group Co., Ltd.	Sales of goods	**123,217.69**	589,535.39

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

Name of related party	Type	Year ended 31/12/2025	Year ended 31/12/2024
Nanjing CEC Panda LCD Technology Co., Ltd.	Sales of goods		118,834.92
CEC Industrial Internet Co., Ltd.	Sales of goods		16,677.88
Nanjing IRICO New Energy Co., Ltd.	Sales of goods		150.5
Nanjing Huaruichuan Electronics Technology Co., Ltd.	Sales of goods		93.73
Nanjing Jingye Home Appliances Co., Ltd.	Sales of goods		10.28
Chengdu BOE Display Technology Co., Ltd.	Receipt of services	**35,271,784.51**	30,694,126.58
Nanjing Panda Handa Technology Co., Ltd.	Receipt of services	**13,432,206.16**	24,349,785.47
Panda Electronics Group Co., Ltd.	Receipt of services	**6,066,586.70**	5,052,746.36
Nanjing LG Panda Appliances Co., Ltd.	Receipt of services	**710,800.55**	87,065.58
Nanjing CEC Panda Crystal Technology Co., Ltd.	Rendering of services	**435,907.90**	
Nanjing Changjiang Electronics & Information Industry Group Co., Ltd.	Rendering of services	**402,962.86**	
Xianyang IRICO Optoelectronic Technology Co., Ltd.	Receipt of services	**262,790.64**	376,095.30
Nanjing CEC Panda Information Industry Group Co., Ltd.	Rendering of services	**233,463.96**	54,931.74
Nanjing Panda Zhicheng Technology Co., Ltd.	Receipt of services	**190,368.66**	296,217.68
Nanjing Ericsson Panda Communications Co., Ltd.	Rendering of services	**127,482.06**	18,804.34
Nanjing Panda Transportation Co., Ltd.	Receipt of services	**99,702.33**	60,286.57

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties

12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

Name of related party	Type	**Year ended 31/12/2025**	Year ended 31/12/2024
China Electronics Defense Technology Co., Ltd.	Receipt of services		2,116,981.13
Nanjing Huadong Electronics Group Co., Ltd.	Receipt of services		1,061,464.26
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Receipt of services		436,678.02
Nanjing CEC Panda LCD Technology Co., Ltd.	Receipt of services		86,113.20
Dongguan CEC Panda Technology Development Co., Ltd.	Rendering of services		26,117.40
Nanjing Huaruichuan Electronics Technology Co., Ltd.	Rendering of services		20,377.36
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Rendering of services		8,286.25
Nanjing Jingye Home Appliances Co., Ltd.	Rendering of services		3,320.76
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Rendering of services		2,004.59
Shenzhen Jinghua Network Marketing Co., Ltd.	Rendering of services		1,254.46
Shenzhen Chebao Information Technology Co., Ltd.	Rendering of services		475.25

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

15.5.2 Leases with related parties

(1) The Company as the lessor

Lessee	**Types of leased assets**	**Rental income recognized in 2025**	Rental income recognized in 2024
Nanjing Panda Transportation Co., Ltd	Buildings	**33,321.10**	176,851.36
Nanjing Jingye Home Appliance Co., Ltd. (Former name: NANJING CEC PANDA HOME APPLIANCES CO., LTD)	Buildings		44,036.70
Shenzhen Jinghua Intelligent Technology Co., Ltd	Buildings		31,156.32
Nanjing Panda Zhicheng Technology Co., Ltd.	Buildings	**304,381.68**	304,381.68
Shenzhen Chebao Information Technology Co., Ltd.	Buildings		4,080.00
Shenzhen Jinghua Network Marketing Co., Ltd.	Buildings	**7,168.65**	6,732.00
Nanjing Panda Zhicheng Technology Co., Ltd.	Trademark Licensing	**25,491.51**	
Nanjing Panda Transportation Co., Ltd	Vehicle	**25,442.48**	50,884.96
Panda Electronics Group Co., Ltd.	Vehicle	**25,442.48**	13,716.82
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Vehicle	**13,274.34**	13,274.33

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

15.5.2 Leases with related parties (Continued)

(2) The Company as the lessee

Lessor	Types of leased assets	Simplified rental expense for short-term leases and leases of low-value assets, as well as variable lease payments that are not included in the measurement of lease liabilities		Rent paid		Interest expense on lease liabilities incurred		Increased right-of-use assets	
		2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
IRICO(Hefei)LCD Glass Co., Ltd.	Buildings	**3,247.71**	12,990.84	**3,540.00**	14,160.00				

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.3 Guarantee activities with related parties

The Company as guarantor:

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
Nanjing Panda Electronics Company Limited	Nanjing Huage Electric and Plastic Industry Co., Ltd[1]	20,000,000.00	2025/1/23	2026/1/23	No

Notes：

[1]. The Company provides a maximum guarantee for a comprehensive bank credit line of RMB20,000,000.00 granted to Nanjing Huage Electric & Plastic Industry Co., Ltd., a third-tier subsidiary of the Company, by China Electronics Finance Co., Ltd. The credit term is from January 23, 2025 to January 23, 2026, and no counter-guarantee is provided for this guarantee. The guarantee period shall be calculated separately in accordance with the debt performance periods agreed in each specific credit business contract under the Comprehensive Credit Contract. The guarantee period under each specific credit business contract shall be two years commencing from the date of expiration of the debt performance period agreed therein. As of December 31, 2025, Nanjing Huage Electric & Plastic Industry Co., Ltd., a subsidiary of the Company, had utilized a total credit line of RMB10,065,491.33. Among which, the amount guaranteed by the Company for bank acceptance bills issued to Nanjing Huage Electric & Plastic Industry Co., Ltd. (the third-tier subsidiary) is RMB10,065,491.33.

In summary, as of December 31, 2025, the total amount of guarantees provided by the Company for its subsidiaries is RMB10,065,491.33, consisting of RMB10,065,491.33 for bank acceptance bill guarantees and RMB0 for letter of guarantee guarantees. (As of December 31, 2024, the total amount of guarantees provided by the Company for its subsidiaries was RMB2,358,781.76, including RMB1,748,815.76 for bank acceptance bill guarantees and RMB609,966.00 for letter of guarantee guarantees.)

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.4

Item	Related Party Transaction Details	2025	2024
Nanjing Zhenhua Packaging Materials Factory	Gain from Debt Restructuring	**211,883.29**	
Total		**211,883.29**	

12.5.5 Remuneration of key management

Unit: 10K CNY

Item	2025	2024
Remuneration of key management	**823.36**	834.04

During the Reporting Period, there were 18 key management personnel of the Company, including directors, supervisors, general managers, deputy general managers and secretary of the Board of Directors, of which 12 received remuneration from the Company.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Remuneration of key management (Continued)

2025

Unit：10K CNY

Name	Position	Remuneration	Wages and subsidies	Pension scheme contribution	Performance bonus	Total	Remarks
Xia Dechuan	Chairman of the board						
Liu Jianfeng	Non Executive Director						
Hu Jin	Non Executive Director						
Hu Huichun	Executive Director and General Manager		46.08	9.97	52.97	109.02	
Yi Guofu	Employee Director		40.92	9.77	51.72	102.41	
Lu Song	Non Executive Director						
Dai Keqin	Independent Non Executive Director	12.00				12.00	
Xiong Yanren	Independent Non Executive Director	12.00				12.00	
Zhu Weixun	Independent Non Executive Director	12.00				12.00	
Hu Shoujun	Chief Accountant		32.52	8.66	37.18	78.36	
Shao Bo	Deputy general manager		28.92	8.37	33.12	70.41	
Hu Dali	Deputy general manager		32.52	8.74	32.24	73.5	
Wang Dongdong	Secretary of the board		28.92	8.58	34.25	71.75	
Wan Lei	Deputy general manager		32.52	9.39	51.00	92.91	
Lu Bin	Deputy general manager		32.52	10.05	63.67	106.24	
Fan Laiying	Former Chairman of the Supervisory Board						
Fu Yuanyuan	Former Supervisor						
Xue Yuheng	Former Employee Representative Supervisor and Deputy Secretary of the Party Committee		32.52	9.16	41.08	82.76	
Total		36.00	307.44	82.69	397.23	823.36	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Remuneration of key management (Continued)

Continued:2024 Unit：10K CNY

Name	Position	Remuneration	Wages and subsidies	Pension scheme contribution	Performance bonus	Total	Remarks
Xia Dechuan [1][3][4]	Chairman of the board					–	
Liu Jianfeng [1][4]	Director					–	
Hu Jin[1][4]	Director					–	
Hu Huichun [1][4][5]	Director and general manager		35.88	10.46	58.44	104.78	
Yi Guofu [1][4]	Directors and Party Secretary		33.48	9.52	57.14	100.14	
Lu Song [1][4]	Director					–	
Dai Keqin [1][4]	Independent director	12.00				12.00	
Xiong Yanren [1][4]	Independent director	12.00				12.00	
Zhu Weixun [1][4]	Independent director	12.00				12.00	
Fan Laiying [2][6]	Chairman of the Supervisory Board					–	
Fu Yuanyuan [2]	Supervisor					–	
Xue Yuheng[2]	Employee supervisor		30.36	9.01	44.18	83.55	
Hu Shoujun [5]	Chief accountant		30.36	8.26	9.18	47.80	2023 annual performance salary borne by original company
Shao Bo [5]	Deputy general manager		27.96	8.30	37.30	73.56	
Hu Dali [5]	Deputy general manager		30.36	8.96	41.89	81.21	
Wang Dongdong [5]	Secretary of the board		27.96	8.28	41.25	77.49	
Wan Lei [5]	Deputy general manager		30.36	8.99	53.54	92.89	
Lu Bin[5]	Deputy general manager		30.36	9.99	65.59	105.94	
Deng Weiming	Former Non-executive Director					–	
Zhou Yuxin	Former Employee Supervisor		13.84	6.70	10.14	30.68	
Total		36.00	290.92	88.47	418.65	834.04	

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Remuneration of key management (Continued)

1. On June 3, 2024, the company convened the 26th meeting of the 10th Board of Directors, which reviewed and approved the nomination of Mr. Xia Dechuan and Mr. Hu Huichun as candidates for Executive Directors of the 11th Board of Directors, the nomination of Mr. Liu Jianfeng, Mr. Hu Jin, Mr. Yi Guofu, and Mr. Lv Song as candidates for Non-Executive Directors of the 11th Board of Directors, and the nomination of Mr. Dai Keqin, Ms. Xiong Yanren, and Mr. Zhu Weixun as candidates for Independent Non-Executive Directors of the 11th Board of Directors. These candidates were elected at the Company's 2023 Annual General Meeting held on June 21, 2024, and will serve a three-year term.

2. On June 3, 2024, the company convened the 16th meeting of the 10th Board of Supervisors, which reviewed and approved the nomination of Mr. Fan Laiying and Ms. Fu Yuanyuan as candidates for Non-employee Supervisors of the 11th Board of Supervisors, and confirmed Mr. Xue Yuheng as the Employee Supervisor of the 11th Board of Supervisors. Mr. Fan Laiying and Ms. Fu Yuanyuan were elected at the company's 2023 Annual General Meeting held on June 21, 2024. Together with Employee Supervisor Mr. Xue Yuheng, they formed the 11th Board of Supervisors of the Company, with a term of three years.

3. On June 21, 2024, the Company convened the first meeting of the 11th Board of Directors, and elected Mr. Xia Dechuan as the Chairman of the 11th Board of Directors.

4. On June 21, 2024, the Company convened the first meeting of the 11th Board of Directors, and elected the following members to the various committees:

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Remuneration of key management (Continued)

- Strategy Committee: Chairman Xia Dechuan, Director Liu Jianfeng, Director Hu Huichun, Director Yi Guofu, and Independent Director Zhu Weixun, with Chairman Xia Dechuan as the head of the committee.

- Audit Committee: Director Hu Jin, Director Lv Song, Independent Director Dai Keqin, Independent Director Xiong Yanren, and Independent Director Zhu Weixun, with Ms. Xiong Yanren as the head of the committee.

- Nomination Committee: Chairman Xia Dechuan, Director Hu Huichun, Independent Director Dai Keqin, Independent Director Xiong Yanren, and Independent Director Zhu Weixun, with Mr. Dai Keqin as the head of the committee.

- Compensation and Assessment Committee: Chairman Xia Dechuan, Director Liu Jianfeng, Independent Director Dai Keqin, Independent Director Xiong Yanren, and Independent Director Zhu Weixun, with Mr. Zhu Weixun as the head of the committee.

5. On June 21, 2024, the Company convened the first meeting of the 11th Board of Directors, and appointed the following executives:

- General Manager: Mr. Hu Huichun

- Deputy General Managers: Mr. Shao Bo, Mr. Hu Dali, Mr. Wan Lei, Mr. Lu Bin

- Chief accountant: Mr. Hu Shoujun

- Secretary of the board: Mr. Wang Dongdong

The terms of these appointments are three years, concurrent with the 11th Board of Directors.

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Remuneration of key management (Continued)

6. On June 21, 2024, the Company convened the first meeting of the 11th Board of Supervisors, and elected Mr. Fan Laiying as the Chairman of the Board of Supervisors\

7. On November 7, 2025, the Company convened an extraordinary meeting of the 11th Board of Directors, which considered and approved the proposal Amendment to Certain Articles of the Articles of Association of the Company and resolved to authorize the management of the Company to handle specific matters relating to the amendment to certain articles of the Articles of Association. The meeting also considered and approved the revised Rules of Procedure for the Shareholders' General Meetings of the Company and Rules of Procedure for the Board of Directors of the Company, as well as the proposal Cancellation of the Supervisory Board of the Company and Abolition of the Rules of Procedure for the Supervisory Board of the Company. The above proposals were approved at the second extraordinary general meeting of 2025, the first class A shareholders' general meeting of 2025 and the first class H shareholders' general meeting of 2025 of the Company held on December 4, 2025. The supervisors of the Supervisory Board of the Company resigned on the same date.

8. On December 23, 2025, Mr. Yi Guofu tendered his resignation from his positions as director of the Company and relevant positions under the committees of the Board of Directors due to adjustments to the Company's corporate governance structure and work arrangements. Following his resignation, Mr. Yi Guofu will continue to hold other positions in the Company. On December 24, 2025, the Company held a joint meeting of members of the Trade Union Committee and delegation leaders of the Staff Representative Congress, at which Mr. Yi Guofu was elected as the employee representative director of the 11th Board of Directors of the Company, with a term of office consistent with that of the 11th Board of Directors of the Company.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Remuneration of key management (Continued)

The top five highest-paid individuals of the Company in 2025 include 0 directors (2024: 0 director). The total amount of remuneration paid to these 5 individuals (2024: 5) during the year is set out below:

Item	2025	2024
Wages and subsidies	**713.23**	719.06
Contributions to a pension scheme	**41.46**	42.89
Others		
Total	**754.69**	761.95

Continued

	Number	
Salary range	**2025**	2024
HKD0-1,000,000.00		
HKD1,000,000.00-1,500,000.00	**1**	2
HKD1,500,000.00-2,000,000.00	**3**	1
HKD2,000,000.00-2,500,000.00	**1**	2

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.5. Transactions with related parties (Continued)

12.5.5 Other transactions with related parties

Related party	Details of related party transactions	2025	2024
China Electronics Finance Co., Ltd. [1]	Interest received	**3,781,077.43**	4,561,349.65
China Electronics Finance Co., Ltd. [1]	Service fees	**10,291.88**	7,954.73
China Electronic Materials Co., Ltd	Debt forgiveness		
Nanjing Panda Zhicheng Technology Co., Ltd..	Trademark License	**25,491.51**	18,999.06
Nanjing Panda Handa Technology Co., Ltd	Patent transfer		2,392,358.49
Zhongdian Huirong Commercial Factoring (Shenzhen) Co., Ltd.	Accounts Receivable Factoring		2,614,845.96
Zhongdian Huirong Commercial Factoring (Shenzhen) Co., Ltd.	Interest charged		8,097.52
Zhongdian Huirong Commercial Factoring (Shenzhen) Co., Ltd.	Service fees		466.44

Note:

[1] On November 22, 2024, the Company convened an interim meeting of the 11th Board of Directors, at which the proposal to sign the "Financial Services Cooperation Agreement" ("Service Agreement") with China Electronics Finance Co., Ltd was approved. According to the terms of the Service Agreement, China Electronics Finance Co., Ltd. will provide comprehensive financial services in compliance with applicable laws and regulations, including but not limited to: financial and financing advisory services, credit certification, other related consulting and agency services, and guarantees, bill acceptance, discounting, deposit services, with an upper limit of RMB800 million for the comprehensive credit balance, an upper limit of RMB700 million for the fund settlement balance, and an upper limit of RMB2 million for the transaction fees of other financial services businesses. The validity period is three years from the effective date of the Service Agreement. The above-mentioned Service Agreement has been reviewed and approved at the Company's second interim shareholders' meeting on December 27, 2024.

As of December 31, 2025, the Company's loan balance with China Electronics Finance Co., Ltd. was RMB0.00, and the deposit balance was RMB689,460,833.84. As of December 31, 2025, the Company had used a credit line of RMB10,065,491.33 with China Electronics Finance Co., Ltd.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.6. Receivables due from and payables due to related parties

12.6.1 Receivables due from related parties

Account name	Related party	31 December 2025		1 January 2025	
		Book value	Allowance for credit losses	Book value	Allowance for credit losses
Cash at bank and on hand	China Electronics Finance Co., Ltd.	**609,660,833.84**		526,131,362.15	
Accounts receivable	Nanjing Panda Handa Technology Co., Ltd.	**253,449,902.63**	**1,304,974.34**	183,546,723.10	1,079,781.29
	Beijing CSSWEB Technology Co., Ltd.	**18,885,643.25**	**657,555.02**	20,885,643.25	623,925.49
	Nanjing Panda Investment and Development Co., Ltd.	**14,808,445.92**	**414,760.11**	24,522,643.26	529,834.46
	China Rainbow Group Co., Ltd.	**14,179,772.13**	**482,136.15**	14,663,453.55	417,362.59
	Xianyang China Electronics IRICO Group Holding Co., Ltd.	**13,167,946.90**		7,320,000.00	
	Chengdu BOE Display Technology Co., Ltd.	**12,038,290.57**		11,787,852.88	
	Panda Electronics Group Co., Ltd.	**4,623,829.57**	**83,887.32**	4,077,354.15	77,713.80
	IRICO (Hefei) LCD Glass Co., Ltd.	**4,552,900.00**	**103,649.07**	5,061,900.00	79,073.28
	Nanjing Ericsson Panda Communications Co., Ltd.	**4,547,500.42**	**3,954.19**	3,162,820.64	1,698.83
	Gansu Changfeng Electronics Technology Co., Ltd.	**4,067,069.73**	**18,800.00**	2,776,760.00	114,154.87
	Jiangxi IRICO Photovoltaic Co., Ltd.	**4,025,000.00**	**-**		
	China Electronics Defense Technology Co., Ltd.	**3,548,332.99**	**92,289.05**	14,987,830.04	283,389.41
	Nanjing Sanle Group Co., Ltd.	**586,396.00**		638,800.00	
	TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	**375,953.26**		646,463.96	
	Great Wall Power Supply Technology Co., Ltd.	**282,421.42**		461,985.28	
	Nanjing Panda Zhicheng Technology Co., Ltd.	**193,536.00**		107,600.00	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.6. Receivables due from and payables due to related parties (Continued)

12.6.1 Receivables due from related parties (Continued)

Account name	Related party	31 December 2025 Book value	31 December 2025 Allowance for credit losses	1 January 2025 Book value	1 January 2025 Allowance for credit losses
	Nanjing China Electronics Panda Corporation	**134,897.43**	**1,890.28**	87,397.43	1,247.11
	Nanjing CEC Panda LCD Technology Co., Ltd.	**122,627.19**	**4,549.47**	18,188,722.51	572,604.18
	Nanjing Huadong Electronics Group Co., Ltd.	**96,510.00**	**1,683.00**	90,000.00	
	Shenzhen China Electronics Power Technology Co., Ltd.	**49,225.00**		34,266.82	
	Guizhou Zhenhua E-Chem Co., Ltd.	**18,930.00**		16,280,000.00	177,452.00
	Liyang Panda Cuizhuyuan Hotel Co., Ltd.	**7,500.00**		484,979.03	
	China Electronics Digital Technology Co., Ltd.			614,845.96	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.			409,943.88	
	Nanjing Sanle Microwave Technology Development Co., Ltd.			106,800.00	
	Nanjing LG Panda Appliances Co., Ltd.			44,417.29	
	Nanjing CEC Panda Home Appliances Co., Ltd.			32,000.00	348.8
	Nanjing Runjingtai Hotel Co., Ltd.			2,227.10	141.45
Notes receivable	Nanjing Panda Handa Technology Co., Ltd	**3,110,333.00**		30,274,614.02	
	Panda Electronics Group Co., Ltd.	**75,938.00**			
	Wuhan Zhongyuan Communication Co., Ltd			100,000.00	
	China Electronics Defense Technology Co., Ltd. (Former name "CLC Defense Technology Limited")			11,569,789.32	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.6. Receivables due from and payables due to related parties (Continued)

12.6.1 Receivables due from related parties (Continued)

Account name	Related party	31 December 2025 Book value	31 December 2025 Allowance for credit losses	1 January 2025 Book value	1 January 2025 Allowance for credit losses
Receivables Financing	Nanjing Panda Handa Technology Co., Ltd	**37,559,343.77**		8,527,544.33	
	Nanjing LG Panda Appliances Co., Ltd.	**107,137.25**			
	Great Wall Power Supply Technology Co., Ltd.			62,038.02	
	China Electronics Defense Technology Co., Ltd. (Former name "CLC Defense Technology Limited")			2,517,731.00	
Prepayments	China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned No. 873 Factory)	**445,123.20**			
	Shenzhen Zhenhua Fu Electronics Co., Ltd.	**310,083.95**			
	CEC Commerce (Beijing) Co., Ltd.	**86,660.53**			
	China Electronics Import & Export Corporation	**1,500.00**		1,500.00	
Other receivables	Panda Electronics Group Co., Ltd.	**250,000.00**	**2,350.00**		
	TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	**50,000.00**			
Other current assets	China Electronics Finance Co., Ltd. (Time Deposit)	**79,800,000.00**		80,000,000.00	
Contract assets	Nanjing CEC Panda Crystal Technology Co., Ltd.	**105,539.61**			
	Nanjing Changjiang Electronic Information Industry Group Co., Ltd.	**13,176.88**			

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.6. Receivables due from and payables due to related parties (Continued)

12.6.2 Payables due to related parties

Account name	Related party	31 December 2025	1 January 2025
Accounts payable	Chengdu Sino-Microelectronics Technology Co., Ltd.	**2,164,452.17**	17,035.40
	Nanjing Panda Handa Technology Co., Ltd.	**2,148,752.60**	
	Nanjing Panda Transportation Co., Ltd.		1,261,596.26
	Nanjing Zhenhua Packaging Materials Factory	**1,143,864.83**	1,567,241.43
	Shenzhen SED Wireless Communication Technology Co., Ltd.	**1,139,606.00**	2,619,667.20
	China Electronics Defense Technology Co., Ltd.	**915,678.63**	2,229,718.63
	Gansu Changfeng Electronics Technology Co., Ltd.	**840,300.00**	
	China Electronics Herui Technology Co., Ltd.	**774,200.00**	
	Panda Electronics Group Co., Ltd.	**1,931,681.01**	591,722.08
	China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned Factory 873)	**410,394.83**	4,450.45
	Langfang Zhenhua Crystal Technology Co., Ltd.	**327,844.71**	20,227.42
	Nanjing CEC Panda Crystal Technology Co., Ltd.	**174,179.31**	36,819.78
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	**158,419.51**	24,040.36
	China Zhenhua Group Yunke Electronics Co., Ltd.	**132,528.00**	133,585.46
	Nanjing CEC Panda Magnetoelectric Technology Co., Ltd.	**94,055.00**	

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.6. Receivables due from and payables due to related parties (Continued)

12.6.2 Payables due to related parties (Continued)

Account name	Related party	31 December 2025	1 January 2025
	China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned Factory 4326)	**68,527.47**	8,778.77
	Shenzhen Zhenhua Fu Electronics Co., Ltd.	**24,598.23**	
	Jiangsu Nanjixing New Energy Technology Co., Ltd.	**8,275.76**	
	Nanjing Panda Dasheng Electronics Technology Co., Ltd.	**7,268.00**	228,790.01
	Guizhou Zhenhua Qunying Electric Appliance Co., Ltd. (State-owned Factory 891)	**4,975.23**	4,959.30
	Suzhou Yunxin Microelectronics Technology Co., Ltd.	**4,520.00**	
	Shenzhen SED Technology Development Co., Ltd.	**3,785.00**	
	CEAC International Co., Limited	**2,122.44**	2,122.44
	Chengdu BOE Display Technology Co., Ltd.	**3,298.80**	
	China Electronics Commerce (Beijing) Co., Ltd.	**7699.12**	
	Nanjing CEC Panda LCD Technology Co., Ltd.		72,402.05
	CEC Rainbow Intelligent Lighting Technology Co., Ltd.	**647,779.82**	799,983.58
	Nanjing Jingye Home Appliances Co., Ltd.		147,600.00
	Nanjing CEC Panda Lighting Co., Ltd.	**21,880.57**	6,499.13
Notes payable	Nanjing Zhenhua Acoustics Equipment Factory		106,431.99
	Nanjing Panda Piezoelectricity Technology Co., Ltd.		485,500.00

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.6. Receivables due from and payables due to related parties (Continued)

12.6.2 Payables due to related parties (Continued)

Account name	Related party	31 December 2025	1 January 2025
Other payables	Nanjing China Electronics Panda Corporation	**9,790,000.00**	9,790,000.00
	Panda Electronics Group Co., Ltd.	**3,549,702.85**	3,765,011.31
	Nanjing Panda Handa Technology Co., Ltd.	**415,148.84**	
	Nanjing Panda Science and Technology Park Development Co., Ltd	**20,000.00**	20,000.00
	CEC Herui Technology Co., Ltd.	**20,000.00**	
	Nanjing China Electronics Panda Lighting Co., Ltd.		10,000.00
	Nanjing Panda Transportation Co., Ltd		214,625.00
Contract liabilities	IRICO Group Co., Ltd.	**3,971,681.42**	
	IRICO (Hefei) LCD Glass Co., Ltd.	**2,645,309.73**	
	Xianyang CEC IRICO Group Holding Co., Ltd.	**1,269,026.55**	4,083,326.81
	Nanjing Sanle Group Co., Ltd.	**65,779.82**	
	FAIRWIT HONGKONG CO., LIMITED		48,521.70
	Gansu Changfeng Electronics Technology Co., Ltd.	**1,718,584.07**	
	Jiangxi IRICO Photovoltaic Co., Ltd.		3,152,165.42

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

12. Related parties and transactions (Continued)

12.7. Commitment with related parties

There were no material related party commitments in this period.

12.8. Centralized fund management

The main contents of the centralized fund management arrangement in which the Company participates and implements are as follows：

The project in which the Company participates in and implements the centralized management of funds is to sign the Financial Services Agreement with China Electronic Finance Co., Ltd., and deposit funds into China Electronic Finance Co., Ltd. within the upper limit of the fund settlement balance, and there is no restriction on deposit withdrawal.

Funds collected by the Company to the Group

The Company has no funds pooled to the Group

Funds deposited directly into the finance company by the Company without pooling to the Group parent's account:

Item	**31 December 2025**		1 January 2025	
	Book value	**Allowance for credit losses**	Book value	Allowance for credit losses
Cash at bank and on hand	**609,660,833.84**		526,131,362.15	
Other current assets- Certificates of Deposit	**79,800,000.00**		80,000,000.00	
Total	**689,460,833.84**		606,131,362.15	
Among them: funds restricted due to centralized fund management				

Notes:

[1] For details of the current deposit interest and the Financial Services Agreement with China Electronic Finance Co., Ltd. refer to the note 12.5.5 other transactions with related parties.

[2] The Company has no funds pooled into the accounts of the Group's parent company.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

13. Commitments and contingencies

13.1. Commitments

For details of unrecognized commitments relating to related parties, please refer to "note 12. Related parties and connected transactions"; For details of commitments relating to leasing, please refer to "note 5.59 Leasing".

As at the balance sheet date, the Company's material commitments for capital expenditures that had been contracted for but were not yet required to be disclosed on the balance sheet are as follow:

Item	**31 December 2025**	1 January 2025
Machinery & equipment		550,697.43

13.2. Contingencies

13.2.1 Significant litigation and arbitration matters

No	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
1	Panda Equipment v. Jiangsu Golden Cat Contract Dispute Case	RMB22,593,150 and interest	No	From July 18, 2017 to November 1, 2018, Nanjing Panda Electronic Equipment Co., Ltd. (hereinafter referred to as "Panda Equipment"), as a supplier, signed 4 contracts successively with Jiangsu Golden Cat Robotics Technology Co. Ltd.. As of December 31, 2023, there are still outstanding payments of 22.59315 million yuan that have not been collected.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

13. Commitments and contingencies (Continued)

13.2. Contingencies (Continued)

13.2.1 Significant litigation and arbitration matters (Continued)

No	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
				Panda Equipment has repeatedly urged for payment without success and has filed a lawsuit with the Qixia District People's Court. On February 21, 2024, Electronic Equipment received the Civil Counterclaim from Jiangsu Golden Cat Robotics Technology Co. requesting to terminate the relevant contracts and return the purchased equipment and the paid purchase price. On March 5, 2024, Panda Equipment received the judgment issued by the court on February 29, 2024, which ruled that Jiangsu Golden Cat Robotics Technology Co., Ltd. should pay RMB128,000 to Panda Equipment for the unpaid purchase price of one remaining contract and pay for the corresponding liquidated damages, and Panda equipment should refund to Jiangsu Golden Cat Robot Technology Co., Ltd. for three terminated contracts, with payment of 44,749,350 yuan and corresponding interest. On March 18, Panda Equipment filed an appeal. The second instance court held two hearings on June 7, 2024 and March 19, 2025 respectively. On May 8, 2025, Panda Equipment received the second-instance judgment, the main content of which is as follows: the claims of Jinmao Company are dismissed; Jinmao Company shall, within ten (10) days from the effective date of this judgment, pay Electronic Equipment Company the payment for goods in the amount of RMB22,593,150 together with liquidated damages for overdue payment. In May 2025, Panda Equipment applied to the Qixia District People's Court of Nanjing for enforcement. In January 2026, Panda Equipment received a petition for retrial filed by Jinmao and a Notice of Response to Action and Notice of Members of the Collegial Panel issued by the Higher People's Court of Jiangsu Province. The case is currently under review for retrial.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

13. Commitments and contingencies (Continued)

13.2. Contingencies (Continued)

13.2.1 Significant litigation and arbitration matters (Continued)

No	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
2	Panda Information v. Xuzhou Suning Real Estate Co., Ltd. Construction Contract Dispute Case	RMB6.6112 million	No	On June 18, 2012, Nanjing Panda Information Industry Co., Ltd. (hereinafter referred to as "Panda Information") won the bid for the "Xuzhou Suning Plaza Building Automatic Control System Project", and subsequently signed a "Building Automatic Control System Contract" with Xuzhou Suning Real Estate Co., Ltd. The total contract price is tentatively set at 23.637 million yuan. On December 6, 2018, the acceptance report was issued, and the amount of the project was audited to be RMB21,770,000 for the second trial. In December 2020, the warranty period of the project expired, and the Engineering Warranty Period Completion Report was issued. As of the end of July 2021, invoices equal to the approved amount have been issued to the employer, and there is still 6,611,197.07 yuan of project payment due but unpaid. On May 30, 2022, Panda Information filed a lawsuit with the Gulou District Court in Xuzhou City. On November 4, 2022, the two parties held a trial in the Nanjing Intermediate People's Court. After the trial, the two parties communicated on a settlement plan, but were unable to reach an agreement yet. On February 16, 2023, both parties held a trial in the Nanjing Intermediate People's Court, and Panda Information submitted additional evidence materials.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

13. Commitments and contingencies (Continued)

13.2. Contingencies (Continued)

13.2.1 Significant litigation and arbitration matters (Continued)

No	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
				On March 10, 2023, Panda Information submitted an "Application" to the Nanjing Intermediate People's Court, explicitly stating that it no longer accepted mediation. On August 23, 2024, Panda Information received the first-instance judgment from the Nanjing Intermediate People's Court, which ruled that Xuzhou Suning Real Estate should pay Panda Information a project payment of 6.6112 million yuan and overdue liquidated damages. Panda Information has the right of priority compensation for the construction project price within the scope of the unpaid 6.6112 million yuan. On September 19, 2024, Panda Information received the appeal from Xuzhou Suning Real Estate. On March 18, 2025, Panda Information received the second-instance judgment from the Jiangsu Provincial Higher People's Court, which upheld the original judgment.
				On April 10, 2025, the company applied for enforcement. On April 25, 2025, the company received an announcement from the Nanjing Intermediate People's Court, which ruled in accordance with the law to carry out substantive consolidated reorganization of Suning Appliance Group Co., Ltd. and 37 other affiliated enterprises, totaling 38 companies. On May 27, 2025, Panda Information attended the first creditors' meeting for the substantive consolidated reorganization of Suning held by the Nanjing Intermediate People's Court, at which the company's claims were confirmed. In December 2025, the Nanjing Intermediate People's Court ruled to approve the reorganization plan.

13.2.2 As of December 31, 2025, the Company had outstanding bank guarantees totaling RMB288,227,036.62 that had not yet reached maturity.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

14. Events after the balance sheet date

14.1. There were no significant non-adjusting events after the balance sheet date during the Period

14.2. Profit distribution

Pursuant to the 2025 profit distribution plan approved at the 8th meeting of the 11th session of the Board of Directors of the Company, the distribution shall be based on the total share capital of 913,813,529 shares at the end of the reporting period. A cash dividend of RMB0.10 per 10 shares (tax inclusive) shall be distributed, with a total amount of RMB9,138,385.29 (tax inclusive). The profit distribution plan shall be implemented upon approval by the shareholders' meeting of the Company.

14.3. Sales returns

The Company had no material sales returns after the balance sheet date.

14.4. Description of other post-balance sheet date events

14.4.1 Entrusted wealth management using self-owned idle funds

The Company has utilized its idle self-owned funds for entrusted wealth management in accordance with the "Proposal on Cash Management Using Idle Funds" approved at the interim meeting of the 10th Board of Directors. The details are shown in the table below:

No.	Entrusting party	Entrusted party	Product Type	Product Name	Amount (10 thousand yuan)	Product Start Date/ Establishment Date/Interest Commencement Date	Maturity Date	Expected Annualized Yield	Estimated Yield Amount (10 thousand RMB)	Product Term	Yield Type	Structured Arrangement	Reference Annualized Yield	Expected return (if any)	Whether constitutes a related party transaction
1	Nanjing Panda Electronics Company Limited	China Everbright Bank	Bank financial products	Structured deposits	8,000.00	2026/1/22	2026/4/21	1.00%	20.00	90 days	Principal Guaranteed with Floating Returns	N/A	N/A	N/A	No
								2.00%	40.00						
								2.10%	42.00						
2	Nanjing Panda Information Industry Co., Ltd.	China Guangfa Bank	Bank financial products	Structured deposits	5,000.00	2026/3/27	2026/6/25	0.5%	6.16	90 days	Principal Guaranteed with Floating Returns	N/A	N/A	N/A	No
								2.05%	25.27						
								2.2%	27.12						

14.4.2 Guarantees Provided for Subsidiaries

The Company did not provide any guarantees to its subsidiaries in the current year.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

15. Other Important Matters

15.1. Correction of prior period accounting errors

There were no corrections of prior period accounting errors during the reporting period.

15.2 Debt Restructuring

As Debtor

Item	Method of Debt Restructuring	Original Carrying Amount of Restructured Claims/Debts	Recognized Gain/Loss on Debt Restructuring	Increase in Share Capital Resulting from Conversion of Debt into Capital	Increase in Investment Resulting from Conversion of Claims into Shares	Percentage of the Investment in the Total Shares of the Debtor (%)	Contingent Payable/ Contingent Receivable	Method and Basis for Determining Fair Value in Debt Restructuring
Accounts Payable	Partial Forgiveness	14,771,438.36	6,460,741.36					Market Price
Total	–	14,771,438.36	6,460,741.36					–

15.3 Annuity plan

In addition to the basic social pension insurance, the Company has established an enterprise annuity plan in accordance with the relevant policies of the national annuity system, which is applicable to the Company's employees who are formally employed and have worked for the Company for one year. The annuity plan adopts a defined contribution model, with the unit contribution base set at the previous year's gross salary, the contribution rate is tentatively set at 5.5% and the individual contribution rate is tentatively set at 1.5%, and the corresponding expenses are recognized as current profit and loss.

In addition to the basic social pension insurance, Shenzhen JingWah Electronics Co., Ltd., second-tier subsidiary, has established an enterprise annuity plan based on the relevant policies of the national enterprise annuity system, which is applicable to the regular employees and seconded officers by shareholders with Shenzhen household registration. The annuity plan adopts a defined contribution model. Based on the economic benefits of the previous period, the current extraction ratio is determined, and employees are required to pay a monthly fixed amount according to their job level. Within the maximum amount not exceeding 15% of the total salary of employees participating in the enterprise annuity, Shenzhen JingWah will fully bear the expenses, and the corresponding expenses will be included in the current profit and loss.

Apart from this, the Company and its subsidiaries have no other significant employee social security commitments.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

15. Other Important Matters (Continued)

15.4 Discontinued Operations

Item	Current Period Amount	Prior Period Amount
1. Revenue from Discontinued Operations	**52,032,923.99**	61,057,323.51
Less: Costs and Operating Expenses of Discontinued Operations	**79,575,496.11**	84,600,067.51
2. Total Profit from Discontinued Operations	**-27,542,572.12**	-23,542,744.00
Less: Income Tax Expense from Discontinued Operations	**–**	–
3. Net Profit from Discontinued Operations	**-27,542,572.12**	-23,542,744.00
of which: Net Profit from Discontinued Operations Attributable to the Parent Company	**-27,542,572.12**	-23,542,744.00
Add: Net Gain on Disposal of Business (net of tax)	**–**	–
of which: Total Gain/Loss on Disposal	**–**	–
Less: Income Tax Expense (or Income)	**–**	–
4. Total Net Profit from Discontinued Operations	**-27,542,572.12**	-23,542,744.00
of which: Total Net Profit from Discontinued Operations Attributable to Owners of the Parent Company	**-27,542,572.12**	-23,542,744.00
5. Net Cash Flow from Discontinued Operations	**-2,056,051.82**	-735,016.59
of which: Net Cash Flow from Operating Activities	**-37,949,777.73**	-26,967,914.32
Net Cash Flow from Investing Activities	**308,000.00**	232,897.73
Net Cash Flow from Financing Activities	**35,585,725.91**	26,000,000.00

15. Other Important Matters (Continued)

15.5. Segment Information (Continued)

15.5.1 Basis for determining reporting segments and accounting policies

According to the Company's internal organizational structure, management requirements and internal reporting system, three reportable branches were identified, namely: smart transportation and safe city, green service-oriented electronic manufacturing, industrial Internet and intelligent manufacturing. The Company's various reportable branches provide different products or services, or engage in business activities in different regions. Due to the need for different technologies or market strategies for each branch, the management of the Company separately manages the operating activities of them, regularly evaluates the operating results, and decides to allocate resources to them and evaluate their performance.

The transfer prices between segments are determined based on the actual transaction prices. Indirect expenses that are attributable to each segment are allocated among the segments in proportion. Assets are allocated based on the operations of the segments and the location of the assets. Segment liabilities include liabilities arising from the segment's operating activities that are attributable to the segment. If expenses related to liabilities that are jointly borne by multiple operating segments are allocated to these operating segments, the jointly borne liabilities are also allocated to these operating segments.

Non-current assets are classified according to the region in which the assets are located in, and the Company's non-current assets are all located in the territory of China.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

15. Other Important Matters (Continued)

15.5. Segment Information (Continued)

15.4.2 Financial information of reporting segments

Item	Smart Transportation and Safe city	Green Service-oriented Electronic Manufacturing	Industrial Internet and Intelligent Manufacturing	Offsetting	Total
Revenue	1,263,262,462.28	1,214,172,227.86	124,640,127.26	-114,169,655.54	2,487,905,161.86
Investment income from associates and joint ventures	69,367,758.08				69,367,758.08
Assets impairment losses	-49,683,537.07	-9,278,650.64	-21,570,413.91		-80,532,601.62
Credit impairment losses	-16,979,140.83	108,616.41	-19,646,845.54		-36,517,369.96
Depreciation and Amortization	56,856,431.61	30,740,771.47	18,055,228.13	-2,105,788.24	103,546,642.97
Total profit (Total loss)	189,879,981.02	20,441,293.93	-142,050,743.37	2,105,788.24	70,376,319.82
Income tax expenses	15,028,063.86	4,341,826.85		-1,232.02	19,368,658.69
Net profit (Net loss)	174,851,917.16	16,099,467.08	-142,050,743.37	2,107,020.26	51,007,661.13
Total Assets	4,854,020,415.41	1,205,712,516.46	201,245,721.72	-792,926,721.14	5,468,051,932.45
Total Liabilities	1,476,702,907.29	684,058,012.50	462,879,543.81	-562,897,931.16	2,060,742,532.44
Long-term equity investments in associates and joint ventures	410,747,201.71				410,747,201.71
Increase in other non-current assets except long-term equity investments	-47,961,784.78	4,776,778.05	-30,691,358.52	1,692,863.01	-72,183,502.24

15. Other Important Matters (Continued)

15.6. Equity investment in ENC

On June 19, 2025, the Company held an extraordinary meeting of the 11th session of the Board of Directors, which reviewed and approved the Proposal on the Public Listing and Transfer of Equity Interest in an Investee Company.

The Company agreed to publicly transfer its 27% equity interest in ENC via Shanghai United Assets and Equity Exchange Co., Ltd. (hereinafter referred to as "Shanghai United Assets and Equity Exchange"). The equity interest to be transferred by the Company was publicly listed together with the 22% equity interest in ENC held by other Chinese shareholders of ENC.

On October 10, 2025, Shanghai United Assets and Equity Exchange received the full transaction consideration of RMB465 million from Ericsson (China) Co., Ltd. for the acquisition of 49% equity interest in ENC. On October 14, 2025, the Company received the Property Rights Transaction Certificate issued by Shanghai United Assets and Equity Exchange. On October 30, 2025, ENC completed its industrial and commercial registration for the change. The Company and other Chinese shareholders of ENC no longer hold any equity interest in ENC, and the Company recovered RMB256,224,500.

15.7. Others

On April 19, 2024, the company received a notice from its controlling shareholder, Panda Electronics Group Co., Ltd., that a portion of the shares it held in the Company had been pledged. In this pledge, Panda Electronics Group Co., Ltd. pledged 105,091,430 shares of the company, accounting for 49.89% of the total shares it held in the company and 11.50% of the company's total share capital. For more details, please refer to the relevant announcements published by the Company on April 20, 2024, in the China Securities Journal, Shanghai Securities News, and on the website of the Shanghai Stock Exchange. The pledge began on April 18, 2024, and will end on October 26, 2026.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

16. Capital Management

The main objectives of the Company's capital management are:

Ensure the Company's ability to continue as a going concern in order to provide returns to shareholders and other stakeholders on a sustainable basis;

Pricing products and services based on risk levels to provide sufficient returns to shareholders.

The Company has set a capital amount proportional to risk, and manages the capital structure and adjusts it based on changes in the economic environment and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares, sell assets to reduce liabilities.

The Company monitors capital on the basis of an adjusted debt/capital ratio.

The Company's adjusted debt/capital ratios as of the balance sheet date are as follows:

Item	**31 December 2025**	1 January 2025
Total liabilities	**2,060,742,532.44**	1,931,188,750.83
Less: Cash and cash equivalents	**1,072,057,362.08**	666,522,106.70
Adjusted net liability	**988,685,170.36**	1,264,666,644.13
Owners' equity	**3,407,309,400.01**	3,389,619,144.83
Adjusted capital	**3,407,309,400.01**	3,389,619,144.83
Adjusted debt/capital ratio (%)	**29.02**	37.31

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company

17.1. Notes receivable

17.1.1 Classification of notes receivable

Item	31 December 2025	1 January 2025
Bank acceptance bills	**2,961,417.09**	50,000.00
Trade acceptance bills	**2,180,000.00**	2,540,000.00
Subtotal	**5,141,417.09**	2,590,000.00
Less: bad debt provision		
Total	**5,141,417.09**	2,590,000.00

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.2. Accounts receivable

17.2.1 Other receivables by aging

Aging	31 December 2025	1 January 2025
Within 1 year	**81,126,786.00**	102,064,896.10
Including: 0-6 months	**74,622,350.07**	67,544,537.87
7-12 months	**6,504,435.93**	34,520,358.23
1-2 years	**21,492,107.89**	20,932,604.45
2-3years	**6,627,409.81**	8,169,985.35
3-4years	**3,488,056.74**	18,565.00
4-5years	**18,565.00**	19,699,828.15
Over 5 years	**3,615,893.68**	991,265.53
Subtotal	**116,368,819.12**	151,877,144.58
Less: Allowance for credit losses	**5,432,155.95**	13,689,017.39
Total	**110,936,663.17**	138,188,127.19

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.2. Accounts receivable (Continued)

17.2.2 Accounts receivable by provisioning method

Item	31 December 2025				
	Book value		Allowance for credit losses		Carrying amount
	Amount	Percentage (%)	Amount	ECL Rate (%)	
Individual assessment	**2,553,482.35**	**2.19**	**2,553,482.35**	**100.00**	**–**
Collective assessment	**113,815,336.77**	**97.81**	**2,878,673.60**	**2.57**	**110,936,663.17**
Including: aging group	**49,647,302.62**	**42.66**	**2,518,590.31**	**5.26**	**47,128,712.31**
Other groups	**64,168,034.15**	**55.14**	**360,083.29**	**0.56**	**63,807,950.86**
Total	**116,368,819.12**	**100.00**	**5,432,155.95**	**4.74**	**110,936,663.17**

Item	1 January 2025				
	Book value		Allowance for credit losses		Carrying amount
	Amount	Percentage (%)	Amount	ECL Rate (%)	
Individual assessment	2,553,482.35	1.68	2,553,482.35	100.00	
Collective assessment	149,323,662.23	98.32	11,135,535.04	7.46	138,188,127.19
Including: aging group	61,479,418.03	40.48	10,794,435.42	17.56	50,684,982.61
Other groups	87,844,244.20	57.84	341,099.62	0.39	87,503,144.58
Total	151,877,144.58	100.00	13,689,017.39	9.01	138,188,127.19

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.2. Accounts receivable (Continued)

17.2.2 Accounts receivable by provisioning method (Continued)

(1) Accounts receivable that are individually assessed for provisions at the reporting date

	31 December 2025			
Company name	**Book value**	**Allowance for credit losses**	**ECL rate** *(%)*	**Reasons**
Nanchang Shuntang Green Electric Technology Co., Ltd.	**2,553,482.35**	**2,553,482.35**	**100.00**	Expected to be unrecoverable
Total	**2,553,482.35**	**2,553,482.35**		

	1 January 2025			
Company name	Book value	Allowance for credit losses	ECL rate *(%)*	Reasons
Nanchang Shuntang Green Electric Technology Co., Ltd.	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Total	2,553,482.35	2,553,482.35		

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.2. Accounts receivable (Continued)

17.2.2 Accounts receivable by provisioning method (Continued)

(2) Accounts receivable that are assessed allowance for credit losses on grouping basis

① Collective assessment: Aging group

Aging	31 December 2025			1 January 2025		
	Book value	ECL Rate (%)	Allowance for credit losses	Book value	ECL Rate (%)	Allowance for credit losses
Within 1 year	**41,604,869.69**	**0.13**	**54,550.82**	37,095,331.70	0.88	325,155.99
Including: 0-6 months	**40,513,853.36**		**–**	30,592,211.84		
7-12 months	**1,091,016.33**	**5.00**	**54,550.82**	6,503,119.86	5.00	325,155.99
1-2 years	**3,324,606.60**	**10.00**	**332,460.66**	698,300.00	10.00	69,830.00
2-3years	**207,800.00**	**15.00**	**31,170.00**	5,529,610.00	15.00	829,441.50
3-4years	**3,429,050.00**	**30.00**	**1,028,715.00**	18,565.00	30.00	5,569.50
4-5years	**18,565.00**	**50.00**	**9,282.50**	17,146,345.80	50.00	8,573,172.90
Over 5 years	**1,062,411.33**	**100.00**	**1,062,411.33**	991,265.53	100.00	991,265.53
Total	**49,647,302.62**	**5.07**	**2,518,590.31**	61,479,418.03	17.56	10,794,435.42

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.2. Accounts receivable (Continued)

17.2.2 Accounts receivable by provisioning method (Continued)

(2) Accounts receivable that are assessed allowance for credit losses on grouping basis (Continued)

② Collective assessment: Other groups

Group Name	31 December 2025			1 January 2025		
	Book value	ECL Rate (%)	Allowance for credit losses	Book value	ECL Rate (%)	Allowance for credit losses
Related party	**64,168,034.15**	**0.56**	**360,083.29**	87,844,244.20	0.39	341,099.62
Total	**64,168,034.15**	**0.56**	**360,083.29**	87,844,244.20	0.39	341,099.62

17.2.3 Movements of Allowance for credit losses on accounts receivable

Item	Balance at 1 January 2025	Changes during the year				Balance at 31 December 2025
		Provision	Recovery or Reversal	Write-off	Others	
Individual assessment	2,553,482.35					**2,553,482.35**
Collective assessment	11,135,535.04	-8,256,861.44				**2,878,673.60**
Total	13,689,017.39	-8,256,861.44				**5,432,155.95**

17.2.4 There are no accounts receivable written off in the current period.

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.2. Accounts receivable (Continued)

17.2.5 Accounts receivable and contract assets due from the top five debtors of the Company are as follows:

Company name	Balance of accounts receivable at 31 December 2025	Percentage of total accounts receivable and contract assets (%)	Balance of allowance for credit losses at 31 December 2025
Nanjing Panda Handa Technology Co., Ltd	31,529,079.15	27.09	333,616.57
Nanjing Gusheng Enterprise Management Co., Ltd.	23,675,309.63	20.35	
Shanghai Ship Equipment Research Institute (The 704th Research Institute of China State Shipbuilding Corporation, CSSC)	18,269,916.60	15.70	349,511.76
Nanjing Panda Communications Technology Co., Ltd.	17,079,898.42	14.68	
Nanjing Panda Information Industry Co., Ltd	10,521,145.24	9.04	
Total	101,075,349.04	86.86	683,128.33

17.3. Other receivables

Item	31 December 2025	1 January 2025
Interest receivable		
Dividends receivable	**257,814,655.75**	377,960,335.78
Other receivables	**385,641,779.42**	314,765,721.43
Total	**643,456,435.17**	692,726,057.21

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.3. Other receivables (Continued)

17.3.1 Dividends receivable

Item	**31 December 2025**	1 January 2025
Nanjing Panda Electronics Manufacturing Co., Ltd	232,878,613.25	252,878,613.25
Shenzhen Jingwah Electronics Co., Ltd.	24,936,042.50	125,081,722.53
Total	257,814,655.75	377,960,335.78

17.3.2 Other receivables

(1) Other receivables by aging

Aging	**31 December 2025**	1 January 2025
Within 1 year	**198,527,905.06**	178,473,624.87
Including：0-6 months	**198,527,905.06**	73,130,946.00
7-12 months	**–**	105,342,678.87
1-2 years	**67,079,127.83**	6,060,000.00
2-3 years	**60,000.00**	
3-4 years	**–**	5,000,000.00
4-5 years	**–**	
More than 5 years	**121,228,125.88**	126,471,540.48
Subtotal	**386,895,158.77**	316,005,165.35
Less: Allowance for credit losses	**1,253,379.35**	1,239,443.92
Total	**385,641,779.42**	314,765,721.43

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.3. Other receivables (Continued)

17.3.2 Other receivables (Continued)

(2) Other receivables by nature

Nature	31 December 2025	1 January 2025
Surety and deposits	**524,072.33**	272,722.26
Related party transactions	**383,958,275.46**	313,269,346.35
Others	**2,412,810.98**	2,463,096.74
Less: Allowance for credit losses	**1,253,379.35**	1,239,443.92
Total	**385,641,779.42**	314,765,721.43

(3) The provision of allowance for credit losses

The allowance for credit losses	Stage one 12-month ECL	Stage two Lifetime ECL (credit-unimpaired)	Stage three Lifetime ECL (credit-impaired)	Total
Balance as at 31/12/2024	426,455.84		812,988.08	1,239,443.92
Balance as at 31/12/2024 during the year				
–Transfer to stage two				
–Transfer to stage three				
–Reversal to stage two				
–Reversal to stage one				
Provision during the year	13,935.43			13,935.43
Reversal during the year				
Written-off during the year				
Other changes				
Balance as at 31/12/2025	440,391.27		812,988.08	1,253,379.35

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.3. Other receivables (Continued)

17.3.2 Other receivables (Continued)

(4) Movements of Allowance for credit losses

Item	1 January 2025	Movements during the year				31 December 2025
		Provision	Recovery or Reversal	Write-off	Others	
Individual assessment	812,988.08					**812,988.08**
Collective assessment	426,455.84	13,935.43				**440,391.27**
Total	1,239,443.92	13,935.43				**1,253,379.35**

(5) Other receivables due from the top five debtors are as follows:

Company name	Nature	Balance as at 31 December 2025	Aging	Percentage in total other receivables *(%)*	Balance of allowance for credit losses as at 31 December 2025
Nanjing Panda Electronic Equipment Co., Ltd	Related party transactions	312,184,675.46	1-5 years	80.69	
GALANT LIMITED	Current Accounts	66,773,600.00	1-2 years	17.26	
Nanjing Panda Communications Technology Co., Ltd.	Related party transactions	5,000,000.00	Within 1 year	1.29	
Nanjing Panda Digital Technology Development Co., Ltd	Current Accounts	812,988.08	Over 5 years	0.21	812,988.08
Shanghai Pujiang Customs	Surety and deposits	373,872.33	Within 1 year	0.10	
Total		385,145,135.87		99.55	812,988.08

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.4. Long-term equity investments

Item	31 December 2025			1 January 2025		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investment to subsidiaries	**930,556,013.80**	**190,000,000.00**	**740,556,013.80**	805,556,013.80	190,000,000.00	615,556,013.80
Investment to joint ventures and associates	**409,229,309.26**	**–**	**409,229,309.26**	734,247,096.69	243,327,199.36	490,919,897.33
Total	**1,339,785,323.06**	**190,000,000.00**	**1,149,785,323.06**	1,539,803,110.49	433,327,199.36	1,106,475,911.13

Long-term equity investment:

(1) Investment to subsidiaries

Investee	Balance as at 1/1/2025	Provision for impairment as at 1/1/2025	Movements during the reporting period: Addition of investment	Reduction of investment	Provision for impairment	Others	Balance as at 31/12/2025	Provision for impairment as at 31/12/2025
Nanjing Panda Electronic Equipment Co., Ltd	-	190,000,000.00					**-**	**190,000,000.00**
Nanjing Panda Information Industry Co., Ltd	216,506,981.42		125,000,000.00				**341,506,981.42**	
Shenzhen JingWah Electronics Co., Ltd	119,241,304.00						**119,241,304.00**	
Nanjing Panda Electronics Manufacturing Co., Ltd	111,221,994.10						**111,221,994.10**	
Nanjing Panda Communication Technology Co., Ltd	98,585,734.28						**98,585,734.28**	
Chengdu Panda Electronic Technology Co., Ltd	50,000,000.00						**50,000,000.00**	
Nanjing Panda Xinxing Industrial Co., Ltd	20,000,000.00						**20,000,000.00**	
Total	615,556,013.80	190,000,000.00	125,000,000.00				**740,556,013.80**	**190,000,000.00**

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.4. Long-term equity investments (Continued)

(2) Investment to joint ventures and associates

Investee	Balance as at 1 January 2025	Movements during the reporting period								Balance as at 31 December 2025	Provision for impairment as at 31 December 2025
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of OCI	Changes of other equity	Cash dividend or profit distribution announced	Provision for impairment	Others		
1. Associates											
Nanjing LG-PANDA Appliance Co., Ltd.	426,919,897.33			69,598,597.80			87,289,185.87			**409,229,309.26**	
Nanjing Ericsson Panda Communication Co., Ltd.			230,134,881.37						230,134,881.37		
Beijing SE Potevio Mobile Communications Co., Ltd.	64,000,000.00		77,192,317.99						13,192,317.99		
Total	490,919,897.33		307,327,199.36	69,598,597.80			87,289,185.87		243,327,199.36	**409,229,309.26**	

17.5. Operating income and operating costs

Item	**2025**		2024	
	Income	**Costs**	Income	Costs
Principal activities	**55,504,289.67**	**47,029,609.53**	85,684,877.84	59,798,459.76
Other operating activities	**44,726,583.90**	**20,268,408.91**	52,974,911.16	22,813,839.41
Total	**100,230,873.57**	**67,298,018.44**	138,659,789.00	82,612,299.17

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

17. Notes to the financial statements of the Company (Continued)

17.6. Investment income

Item	2025	2024
Income from long-term equity investments under equity method	**69,598,597.80**	83,122,640.63
Investment income arising from the disposal of long-term equity investments	**267,256,657.98**	
Investment income on disposal of financial assets held for trading	**712,390.63**	373,950.39
Investment income from large-denomination certificates of deposit	**643,150.70**	402,623.29
Income from long-term equity investments under cost method	**64,936,042.50**	24,936,042.50
Total	**403,146,839.61**	108,835,256.81

18. Supplementary information

18.1. Details of non-recurring gain or loss for the year

Item	Year ended 31/12/2025	Year ended 31/12/2024
1. Gain or loss on disposal of non-current assets, including the written-down portion for impairment provision	**267,214,926.88**	525,842.12
2. Government grants (except the government grants closely related to the business of the Company and enjoyed according to unified quota or ration standards)	**4,150,900.98**	7,516,156.59
3. Gain or loss from fair value change of financial assets held-for-trading, other non-current financial assets, derivative financial assets and financial liabilities held-for-trading etc., and investment income from disposal of financial assets held-for-trading, other non-current financial assets, other debt investments, financial liabilities held-for-trading and derivative financial liabilities, excluding effective hedging operations related to normal business of the Company	**9,500,262.36**	11,113,067.02
4. Capital occupation fee received from non-finance enterprises and charged to profit or loss for the current period		
5. Gain or loss from entrusting others to invest or manage assets		
6. Gains or losses from entrustment loans		
7. Provisions for impairment arising from force manure like natural disasters		
8. Reversal of allowance for credit losses for receivables which is subject to separate allowance test	**115,037.25**	240,809.22

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

18. Supplementary information (Continued)

18.1. Details of non-recurring gain or loss for the year (Continued)

Item	Year ended 31/12/2025	Year ended 31/12/2024
9. Gains from investment costs for acquisition of subsidiaries, associates and joint venture less than sharing portion of the fair value of identifiable net assets of the investees		
10. Net profit or loss of the acquiree for the period from 1 January 2025 to acquisition date in business combination under common control		
11. Gain or loss from exchanging non-monetary assets		
12. Gain or loss from debt restructuring	**6,460,741.36**	
13. One-time expenses incurred by the enterprise due to the cessation of relevant business activities, such as expenses for employees settlement allowance, etc	**-16,948,913.47**	
14. Effects on current gain or loss from once-off adjustment in current gain or loss according to laws or tax and accounting regulations		
15. Share-based payment expenses recognized at one time due to the cancellation or modification of the equity incentive plan		
16. For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee remuneration payable after the vesting date		
17. Gain or loss from fluctuation in fair value of investment property which is subsequently measured at fair value		
18. Gain or loss from exceeding fair value portion arising from transactions in which the price is not fair		
19. Gain or loss arising from contingencies unrelated to normal business of the Company		
20. Trustee fee income acquired from entrusted business		
21. Other non-operating income/(expenses) except the above items	**2,062,756.28**	-919,241.75
22. Other gain or loss items qualified the definition of non-recurring item [1]		
Less：Effects of income tax on non-recurring items	**1,528,378.58**	2,202,817.14
Effects of non-recurring items attributable to the minority shareholders of the Company(After tax)	**1,862,082.31**	2,858,981.51
Total	**269,165,250.75**	13,414,834.55

For the year ended 31 December 2025 (Expressed in Renminbi Yuan unless otherwise stated)

18. Supplementary information (Continued)

18.2. Return on equity and earnings per share

Profit in report period	Weighted average return on equity *(%)*		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2025	2024	2025	2024	2025	2024
Net profit attributable to the common share holders	0.34	-5.89	0.0117	-0.2067	0.0117	-0.2067
Net profit attributable to the common shareholders after deducting non-recurring gain or loss items	-8.28	-6.30	-0.2828	-0.2213	-0.2828	-0.2213

Nanjing Panda Electronics Company Limited
March 27，2026