



南京三寶科技股份有限公司 NANJING SAMPLE TECHNOLOGY CO.,LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock code : 1708

2025 Annual Report

* for identification purpose only

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

Corporate Information

EXECUTIVE DIRECTORS

Mr. Liu Fei (appointed as Chairman & Chief Executive Officer and re-designated as an executive director from a non-executive director on 10 November 2025)
Mr. Ma Fengkui (Vice President)
Mr. Liu Min (Vice President)

NON-EXECUTIVE DIRECTORS

Mr. Zhang Chengji (appointed on 9 January 2026)
Mr. Sha Min (re-designated as a non-executive director from an executive director on 10 November 2025, and removed on 9 January 2026)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Bin (appointed on 9 January 2026)
Ms. Xu Gaoyan (appointed on 9 January 2026)
Mr. Hu Hanhui (resigned with effect from 9 January 2026)
Mr. Gao Lihui (resigned with effect from 9 January 2026)
Ms. Chung Yuet Mei

COMPANY SECRETARY

Ms. Wong Bing Ni

AUDIT COMMITTEE

Mr. Zhang Bin (Chairman, appointed on 9 January 2026)
Mr. Gao Lihui (Chairman, resigned with effect from 9 January 2026)
Ms. Xu Gaoyan (appointed on 9 January 2026)
Mr. Hu Hanhui (resigned with effect from 9 January 2026)
Ms. Chung Yuet Mei

REMUNERATION COMMITTEE

Ms. Xu Gaoyan (Chairlady, appointed on 9 January 2026)
Mr. Hu Hanhui (Chairman, resigned with effect from 9 January 2026)
Mr. Zhang Bin (appointed on 9 January 2026)
Mr. Gao Lihui (resigned with effect from 9 January 2026)
Mr. Ma Fengkui

NOMINATION COMMITTEE

Ms. Xu Gaoyan (Chairlady, appointed on 9 January 2026)
Mr. Hu Hanhui (Chairman, resigned with effect from 9 January 2026)
Mr. Liu Min
Ms. Chung Yuet Mei

STRATEGIC COMMITTEE

Mr. Liu Fei (Chairman, appointed on 10 November 2025)
Mr. Sha Min (Chairman, removed on 10 November 2025)
Mr. Ma Fengkui
Mr. Liu Min

AUTHORISED REPRESENTATIVES

Mr. Liu Fei (appointed on 27 November 2025)
Mr. Ma Fengkui (resigned on 27 November 2025)
Ms. Wong Bing Ni

AUDITOR

WUYIGE Certified Public Accountants LLP
Room 2206,
Institute International Building,
No. 1 Zhichun Road,
Haidian District, Beijing,
the People's Republic of China

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
(Nanjing Xinjiekou Branch)
95 Hanzhong Road, Nanjing City, Jiangsu Province,
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183 Queen's Road East,
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LEGAL ADVISER

Cheung & Choy Solicitors & Notaries
Suite 3804-05, 38/F,
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18 Harbour Road, Wanchai,
Hong Kong

REGISTERED OFFICE

No. 10 Maqun Avenue,
Qixia District, Nanjing City,
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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Central, Hong Kong

STOCK CODE

1708



Mr. Liu Fei
Chairman



To all shareholders:

On behalf of the board of directors (the “Board”) of Nanjing Sample Technology Co., Ltd. (the “Company”), I hereby present the annual report of the Company (with its subsidiaries, referred to collectively as the “Group”) for the year ended 31 December 2025 (the “Review Period”) for your review and consideration.

Chairman's Statement

RESULTS

For the year ended 31 December 2025, the total operating income of the Group was RMB503,955,150.46, representing an increase of approximately 14.57% compared to RMB439,871,713.59 in the same period last year. The net loss attributable to shareholders of the parent company was RMB73,124,665.33, while the net loss attributable to shareholders of the parent company for the same period last year was RMB420,592,151.70, representing a significant narrowing of the loss.

DIVIDEND

In consideration of multiple uncertain risks in the industry, combined with the Company's long-term development goals and short-term operating conditions, the board of directors (the "Board") of the Company recommended not to pay a final dividend for the year ended 31 December 2025.

REVIEW OF BUSINESS AND OPERATIONS

The year 2025 marked the historic juncture where the "14th Five-Year" Plan came to a close and the "15th Five-Year" Plan began. In this year, the Group faced dual challenges from both the external and internal environments. Externally, competition in the traditional business arena intensified; internally, our new product portfolio and business-transformation initiatives were only in their early stages, while management reforms entered a period of adjustment and transition. To break through these challenges, the Group remained united and resolute, working together to overcome difficulties. We focused closely on the core theme of "improving efficiency, enhancing profitability, and reducing costs," underpinned by talent development, compliance, and internal controls. Adhering to the overall principle of pursuing progress while ensuring stability, we concentrated on our core responsibilities and primary businesses, increased investment in research and development, strengthened risk management and control, and continuously enhanced our internal growth drivers. At the same time, while expanding its business, the Company properly addressed legacy issues, thereby maintaining stable operating performance.

In the course of business operations, the Group has faced multiple challenges, including fluctuating market demand, persistently high costs, pressure on cash-flow management, and increasingly stringent compliance regulatory. We have maintained a proactive posture, focusing on improving service quality and continuously strengthening cost control, reducing rigid expenditure, and driving steady and orderly growth across the business as a whole. The successful implementation and delivery of several key projects fully demonstrate the Group's deep technical foundation and comprehensive project-execution capabilities, further consolidating the Company's leading position in the industry. In addition, the Group has consistently promoted the deep integration of Party building with business operations, reinforcing the ideological line of defence for compliant operations. At critical junctures such as major decision-making, the signing of important contracts, and the launch of new projects, we have strictly implemented the "Three Major Matters and One Big Decision" collective deliberation and decision-making mechanism, ensuring that all business activities comply with laws, regulations, and the control requirements applicable to state-owned enterprises. At the same time, focusing on management enhancement, talent-team development, resolution of legacy issues, and risk and compliance management, the Group has comprehensively promoted transparent procurement practices and strictly implemented the safety-production responsibility system. We continue to drive cost reduction and efficiency improvement and steadily improve the operating and development environment, safeguarding the Company's high-quality, sustainable growth on the basis of overall manageable risks.

Chairman's Statement

2026 marks the inaugural year of the “15th Five-Year” Plan, as well as a pivotal year in which the Group consolidates its industry position, breaks through developmental bottlenecks, and advances toward high-quality development. We will implement the operating philosophy of “consolidating our lead, stabilizing strengths, expanding on weaknesses, driving R&D innovation, strengthening core businesses, and exploring new frontiers,” and closely align with the core requirements of “compliance-based operations as the baseline, corporate governance as the core, internal control as the safeguard, and quality and efficiency enhancement as the goal.” We will continue to strengthen the three foundational pillars of talent, compliance, and internal control, fully leverage our technical strengths, enhance our innovation capabilities, actively expand marketing channels, strengthen brand building, and steadily improve customer satisfaction and loyalty. By optimizing internal management processes, rigorously controlling operating costs, and tackling key and difficult issues from multiple dimensions, we will adopt a multi-pronged approach to build a diversified business support system, effectively driving the Company's transformation and upgrading to a new level.

Lastly, on behalf of Sample Technology, I sincerely express our gratitude to all shareholders, customers, suppliers, and business partners for their unwavering support over the years. At the same time, I wish to express our heartfelt appreciation to the Group's management team and all employees for their dedication and contributions to the Group.

By Order of the Board

Liu Fei
Chairman

Nanjing, China
30 March 2026

Management Discussion and Analysis

FINANCIAL REVIEW

Total Operating Income

Total operating income of the Group for the year ended 31 December 2025 amounted to RMB503,955,150.46, representing an increase of approximately 14.57% over last year. The increase was primarily attributable to the gradual recovery of the Group's reputation, the continuous enhancement of its brand image and market competitiveness, and the corresponding improvement in the project tender success rate. Principal operating income amounted to RMB466,617,795.38 as compared to that of RMB409,439,659.83 for the corresponding period last year, representing an increase of approximately 13.96%. Of which income from the system integration business was RMB435,183,481.07, representing an increase of approximately 16.96% as compared to the same period last year; income from the intelligent terminal sales business was RMB18,150,612.19, recording a decrease of approximately 4.31% as compared to the same period last year; income from the services business was RMB13,283,702.12, representing a decrease of approximately 27.72% as compared to the same period last year.

Gross Profit Margin

Gross profit margin of the Group for the year ended 31 December 2025 was approximately 13.39% as compared to the gross profit margin for the same period last year of approximately 14.61%, representing a decrease of approximately 1.22% over last year. The decline in gross profit margin was mainly due to the continued increase in the prices of upstream raw materials, which led to a significant rise in project costs and a notable squeeze on profit margins.

Selling Expenses

Selling expenses of the Group for the year ended 31 December 2025 was RMB32,676,158.65, representing a decrease of approximately 12.72% over last year. The decrease was mainly attributable to the Group's continuous optimisation of its sales channel structure, stringent control over marketing and business expansion expenses, and enhancement of sales and operational efficiency.

Administrative Expenses

Administrative expenses of the Group for the year ended 31 December 2025 was RMB20,048,506.68, representing a decrease of approximately 32.82% over last year. The increase was mainly attributable to the Group's continued strengthening of internal management and expense control, optimisation of its staffing and organisational structure, and stringent control over unnecessary expenditures.

Research and Development Expenses

The research and development expenses of the Group for the year ended 31 December 2025 amounted to RMB23,567,843.41, representing an increase of approximately 23.03% as compared to last year. The increase was primarily attributable to the Group's continued investment in the research and development of core platforms and key technologies, which led to a corresponding rise in laboratory expenses and R&D materials consumption.

Management Discussion and Analysis

Financial Expenses

The finance expenses of the Group for the year ended 31 December 2025 amounted to RMB23,112,074.44, representing a decrease of approximately 14.08% as compared to last year. The decrease was primarily due to the Group's continued optimisation of its debt structure and repayment of certain bank borrowings as scheduled, resulting in a reduction in the scale of interest-bearing liabilities and loans, and hence a decrease in interest expenses as compared with the same period last year.

Credit Impairment Loss

For the year ended 31 December 2025, the Group recorded a reversal of credit impairment loss of RMB1,084,306.11, representing a decrease of RMB137,959,979.98 compared to the same period last year. This was mainly attributable to the provision for impairment of approximately RMB157 million made in 2024 in relation to a litigation case, and no significant individual impairment provision was made during the Reporting Period, resulting in a substantial year-on-year decrease in the overall provision amount.

Asset Impairment Loss

For the year ended 31 December 2025, the Group's asset impairment loss amounted to RMB22,856,173.82, representing a decrease of RMB191,864,007.70 compared to the same period last year which was primarily attributable to the changes in accounting estimates by the Group.

Fair Value Changes

For the year ended 31 December 2025, the Group recorded a gain on changes in fair value of RMB33,522,406.83, representing a turnaround from a loss on changes in fair value for last year and a year-on-year increase of RMB40,760,296.68. The increase was primarily attributable to the appreciation in the valuation of the Group's investment properties and minor property investments as at the end of the Review Period.

Net Loss Attributable to Shareholders of the Parent Company

For the year ended 31 December 2025, the Group recorded a net loss attributable to shareholders of the parent company of RMB73,124,665.33, as compared with the same of RMB420,592,151.70 for last year. The loss was mainly attributable to intensified market competition and the continuous increase in raw material prices, which led to higher product costs, a decline in gross profit margin, and consequently a lower overall profitability.

Financial Resources

The operations of the Group are mainly financed through internally generated cash flow and bank loans. As at 31 December 2025, the Group's bank and other short-term borrowings (including those due within one year) amounted to RMB369,278,840.14, representing a decrease of approximately 27.27% from RMB507,770,267.01 as at 31 December 2024, the annual interest rates on borrowings ranged between 3.75% and 4.80%. The decrease was mainly due to the repayment of part of the loans using internal funds, and no new financing arrangements made. Long-term borrowings and non-current liabilities due within one year totaled RMB70,940,013.00, with an interest rates ranging from 3.96% to 4.06%.

Management Discussion and Analysis

Liquidity

The Group strengthened its accountability for receivables collection and routine financial reconciliation, as at 31 December 2025, accounts receivable and bills receivable were RMB160,937,743.64 and RMB9,010,156.09, respectively, representing a decrease of approximately 14.31% and 21.69% respectively, as compared to RMB187,805,300.27 and RMB11,505,246.01 as at 31 December 2024.

As at 31 December 2025, current assets amounted to RMB1,332,740,552.71 as compared to RMB1,624,126,419.15 as at 31 December 2024; current liabilities were RMB855,794,221.94 as compared to RMB1,061,815,660.82 as at 31 December 2024. The current ratio increased from 1.53 as at 31 December 2024 to 1.56.

During the Review Period, the Group's overall liquidity remained at a healthy level, however, there is still room for improvement in its debt repayment ability, liquidity, and management capabilities.

Pledge of Assets

As at 31 December 2025, the Group had the following assets pledged: (i) the total book value of the Group's assets of RMB487,657,231.61 (including: investment property of RMB423,311,400.00, fixed assets of RMB59,686,604.33, intangible assets of RMB4,659,227.28) were pledged to banks to secure outstanding bank loans of RMB117,620,000.00; (ii) the Group has guaranteed bank deposits of RMB13,785,860.45 (as at 31 December 2024: RMB24,045,392.67) with most of them were used to support the Group's projects bidding/projects in progress and banking facilities.

Gearing Ratio

As at 31 December 2025, the Group's gearing ratio (being sum of short-term loan, long-term loan and non-current liabilities due within 1 year less cash and cash equivalents divided by equity) was approximately 0.1 (2024: 0.28).

Debt Ratio

As at 31 December 2025, the Group's debt ratio (being total liabilities divided by total assets) was 45.99%, representing a decrease of 2.94% as compared to the debt ratio of 48.93% as at 31 December 2024. Currently, the Group's debt ratio is at a relatively reasonable level, with financial risks remaining within a controllable range.

Foreign Currency Exposure

Since the Group mainly conducts its business in the PRC and most of the sales and purchases of the Group were denominated in RMB, the Group's operating results are not exposed to any foreign currency risk.

Management Discussion and Analysis

Summary of Key Financial Ratios

The following table sets forth the key financial ratios of the Group as of 31 December:

	2025 ⁽⁷⁾	2024 ⁽⁸⁾
Net profit ratio ⁽¹⁾	-15.67%	-102.76%
Return on net assets ratio ⁽²⁾	-6.49%	-34.53%
Return on equity ratio ⁽³⁾	-6.49%	-34.53%
Debt ratio ⁽⁴⁾	45.99%	48.93%
Current ratio ⁽⁵⁾	1.56	1.53
Quick ratio ⁽⁶⁾	1.24	1.20

Note:

- (1) Net profit ratio refers to net profit divided by principle operating income
- (2) Return on net assets ratio refers to the net profit divided by net assets
- (3) Return on equity ratio refers to the net profit divided by shareholders' equity
- (4) Debt ratio refers to the total liabilities divided by total assets
- (5) Current ratio refers to total current assets divided by total current liabilities
- (6) Quick ratio refers to current assets less inventory and contract assets divided by current liabilities
- (7) The 2025 financial ratio data is derived from the data of the audited consolidated financial statements as of 31 December 2025
- (8) The 2024 financial ratio data is derived from the data of the audited consolidated financial statements as of 31 December 2024

Significant Investments Held

As of 31 December 2025, saved as disclosed, there were no other investments held with a value of 5% or more of the Group's total assets.

Substantial Acquisition And Disposal

At the extraordinary general meeting of the Company held on 14 November 2025, the shareholders of the Company approved and authorised the Board to proceed with the disposal of the industrial property located at No. 10 Maqun Avenue, Qixia District, Nanjing City, Jiangsu Province, the PRC (the "Sale Assets") through a public listing-for-sale process on the Jiangsu Provincial Property Rights Exchange. The Sale Assets include buildings numbered F1, F3, F4, and F5, with a total building area of 16,955.3 square meters.

On 18 December 2025, the Company was notified by Jiangsu Provincial Property Rights Exchange Co., Ltd. that, through the public listing-for-sale process, Nanjing Institute of Metrology Supervision and Testing* (南京市計量監督檢測院) (the "Purchaser") had been confirmed as the transferee of the Sale Assets. On 8 January 2026, the Company entered into a transaction agreement with the Purchaser for the disposal of the Sale Assets at a final consideration of RMB186,941,250 (inclusive of value-added tax). The proposed disposal is expected to be completed by the first half of 2026.

Saved as disclosed above, during the Review Period, the Group did not have any substantial acquisition and disposal.

Management Discussion and Analysis

Capital Commitment

As at 31 December 2025, the Group did not have any material capital commitment.

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities.

Employees And Remuneration Policies

As at 31 December 2025, total employees' remuneration of the Group was RMB43,244,383.45 (2024: RMB45,744,190.43) and the total number of employees was 190 (2024: 195). The Group remunerated its staffs based on individual performance, educational background and experience and with reference to market price. The Group would grant discretionary bonus to the staffs based on individual performance as recognition of their contribution. Other benefits included contributions to the retirement scheme, medical scheme, unemployment insurance and housing allowances.

INDUSTRY OVERVIEW AND BUSINESS REVIEW

The year 2025 marked the concluding year of the “14th Five-Year Plan”. Under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, China's economy has navigated through challenges undeterred, withstanding multiple pressures while maintaining a stable and progressive development trajectory. This year witnessed the steady advancement of new quality productive forces and the upgrading of traditional drivers, alongside the gradual emergence of new momentum, with economic structures continuously optimizing and growth drivers innovating. However, we must also recognize the deepening impact of external environmental changes, the prominent domestic imbalance of strong supply against weak demand, as well as the persistent old issues and emerging challenges confronting economic development.

In the intelligent transportation business, overall, China's highway construction in 2025 continued its steady development underpinned by infrastructure investment, providing a relatively favorable external environment for industry growth. However, new entrants leveraging abundant resources and innovative models have intensified competition, disrupting existing market structures, further compressing profit margins, and posing challenges to market expansion and market share consolidation. Concurrently, the industry is transitioning from “traditional infrastructure” to “digital new infrastructure”, with frontier technologies such as artificial intelligence, cloud computing, and big data reshaping the ecosystem and fostering new quality productive forces, thereby imposing higher demands on enterprises' technological implementation and transformation capabilities. The Group also faces core challenges including funding pressures, supply-demand mismatches, and sluggish transformation. However, we confront industry-wide shortcomings head-on, acknowledge our own development pain points, and embrace the ethos of “pressing forward amid greater difficulties”. We transform dilemmas into breakthroughs and challenges into momentum, steadfastly market-demand oriented, anchored to high-quality development goals. We deliver comprehensive intelligent highway informatization solutions from consultancy and planning to integrated software and hardware development, system integration, network construction, and operations & maintenance services. The scope of business covers multiple sectors including toll collection and settlement, intelligent operations, electromechanical engineering, and mobility services.

Management Discussion and Analysis

During the Review Period, the world's first "public-rail composite multifunctional" river crossing channel – Changtai Yangtze River Bridge, which had been under construction for six years, was officially opened to traffic. The Group undertook the construction of the bridge's "Intelligent Operation Command Centre" for sections CT-91, CT-942, and CT-943, providing technical support for seamless full-line traffic flow, while developing an "ever-evolving exemplary integrated implementation platform" that offers a reference implementation paradigm for similar intelligent transportation projects.

In the project delivery phase, leveraging its professional technical expertise and efficient execution capabilities, the Group successfully completed the acceptance of the variable message sign encryption project for Suhuaiyan Company Road, the intelligent site enhancement project for G1522 Changtai Expressway – lane intelligent upgrade and highland linkage construction project, as well as the electromechanical engineering construction project for the Yangkou Port to Rudong urban section of the Yangkou Port to Nantong Expressway, and the electromechanical engineering construction project for the Haimen to Tongzhou section of the Nantong to Wuxi Expressway. These deliveries enhanced highway management efficiency, optimised electromechanical equipment operation and maintenance models, and provided the public with efficient and convenient travel experiences, further demonstrating the Group's deep expertise in this niche market segment. Meanwhile, the successful acceptance of the electromechanical engineering project for Tebala service area to Dazhuka section of Lhasa to Rikaze Airport section of the Ya'an to Yecheng National Expressway not only underscored the Group's strong comprehensive performance capabilities but also offered replicable experience for the construction of major transportation projects in highland regions.

During the Review Period, the Group successively secured bids for multiple high-quality projects. These included the newly signed electromechanical engineering construction project for the Jiawang to Suining section of the Xuzhou to Mingguang Expressway (Xuzhou East Bypass Expressway), the electromechanical engineering monitoring system construction project for the expansion of the Taicang to Changzhou section of the Shanghai-Wuxi Expressway, and the monitoring system project for the expansion of the Xueyan Hub to Xiwu Hub section of the Wuxi to Yixing Expressway, all of which are key expressway construction projects in Jiangsu Province. In addition, with the Group united in resolve and steadfast in execution, projects such as the expansion project of the Yongtai-Wen Expressway (G15 Shenyang-Haikou National Expressway), along with the monitoring, communication, and lighting system construction project for the expansion of the Guangling Hub to Jingjiang Hub section of the Beijing-Shanghai Expressway, were successively launched and signed. These achievements not only highlight the Group's profound expertise and core strengths in intelligent expressway construction but also solidify its industry-leading position in the intelligent transportation development track.

Management Discussion and Analysis

In the intelligent logistics business, the “Guidance on Smart Port Construction” jointly issued by the General Administration of Customs and eight other departments provides policy support and directional guidance for the intelligent upgrading of ports. The construction of smart ports will synergize with “smart customs” construction and the “Smart Customs Powerhouse” action, complementing each other. Meanwhile, China’s smart port industry value chain has matured, with increasing industry entrants sparking homogenized competition and price wars that erode profits. Amid challenges such as demand volatility, elevated costs, intensified internal competition, and stringent compliance pressures, the Group leverages its inherent strengths, precisely positions itself, and actively embraces digital transformation. We are committed to delivering comprehensive intelligent solutions, including informatization planning, software and hardware products, information system integration, and operations and maintenance services, to clients in logistics field such as customs, special customs-supervised zones, ports, airports, and other logistics sectors. Through digitalized, networked, and intelligent port construction, we aim to enhance regulatory efficiency, reduce regulatory costs, improve customs clearance convenience, and reshape a multi-boundary, systematic port ecosystem. We will continue to deepen the construction of smart port, actively promoting the evolution of cross-border trade toward greater intelligence, efficiency, and collaboration.

Facing intense market competition, the Group consistently adopts a proactive stance, eschewing vicious low-price competition, focusing on elevating service quality, continuously optimising cost controls, reducing rigid expenditures, and building corporate reputation through high-quality services to attract stable clientele, thereby sustaining steady overall market growth. During the Review Period, the Group efficiently and successfully completed acceptance for multiple projects, including the supporting facilities installation project for Multi-Purpose Terminal Inbound Fruit Designated Supervision Site in Jiujiang Port City West Port Area, the customs informatisation project for Hebei Gaobeidian (B) –Type Bonded Logistics Centre, and the informatisation system project for Yuncheng Bonded Logistics Centre and Supporting Facilities Construction Project (Phase I). Notably, the informatisation project for Shangrao Economic Development Zone Comprehensive Bonded Zone Construction (Phase I) passed the on-site acceptance by a joint inspection team comprising the General Administration of Customs, the National Development and Reform Commission, the Ministry of Finance, and four other central ministries, with the infrastructure and intelligent supervision systems constructed by the Group receiving high commendation from the inspection team.

At the same time, during the Review Period, the Group secured a number of high-quality projects, including the digital integration project for China Telecom Corporation Limited Zhangjiagang Branch, the expansion project (intelligent component) for the Zhujiqiao Port Area of Anhui Wuhu Port, the construction project for New Zhongdian Hongxin System, and the informatization equipment procurement project for Yingtan International Inland Port Bonded Logistics Centre (Type B). Notably, the information platform construction project for Bengbu Comprehensive Bonded Zone, undertaken by the Group, will improve regulatory efficiency, reduce regulatory costs and enhance customs clearance facilitation, thereby supporting the high-quality development of Bengbu Comprehensive Bonded Zone.

Technology R & D and Innovation Development

Since its inception, the Group has adhered to independent innovation, maintaining a stable core R&D team with strong capabilities in proprietary research and development and technological innovation. Through years of deep cultivation and experience accumulation, the Company has obtained comprehensive industry qualifications and professional certifications at elevated levels, holding over 100 software copyrights and invention patents, establishing a robust proprietary intellectual property system and core technological barriers.

Management Discussion and Analysis

During the Review Period, the Group continued to promote research under the sub-project “Major Accident Risk Prevention and Emergency Evasion Technology for Road Transport Vehicles” within the national key R&D programme “Prevention and Control for Major Natural Disaster and Public Safety”. In June 2025, the project successfully passed the mid-term assessment conducted by the Ministry of Science and Technology. This project established an industry-leading application model for smart control of vehicle operational risks throughout the entire process of road transport operations, significantly enhancing proactive prevention capabilities against major accident risks.

In April 2025, the technology achievement transformation project “Research and Industrialization of Expressway Collaborative Induction System” in Qixia District, Nanjing City undertaken by the Group successfully passed the acceptance inspection. In May 2025, the Group successfully completed the evaluation and acceptance of the sub-project “Innovative Application of Big Data in Road Transport Safety Management”, under the special task of “Integrated Transport Big Data Pilot for Building a Strong Transportation Nation” led by the Scientific Research Institute of the Ministry of Transport. In June 2025, the Group participated in the key program of governmental international scientific and technological innovation cooperation, led by Southeast University, titled “Research on Key Technologies for Low-Emission Driver Behavior Modification”, which successfully passed the comprehensive performance evaluation conducted by the Ministry of Science and Technology. In November 2025, the “Jiangsu Smart Expressway Engineering Technology Research Center” Project, established under the Group’s sponsorship, successfully passed the acceptance inspection organized by the Nanjing Municipal Science and Technology Bureau. In December 2025, the Group, in collaboration with Nanjing Customs, participated in the “2025 Excellent Information and Technology Application Innovation Solutions (Application Cases) and Benchmark Projects Selection” organized by the Jiangsu Provincial Department of Industry and Information Technology and other authorities. The jointly submitted project, “Application Case of the Logistics Monitoring System for Nanjing Customs Based on Information Innovation Technology” was successfully shortlisted as an “Application Case and Leading Practice Project”.

During the Review Period, the Group continued to strengthen its R&D team, focusing on enhancing R&D personnel’s understanding and expertise in new technologies and emerging industries. Centred around core areas such as “artificial intelligence”, “digital twins and 3D reconstruction technology”, and “image processing and unmanned driving”, the Group organised multiple specialised training sessions and technical exchange activities led by experts and scholars. Through ongoing technical learning and capability enhancement, the Group achieved significant results in the commercialisation of scientific and technological innovations, with steady progress in intellectual property management, and applying for 5 new invention patents, of which 3 have been approved; Four software copyrights were applied for and four were approved; Apply for and obtain approval for 3 software products.

Compliance Management

During the Review Period, in order to ensure the Group’s high-quality business development, the Company continued to reinforce the core leadership role of Party building, promoting the deep integration of Party activities with business operations on a regular basis, conducting rigorous self-inspection and self-correction in strict compliance with the Central Eight Regulations, and strengthening the ideological foundation for compliant operations. At the same time, focusing on key areas such as management enhancement, talent team building, resolution of legacy issues, and risk and compliance control, the Company fully implemented transparent procurement management and strictly enforced the safety production responsibility system, while continuously reducing costs and boosting efficiency and actively optimising the operational development environment, thereby facilitating sustainable growth for the enterprise under controllable risks.

Management Discussion and Analysis

Future Business Plan

During the Review Period, despite facing multiple challenges such as limited market expansion, constrained production capacity, and urgent resolution of legacy issues, the Group steadfastly adhered to a development strategy centred on “enhancing efficiency, boosting profitability and reducing costs”, underpinned by robust foundations in talent development, compliance management, and internal control systems. By focusing on key annual priorities and achieving breakthroughs through high-calibre execution, the Group ensured the effective implementation of all initiatives, resulting in a consistently positive overall development trajectory.

Looking ahead, the Group will adhere to the overarching approach of “stable growth, structural optimisation and development advancement”, proactively exploring industry technology trends with a comprehensive, dialectical, and long-term perspective on opportunities and challenges. This approach entails seizing new opportunities arising from industrial transformation, while strengthening bottom-line thinking and risk awareness, and striving to overcome various risks and challenges. In the smart logistics business sector, the Group will pursue a core market strategy of “maintaining existing markets, deeply cultivating traditional demand, and expanding new product applications”. It will continue to advance research and development and construction of demonstration projects in cross-border logistics technology, integrate premium resources from customs and third-party logistics providers, and develop an integrated service information system for full-process tracking and in-transit cargo visibility management, thereby continuously broadening market boundaries and enhancing competitiveness. In the smart transportation business sector, the Group will adopt a striving posture of “decisive action from the outset and sprinting from the start”, actively participating in the construction of smart transportation projects in various regions, leveraging policy support to increase market share, maximising its technological strengths to boost innovation capabilities, proactively expanding market channels and strengthening brand building to elevate customer satisfaction and loyalty, and optimising internal management processes while rigorously controlling operating costs to comprehensively improve overall operational efficiency.

The Group will take “action” as priority, “practicality” as key, abandon “waiting, relying, demanding” mentality, refine response measures, and establish a robust mechanism for work coordination and progress monitoring. Clear accountability, detailed timelines, and strengthened supervision and evaluation will be implemented to ensure that every initiative delivers concrete outcomes and every challenge is properly addressed. Meanwhile, the Group will align with industry development trends while balancing short-term relief with long-term growth. Building on our efforts to overcome current difficulties, we will take a scientific planning approach to the “15th Five-Year Plan” development strategy, continuously optimizing our business structure and enhancing core competitiveness. The Group will proactively integrate into the overall national development strategy of stabilizing the economy, improving domestic circulation, and promoting openness. Through diligence, commitment, and innovation, we aim to drive high-quality development, secure a solid position, and seize emerging opportunities amid the industry’s “Great Clearing” and “Great Transformation”, demonstrating the Group’s responsibility and commitment.

In addition, the Group will formulate targeted strategies across multiple dimensions, including capital management, business operations, technology development, talent cultivation, and compliance control, to strengthen organizational resilience in the face of uncertainties. Through continued enhancement of refined management of core businesses, the Group will focus on addressing short-term development difficulties while steadily consolidating the foundation for long-term development, supporting sustainable growth under a well-managed risk framework.

Management Discussion and Analysis

Research and Development Plan

The Group is committed to empowering customer value creation through technology. Focusing on the research and development of core technologies in radio-frequency identification (RFID), video recognition, the Internet, big data, and artificial intelligence, the Group concentrates its efforts on key areas such as intelligent transportation and smart logistics. We provide customers with integrated Internet of Things (IoT) smart system solutions encompassing information collection, processing, and management control, striving to become an industry-leading provider of Internet of Things solutions.

In the intelligent transportation business sector, the Group leverages the platform advantages of the “Jiangsu Province Intelligent Expressway Engineering Technology Research Center” to fully integrate the data resources of its existing expressway management systems of the Company. Building on vehicle-road collaborative application services, the Group has established data exchange channels with various platforms to achieve data interconnection and interoperability. This initiative not only enhances data support for test-end but also promotes the integrated and efficient utilization of system resources, laying a solid foundation for the development of new application services and the expansion of business boundaries.

In the intelligent logistics business sector, the Group relies on the “Nanjing Cross-Border Logistics Informatization Engineering Technology Research Center” focuses on develop of bayonet control systems for vehicle passage oriented to customs regulatory departments and park operating units. As one of the core tools for customs logistics monitoring, the system enables fully automated operations, including automatic collection, automatic comparison and release, automatic inspection and release, to support unmanned and automated control at customs checkpoints. This solution ensures the objectivity and accuracy of on-site data, strengthens customs supervision, and enhances clearance efficiency.

As 2026 marks the first year of the Nation’s “15th Five-Year Plan”, the Group is full of confidence in future development and is firmly committed to pursuing a path of technological innovation, continuously shaping its image as a technology-driven enterprise. Looking ahead, the Group will further strengthen its service capabilities and enhance product functions, consolidate the conversion of research achievements into business outcomes, and reinforce the foundation for sustainable growth. The Group will also intensify market expansion efforts and continuously strengthen its core competencies in technology and product innovation, driving high-quality corporate development through technological advancement and contributing to the successful commencement of the “15th Five-Year Plan”.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liu Fei (劉飛), aged 44, graduated from Shantou University (汕頭大學) with a postgraduate degree in business administration. Mr. Liu was appointed as a non-executive Director of the Company on 30 September 2024. On 10 November 2025, he has been re-designated as an executive Director, the chairman and the chief executive officer of the Company, and the member and chairman of the strategy committee of the Company.

Mr. Liu held positions as board secretary and vice president of the group at Shantou Dongfeng Printing Co., Ltd.* (汕頭東風印刷股份有限公司) (now renamed Quzhou DFP New Material Group Co., Ltd.* (衢州東峰新材料集團股份有限公司)), a company listed on the main board of the Shanghai Stock Exchange with stock code 601515) from July 2004 to June 2020. From July 2020 to November 2021, he worked at Shandong Fengyuan Chemical Co., Ltd.* (山東豐元化學股份有限公司) (a company listed on the main board of the Shenzhen Stock Exchange with stock code 002805) as a director, deputy general manager and board secretary. Since December 2021, he has been serving as deputy director of capital operation center at Qingdao Haifa State Owned Capital Investment and Operation Group Co., Ltd.* (青島海發國有資本投資運營集團有限公司) (“Haifa Group”), a parent company of the Company’s controlling shareholder, Nanjing Sample Technology Group Co., Ltd.* (南京三寶科技集團有限公司) (“Sample Group”). Mr. Liu currently serves as a director of Sample Group and holds positions in the several subsidiaries of Sample Group, including a director of Nanjing Tongrentang Health Pharmaceutical Group Co., Ltd.* (南京同仁堂健康藥業集團有限公司), Nanjing Tongrentang Pharmaceutical Co., Ltd.* (南京同仁堂藥業有限責任公司), Nanjing Tongrentang Medical Marketing Co., Ltd.* (南京同仁堂醫藥營銷有限公司), Nanjing Tongrentang Liuhe Qiankun Health Development Co., Ltd.* (南京同仁堂六和乾坤健康發展有限公司), Nanjing Tongrentang Lejia Laopu Investment Co., Ltd.* (南京同仁堂樂家老鋪投資股份有限公司) and Nanjing Tongrentang Health Industry Co., Ltd.* (南京同仁堂健康產業有限公司). He also holds the position of chairman of Nanjing Tongrentang Kangpu Biotechnology Co., Ltd.* (南京同仁堂康普生物技術有限公司), Nanjing Lianhua Tang Health Technology Co., Ltd.* (南京市蓮華堂健康科技有限公司) and Qingdao Baohao Technology Co., Ltd.* (青島寶昊科技有限公司).

Mr. Ma Fengkui (馬風奎), aged 52, graduated from South China Normal University (華南師範大學) with a master’s degree in business administration and EMBA from Cheung Kong Graduate School of Business (長江商學院). Mr. Ma Fengkui worked at TCL Computer Technology (Shenzhen) Co., Ltd.* (TCL 計算機科技(深圳)有限公司) from 1999 to 2005, serving as service manager and chief service officer. He worked at Nanjing JoyMain Science and Technology Development Co. Ltd.* (南京中脈科技發展有限公司) from 2005 to 2009, serving as director of the information center and customer service center and deputy general manager. From 2009 to 2014, he worked at Beijing Baidu Netcom Science and Technology Co., Ltd.* (北京百度網訊科技有限公司) and served successively as sales director and deputy general manager of Shenzhen branch and deputy general manager of Guangzhou branch. Mr. Ma worked with the Company from November 2014 to November 2017 as the assistant to the chairman. From November 2017 to January 2020, he worked for certain subsidiaries of Sample Group, the Company’s controlling shareholder, serving as the general manager of Jiangsu Cross-border Company and general manager of Sample Jinshan Holding Co., Ltd.* (三寶金山控股有限公司).

Biographical Details of Directors and Senior Management

Mr. Ma Fengkui joined the Company in February 2020 and was nominated as an executive Director of the board and a member of the strategic committee and remuneration committee of the Company on 10 August 2020. He was later appointed as a vice president of the Company on 3 March 2023. He currently holds positions in subsidiaries of the Company, being a director of Jiangsu Intellitrans Company Ltd.* (江蘇智運科技發展有限公司) (“Jiangsu Intellitrans Company”) and the chairman of Nanjing IOT Research Institute Development Co., Ltd.* (南京物聯網研究院發展有限公司) (“Nanjing IOT Company”). In addition, Mr. Ma Fengkui currently serves as a director of Sample Group, the controlling shareholder of the Company, and holds positions in several subsidiaries of the Sample Group, including the chairman of Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司) (“Jiangsu Yudao Company”), a director of Jiangsu Cross-border Company and a supervisor of Xinyirun Supply Chain Company.

Mr. Liu Min (劉民), aged 51, graduated from Nanjing University of Science and Technology (南京理工大學) with a bachelor’s degree in engineering and is a senior engineer (specialized in intelligent transportation). Mr. Liu Min worked as an office secretary in the Qinglin railway transportation management office of Shandong Provincial Local Railway Bureau* (山東省地方鐵路局) from August 1996 to August 1997. From September 1997 to July 1999, he worked in the Nanjing office of Tsinghua Ziguang Co., Ltd.* (清華紫光股份有限公司) and served as the manager of the sales department and the manager of the after-sales service department. He joined the Company from August 1999 till July 2017, and served as channel manager of the graphics and image business department, a marketing manager of the transportation technology department, the deputy general manager of the strategic promotion center, and was appointed as the deputy general manager of Jiangsu Intellitrans Company and the general manager of Nanjing Intelligent Urban Constructive Investment Co., Ltd.* (南京數字城市投資建設有限公司) (“Nanjing Urban Constructive”), both companies are subsidiaries of the Company. From August 2017 to August 2019, Mr. Liu Min acted as a director and the general manager of Jiangsu Yudao Company. From October 2019 to July 2020, he served as a director and the general manager of Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司). From August 2020 to March 2023, he worked for Sample Group as an assistant to the chairman.

Mr. Liu Min joined the Company on 3 March 2023 and was appointed as the executive Director of the board and a member of the strategic committee and nomination committee of the Company on 27 April 2023. He was appointed as a vice president of the Company on 7 July 2020. In addition, Mr. Liu Min currently serves as the director of Nanjing Urban Constructive, a subsidiary of the Company, and as a director of Nanjing Sample Enterprise Development Co., Ltd., a wholly-owned subsidiary of Sample Group.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Zhang Chengji (張成吉), aged 43, graduated from Qingdao University of Technology (青島理工大學), holds a bachelor's degree in engineering management and is a senior engineer. Mr. Zhang Chengji was appointed as a non-executive Director of the Company on 9 January 2026.

Mr. Zhang Chengji worked at Qingjian Group Co., Ltd.* (青建集團股份公司) from October 2006 to February 2013, serving as technician and chief project engineer. Since March 2013, he has served as head of the engineering department and deputy general manager of Qingdao West Coast New Area Development Construction Co., Ltd.* (青島西海岸新區開發建設有限公司), a wholly-owned subsidiary of Haifa Group which is a related party of the Group). Since September 2025, he has concurrently served as the safety director of Sample Group, the controlling Shareholder of Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Bin (張斌), aged 57, graduated from Nanjing University, holds a doctoral degree in accounting and is a professor of accounting. On 9 January 2026, Mr. Zhang Bin was appointed as an independent non-executive Directors of the Company, a member of the remuneration committee and the chairman and a member of the audit committee of the Company.

Mr. Zhang Bin began his career in 1991 and currently works at the School of Business, Yangzhou University (揚州大學商學院), where he serves as the head of the accounting department. Since May 2020, he has served as an independent director of Jiangsu Linghuan Pharmaceutical Co., Ltd.* (江蘇聯環藥業股份有限公司) (listed on the Shanghai Stock Exchange, stock code 600513); since May 2022, he has served as an independent director of Qinghai Huading Industrial Co., Ltd.* (青海華鼎實業股份有限公司) (listed on the Shanghai Stock Exchange, stock code 600243); since November 2023, he has served as an independent director of Nantong Jianghai Capacitor Co., Ltd.* (南通江海電容器股份有限公司) (listed on the Shenzhen Stock Exchange, stock code 002484); and since September 2024, he has served as an external director of Yangzhou Urban Construction State-owned Assets Holding (Group) Co., Ltd.* (揚州市城建國有資產控股(集團)有限責任公司).

Ms. Xu Gaoyan (徐高彥), aged 43, graduated from Nanjing University (南京大學), holds a doctoral degree in accounting. Ms. Xu Gaoyan was appointed as an independent non-executive Directors of the Company, a member of the audit committee, and the chairlady and a member of each of the remuneration committee and the nomination committee of the Company.

Ms. Xu Gaoyan worked at the postdoctoral workstation of Hohai University (河海大學) from December 2012 to June 2015. Since June 2015, she has served as a professor of accounting and a master's supervisor at the School of Business, Hohai University (河海大學商學院). Since January 2024, she has served as an independent director of Inner Mongolia Shengshi Chemical Co., Ltd.* (內蒙古聖氏化學股份有限公司) (listed on the National Equities Exchange and Quotations, stock code 872539); since December 2024, she has served as an independent director of Zhongjian Technology Co., Ltd.* (中簡科技股份有限公司) (listed on the Shenzhen Stock Exchange, stock code 300777); and since June 2025, she has served as an independent director of Yangzhou Chenhua New Material Co., Ltd.* (揚州晨化新材料股份有限公司) (listed on the Shenzhen Stock Exchange, stock code 300610).

Biographical Details of Directors and Senior Management

Ms. Chung Yuet Mei (鍾月媚), aged 56, holds a bachelor's degree of social sciences with honours in economics from The University of Hong Kong (香港大學) and a master's degree in finance from City University of Hong Kong (香港城市大學). Ms. Chung Yuet Mei was appointed as an independent non-executive Director as well as a member of the audit committee and the nomination committee of the Company on 30 September 2024. Ms. Chung Yuet Mei has held senior positions in various local and international banks, with over 25 years of professional experience in the financial sector. From 1993 to 1996, she worked at Jardine Fleming Bank (Hong Kong) (怡富銀行(香港)) as a credit analyst. From 1996 to 2004, she worked at Société Générale (Hong Kong) (法國興業銀行(香港)) as a credit analyst. From February 2005 to April 2019, she served as an executive director of DBS Bank, Hong Kong Branch (星展銀行香港分行). From March 2021 to December 2023, she was the managing director of China CITIC Bank International Limited (中信銀行(國際)有限公司). Since 2024, she has been serving as the managing director of Brilliant Access Capital Limited (億進資本有限公司).

SENIOR MANAGEMENT

Ms. Xu Yonghui (徐永慧), aged 56, obtained a master's degree in business administration from Inter American University (美國美聯大學) and is an intermediate accountant. Ms. Xu Yonghui served as the general ledger accountant of the finance department of Nanjing Hualianxing Electronics Co., Ltd.* (南京華聯興電子有限公司) from October 1998 to February 1999. From March 1999 to February 2000, she worked in Nanjing Tianjia Air Conditioning Equipment Co., Ltd.* (南京天加空調設備有限公司) as the general ledger accountant of the finance department. Ms. Xu Yonghui joined the Company in February 2000 and has successively served as financial manager, general manager of the investment and financing center, and financial director of the strategic promotion department. From June 2022, she took the position as the chief financial officer of the Company and serves as vice president in August 2023. In addition, Ms. Xu Yonghui currently serves as a director of Jiangsu Intellitrans Company and Nanjing IOT Company.

Report of the Directors

The Board present the annual report and audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of visual identification and RFID technologies based full solutions to intelligent transportation, customs logistics and other application areas.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2025 and a discussion on the Group's future business development are provided respectively in the "Chairman's Statement" on pages 3 to 5 and "Management Discussion and Analysis" on pages 6 to 15. An analysis of the Group's performance during the year ended 31 December 2025 using financial key performance indicators is provided in the "Five-Year Financial Summary" on page 194. In addition, the risks in relation to financial instruments of the Group can be referred in note X to the financial statements on pages 160 to 164.

KEY RISKS AND UNCERTAINTIES AFFECTING THE COMPANY

1. Policy risk

The industry of intelligent transportation and smart logistics, where the Group is engaged in, is closely related to the national macroeconomic situation, top-level planning layout, and industrial development policies. The sustained growth of the Company is positively correlated with the overall economic performance. Benefiting from the country's support policies for new-generation information technologies such as the Internet of Things, big data, artificial intelligence, and 5G networks which has created a better macro environment for the enterprises, the industry has experienced rapid growth in recent years. This favorable policy environment has also influenced the development of our core business to some extent. However, if future government support policies weaken, it may impact certain aspects of our business development. Additionally, since most of our clients are government and its affiliated institutions, their procurement behavior and scale are closely tied to policy changes, which poses a risk of order fluctuations due to shifts in government industry policies.

Counter-measures: The Group will strictly carry out product research and development in accordance with industry regulations and regulatory systems, understand and grasp national industrial policies and other policy information in a timely manner, further strengthen policy research capabilities, and strengthen understanding and prediction of policies to reduce the impact of policy changes on the Company. At the same time, we will continue to consolidate and make full use of our own advantages in technical research and development, comprehensive business qualifications, brand recognition, operation and management, and continue to focus and actively promote market development on the basis of establishing long-term friendly cooperative relationships with important customers, reducing the impact of policy risks on the Company's operating performance.

2. Industry volatility risk

In recent years, the continuous growth of our country's macro economy and the rapid advancement of urbanization, however, the pace of both growth and advancement has decelerated. Infrastructure has leaped from the layout of expansion to high quality and digital integration, providing a favorable environment for the development of the industry. Relevant policies are frequently introduced, fostering and guiding the rapid development of the industry. However, if the external environment becomes turbulent, leading to significant changes in the national macroeconomic situation, changes in the direction of industrial policy, and contraction of targeted expenditures by the government and downstream customers, it may have an adverse effect on the Company's development environment and market demand.

Counter-measures: The Group will strengthen the research on the guiding policies, development direction, and industry development pattern of our country's intelligent transportation and customs logistics, strengthen the tracking and judgment of the macro environment, increase the intensity of research and development innovation, expand the product and service portfolio, and use the industrial internet thinking to improve and transform its own construction and operation ideas and business models, increase the value of its own business to customer asset life cycle management, and succeed together with customers. At the same time, accelerate the sorting and integration of various resources, build an industry ecosystem through the establishment of partnership relationships, and jointly promote the research and development of common key technologies in the industry and the innovation and upgrade of business models.

3. Business models risk

The leaders in smart city construction are the city administrators, specifically local governments or relevant government departments. The beneficiaries, on the other hand, are the core entities within the city, namely enterprises and citizens. Given the substantial total investment and lengthy construction period associated with smart city projects, as well as the involvement of numerous local government subdepartments or branches, there are inherent risks in the business model. These risks may arise from factors such as changes in government leadership due to elections or adjustments in national policies, financial constraints faced by local governments leading to delayed or unsustainable funding, inadequate cost control, cash flow pressures, and challenges in recovering payments. Consequently, some smart city projects may face partial or complete implementation delays or termination.

Counter-measures: The Group will continuously monitor the changes in national policies and relevant legal regulations regarding the construction of smart cities. It will strategically expand its business market by selecting regions with sound local finances and good reputations. A dedicated working team will closely follow up on business projects and provide timely feedback to the Company's management regarding project progress. Additionally, the Group will rigorously control project expenditures and cost inputs in accordance with the project plan.

Report of the Directors

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company integrates the concept of sustainable development into corporate strategy and business operation management, and is committed to building a resource-saving and environment-friendly enterprise through scientifically managing important environmental factors by setting environmental goals, indicators, and management plans, reducing pollution emissions and carrying out effective control during the operation process, as well as improving resources utilization. During the year, the Group has complied with the applicable laws and regulations relating to environmental protection, social and employment and has been operated in compliance with relevant industry standards and requirements.

For details, please refer to the 2025 Environmental, Social and Governance Report of Nanjing Sample Technology Co., Ltd. which has been uploaded to the website of the Company (www.samples.com.cn) and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) together with this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with legal and regulatory requirements and the risks of violating relevant regulations. The Group has allocated system and human resources to ensure continuous compliance with laws, rules and regulations, and maintains a good working relationship with regulatory authorities through effective communication. In addition, relevant employees and operating units will also pay attention to any changes in applicable laws, rules and regulations from time to time. In order to protect the intellectual property rights of the Group, the Group has registered its domain name and has registered or applied for trademarks, patents, software copyrights in various categories in China and took all appropriate actions to safeguard its intellectual property rights. During the Review Period, the board of directors is not aware of any incident of non-compliance of relevant laws and regulations that had a material impact on the Company.

MAJOR RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises that employee is one of the its most valued assets. The Group aims at maintaining a caring environment for its employees and values their personal development. The Group provides a harmonious and safe workplace, promotes diversity in its employees, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, to improve their performance and self-fulfilment in their positions.

The Group maintains good relationship with its customers and suppliers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand so as to provide customers with quality services and product experience. The Group also maintains constant communication with its suppliers to actively and effectively strengthen the working relationship, which helps ensure their timely delivery according to specification, and in turn, ensure the stability of the Group's business.

RESULTS AND APPROPRIATIONS

The results and financial position of the Group for the year ended 31 December 2025 are set out on pages 55 to 193 of this annual report.

Report of the Directors

The Board decided not to propose distribution of a final dividend for the year ended 31 December 2025 (2024: nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in the note V(XIII) to the financial statements.

INVESTMENT PROPERTY

The Company owns an office park at No. 10 Maqun Avenue, Qixia District, Nanjing City, the People's Republic of China ("PRC"). The area of the land is approximately 115 mu. on which it has office buildings with floor area of approximately 51,932.05 square meters, of which approximately 43,432.05 square meters are classified as investment property for rental purpose. The remaining part of 8,500 square meters is self-used by the Company.

BORROWINGS

The details of the Group's short-term and long-term borrowings are set out in Notes V(XVIII) and (XXVI) to the consolidated financial statements.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors of the Company during the year and as at the date of this report were:

Executive Directors

Mr. Sha Min ¹

Mr. Liu Fei ²

Mr. Ma Fengkui (*Vice President*)

Mr. Liu Min (*Vice President*)

Non-executive Directors

Mr. Liu Fei ²

Mr. Sha Min ¹

Mr. Zhang Chengji ³

Independent Non-executive Directors

Mr. Hu Hanhui ⁴

Mr. Gao Lihui ⁵

Ms. Chung Yuet Mei

Mr. Zhang Bin ⁶

Ms. Xu Gaoyan ⁷

Supervisors

Mr. Qiu Xiang Yang ⁸

Mr. Dai Jian Jun ⁸

Mr. Zou Tao ⁸

Report of the Directors

Note:

1. Mr. Sha Min was re-designated as a non-executive Director from an executive Director and ceased to act as the chairman of the Board, the chief executive officer, and the member and chairman of the strategy committee of the Board, with effect from 10 November 2025. Mr. Sha Min was removed as a non-executive Director with effect from 9 January 2026.
2. Mr. Liu Fei was re-designated as an executive Director from a non-executive Director and appointed as the chairman of the Board, the chief executive officer, and the member and chairman of the strategy committee of the Board, with effect from 10 November 2025.
3. Mr. Zhang Chengji was appointed as a non-executive Director with effect from 9 January 2026.
4. Mr. Hu Hanhui was resigned as an independent non-executive Director, a member of the audit committee of the Company, and the chairman and a member of each of the remuneration committee and the nomination committee of the Company with effect from 9 January 2026.
5. Mr. Gao Lihui was resigned as an independent non-executive Director, a member of the remuneration committee of the Company, and the chairman and a member of the audit committee of the Company, with effect from 9 January 2026.
6. Mr. Zhang Bin was appointed as an independent non-executive Director, a member of the remuneration committee of the Company, and the chairman and a member of the audit committee of the Company, with effect from 9 January 2026.
7. Ms. Xu Gaoyan was appointed as an independent non-executive Director, a member of the audit committee of the Company, and the chairlady and a member of each of the remuneration committee and the nomination committee of the Company, with effect from 9 January 2026.
8. At the extraordinary general meeting held on 19 August 2025, the shareholders of the Company approved the abolishment of the establishment of the supervisory committee. Accordingly, on 19 August 2025, the supervisory committee of the Company was dissolved, and Mr. Qiu Xiang Yang, Mr. Dai Jian Jun and Mr. Zou Tao no longer serve as supervisors.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The details of the biographies of directors and senior management are set out on pages 16 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company. The service contracts will expire on 31 December 2027 and the further renewal of a term of 3 years shall be subject to the shareholders' approval at the forthcoming general meeting of the Company.

Save as disclosed above, no Director has a service contract with the Company which is not terminable by the Company within one year without payment, other than statutory compensation.

INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OFFICERS

Save as disclosed below, as at 31 December 2025, none of the Directors and chief executive officers of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which should be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or which they are deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company pursuant to the required standard of dealings as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Long Positions in Shares

Name of Director	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Sha Min (Note 2)	3,375,000	Beneficial owner	0.43%
	Domestic Shares (L)		
	397,821,000	Interest of controlled corporation	50.77%
	Domestic Shares (L)		
	4,310,000		
	H Shares (L)		

Note: (1) “L” refers to a long position in shares. As at 31 December 2025, the total number of issued H shares of the Company was 229,500,000, while the total number of issued domestic shares was 562,558,500. The percentage of equity was calculated based on a total of 792,058,500 shares.

- (2) Mr. Sha Min (“Mr. Sha”) directly holds 3,375,000 Domestic Shares and is indirectly interested in 60.40% of equity interest of Jiangsu Sample Holding Group Limited* (江蘇三寶控股集團有限公司) (formerly known as Jiangsu Sample Holding Limited* (江蘇三寶控股有限公司), name changed on 27 February 2025) (“Jiangsu Sample”) which in turn owns 49% of the equity interest in Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司) (“Sample Group”) which in turn owns directly 397,821,000 Domestic Shares and owns indirectly 4,310,000 H Shares. Under the SFO, Mr. Sha is deemed to be interested in all 401,196,000 Domestic Shares and 4,310,000 H Shares.

Sample Group directly holds 397,821,000 Domestic Shares and indirectly holds 4,310,000 H Shares, representing approximately 50.77% of the issued share capital of the Company and Sample Group is owned as to 49% by Jiangsu Sample which in turn is held as to 60.40% by Shanghai Jiixin Enterprise Management Center (limited partnership)* (上海佳鑫企業管理中心有限合夥) (“Shanghai Jiixin”). Shanghai Jiixin is beneficially owned as to 100% by Mr. Sha. Under the SFO, Mr. Sha is deemed to be interested in the entire equity interest in each of Sample Group, Jiangsu Sample and Shanghai Jiixin.

- (3) At the extraordinary general meeting held on 9 January 2026, the shareholders of the Company approved the removal of Mr. Sha Min as a Director.

Report of the Directors

SHARES DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as to the knowledge of the Directors, as at 31 December 2025, the following shareholders (other than the Directors or chief executive officers of the Company) had interests and short positions in the shares or underlying shares of the Company which should be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long position in Shares:

Name of Shareholders	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Nanjing Sample Technology Group Company Limited ("Sample Group") (Note 2)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Beneficial owner Interest of controlled corporation	50.77%
Qingdao Haifa State Owned Capital Investment and Operation Group Co., Ltd. ("Haifa Group") (Note 2)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Interest of controlled corporation	50.77%
State-owned Assets Supervision and Administration Commission of the People's Government of Qingdao ("SASAC of Qingdao") (Note 2)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Interest of controlled corporation	50.77%
Jiangsu Sample Holding Group Limited* ("Jiangsu Sample") (Note 3, Note 4)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Interest of controlled corporation	50.77%
Shanghai Jiaxin Enterprise Management Center (limited partnership)* (Note 3)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Interest of controlled corporation	50.77%
Shanghai Lianqi Enterprise Management Center (limited partnership)* (Note 3)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Interest of controlled corporation	50.77%

Report of the Directors

Name of Shareholders	Number of Shares	Nature of Interest	Approximate Percentage of the Registered Capital of the Company (%)
Chang Yong (Note 4)	397,821,000 Domestic Shares (L) 4,310,000 H Shares (L)	Interest of controlled corporation	50.77%
Active Gold Holding Limited (Note 5)	123,862,500 Domestic Shares (L)	Beneficial owner	15.64%
Ferdinand Holdings Limited (Note 5)	123,862,500 Domestic Shares (L)	Interest of controlled corporation	15.64%
Yin Yunhua (Note 5)	123,862,500 Domestic Shares (L)	Interest of controlled corporation	15.64%
Season International Pte. Ltd. (Note 6)	53,855,500 H Shares (L)	Beneficial owner	6.79%
Season Holdco Pte. Ltd. (Note 6)	53,855,500 H Shares (L)	Interest of controlled corporation	6.79%

Notes:

- (1) "L" refers to a long position in shares. As at 31 December 2025, the total number of issued H shares of the Company was 229,500,000, while the total number of issued domestic shares was 562,558,500. The percentage of equity was calculated based on a total of 792,058,500 shares.
- (2) Sample Group directly owns 397,821,000 Domestic Shares and indirectly owns 4,310,000 H Shares. Hence, Sample Group is the substantial and the single largest shareholder of the Company. On 18 August 2020, Haifa Group completed the industry and commercial registration procedures in respect of the capital injection in Sample Group. Sample Group is owned as to 51% equity interests by Haifa Group which is 100% owned by SASAC of Qingdao.
- (3) Sample Group directly owns 397,821,000 Domestic Shares and indirectly owns 4,310,000 H Shares. As such, Sample Group is the substantial and the single largest shareholder of the Company. Sample Group is 49% held by Jiangsu Sample which in turn is held by Shanghai Jiaxin and Shanghai Lianqi Enterprise Management Center (limited partnership)*(上海聯啟企業管理中心有限合夥) ("Shanghai Lianqi") as to 60.40% and 39.60% equity interests respectively. Under the SFO, each of Shanghai Jiaxin and Shanghai Lianqi is deemed to be interested in all 397,821,000 Domestic Shares and 4,310,000 H Shares.
- (4) Sample Group directly owns 397,821,000 Domestic Shares and indirectly owns 4,310,000 H Shares, representing approximately 50.77% of the issued share capital of the Company, and Sample Group is owned as to 49% by Jiangsu Sample which in turn is held as to 39.60% by Shanghai Lianqi. Shanghai Lianqi is beneficially owned as to 99% by Mr. Chang Yong. Under the SFO, Mr. Chang is deemed to be interested in all 397,821,000 Domestic Shares and 4,310,000 H Shares.
- (5) Active Gold Holding Limited is wholly owned by Ferdinand Holdings Limited, and Yin Ehua holds 100% equity interests in Ferdinand Holdings Limited.
- (6) Season International Pte. Ltd. is wholly owned by Season Holdco Pte. Ltd.

Report of the Directors

DIRECTORS' INTERESTS IN UNDERLYING SHARES BY DERIVATIVES

Save as disclosed above, as at 31 December 2025, none of the Directors is authorized to subscribe for any H Shares of the Company. As at 31 December 2025, none of the Directors or any of their spouses or children under eighteen years of age has any right to subscribe any H Shares of the Company or has exercised any such kind of right during the year.

SHARE OPTION SCHEME

A share option scheme ("Share Option Scheme") was conditionally adopted by a resolution of the shareholders of the Company on 24 April 2004. On 30 December 2011, the shareholders of the Company had resolved by a special resolution to terminate the Share Option Scheme. No option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' INTERESTS IN CONTRACTS

On 13 December 2024, the Company (as the lessor) and Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司) ("Sample Group") (as the lessee) had renewed the property leasing framework agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027. Pursuant to the property leasing framework agreement, the Company agreed to lease their lawfully owned properties to Sample Group and its associates (as defined under the Listing Rules) and Sample Group agreed to rent and procure the members of Sample Group and its associates to rent the lawfully owned properties of the Company.

On 24 January 2025, the Company entered into a Property Management Entrusted Service Contract with Qingdao Haihui Wanjia Urban Services Co., Ltd.* (青島海惠萬家城市服務有限公司) ("Haihui Wanjia"), pursuant to which Haihui Wanjia shall provide property management services in respect of the target properties to the Company for a term commencing from 1 February 2025 to 31 December 2027. Qingdao Haifa State Owned Capital Investment and Operation Group Co., Ltd.* (青島海發國有資本投資運營集團有限公司) ("Haifa Group") is the Company's indirect controlling shareholder, and Haihui Wanjia is an indirect non-wholly-owned subsidiary of Haifa Group. Accordingly, Haihui Wanjia is a connected person of the Company, and the property management entrusted service contract constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As Mr. Sha Min ("Mr. Sha"), a Director of the Company, is interested in 60.40% of equity interest in Jiangsu Sample Holding Group Limited* (江蘇三寶控股集團有限公司) which in turn owns 49% of equity interest in Sample Group, a controlling shareholder of the Company. In addition, Mr. Liu Fei ("Mr. Liu"), a Director of the Company, serves as a director of Sample Group. Accordingly, each of Mr. Sha and Mr. Liu is regarded as having a material interest in the property leasing framework agreement and the property management entrusted service contract.

Save as disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director had a direct and indirect material interest, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the directors of the Group. At no time during the year ended 31 December 2025 and up to the date of this report, was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Five Largest Customers

Turnover to the Group's five largest customers accounted for 39.64% (2024: 45.50%) of the total sales for the year and sales to the largest customer included therein amounted to 14.18% (2024: 25.86%). To the best of the knowledge of the Directors, none of the Directors, their associates or any management shareholders who own more than 5% of the Company's issued share capital had material interests in the Group's five largest customers.

Five Largest Suppliers

Purchase from the Group's five largest suppliers accounted for 35.04% (2024: 30.75%) of the total purchase for the year and purchase from the largest supplier included therein amounted to 9.96% (2024: 11.23%). To the best of the knowledge of the Directors, none of the Directors, their associates or any management shareholder who own more than 5% of the Company's issued share capital had material interests in the Group's five largest suppliers.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, supervisors and employees and the five highest paid individuals of the Group are set out in Note XII(V)4 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on page 194 of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in the Note V(XXVIII) to the financial statements. As at 31 December 2025, the Company had issued an aggregate of 229,500,000 H Shares and an aggregate of 562,558,500 Domestic Shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC, being the jurisdiction in which the Company was established, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

Report of the Directors

RESERVES

Details of the movements of reserves of the Group during the year are set out on pages 70 to 73 in the consolidated statement of changes in owners' equity.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Group's reserves available for distribution amounted to RMB46,031,264.57 (2024: RMB119,155,929.90).

INFORMATION OF TAX DEDUCTION FOR HOLDERS OF LISTED SECURITIES

According to the "Individual Income Tax Law of the People's Republic of China" 《中華人民共和國個人所得稅法》, the "Regulation on the Implementation of the Individual Income Tax Law of the People's Republic of China" 《中華人民共和國個人所得稅法實施條例》, and other relevant regulations, when the company distributes cash dividends to non-resident enterprise shareholders listed on the H-share register, the company is required to withhold and pay enterprise income tax at a rate of 10% on their behalf.

If individual H shareholders are residents of Hong Kong or Macau, or residents of other countries that have signed a tax treaty with the PRC for a 10% tax rate on dividends, the company will withhold and pay individual income tax at a rate of 10% on their behalf. If individual H shareholders are residents of countries that have signed a tax treaty with the PRC for dividend at a tax rate below 10%, the company will still withhold and pay individual income tax at a rate of 10% on their behalf. In such cases, if the relevant individual H shareholders wish to apply for a refund of the excess tax withheld ("Excess Amount"), the company can apply for a preferential tax rate under the tax treaty on their behalf. However, the relevant shareholders must submit the proof required by the tax treaty notification to the company's H-share registrar within the specified deadline. Once approved by the competent tax authorities, the company will assist in refunding the Excess Amount. If individual H shareholders are residents of countries that have signed a tax treaty with the PRC for dividend at a tax rate above 10% but below 20%, the company will withhold and pay individual income tax at the actual tax rate specified in the relevant tax treaty. If individual H shareholders are residents of countries that have signed a tax treaty with the PRC for dividend at a tax rate of 20%, residents of countries that have not signed any tax treaty with the PRC, or in any other situations, the company will ultimately withhold and pay individual income tax at a rate of 20% on their behalf.

For the year ended 31 December 2025, the Company has not distributed any dividends.

Save as disclosed above, the Directors are not aware of any tax exemptions enjoyed by shareholders by reason of their holding of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float prescribed under the Listing Rules throughout the year ended 31 December 2025 and as at the latest practicable date prior to the issue of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EQUITY-LINKED AGREEMENTS

As at 31 December 2025, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

COMPETING BUSINESS AND CONFLICTS OF INTERESTS

None of the Directors or substantial shareholders or any of their respective associates (as defined in the Listing Rules) is engaged in any business which competes or is likely to compete with the business of the Group, and none of them has other conflicts of interests with the Group.

UPDATE ON DIRECTORS' AND SUPERVISORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors and supervisors for the year ended 31 December 2025 are set out below:

- On 14 February 2025, Mr. Liu Min was appointed as a director of the Company's subsidiary, Nanjing Digital City Investment and Construction Co., Ltd.* (南京數字城市投資建設有限公司).
- On 7 April 2025, Mr. Sha Min resigned as chairman of Qingdao Baohao Technology Co., Ltd.* (青島寶昊科技有限公司), a subsidiary of Sample Group.
- On 7 April 2025, Mr. Liu Fei was appointed as chairman of Qingdao Baohao Technology Co., Ltd.* (青島寶昊科技有限公司), a subsidiary of Sample Group.
- On 15 December 2025, Mr. Liu Min was appointed as a director of Sample Group's wholly-owned subsidiary, Nanjing Sample Enterprise Development Co., Ltd.* (南京三宝企业发展有限公司).

Save as disclosed above and elsewhere in this report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the year ended 31 December 2025.

RETIREMENT FUND OBLIGATION

The Group makes monthly contribution to certain defined contribution plan, pension schemes operated by Chinese provincial and municipal governments. The relevant provincial and municipal governments promised to fulfil the benefit obligations pursuant to these retirement schemes for all existing and future retired employees. Apart from these contributions, the Group has no other retirement benefit obligations. Contributions to these pension scheme is paid when incurs.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

On 13 December 2024, the Company (as landlord) and Sample Group (as tenant) renewed the framework agreement for the leasing of properties (the “2025 Framework Agreement”), for a term of three years from 1 January 2025 to 31 December 2027. Under the 2025 Framework Agreement, Sample Group and its connected persons shall pay the Company annual cap on rent of RMB8,000,000.00 for each of the years from 2025 to 2027. Details have been disclosed in the Company’s announcement dated 13 December 2024. The aggregate amount of rent charged by the Company to Sample Group and its connected persons for the year ended 31 December 2025 was RMB3,004,149.73.

On 24 January 2025, the Company entered into an entrusted property management services contract with Qingdao Haihui Wanjia City Services Co., Ltd.* (青島海惠萬家城市服務有限公司) (“Haihui Wanjia”), pursuant to which Haihui Wanjia will provide property management services to the Company in respect of the subject properties for a term from 1 February 2025 to 31 December 2027. Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd. (“Haifa Group”) is the indirect controlling shareholder of the Company, and Haihui Wanjia is an indirect non-wholly-owned subsidiary of Haifa Group and thus a connected person of the Company. Accordingly, the entrusted property management services contract constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details have been disclosed in the Company’s announcement dated 24 January 2025. The aggregate amount charged by Haihui Wanjia to the Company for property management services for the year ended 31 December 2025 was RMB793,854.58.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions (a) were entered in the ordinary and usual course of business of the Group; (b) were entered on normal commercial terms or better; (c) were entered into in a fair and reasonable manner and in the interests of the shareholders of the Company as a whole; and (d) such transactions have been carried out in accordance with the transaction agreements.

The auditor of the Company has reviewed the above continuing connected transactions and provided a letter to the Company confirming that in respect of the above continuing connected transactions (1) nothing has come to the auditor’s attention that causes it to believe that the transaction has not been approved by the Board; (2) nothing has come to the auditor’s attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (3) nothing has come to the auditor’s attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (4) nothing has come to the auditor’s attention that causes it to believe that the transactions have exceeded the annual cap.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 December 2025 are set out in Note XII to the financial statements of this annual report. None of these related party transactions constitutes a notifiable connected transaction as defined under the Listing Rules, except for the transactions described in the section headed “Continuing Connected Transactions” in this Report of the Directors, in respect of which the disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles of corporate governance and applied the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Listing Rules as its own code of corporate governance. Except with the deviation of code provision C.2.1 of the CG Code that requires the roles of chairman and the chief executive officer shall not be performed by the same individual, the Company confirms that it has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In accordance with Rule 13.91 of the Listing Rules, the Company published its 2025 Environmental, Social and Governance Report (“ESG Report”) which is in compliance with the provisions set out in the “Environmental, Social and Governance Reporting Code” in Appendix C2 to the Listing Rules. The ESG Report has been uploaded to the website of the Company (www.samples.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) together with this annual report.

AUDITORS

At the extraordinary general meeting of the Company held on 17 January 2025, a resolution was passed to terminate BDO China Shu Lun Pan Certified Public Accountants LLP as the Company’s auditor and to appoint WUYIGE Certified Public Accountants LLP (“WUYIGE”) as the Company’s auditor. Save as disclosed above, there were no other changes in the auditors of the Company in the last three years.

The consolidated financial report of the Group for the year ended 31 December 2025 has been audited by WUYIGE. A resolution will be proposed at the forthcoming annual general meeting to re-appoint WUYIGE as the auditor of the Company and to authorise the Directors to fix their remuneration.

On behalf of the Board
Liu Fei
Chairman

Nanjing, the PRC
30 March 2026

Corporate Governance Report

The Group attaches great importance to corporate governance, and the Board believes that good corporate governance practices can strengthen accountability and increase transparency to protect shareholders' interests. The Company has adopted the corporate governance code (the "CG Code") contained in Appendix C1 of the Listing Rules and has adopted internal governance measures which is no less than exacting than the standard stipulated by the CG Code, and holds meetings from time to time for detailed discussions to evaluate the effectiveness and compliance of internal governance measures.

Except for the deviation of code provision C.2.1 of the CG Code that requires the roles of chairman and the chief executive officer shall not be performed by the same individual, during the Review Period, the Group has been complying with all the code provisions contained in the CG Code, and will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

The details and reasons for the deviation from code provision C.2.1 of the CG Code are explained in the section of "Chairman and Chief Executive Officer" of this report.

CORPORATE GOVERNANCE STRUCTURE

The Group has established a comprehensive corporate governance structure in accordance with the Listing Rules. The Company clearly divides the responsibilities of the shareholders' general meeting, the Board, the audit committee, and the senior management. The shareholders' general meeting is the highest authority of the Company. The Board is responsible to the shareholders, and the composition of the Board and the special committee under the Board all comply with the Listing Rules. The special committees operate under the leadership of the Board and provide opinions on the decisions of the Board. The audit committee is primarily responsible for overseeing the Company's financial matters, internal controls and compliance, supervising the performance of duties by the directors and senior management, and exercising all supervisory powers previously vested in the supervisory committee. Under the leadership of the Board, the senior management is responsible for implementing the resolutions of the Board and the management of the Company's daily business and administration, and regularly reports to the Board.

BOARD OF DIRECTORS

RESPONSIBILITIES OF THE BOARD

The Board is responsible for the overall leadership of the Group, overseeing the Company's strategic decisions and monitoring the business and performance. They are responsible for managing all important matters, including formulation and approval of all policies, overall strategies, internal controls, risk management, and monitoring the performance of senior management. The Board has granted the power and responsibility of daily management and operation to the Company's senior management, and the Directors regularly review these arrangements.

The Board as a whole is responsible for performing the corporate governance duties including: (a) to develop and review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established mechanisms, which have been incorporated into the Company's Articles of Association, the terms of reference of each committee, and various parts of the governance structure, to ensure that the Board can obtain independent views and opinions. Such mechanisms include, but are not limited to, procedures and criteria for the election and selection of Directors (including independent non-executive Directors), the number of independent non-executive Directors, assessment of the independence of the Company's independent non-executive Directors, channels for Directors to seek legal and other independent professional advice in the discharge of their duties, and the right of Directors to request additional information and documents from management regarding matters discussed at Board meetings.

The Board has reviewed the implementation and effectiveness of these mechanisms during the year and considers that they are sufficient to ensure the Board in obtaining independent views and opinions effectively.

COMPOSITION OF THE BOARD

During the Review Period and as at the date of this annual report, the members of the Board of the Company were as follows:

Executive Directors

Mr. Sha Min ¹

Mr. Liu Fei ²

Mr. Ma Fengkui (*Vice President*)

Mr. Liu Min (*Vice President*)

Non-executive Directors

Mr. Liu Fei ²

Mr. Sha Min ¹

Mr. Zhang Chengji ³

Independent Non-executive Directors

Mr. Hu Hanhui ⁴

Mr. Gao Lihui ⁵

Ms. Chung Yuet Mei

Mr. Zhang Bin ⁶

Ms. Xu Gaoyan ⁷

Notes:

1. Mr. Sha Min was re-designated as a non-executive Director from an executive Director and ceased to act as the chairman of the Board, the chief executive officer, and the member and chairman of the strategy committee of the Board, all with effect from 10 November 2025. Mr. Sha Min was removed as a non-executive Director of with effect from 9 January 2026.
2. Mr. Liu Fei was re-designated as an executive Director from a non-executive Director and appointed as the chairman of the Board, the chief executive officer, and the member and chairman of the strategy committee of the Board, all with effect from 10 November 2025.
3. Mr. Zhang Chengji was appointed as a non-executive Director with effect from 9 January 2026.

Corporate Governance Report

4. Mr. Hu Hanhui was resigned as an independent non-executive Director, a member of the audit committee of the Company, and the chairman and a member of each of the remuneration committee and the nomination committee of the Company with effect from 9 January 2026.
5. Mr. Gao Lihui was resigned as an independent non-executive Director, a member of the remuneration committee of the Company, and the chairman and a member of the audit committee of the Company, with effect from 9 January 2026.
6. Mr. Zhang Bin was appointed as an independent non-executive Director, a member of the remuneration committee of the Company, and the chairman and a member of the audit committee of the Company, with effect from 9 January 2026.
7. Ms. Xu Gaoyan was appointed as an independent non-executive Director, a member of the audit committee of the Company, and the chairlady and a member of each of the remuneration committee and the nomination committee of the Company, with effect from 9 January 2026.

The number and composition of the Board of the Company comply with the requirements of relevant laws, regulations, and the Company's articles of association. The detailed biographical information of all Directors is included in the "Biographical Details of Directors, Supervisors and Senior Management" section on pages 16 to 19 of this annual report. There are no non-working relationships between the Directors, including any financial, business, family, or other important/relevant relationships.

During the Review Period, the Company has arranged appropriate liability insurance for Directors, supervisors, and senior management, and will review the coverage of the insurance every year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 of the Listing Rules. Having made specific enquiry with all Directors, the Directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2025.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors play an important role within the Board and use their independent and objective judgment to provide constructive opinions to the Board. The Board of the Company complies with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors (at least one of whom should possess appropriate professional qualifications or accounting or related financial management expertise), among which Mr. Gao Lihui (change to Mr. Zhang Bin with effect from 9 January 2026), an independent non-executive Director, has financial management experience.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

DIVERSITY POLICY

The Company recognizes the benefits of having a diverse Board and believes that board diversity is essential for the sustainable and balanced development of the Company. The Board is responsible for regularly reviewing the structure, number, composition and diversification of the Board, and making any proposed changes to the Directors in line with the Company's corporate strategies. When recommending suitable candidates to the Board, the nomination committee will comprehensively consider the merits of the candidates and composition in terms of diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service, and time required to be devoted for being a director etc., and monitor the implementation of relevant policies.

During the Review Period, the Company has reviewed its board diversity policy. As at 31 December 2025, the Company's Board comprised six male directors and one female director. On 9 January 2026, the Company appointed one more female director, Ms. Xu Gaoyan. Currently, the Board comprised five male directors and two female directors. The objective of the Board is to at least maintain one female representation. Board members have varied lengths of service with the Group and possess diverse industry experiences, expertise, and educational backgrounds. The Board considers that it complies with the board diversity policy.

The Group has also integrated diversity principles into the entire employee recruitment process to eliminate bias and maintain equal opportunities. During the Review Period, details of the Group's employee gender ratio, education level and other information are included in the Company's 2025 Environmental, Social and Governance Report.

CONTINUING TRAINING FOR DIRECTORS

According to provision C.1.4 of the CG Code, all directors should participate in continuous professional development programs to develop and update their knowledge and skills to ensure that their contributions to the Board with comprehensive information and be relevant to the needs.

During the Review Period, the Company has provided a total of three internal trainings and professional development course for Directors, which mainly cover updated listing rules, environmental, social and governance requirements, and other relevant applicable regulatory requirements. Some of independent non-executive Directors also actively participated in relevant trainings arranged by other organizers. In addition, the Company circulated and provided updated information on regulatory requirements and reading materials related to the economy, industry, market, etc. to Directors from time to time. During the Review Period, newly appointed non-executive Director, Mr. Zhang Chengji, and Independent non-executive Directors, Mr. Zhang Bin and Ms. Xu Gaoyan attended legal training in compliance with the Listing Rules on 30 December 2025. Mr. Zhang Chengji, Mr. Zhang Bin and Ms. Xu Gaoyan confirmed their understanding of their responsibilities as Directors of the Company. All Directors have participated in appropriate continuing professional development and have provided the Company with a record of their participation in training in 2025 as follows:

Corporate Governance Report

Name of Directors	Reading regulatory updates and consultation reports or newspapers, journals and updates relating to industry and market information	Attending in-house training programmes
Executive Directors		
Mr. Liu Fei (<i>re-designated as executive Director from non-executive Director on 10 November 2025</i>)	√	√
Mr. Ma Fengkui	√	√
Mr. Liu Min	√	√
Non-executive Directors		
Mr. Sha Min (<i>re-designated as non-executive Director from executive Director on 10 November 2025</i>)	√	√
Independent Non-executive Directors		
Mr. Hu Hanhui	√	√
Mr. Gao Lihui	√	√
Ms. Chung Yuet Mei	√	√

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual.

On 10 November 2025, the Board of the Company resolved to remove Mr. Sha Min from his positions as Chairman of the Board and Chief Executive Officer of the Company, and Mr. Liu Fei (“Mr. Liu”), a non-executive Director of the Company, was re-designated as an executive Director and appointed as Chairman of the Board and Chief Executive Officer of the Company, whereby Mr. Liu assumes both roles of Chairman and Chief Executive Officer. Having assessed the current circumstances of the Company and taken into account Mr. Liu’s experience and past performance, the Board is of the view that it is appropriate for Mr. Liu to hold both roles of Chairman and Chief Executive Officer at this stage. This arrangement will ensure consistent leadership and policy-making, facilitates stable operations, and enhances the efficiency of the Company’s overall strategic planning, business decision making, and execution. In addition, the other two executive Directors have been appointed as Vice Presidents of the Company to assist Mr. Liu in overseeing the day-to-day business operations. The Board believes that this management structure will better support the Company’s future development and improve its operational performance. Under the supervision of the Board, which currently comprises three executive Directors, one non-executive Director, and three independent non-executive Directors, there exists an appropriate balance of power and authority to provide sufficient checks and balances for safeguarding the interests of the Company and its shareholders. Accordingly, the Board considers that the deviation from code provision C.2.1 of the Corporate Governance Code in this regard is appropriate.

Corporate Governance Report

NOMINATION, ELECTION AND RE-ELECTION OF DIRECTORS

Directors are selected and nominated by the Board based on the recommendation by nomination committee of the Company and elected by ordinary resolution of the Shareholders' general meeting. The terms of office of the Directors (including non-executive Directors) shall be three years and the Directors shall be eligible for re-election upon expiry of the said term.

The Board's nomination procedures of a new director are: 1) seeking nominations of candidates from Board members, or seeking and identifying by itself (or by agencies) the qualified candidates; 2) examining the qualifications of the prospective candidates, and determining the final director candidates at Board meeting; 3) proposing the final candidate to the general meeting of shareholders of the Company for election through ordinary resolution.

The nomination committee of the Company searches for the director candidates, compiles written reports for nomination, convenes the meeting of the nomination committee and conducts examination of the qualification of the initial candidates and makes recommendations to the Board regarding candidates for filling in vacancies on the Board. The basis for the Board's review of the qualifications of director candidate is: 1) the skills, knowledge and experience required to perform the duties of a director; 2) compliance with the qualifications for directors and independent non-executive directors stipulated in the articles of association, the Company Law and the Listing Rules; 3) consider the Company's diversity policies and regulations. Newly appointed board members will be provided by the Company with information on regulatory rules and the Company's internal rules as well as relevant information on the background and business of the Company as introduced by the management.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

The Company convened and held the shareholders' general meetings strictly in compliance with the regulations and requirements of the articles of association of the Company, which ensured all of the Company's shareholders, especially the minority shareholders, could enjoy equal rights and fully exercise their voting rights. During the Review Period, the Board conscientiously implemented the resolutions of the shareholders' general meeting and the matters authorized by the shareholders' general meeting, and did not violate any national laws, regulations and the Company's articles of association or damage the interests of the Company.

During the Review Period, the Company held three extraordinary general meetings of shareholders and one annual general meeting of shareholders. At the extraordinary general meetings, shareholders reviewed and approved resolutions including the change of annual auditors, amendments to the articles of association and disposal of substantial assets; At the annual general meeting, shareholders reviewed and approved resolutions including the 2024 work reports of the Board and the supervisory committee, the re-appointment of auditor, audited consolidated financial statements, and election of members of new Board and supervisory committee, etc.

Corporate Governance Report

BOARD MEETING

The Group strictly convened the board meeting in accordance with the provisions and requirements of the articles of association of the Company. During the Review Period, the Board of the Company held nine meetings, of which two regular meetings approved the audited consolidated results of the Group for the year ended 31 December 2024 and the unaudited consolidated results of the Group for the six months ended 30 June 2025 and the remaining seven meetings have resolved on specific matters.

The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's articles of association. Notice of at least 15 days is given for a regular Board meeting to give all Directors an opportunity to attend. All Directors are provided with relevant materials relating to the matters brought before the meetings at least three days in advance.

The Attendance of the Board Meetings and Shareholders' General Meetings

The Board has convened nine plenary Board meetings and four shareholders' general meetings for the year ended 31 December 2025. The attendance of the Directors at the meetings are as follows:

Name of Directors	Number of meetings attended/ held during the term	
	Board meeting	General meeting
Executive Directors		
Mr. Liu Fei (<i>re-designated as executive Director from non-executive Director on 10 November 2025</i>)	9/9	4/4
Mr. Ma Fengkui	9/9	4/4
Mr. Liu Min	9/9	4/4
Non-executive Directors		
Mr. Sha Min (<i>re-designated as non-executive Director from executive Director on 10 November 2025</i>)	6/9	3/4
Independent Non-executive Directors		
Mr. Hu Hanhui	9/9	4/4
Mr. Gao Lihui	9/9	4/4
Ms. Chung Yuet Mei	9/9	4/4

At the Board meetings of the Company held on 8 September 2025, 10 November 2025 and 27 November 2025, as well as the extraordinary general meeting held on 14 November 2025, Mr. Sha Min was unable to attend due to personal matters. Apart from the regular board meetings held during the year, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive detailed agenda in advance of each board meeting to facilitate decision-making.

Corporate Governance Report

BOARD COMMITTEES

The Board of the Group is supported by four major committees, namely the remuneration committee, the nomination committee, the audit committee and the strategic committee (collectively, the “Board Committees”). The terms of reference of each committee, including the structure, responsibilities and membership of the committee, will be reviewed and revised from time to time (as necessary). The Board has delegated the responsibilities set out in the respective terms of reference to these Board committees in order to maximize the effectiveness of the Board and encourage the active participation and contribution of the Directors.

REMUNERATION COMMITTEE

The Company’s remuneration committee has been approved in the board meeting on 10 November 2005. The terms of references setting out the remuneration committee’s authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The role and function of the remuneration committee included determining the policy for the remuneration of directors; making recommendation to the Board of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; making recommendations to the Board of the remuneration of non-executive Directors; assessing performance of executive directors and approving the terms of executive directors’ service contracts; ensuring no Director or any of his associates be participated in deciding his own remuneration. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Company and desirability of performance-based remuneration.

As at 31 December 2025, the remuneration committee comprised two independent non-executive Directors, namely Mr. Hu Hanhui (chairman of remuneration committee), Mr. Gao Lihui and one executive Director, namely Mr. Ma Fengkui. During the Review Period, three meetings were held by the remuneration committee to provide recommendation for the remuneration of the newly appointed directors and review the remuneration proposals for the Board, supervisors and senior management with reference to market conditions, positions and responsibilities.

Details of the attendance of the remuneration committee meetings are as follows:

	Number of meetings attended/ held during the term
Mr. Hu Hanhui	3/3
Mr. Gao Lihui	3/3
Mr. Ma Fengkui	3/3

No Director or any of his/her associates is involved in deciding his/her own remuneration at the meeting of the remuneration committee.

Corporate Governance Report

NOMINATION COMMITTEE

The Company's nomination committee was approved and established in the board meeting held on 25 August 2007. The terms of references setting out the nomination committee's authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee are to review the structure, size and composition of the Board on a regular basis, to determine the policy, procedures and criteria of nomination of directors and where necessary, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession plan for Directors, to assess the independence of independent non-executive directors, to review the board diversity policy and its progress towards achieving the objectives of the board diversity policy.

As at 31 December 2025, nomination committee comprised two independent non-executive Directors, namely Mr. Hu Hanhui (chairman of nomination committee), Ms. Chung Yuet Mei, and one executive Director, namely Mr. Liu Min. During the Review Period, the nomination committee held five meetings, at which it provided recommendations on the selection of nominated Directors and reviewed the rationality and compliance of the appointment procedures of Directors and the composition of the Board.

Details of the attendance of the nomination committee meetings are as follows:

	Number of meetings attended/ held during the term
Mr. Hu Hanhui	5/5
Mr. Liu Min	5/5
Ms. Chung Yuet Mei	5/5

AUDIT COMMITTEE

The Company established an audit committee on 27 August 2003. The terms of references setting out the audit committee's authority, duties and responsibilities are available on the websites of the Company and the Stock Exchange.

The primary duties of the audit committee are to provide an independent review and supervision of financial reporting, and examines the effectiveness of the risk management and internal controls of the Group and ensuring the external auditor are independent and the effectiveness of the audit process. The audit committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the audit committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possess appropriate professional qualifications or accounting or related financial management expertise. Each of Mr. Gao Lihui (resigned on 9 January 2026) and Mr, Zhang Bin (appointed on 9 January 2026) is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report

As at 31 December 2025, the audit committee comprised three independent non-executive Directors, namely Mr. Gao Lihui (the chairman of the audit committee), Mr. Hu Hanhui and Ms. Chung Yuet Mei. During the Review Period, the audit committee held two meetings, at which it reviewed the Group's audited consolidated results for the year ended 31 December 2025 and the unaudited consolidated results of the Group for the six months ended 30 June 2024. It also discussed and reviewed the internal control, risk management and financial reporting matters, etc.

Details of the attendance of the audit committee meetings are as follows:

	Number of meetings attended/ held during the term
Mr. Hu Hanhui	2/2
Mr. Gao Lihui	2/2
Ms. Chung Yuet Mei	2/2

No member of the audit committee is a former partner of the existing auditing firm of the Company during the two years after he/she ceases to be a partner of the auditing firm.

STRATEGIC COMMITTEE

The Company established a strategic committee on 18 October 2011.

The primary duties of the strategic committee are to research and make recommendations on the Company's long-term development strategic planning, the Company's major investment and financing plans, the Company's major capital operations and asset management projects, and other major issues affecting the Company's development.

As at 31 December 2025, the strategic committee comprised three executive Directors, namely Mr. Liu Fei (Mr. Sha Min was removed on 10 November 2025; At the same date, Mr. Liu Fei was appointed) (the chairman of the strategic committee), Mr. Ma Fengkui and Mr. Liu Min. During the Review Period, the strategic committee held a meeting at which it reviewed a report on the Group's overall strategic development goals for 2025.

Details of the attendance of the strategic committee meeting are as follows:

	Number of meetings attended/ held during the term
Mr. Sha Min (<i>removed on 10 November 2025</i>)	1/1
Mr. Ma Fengkui	1/1
Mr. Liu Min	1/1
Mr. Liu Fei (<i>appointed on 10 November 2025</i>)	0/0

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT

Risk management and internal control system aim to manage the risk in the process of achieving the Group's strategic objectives rather than to completely eliminate it, and provide reasonable protection rather than absolute guarantee.

The Board is responsible for assessing and determining the nature and extent of the risks they are willing to take in achieving the Group's strategic goals and ensures that the Group has a responsibility to maintain a sound and effective risk management and internal control system and review its effectiveness. The Board supervises the management in the design, implementation and monitoring of the risk management and internal control system and is responsible for the risk management and internal control system, including financial monitoring, operational monitoring, compliance monitoring and risk management monitoring, to protect the interests of shareholders.

The Board conducts risk assessments based on a variety of factors and conducts ongoing assessments to ensure that the Group's control status and risk management are effective. The Board believes that the Company's risk management and internal control systems are sufficient and effective to continuously maintain and improve the Company's internal control activities, and to ensure that the Company meets internal business needs and requirements and adapts to changes in the external environment in terms of finance, operations, compliance, and risk prevention and control as well as in line with corporate governance requirements.

The following are the main procedures for the Board to continuously monitor the effectiveness of the Company's risk management and internal control systems:

- Establish an internal control and risk management implementation team and improve the organizational structure so that the powers and responsibilities of monitoring level are clearly defined;
- Internal audit functions will make analysis and independent assessment of the adequacy and effectiveness of the company's risk management and internal control systems. The responsible person of internal audit reports to the audit committee on any questions found during its day-to-day work, including major internal control deficiencies (if any);
- Organize working meetings for internal control and risk management standard, promote the norms of internal control amongst staff and enhance staff awareness of the importance and necessity of internal control system;
- Analyze internal control deficiencies, risk identification and evaluation, and test the effectiveness of internal control according to the enterprise risk management model by collecting and sorting the daily workflow and internal control system of various departments, business and financial modules of the company;
- Develop risks lists at the corporate level, process level, information system level, identify problems in internal control and risk management in a timely manner, and strive to minimize its impact through continuous improvement of corporate governance and proactive management;
- Establish a comprehensive accounting system to provide management with financial and operational performance indicators, as well as financial information for reporting and disclosure, to maintain complete accounting records and to ensure reliable use of financial data on business and announcements to avoid serious errors, losses or fraud;

Corporate Governance Report

- The audit committee reviews the annual audited report submitted by the external auditor to the management of the Group (including an explanatory letter about the audit to the management).

In accordance with code provision D.2.1 of the CG Code, the Board has reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 December 2025, including financial, operational and compliance controls, and considers the systems to be effective and adequate.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of financial statements which give a true and fair view. In preparing financial statements, which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is independent auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the Company's shareholders. The responsibility of the independent auditor is set out in the independent auditor's report on pages 49 to 54 of this annual report.

INSIDE INFORMATION

The Group has put in place internal procedures for the handling of inside information in accordance with the Listing Rules as follows:

- 1) The Group stipulates that the heads of departments, persons-in-charge of subsidiaries and persons designated for handling such information are responsible for monitoring business developments and events of the Group for inside information to ensure that any potential inside information is promptly identified.
- 2) Any potential inside information identified is promptly reported to the chief executive officer of the Company who will assess, following the consultation with the company secretary and/or external financial or legal adviser if necessary or appropriate, whether the relevant information should be treated as inside information and whether an announcement is required or, where necessary, refer the matter to the Board for its decision.
- 3) Records of any meeting and discussion regarding the evaluation of whether the information constitutes inside information will be maintained.
- 4) Relevant officers and employees are reminded of the need to comply with the confidentiality requirements before inside information is published in accordance with the relevant rules and regulations.
- 5) Non-disclosure agreements will be entered with the counter-party before the Group enters into significant negotiations or transactions.
- 6) If certain information is determined to be inside information, it will first be disclosed by way of an announcement on the website of the Stock Exchange before it is released in other channels.

Corporate Governance Report

WHISTLEBLOWING POLICY

The Board has adopted a whistleblowing policy (the “Whistleblowing Policy”). The objectives of the Whistleblowing Policy are to (i) foster a culture of compliance, ethical behavior and good corporate governance throughout the Group, and (ii) promote the importance of ethical behavior and encourage reporting of misconduct, illegal activities, and unethical behavior. Depending on their nature, circumstances and outcomes of complaints received, it must be reported to the audit committee or the Group’s human resources director under the Whistleblowing Policy. For the year ended 31 December 2025, there were no incidents of fraud or misconduct identified that materially impacted the Group’s financial statements or overall operations. The audit committee reviews the Whistleblowing Policy annually to ensure its effectiveness.

ANTI-CORRUPTION POLICY

The Board has adopted an anti-corruption policy (the “Anti-Corruption Policy”). The Group is committed to maintaining the highest standards of integrity and ethical conduct in conducting its business operations. The Anti-Corruption Policy forms an integral part of the Group’s corporate governance framework. It outlines specific guidelines for employees and business partners to follow in combating corruption. This demonstrates the Group’s commitment to ethical business practices and compliance with anti-corruption laws and regulations applicable to all its operations. To implement this commitment and ensure transparency in its practices, the Group has established the Anti-Corruption Policy as guidance for all employees and third parties doing business with the Group. The Group periodically reviews and updates the Anti-Corruption Policy to align with applicable laws, regulations and industry best practices.

AUDITOR’S REMUNERATION

The audit works of the Group for the year ended 31 December 2025 were performed by WUYIGE Certified Public Accountants LLP. The total fee paid/payable in respect of the statutory audit and non-audit services provided by external auditors during the year ended 31 December 2025 are set out below:

	2025 RMB’000	2024 RMB’000
Services rendered		
Audit services	848	1,000
Non-audit services	328	–
	<u>1,176</u>	<u>1,000</u>

COMPANY SECRETARY

On 20 March 2025, Ms. Wong Lai Yuk resigned as the company secretary of the Company and from her related positions within the Company. On the same day, Ms. Wong Bing Ni was appointed as the company secretary, and an authorized representative of the Company, and the agent for accepting service of process and notice on behalf of the Company in Hong Kong. Ms. Wong Bing Ni is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom.

Corporate Governance Report

For the year ended 31 December 2025, Ms. Wong Bing Ni has complied with Rule 3.29 of the Listing Rules of taking no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The declaration and payment of dividends by the Company shall be determined at the sole discretion of the Board in consideration of, amongst others, the factors including (i) the actual and expected financial performance of the Company; (ii) the undistributed profits and distributable reserves of the Company; (iii) the level of debt-to-equity ratio, return on equity and relevant financial commitments of the Group; (iv) the Group's expected working capital requirements and future expansion plans; (v) the general economic conditions of the Group and other internal and external factors that may affect the business or financial performance and condition of the Group.

SHAREHOLDERS' RIGHTS

In order to protect the rights and interests of shareholders, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. According to the Company's articles of association, shareholders individually or jointly holding at least 10% of the shares shall have right requiring the Board to convene an extraordinary general meeting, and shall make such request to the Board in writing. If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within ten days after receipt of the request, shareholders individually or jointly holding at least 10% of the shares shall be entitled to propose to the Audit Committee to convene an extraordinary general meeting which shall be submitted a written request to the Audit Committee. If the Audit Committee fails to give the notice of a shareholders' meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the shareholders' meeting, shareholders who individually or jointly holding at least 10% of the shares for 90 consecutive days or more may convene and preside over the meeting themselves. Besides, shareholders individually or jointly holding at least 1% of the Company's shares may submit a provisional motion in writing to the convener ten days before the shareholders' meeting is convened; the convener shall issue a supplementary notice of the shareholders' meeting to announce the content of the provisional motion within two days after receipt of the motion.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: No. 10 Maqun Avenue, Qixia District, Nanjing, City
The People's Republic of China
Email: irm@samples.cn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Corporate Governance Report

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.samples.com.cn) immediately after the relevant general meetings.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at www.samples.com.cn, where information of the Group's business developments and operations, financial information and other information are available for public access.

Shareholders are provided with contact details of the Company, such as email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in the annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

During the year, the Board reviewed the implementation and effectiveness of the shareholder communication policy and concluded that the policy facilitates open and continuous communication with shareholders on the basis of fair disclosure.

CHANGE IN CONSTITUTIONAL DOCUMENT

On 17 January 2025, the shareholders of the Company approved certain amendments to the Company's articles of association to (i) change the Company's business scope in alignment with the business development of the Group; and (ii) further comply with the relevant provisions of the PRC Company Law effective from 1 July 2024. At the same time, based on the Company's actual situation, other minor amendments and corresponding changes to the articles of association were made. Details of the amendments were disclosed in the Company's circular dated 27 December 2024.

On 19 August 2025, the shareholders of the Company approved certain amendments to the articles of association of the Company. The major amendments include, among others: (1) abolishing the establishment of the supervisory committee, with its statutory functions and powers to be exercised by the Audit Committee; (2) strengthening the management of information disclosure; (3) change in the business scope of the Company; (4) amendments to relevant provisions of the articles of association to reflect updates in applicable laws and regulations; and (5) other housekeeping and miscellaneous amendments. Details of the amendments were set out in the circular of the Company dated 25 July 2025.

Save as disclosed above, there has been no significant change in the Company's articles of association during the Review Period.

To the shareholders of Nanjing Sample Technology Company Limited:

I. OPINION

We have audited the accompanying financial statements of Nanjing Sample Technology Company Limited (the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2025, the consolidated and the Company's income statements, the consolidated and the Company's statements of cash flows, and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

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

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("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 Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA") and the independence requirements applicable to public interest entities as stipulated in the independence standards for CICPA., and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethic for CICPA. We complied with the independence requirements applicable to the audit of financial statements of public interest entities.

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.

(I) Recognition of system integration income

1. Description of the matter

For detailed disclosure on system integration income, please refer to "note (XXIII) Income" of "III. Significant accounting policies and accounting estimates" and "note (XXXIII) operating income and operating cost" of "V. Notes to the main items of consolidated financial statements" under the notes to the consolidated financial statements.

Auditor's Report

In 2025, the Company's consolidated operating income was RMB503,955,150.46, of which system integration income accounted for RMB435,183,481.07, representing 86.35% of the total income.

The Company's system integration business primarily involves performance obligations that are fulfilled within a certain period of time. Income is recognized based on the input method in accordance with the performance progress during the contract period. At the commencement of the business, management estimates the total expected income and the total expected costs of the contract and continuously evaluates factors such as the contract workload, unit price, and costs for work not yet completed during the execution of the contract. Due to the significant influence on income recognition arising from complex accounting estimates and judgments by management regarding the impacts of contract modifications on total income and the determination of performance progress based on incurred costs, therefore, we have identified income recognition from the system integration business as a key audit matter.

2. Audit response

For income recognition related to the system integration business, the main audit procedures we performed were as follows:

- (1) Understanding the internal controls related to the income recognition process, assessing whether these controls have been implemented, and testing their operational effectiveness, including key internal controls over the preparation of estimated total contract income and estimated total contract costs, the determination of performance progress, and the calculation of income based on performance progress;
- (2) Obtaining project ledgers and verifying their consistency with financial accounting records;
- (3) Selecting project samples and performing the following tests:
 - ① Reviewing supporting documents for estimated total income and estimated total cost, including project contracts, cost budget data, budget adjustments, contract modifications, claims, and incentives. We assessed whether management's estimates were reasonable and sufficiently supported;
 - ② Sampling contract performance costs incurred in the current year, verifying the supporting documents, and ensuring that such costs have been recorded in the appropriate accounting periods;
 - ③ Selecting contract projects and re-calculating the performance progress. Based on estimated total income and performance progress, we re-calculated the income recognized in the current period to test its accuracy;

- ④ Selecting project samples and discussing with engineering management departments to confirm physical progress of projects; obtaining project measurement sheets jointly confirmed by the client, supervisors, and the Company, comparing these with the performance progress recorded in accounting records, and performing further investigation procedures for any abnormal discrepancies;
 - ⑤ Performing analytical review procedures on gross margins of significant projects;
- (4) Performing confirmation procedures, including maintaining personal control over the entire confirmation process.

We also focused on whether income have been properly presented in the financial statements.

(II) Expected credit losses for accounts receivable and contract assets

1. Description of the matter

For detailed disclosure on expected credit losses related to accounts receivable and contract assets, please refer to “note (XII) Methods of determination and accounting treatment for expected credit losses” of “III. Significant accounting policies and accounting estimates” and “note (III) Accounts Receivable and (IV) Contract Assets.” of “V. Notes to the main items of consolidated financial statements” under the notes to the consolidated financial statements.

As at 31 December 2025, the book value of the Company’s accounts receivable was RMB425,827,579.47, with a bad debt provision of RMB264,889,835.83. The book value of contract assets was RMB556,270,415.91, with an impairment provision of RMB285,025,159.21.

When determining the amount of expected credit losses for accounts receivable and contract assets, the Company must consider historical default conditions, current credit risk status, and forecasts of future economic conditions. This involves significant management estimates and judgments. Given the materiality of the balances of the Company’s accounts receivable and contract asset, their recoverability has a major impact on the financial statements. Therefore, expected credit losses for accounts receivable and contract assets have been identified as a key audit matter.

2. Audit response

The main audit procedures performed in relation to the recognition of expected credit losses on accounts receivable and contract assets include:

- (1) understanding the key internal controls related to the daily management and impairment testing of accounts receivable and contract assets, and evaluating and testing the effectiveness of those controls;

Auditor's Report

- (2) reviewing management's considerations and objective evidence used in the credit risk assessment of accounts receivable and contract assets, and evaluating whether management has adequately identified the credit risk characteristics of each account receivable and contract asset; Through the performance of procedures including inquiries, inspections, and comparative analysis, we evaluated the reasonableness of changes in accounting estimates made by management, considering whether the accounting treatment of such changes was appropriate and whether the related disclosures were adequate and complete;
- (3) for accounts receivable and contract assets for which expected credit losses are assessed on an individual basis, understanding the basis used by management for assessing expected credit losses, such as the customer's financial condition and creditworthiness, historical repayment and settlement records, and forecasts of future economic conditions; selecting samples to examine the basis of management's estimates of expected recoverable amounts, including customer credit records, status of collateral or pledged assets, records of default or late payments, and actual repayments after the reporting period, to evaluate the reasonableness of the expected credit loss provisions made by management;
- (4) for accounts receivable and contract assets assessed on a group basis, evaluating the reasonableness of the groupings and expected credit loss rates estimated for different groups by referencing historical collection, settlement, and aging data, as well as current conditions and future economic forecasts; selecting samples to test the accuracy of group classifications and aging of accounts receivable and contract assets, and re-calculating the expected credit losses;
- (5) selecting samples to examine subsequent collections of accounts receivable and subsequent settlements of contract assets.

We also focus on whether the impairment provisions for accounts receivable and contract assets have been appropriately presented in the financial statements.

IV. OTHER INFORMATION

Management of the Company (the "Management") is responsible for the other information. The other information comprises all of the information included in the 2025 annual report of the Company, 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.

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

V. RESPONSIBILITIES OF 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 the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of 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, if applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 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 judgment and maintain professional skepticism throughout the audit. We also:

- (I) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (III) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Auditor's Report

- (IV) conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (V) evaluate the overall presentation, structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain 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 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

Certified Public Accountant of China:
Wang Minkang
(Project partner)

Certified Public Accountant of China: Di Xiangyu

Beijing, China

30 March 2026

Consolidated Balance Sheet

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Current assets:			
Cash at bank and on hand	V(I)	340,911,386.19	272,556,248.94
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable	V(II)	9,010,156.09	11,505,246.01
Accounts receivable	V(III)	160,937,743.64	187,805,300.27
Receivables financing		377,682.00	
Prepayments	V(V)	13,333,355.49	15,256,505.82
Other receivables	V(VI)	477,174,533.48	733,720,454.41
Including: Interest receivable			
Dividend receivable			
Inventories	V(VII)	2,004,286.43	5,607,358.59
Contract assets	V(IV)	271,245,256.70	341,900,044.90
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V(VIII)	57,746,152.69	55,775,260.21
Total current assets		1,332,740,552.71	1,624,126,419.15

Consolidated Balance Sheet

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	V(IX)	9,621,683.01	10,154,577.39
Other equity instrument investments	V(X)	40,031,021.94	42,712,749.75
Other non-current financial assets	V(XI)	106,862,714.40	102,818,638.40
Investment property	V(XII)	423,311,400.00	422,191,100.00
Fixed assets	V(XIII)	77,239,056.86	52,793,095.73
Construction in progress	V(XIV)	8,071,813.57	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	V(XV)	6,710,768.54	4,949,358.26
Development expenditures			
Goodwill			
Long-term deferred expenses		53,303.93	98,371.17
Deferred income tax assets	V(XVI)	82,892,645.53	125,448,113.68
Other non-current assets			1,000,000.00
Total non-current assets		754,794,407.78	762,166,004.38
TOTAL ASSETS		2,087,534,960.49	2,386,292,423.53

Consolidated Balance Sheet

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Current liabilities:			
Short-term borrowings	V(XVIII)	369,278,840.14	507,770,267.01
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable	V(XIX)	314,469,691.97	379,523,727.48
Advances from customers		65,487.06	
Contract liabilities	V(XX)	88,904,619.44	97,114,746.88
Employees benefits payable	V(XXI)	13,666,348.59	13,808,023.59
Taxes payable	V(XXII)	3,068,383.29	2,536,498.38
Other payables	V(XXIII)	51,498,791.53	50,838,355.76
Including: Interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within 1 year	V(XXIV)	7,490,013.00	7,505,441.88
Other current liabilities	V(XXV)	7,352,046.92	2,718,599.84
Total current liabilities		855,794,221.94	1,061,815,660.82
Non-current liabilities:			
Long-term borrowings	V(XXVI)	63,450,000.00	70,850,000.00
Bonds payables			
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	V(XXVII)	2,228,841.73	1,021,907.98
Deferred income tax liabilities	V(XVI)	38,614,966.98	34,000,185.55
Other non-current liabilities			
Total non-current liabilities		104,293,808.71	105,872,093.53
TOTAL LIABILITIES		960,088,030.65	1,167,687,754.35

Consolidated Balance Sheet

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Shareholders' equity:			
Share capital	V(XXVIII)	792,058,500.00	792,058,500.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves	V(XXIX)	74,668,701.77	80,999,419.73
Less: Treasury shares			
Other comprehensive income	V(XXX)	106,551,878.76	109,584,952.77
Special reserves			
Surplus reserves	V(XXXI)	108,136,584.74	108,136,584.74
Undistributed profits	V(XXXII)	46,031,264.57	119,155,929.90
Total equity attributable			
to shareholders of the parent company		1,127,446,929.84	1,209,935,387.14
Minority interest			8,669,282.04
Total shareholders' equity		1,127,446,929.84	1,218,604,669.18
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,087,534,960.49	2,386,292,423.53

The accompanying notes form an integral part of these financial statements.

Page 55 to page 193 of the financial statements were signed by the following person in charge:

Liu Fei
Chairman

Ma Fengkui
Director

Liu Fei
Legal representative

Xu Yonghui
*Person in charge of
accounting function*

Xu Yonghui
Head of accounting department

Balance Sheet of the Parent Company

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Current assets:			
Cash at bank and on hand		68,782,386.82	132,757,970.65
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable		7,714,156.09	11,505,246.01
Accounts receivable	XVI(I)	80,163,182.58	96,711,957.39
Receivable financing		377,682.00	
Prepayments		386,960.91	796,989.13
Other receivables	XVI(II)	563,614,960.37	745,951,589.58
Including: Interest receivable			
Dividend receivable			
Inventories		2,004,286.43	2,716,081.22
Contract assets		108,232,587.94	117,676,238.42
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		84,125.60	156,300.45
Total current assets		831,360,328.74	1,108,272,372.85
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	XVI(III)	507,701,145.07	493,234,039.46
Other equity instrument investments		40,031,021.94	42,712,749.75
Other non-current financial assets		90,832,408.04	86,433,252.84
Investment property		423,311,400.00	422,191,100.00
Fixed assets		62,053,906.52	37,597,824.79
Construction in progress		8,071,813.57	
Productive biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets		7,107,012.00	6,003,812.81
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		39,967,298.98	40,906,066.73
Other non-current assets			1,000,000.00
Total non-current assets		1,179,076,006.12	1,130,078,846.38
TOTAL ASSETS		2,010,436,334.86	2,238,351,219.23

Balance Sheet of the Parent Company

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Current liabilities:			
Short-term borrowings		202,047,351.25	272,240,814.23
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		83,965,576.59	107,965,777.34
Advances from customers			
Contract liabilities		10,228,057.97	27,792,431.49
Employees benefits payable		9,484,390.00	9,211,058.20
Taxes payable		2,172,322.43	1,801,349.07
Other payables		506,645,396.71	645,977,692.82
Including: Interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		7,490,013.00	7,505,441.88
Other current liabilities		6,983,864.15	2,171,303.82
Total current liabilities		829,016,972.10	1,074,665,868.85
Non-current liabilities:			
Long-term borrowings		63,450,000.00	70,850,000.00
Bonds payables			
Including: Preferred shares			
Perpetual bond			
Lease liabilities			
Long-term payables			
Long-term employees benefits payable			
Estimated liabilities			
Deferred income		2,121,389.85	914,456.10
Deferred income tax liabilities		38,565,884.60	33,932,264.18
Other non-current liabilities			
Total non-current liabilities		104,137,274.45	105,696,720.28
Total liabilities		933,154,246.55	1,180,362,589.13

Balance Sheet of the Parent Company

At 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
Shareholders' equity:			
Share capital		792,058,500.00	792,058,500.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserves		100,649,699.68	100,649,699.68
Less: treasury shares			
Other comprehensive income		111,827,551.86	114,064,415.30
Special reserves			
Surplus reserves		108,136,584.74	108,136,584.74
Undistributed profits		-35,390,247.97	-56,920,569.62
Total Shareholders' equity		<u>1,077,282,088.31</u>	<u>1,057,988,630.10</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>2,010,436,334.86</u></u>	<u><u>2,238,351,219.23</u></u>

Consolidated Income Statement

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
I. Operating income	V(XXXIII)	503,955,150.46	439,871,713.59
Less: Operating costs	V(XXXIII)	436,476,787.59	375,625,654.92
Tax and surcharges	V(XXXIV)	4,315,447.24	3,826,249.15
Selling expenses	V(XXXV)	32,676,158.65	37,439,448.90
Administrative expenses	V(XXXVI)	20,048,506.68	29,841,757.25
Research and development expenses	V(XXXVII)	23,567,843.41	19,155,472.26
Financial expenses	V(XXXVIII)	23,112,074.44	26,899,765.69
Including: Interest expense		23,255,515.10	27,069,007.64
Interest income		-364,726.62	-693,054.57
Add: Other income	V(XXXIX)	1,894,644.64	507,412.98
Investment income (loss is represented by "-")	V(XL)	-406,544.48	1,296,627.18
Including: Investment income from associates and joint ventures		-532,894.38	32,879.84
Gains arising from derecognition of financial assets at amortised cost			
Gain arising from hedging of net open positions (loss is represented by "-")			
Gains arising from changes in fair value (loss is represented by "-")	V(XLI)	33,522,406.83	-7,237,889.85
Credit impairment loss (loss is represented by "-")	V(XLII)	1,084,306.11	-136,875,673.87
Asset impairment loss (loss is represented by "-")	V(XLIII)	-22,856,173.82	-214,720,181.52
Gains on disposal of assets (loss is represented by "-")			
II. Operating profit (loss is represented by "-")		-23,003,028.27	-409,946,339.66
Add: Non-operating income		146.02	16,763.84
Less: Non-operating expenses	V(XLIV)	2,493,402.36	55,067,766.99
III. Total profit (total loss is represented by "-")		-25,496,284.61	-464,997,342.81
Less: Income tax expense	V(XLV)	47,628,380.72	-44,247,947.58
IV. Net profit (net loss is represented by "-")		-73,124,665.33	-420,749,395.23
(I) Classified by business continuity			
1. Net profit from continuing operations (net loss is represented by "-")		-73,124,665.33	-420,749,395.23
2. Net profit from discontinued operations (net loss is represented by "-")			
(II) Classified by attribution of the ownership			
1. Net profit attributable to shareholders of the parent company (net loss is represented by "-")		-73,124,665.33	-420,592,151.70
2. Profit or loss attributable to minority shareholders (net loss is represented by "-")			-157,243.53

Consolidated Income Statement

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

ITEMS	Note	2025	2024
V. Net other comprehensive income after tax		-3,033,074.01	6,188,811.17
(I) Net other comprehensive income after tax attributable to shareholders of the parent company		-3,033,074.01	6,188,811.17
1. Other comprehensive income which cannot be reclassified to profit and loss		-2,236,863.44	5,331,598.96
(1) Changes as a result of re-measurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified to profit and loss under equity method			
(3) Changes in fair value of other equity instrument investments		-2,236,863.44	5,331,598.96
(4) Changes in fair value of the enterprise's own credit risk			
2. Other comprehensive income which can be reclassified to profit and loss		-796,210.57	857,212.21
(1) Other comprehensive income that can be reclassified to profit and loss under equity method			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified to other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedging reserve (effective portion of gain or loss arising from cash flow hedging)			
(6) Translation difference of financial statements in foreign currencies		-796,210.57	857,212.21
(7) Others			
(II) Net other comprehensive income after tax attributable to minority shareholders			
VI. Total comprehensive income		-76,157,739.34	-414,560,584.06
(I) Total comprehensive income attributable to shareholders of the parent company		-76,157,739.34	-414,403,340.53
(II) Total comprehensive income attributable to minority shareholders			-157,243.53
VII. Earnings/loss per share:			
(I) Basic earnings/loss per share (Yuan/share)		-0.092	-0.531
(II) Diluted earnings/loss per share (Yuan/share)		-0.092	-0.531

Income Statement of the Parent Company

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
I. Operating income	XVI(IV)	222,425,854.04	208,010,512.05
Less: Operating cost	XVI(IV)	164,201,495.58	157,451,211.41
Taxes and surcharges		3,666,672.39	3,135,138.74
Selling expenses		20,912,050.59	22,369,972.60
Administrative expenses		14,711,777.29	20,030,013.85
Research & development expenses		12,178,581.17	12,051,416.83
Financial expenses		12,824,649.65	15,512,623.45
Including: Interest expenses		12,685,324.40	15,732,268.29
Interest income		-21,714.63	-275,222.37
Add: Other income		1,878,609.98	480,428.62
Investment income			
(loss is represented by "-")	XVI(V)	-406,544.48	1,296,627.18
Including: Investment income from			
associates and joint ventures		-532,894.39	32,879.84
Gain on derecognition of financial			
assets measured at amortized			
cost			
Gain arising from hedging of net open positions			
(loss is represented by "-")			
Gain on fair value change			
(loss is represented by "-")		33,522,406.83	-7,237,889.85
Credit impairment loss			
(loss is represented by "-")		7,244,549.23	-7,584,343.12
Asset impairment loss			
(loss is represented by "-")		-8,033,950.14	-34,937,623.62
Gain from disposal of assets			
(loss is represented by "-")			
II. Operating profit (loss is represented by "-")		28,135,698.79	-70,522,665.62
Add: Non-operating income		146.02	4,215.93
Less: Non-operating expenses		638,394.38	863,785.07
III. Total profit (total loss is represented by "-")		27,497,450.43	-71,382,234.76
Less: Income tax expenses		5,967,128.78	-6,697,612.62
IV. Net profit (net loss is represented by "-")		21,530,321.65	-64,684,622.14
(I) Net profit from the continuing operations (net loss is represented by "-")		21,530,321.65	-64,684,622.14
(II) Net profit from the discontinued operations (net loss is represented by "-")			

Income Statement of the Parent Company

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

ITEMS	Note	2025	2024
V. Net other comprehensive income, net of tax		-2,236,863.44	5,331,598.96
(I) Other comprehensive income that will not be reclassified to profit or loss		-2,236,863.44	5,331,598.96
1. Changes of re-measurement of defined benefit plans			
2. Other comprehensive income under equity method that cannot be reclassified into profit and loss			
3. Changes in fair value of other equity instrument investments		-2,236,863.44	5,331,598.96
4. Changes in fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified to profit and loss			
1. Other comprehensive income under equity method that can be reclassified into profit and loss			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investment			
5. Cash flow hedging reserve (effective portion of gain or loss arising from cash flow hedging)			
6. Translation difference of financial statements in foreign currencies			
7. Others			
VI. Total comprehensive income		19,293,458.21	-59,353,023.18
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Note	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		648,276,175.79	640,005,267.75
Refund of taxes and surcharges		1,564,651.49	405,101.73
Cash received relating to other operating activities	V(XLVI)	1,118,608,023.57	833,778,573.28
Sub-total of cash inflows from operating activities		1,768,448,850.84	1,474,188,942.76
Cash paid on purchase of goods and services received		570,434,560.38	470,596,030.48
Cash paid to and on behalf of employees		41,222,671.37	44,982,413.00
Payments of tax charges		10,527,519.75	9,739,858.89
Cash paid relating to other operating activities	V(XLVI)	875,364,939.14	925,916,524.36
Sub-total of cash outflows from operating activities		1,497,549,690.64	1,451,234,826.72
Net cash flows from operating activities		270,899,160.20	22,954,116.04
II. Cash flows from investing activities:			
Cash received from return on investments		288,922.75	11,825,881.97
Cash received from income from investments		126,349.90	1,263,747.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		415,272.65	13,089,629.31
Cash paid to acquire fixed assets, intangible assets and other long-term assets		9,534,433.67	741,716.70
Cash paid for investments			1,000,000.00
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities		14,000,000.00	
Sub-total of cash outflows from investing activities		23,534,433.67	1,741,716.70
Net cash flows from investing activities		-23,119,161.02	11,347,912.61

Consolidated Cash Flow Statement

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

ITEMS	Note	2025	2024
III. Cash flows from financing activities:			
Cash receipts from receiving investments			
Including: Cash received by subsidiaries from receiving investments made by non-controlling interest			
Cash received from borrowings obtained		560,770,000.00	452,270,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		560,770,000.00	452,270,000.00
Cash paid on repayment of borrowings		706,170,000.00	552,220,000.00
Cash paid for dividends, profit distribution or interest expenses		23,762,370.85	26,834,890.89
Including: Dividends and profits paid by subsidiaries to minority shareholders			
Cash paid relating to other financing activities			
Sub-total of cash outflows from financing activities		729,932,370.85	579,054,890.89
Net cash flows from financing activities		-169,162,370.85	-126,784,890.89
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-2,958.86	4,539.83
V. Net increase in cash and cash equivalents		78,614,669.47	-92,478,322.42
Add: Cash and cash equivalents at beginning of period		248,510,856.27	340,989,178.69
VI. Cash and cash equivalent at end of period		327,125,525.74	248,510,856.27

Cash Flow Statement of the Parent Company

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

ITEMS	Note	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		257,492,536.81	205,013,048.49
Refund of taxes and surcharges		1,557,380.83	405,101.73
Cash received relating to other operating activities		948,180,297.27	1,087,060,931.96
Sub-total of cash inflows from operating activities		1,207,230,214.90	1,292,479,082.18
Cash paid on purchase of goods and services received		210,125,448.13	162,625,106.56
Cash paid to and on behalf of employees		28,392,326.17	29,146,973.81
Payments of taxes and surcharges		8,709,827.42	6,105,196.55
Cash paid relating to other operating activities		910,405,904.19	1,039,622,655.36
Sub-total of cash outflows from operating activities		1,157,633,505.91	1,237,499,932.28
Net cash flows from operating activities		49,596,708.99	54,979,149.90
II. Cash flows from investing activities:			
Cash received from return on investments		288,922.75	11,825,881.97
Cash received from income from investments		126,349.90	1,263,747.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		415,272.65	13,089,629.31
Cash paid to acquire fixed assets, intangible assets and other long-term assets		9,534,433.67	741,716.70
Cash paid for investments			1,000,000.00
Net cash paid to acquire subsidiaries and other operating entities			
Cash paid relating to other investing activities		14,000,000.00	
Sub-total of cash outflows from investing activities		23,534,433.67	1,741,716.70
Net cash flows from investing activities		-23,119,161.02	11,347,912.61

Cash Flow Statement of the Parent Company

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

ITEMS	Note	2025	2024
III. Cash flows from financing activities:			
Cash receipts from receiving investments			
Cash received from borrowings obtained		211,770,000.00	197,270,000.00
Cash received relating to other financing activities			
		<hr/>	<hr/>
Sub-total of cash inflows from financing activities		211,770,000.00	197,270,000.00
		<hr/>	<hr/>
Cash paid on repayment of borrowings		289,170,000.00	263,270,000.00
Cash paid for dividends, profit distribution or interest expenses		12,894,216.26	15,307,066.05
Cash paid relating to other financing activities			
		<hr/>	<hr/>
Sub-total of cash outflows from financing activities		302,064,216.26	278,577,066.05
		<hr/>	<hr/>
Net cash flows from financing activities		-90,294,216.26	-81,307,066.05
		<hr/>	<hr/>
IV. Effect of change in foreign exchange rate on cash and cash equivalents			
		<hr/>	<hr/>
V. Net increase in cash and cash equivalents		-63,816,668.29	-14,980,003.54
Add: Cash and cash equivalents at beginning of period		130,167,971.65	145,147,975.19
		<hr/>	<hr/>
VI. Cash and cash equivalent at end of period		66,351,303.36	130,167,971.65
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Owners' Equity

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Current period												
	Equity attributable to the shareholders of parent company												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority interest	Total shareholders' equity
I. Closing balance of prior year	792,056,500.00				80,989,419.73		109,584,952.77		108,106,584.74	119,155,929.90	1,209,895,807.14	8,668,282.04	1,218,604,668.18
Add: Change of accounting policy													
Correction of accounting errors for prior period													
Others													
II. Opening balance of current year	792,056,500.00				80,989,419.73		109,584,952.77		108,106,584.74	119,155,929.90	1,209,895,807.14	8,668,282.04	1,218,604,668.18
III. Changes during the period (Decreases are represented by "-")					-6,330,717.96		-3,033,074.01			-73,124,665.33	-82,468,457.30	-8,668,282.04	-91,157,738.34
(I) Total comprehensive income							-3,033,074.01			-73,124,665.33	-76,157,738.34		-76,157,738.34
(II) Shareholders' contribution and capital reduction													
1. Ordinary shares contribution by shareholders													
2. Capital invested by other equity instrument holders													
3. Share payment included in the owner's equity													
4. Others													
(III) Profit appropriation					-6,330,717.96						-6,330,717.96	-8,668,282.04	-15,000,000.00
1. Appropriation to surplus reserves													
2. Distribution to shareholders													
3. Others													

Consolidated Statement of Changes in Owners' Equity

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

ITEMS	Current period												
	Equity attributable to the shareholders of parent company												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority interest	Total shareholders' equity
(IV) Internal transfer of shareholders' equity													
1. Capitalization of capital reserves													
2. Capitalization of surplus reserves													
3. Surplus reserves make up for losses													
4. Changes of defined benefits plan transferring to retained earnings													
5. Other comprehensive income transferring to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation in the current period													
2. Utilized in the current period													
(VI) Others													
IV. Closing balance of current period	792,058,500.00				74,688,701.77		105,551,873.76		108,168,584.74	46,031,284.57	1,127,448,928.84		1,127,448,928.84

Consolidated Statement of Changes in Owners' Equity

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Previous period												
	Equity attributable to the owners of parent company												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority interest	Total shareholders' equity
I. Closing balance of prior year	792,056,500.00				80,989,419.73		103,386,141.60		108,166,584.74	539,749,081.60	1,624,338,727.67	8,826,825.57	1,633,165,253.24
Add: Change of accounting policy													
Correction of accounting errors for prior period													
Others													
II. Opening balance of current year	792,056,500.00				80,989,419.73		103,386,141.60		108,166,584.74	539,749,081.60	1,624,338,727.67	8,826,825.57	1,633,165,253.24
III. Changes during the period (Decreases are represented by "-")													
(I) Total comprehensive income							6,188,811.17			-420,592,151.70	-414,403,940.53	-157,243.53	-414,560,584.06
(II) Shareholders' contribution and capital reduction							6,188,811.17			-420,592,151.70	-414,403,940.53	-157,243.53	-414,560,584.06
1. Ordinary shares contribution by shareholders													
2. Capital invested by other equity instrument holders													
3. Share payment included in the owner's equity													
4. Others													
(III) Profit appropriation													
1. Appropriation to surplus reserves													
2. Distribution to shareholders													
3. Others													

Consolidated Statement of Changes in Owners' Equity

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

ITEMS	Previous period												
	Equity attributable to the owners of parent company												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority interest	Total shareholders' equity
(IV) Internal transfer of shareholders' equity													
1. Capitalization of capital reserves													
2. Capitalization of surplus reserves													
3. Surplus reserves make up for losses													
4. Changes of defined benefits plan transferring to retained earnings													
5. Other comprehensive income transferring to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation in the current period													
2. Utilized in the current period													
(VI) Others													
IV. Closing balance of current period	792,058,500.00				80,939,419.73		109,584,862.77		108,168,534.74	119,155,929.90	1,209,095,397.14	8,669,292.04	1,218,804,699.18

Statement of Changes in Owners' Equity of the Parent Company

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Current period										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Closing balance of prior year	792,058,500.00				100,649,899.68		114,064,415.30		108,136,384.74	-56,920,569.62	1,057,988,630.10
Add: Change of accounting policy											
Correction of accounting errors for prior period											
Others											
II. Opening balance of current year	792,058,500.00				100,649,899.68		114,064,415.30		108,136,384.74	-56,920,569.62	1,057,988,630.10
III. Changes during the period (Decreases are represented by "-")											
(I) Total comprehensive income							-2,236,863.44			21,530,321.65	19,293,458.21
(II) Shareholders' contribution and capital reduction										21,530,321.65	19,293,458.21
1. Ordinary shares contribution by shareholders											
2. Capital invested by other equity instrument holders											
3. Share payment included in the owner's equity											
4. Others											
(III) Profit appropriation											
1. Appropriation to surplus reserves											
2. Distribution to shareholders											
3. Others											

Statement of Changes in Owners' Equity of the Parent Company

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

ITEMS	Current period							Total shareholders' equity				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income		Special reserve	Surplus reserve	Undistributed profits	
(IV) Internal transfer of shareholders' equity												
1. Capitalization of capital reserves												
2. Capitalization of surplus reserves												
3. Surplus reserves make up for losses												
4. Changes of defined benefits plan transferring to retained earnings												
5. Other comprehensive income transferring to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation in the current period												
2. Utilized in the current period												
(VI) Others												
IV. Closing balance of current period	792,058,500.00				100,649,699.68			111,827,551.86	108,136,384.74	-35,390,247.97		1,077,282,086.31

Statement of Changes in Owners' Equity of the Parent Company

For the year ended 31 December 2025

(All amounts in Renminbi yuan unless otherwise stated)

ITEMS	Previous period										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Closing balance of prior year	792,058,500.00				100,649,689.68		108,732,816.34		108,136,384.74	7,764,052.52	1,117,341,653.28
Add: Change of accounting policy											
Correction of accounting errors for prior period											
Others											
II. Opening balance of current year	792,058,500.00				100,649,689.68		108,732,816.34		108,136,384.74	7,764,052.52	1,117,341,653.28
III. Changes during the period (Decreases are represented by "-")											
(I) Total comprehensive income							5,331,598.96			-64,684,622.14	-59,353,023.18
(II) Shareholders' contribution and capital reduction							5,331,598.96			-64,684,622.14	-59,353,023.18
1. Ordinary shares contribution by shareholders											
2. Capital invested by other equity instrument holders											
3. Share payment included in the owner's equity											
4. Others											
(III) Profit appropriation											
1. Appropriation to surplus reserves											
2. Distribution to shareholders											
3. Others											

Statement of Changes in Owners' Equity of the Parent Company

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

ITEMS	Previous period										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
(IV) Internal transfer of shareholders' equity											
1. Capitalization of capital reserves											
2. Capitalization of surplus reserves											
3. Surplus reserves make up for losses											
4. Changes of defined benefits plan transferring to retained earnings											
5. Other comprehensive income transferring to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation in the current period											
2. Utilized in the current period											
(VI) Others											
IV. Closing balance of current period	792,058,500.00				100,649,689.68		114,064,415.30		108,136,584.74	-56,920,589.62	1,057,998,630.10

Notes to the Financial Statements

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

I. GENERAL INFORMATION OF THE COMPANY

南京三寶科技股份有限公司 (Nanjing Sample Technology Company Limited*) (the “Company” or “the Company”) was established in Nanjing, Jiangsu Province, the People’s Republic of China and was approved to be reorganized into a joint stock limited company on 29 December 2000. The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 June 2004. On 1 December 2010, the Company’s H shares were successfully migrated from the GEM to the Main Board of the Stock Exchange.

After years of issuing bonus share, placing new shares, share capitalisation and issuing new shares, as of 31 December 2024, the Company had issued an aggregate of 792,058,500 shares, with a registered capital of RMB792,058,500.

The unified social credit code of the Company is 91320100726074332B and the legal representative of the Company is Liu Fei. The registered address of the Company: No. 10 Maqun Avenue, Qixia District, Nanjing City. The address of the headquarters of the Company: No. 10 Maqun Avenue, Qixia District, Nanjing City.

The parent company of the Company is Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), and the ultimate controller of the Company is the State-owned Assets Supervision & Administration Commission of the People’s Government of Qingdao established in the PRC.

The Company is engaged in the information technology application (IT application) service industry. The primary business activity actually engaged in is to provide system integration services for customers.

These financial statements were approved by the Board of the Company on 30 March 2026.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of preparation

The Company’s financial statements have been prepared on a going concern basis, recognized and measured based on the actual transactions and matters incurred, and in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance, as well as specific accounting standards and related regulations (collectively the “Accounting Standards for Business Enterprises”). The preparation was also based on significant accounting policies and accounting estimates.

(II) Going concern

The Company has the ability to continue as a going concern for at least 12 months from the end of this reporting period, and there are no major events that would impact its ability to continue as a going concern.

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the financial position as of 31 December 2025 and its operating results, cash flows and other relevant information for the year 2025.

(II) Accounting period

The financial year of the Company is from 1 January to 31 December of each calendar year.

(III) Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the liquidity of assets and liabilities based on the operating cycle.

(IV) Reporting currency

The reporting currency used by the Company is Renminbi ("RMB").

(V) Methods and selection basis for materiality criteria

1. Materiality of the items in the financial statements

The Company determines the materiality of the items in the financial statements based on the principle of whether they affect the economic decisions made by the users of the financial statements, and considers both the nature and the amount. The importance of the amount of items in the financial statements is based on a certain proportion of the relevant items in the total assets, total liabilities, total owners' equity, operating income and net profit, and the importance of the nature of the items in the financial statements is based on factors that have a greater impact on the financial position and operating results, such as whether they belong to daily business activities, whether they lead to changes in profit and loss, and whether they affect regulatory indicators.

2. The importance of the detailed items in the financial statements

The Company determines the importance of the items in the financial statements with the detailed items, and on the basis of the materiality of the items in the financial statements, the specific items are determined by a certain proportion of the items in the items, or in combination with the amount, while considering the nature of the specific items. Certain items that are not material to the financial statements but may be material to the notes and still need to be disclosed separately in the notes. The relevant materiality criteria for the notes to the financial statements are:

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(V) Methods and selection basis for materiality criteria (Continued)

2. The importance of the detailed items in the financial statements (Continued)

Item	Materiality criteria
Significant individual provisions for bad debts on accounts receivable/contract assets/other receivables	Above RMB10,000,000
Write-off, recovery or reversal of significant bills receivable/accounts receivable/accounts receivable financing/interest receivable/dividend receivable/other receivables/debt investments due within one year/other debt investments due within one year/debt investments/other debt investments/long-term receivables	Above RMB5,000,000
Significant construction in process	Above RMB5,000,000
Significant other payables with an aging of over one year or overdue	Above RMB5,000,000
Cash received related to significant investing activities	The cash flow of a single investment activity exceeds 1% of the cash flow from investment activities of the latest audited total assets
Cash paid related to significant investing activities	The cash flow of a single investment activity exceeds 1% of the cash flow from investment activities of the latest audited total assets
Significant non-wholly owned subsidiaries	Net assets of non-wholly owned subsidiary/total assets exceed the latest audited net assets of the group attributable to the parent company/non-wholly owned subsidiary accounting for 5% of the total assets
Significant joint ventures or associates	The balance of long-term equity investment is above RMB20,000,000
Significant commitment matters/contingent matters/significant post-balance sheet events	Above RMB10,000,000

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(VI) Business combination

1. Business combination under common control

In case the consideration for the long-term equity investments formed in the business combination under common control is paid by way of cash, transfer of non-cash assets or assumption of debts, the initial investment cost of the long-term equity investment as at the date of combination is determined based on the proportion of the equity of the merged party's owners' equity recorded in the consolidated financial statements of the ultimate controlling party. In case the consideration for the combination is paid by issuance of equity instruments, the aggregate nominal value of shares issued will be deemed as the share capital. The difference between the initial investment cost of long-term equity investments and the carrying amount of consideration (or aggregate nominal value of shares issued) for the combination shall be adjusted against capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

2. Business combination not under common control

For business combination not under common control, the combination cost is the sum of the fair value of assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer on the acquisition date to gain control of the acquiree. The identifiable assets, liabilities, and contingent liabilities of the acquiree that meet the recognition criteria in such combination is measured at their fair value on the acquisition date. If the combination cost exceeds the share of the fair value of the identifiable net assets of the acquiree obtained through the combination, the excess is recognized as goodwill. If the combination cost is less than the share of the fair value of the identifiable net assets of the acquiree obtained through the combination, and after review, the combination cost still remains less than this share, the difference is recognized in the current period as non-operating income.

(VII) Judgment criteria for control and preparation methods of consolidated financial statements

1. Judgment criteria for control

The scope of consolidation in the consolidated financial statements is determined on a control basis. An investee that has the following three elements is deemed to have control over it: having power over the investee, enjoying variable returns due to participating in the relevant activities of the investee, and having the ability to use the power over the investee to influence the amount of returns.

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(VII) Judgment criteria for control and preparation methods of consolidated financial statements *(Continued)*

2. Preparation method of consolidated financial statements

- (1) To unify the accounting policies, date of balance sheets and accounting periods of the parent company and subsidiaries

When preparing consolidated financial statements, adjustments are made if the subsidiaries' accounting policies and accounting periods are different from that of the Company, in accordance with the Company's accounting policies and accounting periods.

- (2) Offset matters in the consolidated financial statements

The consolidated financial statements shall be prepared on the basis of the financial statements of the parent company and subsidiaries, which offset the internal transactions incurred between the parent company and subsidiaries and within subsidiaries. The owners' equity of the subsidiaries not attributable to the Company shall be presented as "minority interests" under the shareholders' equity item in the consolidated balance sheet. The long-term equity investment of the parent company held by the subsidiaries, deemed as treasury stock of the parent company as well as the reduction of shareholders' equity, shall be presented as "Less: Treasury stock" under the shareholders' equity item in the consolidated balance sheet.

- (3) Accounting treatment of subsidiaries acquired through business combination

For subsidiaries acquired through business combination under common control, it is treated as if the business combination occurred at the date when control was first obtained by the ultimate controlling party. From the beginning of the current period of combination, the assets, liabilities, operating results, and cash flows of the subsidiary are included in the consolidated financial statements. For subsidiaries acquired through business combination not under common control, the individual financial statements of the subsidiary are adjusted based on the fair value of identifiable net assets as of the acquisition date when preparing the consolidated financial statements.

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(VII) Judgment criteria for control and preparation methods of consolidated financial statements *(Continued)*

2. Preparation method of consolidated financial statements *(Continued)*

(4) Accounting treatment for the disposal of subsidiaries

When partially disposing of a long-term equity investment in a subsidiary without losing control, in the consolidated financial statements, the difference between the disposal proceeds and the portion of the subsidiary's net assets attributable to the disposed equity investment, calculated continuously from the acquisition or combination date, is adjusted to the capital reserve. If the capital reserve is insufficient, the difference is adjusted to retained earnings. If the disposal of part of the equity investment leads to the loss of control over the investee, the remaining equity is remeasured at its fair value on the date control is lost when preparing the consolidated financial statements. The sum of the consideration received for the equity disposal and the fair value of the remaining equity, less the share of the original subsidiary's net assets calculated based on the original ownership proportion continuously from the acquisition or combination date, is recognized as investment income for the period when control is lost. At the same time, goodwill is written off. Other comprehensive income related to the equity investment in the original subsidiary is reclassified to current investment income upon loss of control.

(VIII) Classification of joint arrangements and accounting treatment for joint operations

1. Classification of joint arrangements

Joint arrangements are classified into joint operations and joint ventures. Joint arrangements achieved not through separate entities are classified as joint operations. Separate entities refer to the entities with distinguishable financial structure, including separate legal entities or entities recognized by law without legal entity qualifications. Joint arrangements achieved through separate entities are generally classified as joint ventures. In case of changes in rights entitled to and obligations undertaken by the parties of joint venture under a joint arrangement due to the changes in relevant facts and circumstances, the parties of joint arrangements will re-assess the classification of joint arrangements.

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(VIII) Classification of joint arrangements and accounting treatment for joint operations *(Continued)*

2. Accounting treatment for joint operations

As a party in joint operations, the Company should recognize the following items in relation to the share of interest in joint operation, and proceed with accounting in accordance with the relevant provisions under the Accounting Standards for Business Enterprises: to recognize assets or liabilities held individually, and recognize jointly held assets or liabilities based on the proportion of shares; to recognize the income from the disposal of the output share under joint operation; to recognize the income from the disposal of output under joint operation based on the proportion of shares; to recognize the expenses incurred individually, and recognize the expenses incurred under joint operation based on the proportion of shares.

As a party in joint operations not under common control, if the Company are entitled to relevant assets and undertake relevant liabilities of the joint operations, accounting treatment will be carried out with reference to the provisions for the parties of the joint operations; otherwise, it should be subject to relevant provisions under the Accounting Standards for Business Enterprises.

3. Accounting treatment for joint ventures

If the Company is a party in a joint venture, it applies accounting treatment for the investment in the joint venture in accordance with the “Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments.” If the Company is a non-participant in the joint venture, the accounting treatment is determined based on the extent of its influence on the joint venture.

(IX) Recognition standard for cash and cash equivalents

Cash presented in the cash flow statements represents the cash on hand and deposits available for payment at any time. Cash equivalents presented in the cash flow statements refer to short-term, highly liquid investments held that are readily convertible to known amounts of cash and which are subject to an insignificant risk on change in value.

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(X) Translation of foreign currency transactions and financial statements denominated in foreign currency

1. Translation of foreign currency transactions

Foreign currency transactions of the Company are recorded in the functional currency translated at the spot exchange rates on the transaction date. Monetary items denominated in foreign currency on the balance sheet date are translated at the spot exchange rate on that date. Any exchange differences arising due to changes in the spot exchange rate compared to the rate at initial recognition or the previous balance sheet date are accounted for in the current period's profit or loss, except for exchange differences related to foreign currency-specific borrowings that meet capitalization criteria. These exchange differences are capitalized and included in the cost of the related asset during the capitalization period. Non-monetary items denominated in foreign currency measured at historical cost shall continue to be translated using the spot exchange rate at the date of transaction. Non-monetary items denominated in foreign currency measured at fair value shall be translated at the spot exchange rate on the date when the fair value is determined. The exchange difference arising therefrom shall be treated as the change in fair value (including the change in exchange rate), and included in profit or loss for the current period or recognized as other comprehensive income.

2. Translation of financial statements denominated in foreign currency

If the functional currencies used as the bookkeeping base currency by the subsidiaries, joint ventures and associates of the Company are different from that of the Company, their financial statements denominated in foreign currencies shall be translated to perform accounting and prepare the consolidated financial statements. The assets and liabilities in the balance sheet are translated into functional currency at the spot exchange rates at the balance sheet date. Owners' equity items, except for the 'undistributed profits' item, are translated into functional currency at the spot exchange rate at the time of occurrence. The income and expenses items in the income statement are translated into functional currency at the spot exchange rates at the transaction dates. The resulting exchange differences of the financial statements denominated in foreign currencies are presented under other comprehensive income of owner's equity item in the balance sheet. Cash flows in foreign currency should be translated at the spot exchange rate on the cash flow occurrence date. The impact of exchange rate changes on cash is presented separately in the cash flow statement. When disposing of foreign operations, the exchange differences related to the foreign currency statements of the disposed operations are transferred in whole or proportionally to the profit or loss for the disposal period.

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For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XI) Financial instruments

1. Classification, recognition and measurement of financial instruments

(1) Financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets, the Company classifies financial assets into the following three categories:

- ① Financial assets measured at amortized cost: The business model for managing these financial assets is aimed at collecting contractual cash flows, and the characteristics of the contractual cash flows align with basic lending arrangements, i.e., the cash flows generated on specific dates consist solely of payments of principal and interest based on the outstanding principal amount. These financial assets subsequently recognize interest income using the effective interest method.
- ② Financial assets measured at fair value through other comprehensive income: The business model for managing these financial assets aims both at collecting contractual cash flows and selling the financial assets. The contractual cash flow characteristics align with basic lending arrangements. These financial assets are subsequently measured at fair value, with changes recognized in other comprehensive income. However, interest income calculated using the effective interest method, impairment losses or gains, and exchange gains or losses are recognized in the current profit or loss.
- ③ Financial assets measured at fair value through current profit or loss: Financial assets that are not classified as either measurement at amortized cost or at fair value through other comprehensive income are measured at fair value. Gains or losses (including interest and dividend income) are recognized in current profit or loss. At the time of initial recognition, if it eliminates or reduces an accounting mismatch, financial assets can be irrevocably designated to be measured at fair value through profit or loss. Once designated, it cannot be revoked.

For investments in non-trading equity instruments, the Company may irrevocably designate them as financial assets measured at fair value through other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective. These financial assets are subsequently measured at fair value. Except for dividends (excluding those considered as a recovery of investment costs), which are recognized in current profit or loss, all other related gains and losses are recognized in other comprehensive income and are not reclassified into current profit or loss in subsequent periods.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XI) Financial instruments *(Continued)*

1. Classification, recognition and measurement of financial instruments *(Continued)*

(2) Financial liabilities

Classification of financial liabilities at initial recognition:

- ① Financial liabilities measured at fair value through profit or loss: These liabilities are subsequently measured at fair value, with gains or losses recognized in current profit or loss.
- ② Financial liabilities formed when the transfer of financial assets does not satisfy derecognition conditions or when there is continuing involvement in the transferred financial assets.
- ③ Financial liabilities measured at amortized cost. These liabilities are measured at amortized cost using the effective interest method.

2. Determination of fair value for financial instruments

Financial instruments with active markets have their fair value determined by quoted prices from these active markets. If no active market exists, valuation techniques are applied to determine their fair value. In limited circumstances, if recent information used to determine fair value is insufficient, or if the range of possible estimates for fair value is broad and cost represents the best estimate within this range, cost may appropriately reflect fair value within that range. The company uses all available information regarding the investee's performance and operations obtained after initial recognition to evaluate whether cost can represent fair value.

3. Derecognition of financial instruments

Financial assets are derecognized if one of the following conditions is met: (1) The contractual rights to receive cash flows from the financial asset have expired; (2) The financial asset has been transferred, and the transfer meets the conditions for derecognition.

Financial liabilities are derecognized to the portion that is discharged when their present obligations are discharged in full or in part. If an existing financial liability is replaced by another financial liability to the same creditor with substantially different terms, or the terms of the existing liability are substantially modified, the existing financial liability is derecognized and the new financial liability is recognized simultaneously. Purchases and sales of financial assets under regular transactions are recognized and derecognized on the transaction date.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XII) Methods of determination and accounting treatment for expected credit losses

1. Scope of expected credit losses

The Company applies impairment accounting treatment and recognizes allowance for bad debts based on expected credit losses for financial assets measured at amortized cost (including accounts receivable, such as bills receivable and accounts receivable), receivables financing, lease receivables, and other receivables.

2. Methods for determining expected credit losses

The general approach for determining expected credit losses involves evaluating, at each balance sheet date, whether the credit risk of relevant financial instruments has increased significantly since initial recognition. The process of credit impairment of financial instruments is divided into three stages, and different accounting treatment methods are applied to financial instrument impairments at different stages: (1) Stage One: If the credit risk of a financial instrument has not significantly increased since initial recognition, the Company measures loss allowances based on the expected credit losses over the next 12 months of such financial instrument. Interest income is calculated based on the carrying amount (before deducting impairment provision) and the effective interest rate; (2) Stage Two: If the credit risk of a financial instrument has significantly increased since initial recognition but no credit impairment has yet occurred, the Company measures loss allowances based on expected credit losses over the entire lifetime of the instrument. Interest income is calculated based on the carrying amount and the effective interest rate; (3) Stage Three: If credit impairment has occurred after initial recognition, the Company measures loss allowances based on the expected credit losses over the entire lifetime of the instrument. Interest income is calculated based on the amortized cost (the carrying amount minus the impairment provision) and the effective interest rate.

The simplified approach for expected credit losses involves always measuring the loss allowance at an amount equivalent to the expected credit losses over the entire lifetime of the instrument.

3. Accounting treatment for expected credit losses

Expected credit losses are remeasured at each balance sheet date to reflect changes in the credit risk of financial instruments since their initial recognition. The increase or reversal of the resulting loss allowance shall be recognized as an impairment gain or loss in the current profit or loss. Depending on the type of financial instrument, it shall either reduce the carrying amount of the financial asset presented on the balance sheet or be included in estimated liabilities (in the case of loan commitments or financial guarantee contracts).

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For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XII) Methods of determination and accounting treatment for expected credit losses *(Continued)*

4. Methods for measuring bad debt provisions for accounts receivable and lease receivables

For receivables arising from transactions governed by “Accounting Standard for Business Enterprises No. 14 – Income” (regardless of whether they contain significant financing components), as well as lease receivables governed by “Accounting Standard for Business Enterprises No. 21 – Leases”, the Company applies the simplified approach, i.e., loss allowances are always measured based on expected credit losses over the entire lifetime of the asset.

- ① Categories and determination basis of impairment provision groups based on credit risk characteristics

The Company determines groups based on credit risk characteristics and calculates expected credit losses on a group basis for bills receivable and accounts receivable. The categories of groups and determination basis for expected credit losses on bills receivable, accounts receivable, receivables financing, contract assets, etc., are as follows:

Items	Group category	Basis for determination
Bills receivable	Bank acceptance bills (non-AAA listed commercial bank)	The drawer credit rating is limited, certain risk of credit loss may be existed
	Commercial acceptance bills	The drawer signed the bill based on commercial credit, certain risk of credit loss is existed
Receivable financing	Bank acceptance bills (AAA listed commercial bank)	The drawer has a relative high credit rating with no historical default of bills, extremely low credit loss risk, strong ability to perform its contractual cash flow obligations within a short period of time
Accounts receivable, contract assets	Aging group	Similar credit risk characteristics, the aging of accounts is calculated from the date of entry into the accounts
	Group of related party within the scope of consolidation	Customer type
	Group of related party outside the scope of consolidation	Customer type
	Low risk group	There is objective evidence indicating that no expected credit loss exists

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XII) Methods of determination and accounting treatment for expected credit losses *(Continued)*

4. Methods for measuring bad debt provisions for accounts receivable and lease receivables *(Continued)*

- ② Aging calculation method for credit risk characteristics group based on aging

For the aging calculation method based on aging to confirm credit risk characteristics group, the calculation starts from the date of occurrence of the accounts receivable for each customer. For customers with multiple transactions, the aging is calculated separately for each transaction based on its respective occurrence date, and the final recovery time is calculated accordingly.

- ③ Judgment criteria for bad debt provision on individual basis

For receivables with distinct risk characteristics, based on similar credit risk features (such as the debtor's ability to repay according to contract terms), the expected losses are estimated by considering historical loss data and the debtor's economic status, factoring in the default risk exposure and the expected credit loss rate over the entire term.

5. Method for measuring loss allowances for other financial assets

For financial assets other than those mentioned above, such as: debt investments, other debt investments, other receivables, and long-term receivables excluding lease receivables, the Company measures loss allowances using the general method, i.e., the "three-stage" model.

When assessing credit impairment of financial instruments, the Company evaluates whether credit risk has significantly increased based on the following factors:

- ① Whether contractual payments are more than 30 days past due. If overdue for more than 30 days, the Company considers that the credit risk of the financial instrument has significantly increased, unless it can obtain reasonable and supportable information without undue cost or effort to prove that, despite being more than 30 days overdue, the credit risk has not significantly increased since initial recognition.
- ② Whether there have been changes in the Company's credit management approach to the financial instrument.
- ③ Whether there have been significant changes in the debtor's expected performance and repayment behavior.
- ④ Whether there have been actual or expected significant changes in the debtor's operating results.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XII) Methods of determination and accounting treatment for expected credit losses *(Continued)*

5. Method for measuring loss allowances for other financial assets *(Continued)*

- ⑤ Whether there have been significant adverse changes in the regulatory, economic, or technological environment the debtor operates in.
- ⑥ Whether there are expected adverse changes in the debtor's business, financial, or economic condition that may significantly affect its ability to meet debt obligations.
- ⑦ Whether internal pricing indicators have changed significantly due to changes in credit risk.
- ⑧ If the financial instrument were newly originated or issued on the reporting date, whether the interest rate or other terms would have changed significantly.
- ⑨ Whether external market indicators of credit risk for the same or similar financial instruments with the same expected life have changed significantly. These indicators include: credit spreads, credit default swap (CDS) prices on the borrower, the duration and extent of the financial asset's fair value being below its amortized cost, and other market information related to the borrower (such as changes in the prices of the borrower's debt or equity instruments).
- ⑩ Whether the external credit rating of the financial instrument has changed significantly, either actually or expected.
- ⑪ Whether the internal credit rating of the debtor has been downgraded, either actually or expected.
- ⑫ Whether there has been a significant increase in credit risk of other financial instruments issued by the same debtor.
- ⑬ Whether there have been significant changes in the value of collateral or the quality of third-party guarantees or credit enhancements securing the debt.
- ⑭ Whether there have been significant changes in the economic incentives expected to reduce the borrower's motivation to repay on time as per the contract.
- ⑮ Whether there are expected modifications to the loan agreement, including the likelihood of breaches of contract that may lead to waiver or amendment of obligations, granting of grace periods, interest rate step-ups, demands for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XII) Methods of determination and accounting treatment for expected credit losses *(Continued)*

5. Method for measuring loss allowances for other financial assets *(Continued)*

- (1) Categories and determination basis of impairment provision groups based on credit risk characteristics

The company classifies other receivables into several groups based on credit risk characteristics according to the nature of the receivables. Expected credit losses are calculated based on these groups. The basis for determining the groups is as follows:

Item	Group Category	Basis for Determination
Other Receivables	Aging Group	Similar credit risk characteristics; aging calculated from the date of recognition
	Low-Risk Group	Historically very low credit loss risk
	Group of related party within the scope of consolidation	Type of customer
	Group of related party outside the scope of consolidation	Type of customer

- (2) Judgment criteria for bad debt provisions on individual basis

For other receivables with clear individual risk characteristics, based on similar credit risk characteristics of other receivables (the debtor's ability to repay debts according to contract terms), expected credit losses are calculated through the default risk exposure and expected credit loss rate over the entire lifetime, considering historical loss situations and the debtor's financial condition.

(XIII) Inventories

1. Classification of Inventories

Inventories refer to finished goods or merchandise held for sale in the ordinary course of business activities, products in the production process, materials and supplies consumed during production or provision of service, primarily including commodity stock.

2. Method for pricing of inventory delivered

Upon delivery of inventories, the monthly weighted average method is used to determine the actual cost of the inventory delivered.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XIII) Inventories *(Continued)*

3. Inventory System

The inventory system is a perpetual inventory system.

4. Recognition criteria and methods for provision for diminution in value of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value for the current period is lower than the cost, provision for diminution in value of inventories shall be made. Net realizable value refers to the estimated selling price of inventories in the ordinary course of business, minus the estimated costs upon completion, the estimated selling expenses, and the related taxes.

In normal production and operation processes, the net realizable value is determined by deducting the estimated selling expenses and the related taxes from the estimated selling price of the relevant commodity stock. For inventories held to execute sales contracts or labor contracts, the net realizable value is calculated based on the contract price. If the inventory quantity held exceeds the quantity ordered under the sales contract, the net realizable value for the excess part is calculated based on general selling prices.

Provision for diminution in value of inventories is made based on inventory groups, with the group categories and basis of determination, as well as the basis for determining the net realizable value of different types of inventories, are as follows:

Inventory group category	Basis for determination of group	Basis for determination of net realizable value
Inventory aging group	Similar credit risk characteristics	Estimated selling price minus estimated costs to complete, estimated selling expenses, and related taxes

After the provision for diminution in value of inventories has been made, if the factors resulting in the previously recorded inventory impairment disappeared, as a result of which the net realizable value of the inventories became higher than its carrying amount, it would be written back to the extent of the original provision for diminution in value of inventories made, and such written-back amounts would be included in the current profit or loss.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XIV) Contract assets and contract liabilities

1. Contract assets

The consideration that the Company has the right (and this right depends on factors other than passage of time) to receive for goods or services transferred to customers is presented as contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The unconditional (only depending on the passage of time) right owned by the Company to receive consideration from the customers is individually presented as accounts receivable. Provision for impairment for contract assets refers to the method for determining expected credit losses as outlined in the notes.

2. Contract liabilities

The Company's obligations to transfer goods or provide services to customers, for which consideration has been received or is receivable from customers, is presented as contract liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis.

(XV) Long-term equity investments

1. Criteria for judging joint control and significant influence

Joint control refers to activities that significantly affect the returns of a specific arrangement. These activities must be decided unanimously by participants sharing control rights, including the sale and purchase of goods or services, management of financial assets, asset acquisition and disposal, research and development activities, and financing activities. Significant influence exists when an investor holds 20% to 50% of the voting shares of the investee, or even if the shareholding is less than 20%, significant influence may be established under any of the following conditions: having a representative on the board of directors or equivalent authority body of the investee; participating in the policy-making process of the investee; assigning management personnel to the investee; the investee relies on the investor's technology or technical resources; having substantial transactions with the investee.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XV) Long-term equity investments *(Continued)*

2. Determination of initial investment cost

For long-term equity investments acquired through business combinations, if the business combination is under common control, the initial investment cost of long-term equity investment shall be determined on the combination date based on the proportion of the acquiree's owners' equity reflected in the consolidated financial statements of the ultimate controlling party, at its carrying amount. If business combination is not under common control, the initial investment cost of long-term equity investment shall be the purchase cost determined on the acquisition date. For long-term equity investments acquired by cash, the initial investment cost shall be the actual purchase price paid. For long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued. For long-term equity investments acquired through debt restructuring, the initial investment cost shall be determined based on the relevant provisions of debt restructuring standards. For long-term equity investments acquired through the exchange of non-monetary assets, the initial investment cost shall be determined based on the relevant provisions of non-monetary asset exchange standards.

3. Subsequent measurement and profit and loss recognition method

The Company accounts for long-term equity investments in investee entities under its control using the cost method. For long-term equity investments in associates and joint ventures, the equity method is applied. For equity investments in associates, a portion of which may be indirectly held through venture capital institutions, mutual funds, trust companies, or similar entities, including unit-linked insurance funds. Regardless of whether the entity exerts significant influence over the portion it holds, such investments is accounted for according to the relevant provisions of Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments. The remaining portion is accounted for using the equity method.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XVI) Investment property

The categories of the Company's investment properties include leased land use rights, leased buildings, and land use rights held for appreciation and subsequent transfer. Investment properties are initially measured at cost and subsequently measured using the fair value model. Their carrying amounts are adjusted based on the fair value of the investment properties on the balance sheet date, and any differences between the fair value and the original carrying amount are recognized in the current profit or loss.

The basis for the subsequent measurement of investment properties using the fair value model is as follows: ① There is an active real estate market where the investment property is located. ② The Company is able to obtain market prices and other relevant information for comparable or similar properties from the real estate market, enabling a reasonable estimation of the fair value of the investment property. When determining the fair value of investment properties, the Company refers to the current market prices of comparable or similar properties in active markets. If current market prices of comparable or similar properties are not available, the Company refers to the most recent transaction prices of comparable or similar properties in active markets, taking into account factors such as the asset's condition, location, transaction circumstances, and transaction date, to make a reasonable estimate of fair value of the investment property. The fair value may also be determined based on the present value of expected future rental income and related cash flows. If there is conclusive evidence that the use of the property has changed and the investment property is converted to self-use property, the fair value on the date of conversion is used as the carrying amount of the self-use property. The difference between the fair value and the original carrying amount is recognized in the current profit or loss. When self-use property or inventory is converted into an investment property measured at fair value, the investment property is measured at its fair value on the date of conversion. If the fair value on the conversion date is less than the original carrying amount, the difference is recognized in the current profit or loss. If the fair value is greater than the original carrying amount, the difference is recognized in other comprehensive income. An investment property is derecognized when it is disposed of, or permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of disposal proceeds from the sale, transfer, scrapping, or destruction of an investment property, after deducting its carrying amount and related taxes and fees, is recognized in the current profit or loss.

Notes to the Financial Statements

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XVII) Fixed assets

1. Recognition criteria for fixed assets

Fixed assets refer to tangible assets held for the production of merchandize, provision of labor services, renting or operational management with useful life over one accounting year. Fixed assets are recognized when all of the following conditions are met: economic benefits related to such fixed assets are likely to flow into the enterprise; costs of such fixed assets can be reliably measured.

2. Depreciation method for fixed assets

The company's fixed assets are primarily categorized as follows: property and buildings, machinery and equipment, transportation equipment, electronic equipment, and office equipment. The depreciation method adopted is the straight-line method. The useful life and estimated residual value of fixed assets are determined based on the nature and usage of each category of asset. At the end of each year, the useful life, estimated residual value, and depreciation method of fixed assets are reviewed. If there are discrepancies compared to previous estimates, corresponding adjustments are made. Except for fully depreciated assets that are still in use and land that is accounted for separately, all fixed assets are subject to depreciation.

Category of assets	Depreciation method	Year of depreciation (year)	Residual rate (%)	Annual depreciation rate (%)
Property and buildings	Straight-line method	30	5	3.17
Machinery and equipment	Straight-line method	10	5	9.50
Transportation equipment	Straight-line method	5	5	19.00
Electronic and office equipment	Straight-line method	3-10	5	9.50-31.67

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XVIII) Construction in progress

Construction in progress is measured based on the actual costs incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other necessary expenditures incurred to bring the construction in progress to its intended usable condition. Once the construction in progress reaches its intended usable condition, it is transferred to fixed assets and depreciation begins to be accrued from the following month.

The criteria and timing for transferring construction in progress to fixed assets are based on whether it has reached its intended usable condition. The determination of the intended usable condition should satisfy one of the following conditions: the physical construction (including installation) of the fixed asset has been fully or substantially completed; trial production or trial operation has been conducted, with results showing that the asset operates normally or can reliably produce qualified products, or the trial operation demonstrates that it can function or operate as intended; the amount of expenditure for the construction of the fixed asset is minimal or nearly no further expenditure occurs; or the purchased or constructed fixed asset has met the design or contractual requirements, or is substantially in line with them.

(XIX) Intangible Assets

1. Valuation method for intangible assets

The Company's intangible assets are initially measured at cost. Purchased intangible assets are recorded at the actual amount paid and related expenditures as their actual cost. Intangible assets contributed by investors are measured based on the value agreed in the investment contract or agreement; however, if the agreed value is not fair, the fair value shall be used to determine the actual cost. For self-developed intangible assets, the cost is the total expenditure incurred before they reach their intended use.

2. Useful life and its determination basis, estimation, amortization method, or review procedures

Intangible assets with finite useful lives are amortized according to the methods listed in the table below. At the end of each year, the useful life and amortization method of the intangible assets are reviewed. If there are differences from previous estimates, appropriate adjustments are made. Intangible assets with indefinite useful lives are not amortized, but their useful lives are reviewed annually. When there is clear evidence indicating that the useful life is finite, an estimate is made accordingly.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XIX) Intangible Assets *(Continued)*

2. Useful life and its determination basis, estimation, amortization method, or review procedures *(Continued)*

The useful life, determination basis, and amortization method for intangible assets with finite lives are as follows:

Category of assets	Useful life (years)	Determination basis for useful life	Amortization method
Land use rights	50	Land grant period	straight-line method
Software	8	Benefit period	straight-line method
Proprietary technology	5-8	Benefit period	straight-line method

During the reporting period, the Company had no intangible assets with indefinite useful lives.

3. Scope of R&D expenditures and relevant accounting treatment method

The scope of the Company's R&D expenditures is determined based on the actual research and development projects undertaken. It mainly includes: salaries of R&D personnel, direct input costs, depreciation expenses and long-term deferred expenses, design costs, amortization of intangible assets, externally commissioned R&D expenses, and other related costs. Salaries of R&D personnel are allocated to R&D expenditures based on project working hours.

Expenditures incurred in the research stage of internal R&D projects are recognized in current profit or loss when incurred. Expenditures in the development stage are transferred to intangible assets accounting if they meet the criteria for recognition as intangible assets.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XIX) Intangible Assets *(Continued)*

3. Scope of R&D expenditures and relevant accounting treatment method *(Continued)*

Development stage expenditures that meet all of the following criteria are recognized as intangible assets; expenditures that do not meet these criteria are recognized in the current profit or loss:

- (1) Technological feasibility of completing the intangible asset for use or sale;
- (2) Intention to complete and use or sell the intangible asset;
- (3) The ability to generate economic benefits from the intangible asset, including proof that a market exists for the products produced using the intangible asset or for the intangible asset itself; or, if it is to be used internally, its usefulness can be demonstrated.

(XX) Impairment of long-term assets

Long-term equity investments, fixed assets, construction in progress, intangible assets, and other long-term assets are tested for impairment when indications of impairment exist as of the balance sheet date. If impairment testing reveals that the recoverable amount of an asset is lower than its carrying amount, an impairment provision is recognized for the difference, which is recorded as an impairment loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of expected future cash flows generated by the asset. Impairment provisions are calculated and recognized based on individual assets. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXI) Employee benefits

Employee benefits refers to various forms of remuneration or compensation provided by the Company in exchange for services rendered by employees or for terminating employment relationships. Employee benefits mainly includes short-term remuneration, post-employment benefits, termination benefits, and other long-term employee benefits.

1. Accounting treatment for short-term remuneration

During the accounting period in which employees provide services to the Company, the actual amount of short-term remuneration incurred is recognized as a liability and recorded in the current profit or loss, except where the accounting standards require or permit it to be included in the cost of assets. Employee welfare expenses incurred by the company are recorded in the current period's profit or loss or included in the cost of relevant assets based on the actual amounts incurred. Non-monetary employee benefits are measured at fair value. Social insurance contributions made by the company on behalf of employees, including medical insurance, work-related injury insurance, maternity insurance, and housing provident funds, as well as trade union funds and employee education funds drawn according to regulations, are calculated during the accounting period in which the employee provides services, based on the stipulated bases and contribution rates. The corresponding amount is recognized as employee benefits and accounted for as a liability, and is included in the current period's profit or loss or relevant asset costs.

2. Accounting treatment for post-employment benefits

During the accounting period in which employees provide services, the Company recognizes the amount payable calculated according to the defined contribution plan as a liability, and includes it in the current profit or loss or the cost of related assets. For defined benefit plans, the benefit obligations are attributed to the periods in which the employees provide services based on the projected cumulative unit credit method and are included in the profit or loss for the current period or the cost of related assets.

3. Accounting treatment for termination benefits

When providing termination benefits to employees, the Company recognizes a liability for employee compensation arising from termination benefits and includes it in the current period's profit or loss at the earlier of the following dates: when the Company can no longer unilaterally withdraw the offer of termination benefits as a result of a termination plan or redundancy proposal; when the Company recognizes the costs or expenses associated with a restructuring involving the payment of termination benefits.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXI) Employee benefits *(Continued)*

4. Accounting treatment for other long-term employee benefits

Other long-term employee benefits provided by the Company that meet the conditions of a defined contribution plan should be handled according to the relevant provisions for defined contribution plans. Otherwise, they should be recognized and measured as a net liability or net asset according to the relevant provisions for defined benefit plans.

(XXII) Estimated liabilities

When an obligation related to a contingent matter is a present obligation undertaken by the Company, and fulfilling this obligation is likely to result in an outflow of economic benefits, with an amount that can be reliably measured, the obligation is recognized as estimated liabilities. The Company initially measures the estimated liabilities based on the best estimate of the expenditure required to fulfill the relevant present obligation. If the required expenditure falls within a continuous range and the probability of various outcomes within this range is the same, the best estimate is determined as the midpoint of the range. If multiple items are involved, the best estimate is calculated based on the possible outcomes and their associated probabilities.

On the balance sheet date, the carrying amount of the estimated liabilities should be reviewed. If there is conclusive evidence indicating that the carrying amount does not accurately reflect the current best estimate, an adjustment should be made to reflect the latest best estimate.

(XXIII) Income

The Company recognizes income upon fulfilling its contractual performance obligations, which occurs when the customer gains control over the relevant goods or services. Income is recognized based on the transaction price allocated to that specific performance obligation. Gaining control of the goods means having the ability to direct their use and derive substantially all economic benefits. A performance obligation refers to the Company's contractual commitment to transfer distinctly identifiable goods to the customer. The transaction price represents the amount the Company expects to receive for transferring the goods, excluding amounts collected on behalf of third parties and amounts the Company expects to refund to the customer.

Whether a performance obligation is fulfilled within a certain period of time or at a certain point in time depends on the contract terms and relevant legal regulations. If it is fulfilled within a certain period of time, the Company recognizes income based on the progress of performance. Otherwise, income is recognized at a certain point in time when the customer obtains control of the related asset.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXIII) Income *(Continued)*

The Company determines whether it acts as the principal or an agent in a transaction based on whether it has control over the goods or services before transferring them to the customer. If the Company has control over the goods or services before the transfer, the Company acts as the principal and recognizes income based on the total amount received or receivable. Otherwise, the Company acts as an agent and recognizes income based on the commission or service fees it is entitled to receive. This amount is calculated as either the net amount after deducting payments to other relevant parties from the total received or receivable, or based on a predetermined commission rate or fixed fee.

The company determines specific principles and measurement methods for income recognition based on the type of business operations:

(1) Income recognition of the system integration contract

The system integration contract business mainly belongs to the performance obligations performed within a certain period of time, and income is recognized within the contract period in accordance with the performance progress. The Company adopts the input method, which is to determine the appropriate performance progress according to the proportion of the actual cost incurred to the total estimated contract cost.

(2) Sales income of commodities

The sales business of commodities mainly belongs to the performance obligations performed at a certain point in time. For products that do not need to be installed, the realization of the income is recognized after the products are delivered and checked by the client. For products that need to be installed and commissioned, the installation and commission are completed according to the contract, and the realization of income is recognized after passing the acceptance of the customer.

(3) Income of labor services

The income of labor service is mainly from the income of technology development and maintenance service, including:

- ① Technology development income mainly belongs to the performance obligations performed at a certain point in time. After the technology development project is completed and the customer acceptance certificate (including but not limited to the final acceptance report, completion certificate or delivery certificate) is confirmed, the realization of the income is recognized.
- ② Maintenance service income mainly belongs to the performance obligations performed in a certain period of time. During the service period stipulated in the contract, the realization of the income is confirmed by averaging the total income agreed in the contract during the service period.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXIV) Contract costs

Contract costs include both incremental costs incurred to obtain a contract and costs incurred to fulfill a contract. Incremental costs to obtain a contract (“contract acquisition costs”) refer to costs that would not have been incurred if the contract had not been obtained. If these costs are expected to be recoverable, the Company recognizes them as an asset.

Costs incurred to fulfill a contract are recognized as contract fulfillment costs and classified as assets if they are not within the scope of inventory or other accounting standards and meet the following conditions: the costs are directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar costs), costs explicitly borne by the customer, and other costs incurred solely due to the contract. The costs contribute to resources that will be used to fulfill the performance obligation in the future. The costs are expected to be recoverable.

Contract fulfillment costs recognized as assets are classified as follows in the balance sheet: if the amortization period at initial recognition does not exceed one year or a normal operating cycle, they are presented as “inventory” in the balance sheet; if the amortization period exceeds one year or a normal operating cycle, they are presented as “other non-current assets” in the balance sheet.

The Company classifies contract acquisition costs recognized as assets in the balance sheet based on the amortization period at initial recognition: if the amortization period does not exceed one year or a normal operating cycle, the cost is presented as “other current assets” in the balance sheet; if the amortization period exceeds one year or a normal operating cycle, it is presented as “other non-current assets” in the balance sheet.

The Company amortizes contract acquisition costs and contract fulfillment costs using the same basis as income recognition for the related goods or services, recording them in the profit and loss for the current period. If the amortization period for assets formed by the incremental costs of obtaining a contract does not exceed one year, the Company first recognizes them as assets and amortizes them using the same basis as income recognition for the related goods or services.

When the carrying amount of assets related to contract costs exceeds the difference between the following two amounts, the Company will recognize the excess portion as an impairment provision and record it as an asset impairment loss: the remaining consideration expected to be received from transferring the goods related to the asset; the estimated costs to be incurred for transferring those related goods.

If impairment factors change in subsequent periods, and the difference between the above two amounts exceeding the carrying amount of the asset, the previously recognized impairment provision should be reversed and recorded in the profit and loss for the current period. However, the carrying amount of the asset should not exceed the hypothetical carrying value assuming no impairment provision had been applied at the time of reversal.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXV) Government grants

1. Types of government grants and accounting treatment

Government grants refer to monetary or non-monetary assets received by the Company from the government without compensation (excluding capital investments made by the government as an owner). If a government grant is in the form of monetary assets, it should be measured based on the amount received or receivable. If a government grant is in the form of non-monetary assets, it should be measured at fair value. If fair value cannot be reliably determined, it should be measured at nominal value.

Government documents explicitly stipulating that a grant is intended for the purchase or formation of long-term assets classify it as an asset-related government grant. Asset-related government grants either reduce the carrying amount of the related asset or are recognized as deferred income. If it is recognized as deferred income, it should be allocated to current profit or loss systematically over the useful life of the related asset (if related to the Company's ordinary activities, it is included in other income; if unrelated to the Company's ordinary activities, it is recorded as non-operating income);

Government grants other than those related to assets are recognized as income-related government grants. If the government documentation does not clearly specify the recipient of the grant, the Company classifies it as an income-related government grant. For income-related government grants used to compensate for relevant costs, expenses, or losses of future periods, they are recognized as deferred income and included in the current profit or loss during the period in which the related costs, expenses, or losses are recognized (if related to the Company's ordinary activities, they are included in other income; if not related to the Company's ordinary activities, they are included in non-operating income) or used to offset the related costs, expenses, or losses. For income-related government grants used to compensate for relevant costs, expenses, or losses already incurred, they are directly included in the current profit or loss (if related to the Company's ordinary activities, they are included in other income; if not related to the Company's ordinary activities, they are included in non-operating income) or used to offset the related costs, expenses, or losses.

2. The recognition timing for government grants

Government grants are recognized when the attached conditions are met and the grant is receivable. Government grants measured based on receivable amounts are recognized at the end of the period when there is conclusive evidence showing that the relevant conditions of the financial support policy are met and the financial support funds are expected to be received. Other government grants, except those measured based on receivable amounts, are recognized upon actual receipt of the grant funds.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXVI) Deferred income tax assets and deferred income tax liabilities

1. Recognition of deferred income tax

Deferred income tax assets or deferred income tax liabilities are recognized based on differences between the carrying amounts of assets and liabilities and their tax basis (for items not recognized as assets and liabilities but whose tax basis can be determined according to tax regulations, such tax basis is used to calculate the differences). The deferred tax assets or deferred tax liabilities are recognized based on applicable tax rates that are expected to apply in the period when the assets are recovered or liabilities settled.

2. Measurement of deferred income tax

Deferred income tax assets are recognized to the extent that taxable income is likely to be available to offset against deductible temporary differences. On the balance sheet date, deferred income tax assets not recognized in prior period are recognized if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset against deductible temporary differences. If it is likely that sufficient taxable income will not be available to utilize against deferred income tax assets in the future period, the carrying amount of the deferred income tax assets is written down.

Deferred income tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries and associates, unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences related to investments in subsidiaries and associates when the temporary differences are likely to be reversed in the foreseeable future and taxable income is likely to be available in future to offset against the deductible temporary differences.

3. Basis for netting of deferred income taxes

The Company presents deferred income tax assets and deferred income tax liabilities on a net basis if the following conditions are simultaneously met: the Company has a legally enforceable right to settle current income tax assets and current income tax liabilities on a net basis; the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities, provided that, in each future period during which significant deferred income tax assets and liabilities are expected to reverse, the involved taxable entities intend to settle current income tax assets and liabilities on a net basis, or simultaneously realize the assets and settle the liabilities.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXVII) Lease

At the inception date of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

1. Accounting treatment by the lessee

On the commencement date of the lease, the Company recognizes right-of-use assets and lease liabilities for all leases except for short-term leases and leases of low-value assets, and separately recognizes depreciation expense and interest expense over the lease term.

(1) Right-of-use Assets

At the lease commencement date, right-of-use assets are initially measured at cost. This cost includes the initial measurement of the lease liabilities, lease payments made on or before the lease commencement date (net of lease incentives received), initial direct costs, and other relevant costs.

If it is reasonably certain that ownership of the leased asset will be obtained by the end of the lease term, depreciation is provided over the asset's remaining useful life. If ownership transfer cannot be reasonably determined, depreciation is provided over the shorter of the lease term or the asset's remaining useful life. If the recoverable amount is lower than the carrying amount of the right-of-use asset, its carrying amount is reduced to the recoverable amount.

(2) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments that have not been paid at the lease commencement date. Lease payments include fixed payments and amounts payable when it is reasonably certain that purchase or termination options will be exercised. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss in the period in which they occur.

The Company uses the implicit interest rate in the lease as the discount rate. If the implicit interest rate in the lease cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate. Interest expenses for each period during the lease term are calculated using a fixed periodic interest rate, which is either the original or revised discount rate adopted by the Company, and are included in finance expenses.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXVII) Lease *(Continued)*

2. Basis of adopting simplified methods and relevant accounting treatment for short-term leases and leases of low-value assets as lessee

For short-term leases with a lease term of not more than 12 months and leases of individual assets with a relatively low market value when new, the Company chooses not to recognize right-of-use assets and lease liabilities. Instead, the relevant rental expenses will be included in profit or loss or the cost of related assets on a straight-line basis for each period of the lease term.

3. Classification criteria and accounting treatment method for leases as lessor

On the lease commencement date, the Company classifies leases that substantially transfer almost all risks and rewards related to the ownership of leased assets as finance leases, while all other leases are classified as operating leases.

(1) Accounting treatment for operating leases

Rental income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs are capitalized and amortized over the lease term on the same basis as rental income recognition. Variable lease payments not included in the lease receivables are recognized as rental income when incurred.

(2) Accounting treatment for finance leases

On the lease commencement date, the sum of finance lease receivables and unguaranteed residual values, less their present value, is recognized as unearned finance income. Unearned finance income is recognized as lease income over the lease term when lease payments are received, and finance lease assets are derecognized. Initial direct costs are included in the initial carrying amount of finance lease receivables.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXVIII) Other significant accounting policies and accounting estimates

1. Key judgment in adopting of accounting policies

- (1) Method for determining the performance progress of system integration projects

The Company shall determine the performance progress of the system integration projects of the Company in accordance with the input method. Specifically, the Company shall determine the performance progress in accordance with the proportion of the actual accumulated construction cost to the total estimated cost. The actual accumulated incurred cost shall include the direct and indirect costs incurred in the process of the transfer of the Company's commodity to the customer. In the Company's opinion, the system integration projects contract price with the customer is determined on the basis of the construction cost, and the proportion of the actual construction cost to the total estimated cost can accurately reflect the performance progress of the system integration projects. In view of the long duration of the system integration projects contract, which may span several accounting periods, the Company will review and revise the budget as the system integration projects progress and adjust the income recognition amount accordingly.

- (2) Classification of financial assets

Significant judgements made by the Company in the classification of financial assets include business model and analysis on contractual cashflow characteristics. The Company determines the business model for financial asset management on the group basis, and factors to be considered include the methods for evaluating financial asset performance and reporting the financial asset performance to key management personnel, the risks affecting financial asset performance and corresponding management methods, the ways in which related business management personnel are remunerated, etc. When assessing whether contractual cashflow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Company include: the possibility of changes in time schedule or amount of the principal during the lifetime due to reasons such as repayment in advance; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the amount of repayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXVIII) Other significant accounting policies and accounting estimates *(Continued)*

2. Significant accounting estimates and key assumptions

(1) Impairment of financial instruments and contract assets

The Company adopts the expected credit loss model to assess the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgements and estimations, which takes into accounts all reasonable and evidenced information, including forward-looking information. In making such judgements and estimations, the Company infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimates may affect the provision for impairment. The provision for impairment may not be equal to the actual amount of impairment loss in the future.

(2) Deferred income tax

The estimates of deferred income tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The realization of deferred income tax assets depends on the probability of realization of sufficient taxable profit of the Company. The change in future income tax rates and timing of reversals of taxable temporary differences would affect balances of deferred income tax.

(3) System integration and service contracts

The recognition of income and costs for system integration and service contracts requires management to make relevant estimates. If losses are expected to be incurred on system integration and service contracts, such losses are recognized as costs in the current period. The Company's management anticipates potential losses based on the budget for system integration and service contracts. The nature of the system integration business results in the contract signing date and project completion date often falling within different accounting periods. As contracts progress, the Company reviews and revises the total estimated income of the contract and the total estimated cost of the contract on an ongoing basis. The Company continuously monitors the payment progress of owners based on contract terms and regularly evaluates their creditworthiness. If there are indications that an owner is likely to default on payment for all or part of the contract amount or is unable to fulfill the contractual obligations, the Company will reassess the impact of this matter on the consolidated financial statements and may adjust the estimated contract loss amount accordingly. This adjustment will be reflected in the financial statements of the period in which the reassessment and modification of the estimated contract loss occur.

Notes to the Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXVIII) Other significant accounting policies and accounting estimates *(Continued)*

2. Significant accounting estimates and key assumptions *(Continued)*

(4) Estimate of fair value of investment property

The best evidence of fair value of investment property is given by current prices in an active market for similar lease and other contracts. In the absence of relevant information, the management shall determine the relevant amount within the range of reasonable fair value estimates. The management's judgement will be based on market rental prices of similar properties under current leases in an active market and discounted cash flow projections based on reliable estimates of future cash flows using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Principal assumptions adopted by the Company in estimating fair values include the expected future market rents, discount rate for similar properties at the same location and under the same conditions.

(5) Useful lives of fixed assets and intangible assets

The Company's management determines the estimated useful lives and related depreciation and amortization charges for its fixed assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of fixed assets and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations. Management will re-estimate the useful lives if the useful lives have changed significantly from the useful lives estimated previously.

(6) Estimate of net realizable value of inventories

The Company writes down the inventories to net realizable value based on the estimated net realizable value. Write-down evaluation requires judgment and estimate of the management of the Company. In the event that the expectation differs from the original estimate, the difference will affect the current carrying value of inventory and depreciation of inventory.

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIX) Changes in significant accounting policies and changes in accounting estimates

1. Changes in significant accounting policies

There was no change in significant accounting policies during the reporting period.

2. Change in significant accounting estimates

With the ongoing development of the Company's business and the evolving external economic environment, the Company has continued to strengthen the refined management of receivables risk. Correspondingly, the credit risk characteristics of receivables have also undergone changes. Due to the relatively long settlement cycles of engineering projects, the collection period for accounts receivable from downstream customers has been extended, and the recovery of warranty deposit often occurs later than the scheduled dates. As a result, the Company's existing methodology for measuring provisions for bad debts can no longer accurately reflect its actual circumstances. In order to present the Company's financial position and operating results in a more objective and fair manner, and to provide investors with more reliable and accurate accounting information, the Company, in accordance with "Accounting Standard for Business Enterprises No. 28 – Changes in Accounting Policies, Accounting Estimates and Correction of Errors" and with reference to the expected credit loss rates of accounts receivable and contract assets adopted by listed companies in the same industry, adjusted the impairment provisions for accounts receivable and contract assets.

This change in accounting estimate relates to the adjustment of provision rates for bad debts under the ageing portfolio of accounts receivable and contract assets. The details are set out below:

Provision ratio	After changes	Before changes
within one year	4.00%	4.00%
1-2 years	8.00%	8.00%
2-3 years	20.00%	30.00%
3-4 years	40.00%	100.00%
4-5 years	60.00%	100.00%
more than 5 years	100.00%	100.00%

Notes to the Financial Statements

For the year ended 31 December 2025
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(XXIX) Changes in significant accounting policies and changes in accounting estimates *(Continued)*

2. Change in significant accounting estimates *(Continued)*

In accordance with the requirements of Accounting Standard for Business Enterprises No. 28 – “Changes in Accounting Policies, Accounting Estimates and Corrections of Errors”, changes in accounting estimates are applied prospectively. Accordingly, this change in accounting estimates does not require retrospective adjustment to previously published financial statements. The revised accounting estimates have been applied by the Company with effect from 1 July 2025. The impact of the changes in accounting estimates on the major items for the current period is as follows:

Items	After changes	Before changes	Amount of impact
Accounts receivable	160,937,743.64	147,569,746.11	13,367,997.53
Contract assets	271,245,256.70	147,958,044.89	123,287,211.81
Deferred tax assets	82,892,645.53	113,561,986.88	-30,669,341.35
Credit impairment loss	1,084,306.11	-12,283,691.42	13,367,997.53
Asset impairment loss	-22,856,173.82	-146,143,385.63	123,287,211.81
Income tax expense	47,628,380.72	16,959,039.37	30,669,341.35

IV. TAXATION

(I) Main types of taxes and corresponding rates

Tax type	Basis of taxation	Tax rate
Value-added tax (“VAT”)	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	5% (Note 1), 6%, 9%, 13%
City maintenance and construction tax	Based on value-added tax actually paid	7%
Enterprise income tax	Based on taxable profits	15%, 16.50%, 25%

Notes to the Financial Statements

For the year ended 31 December 2025
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IV. TAXATION (Continued)

(I) Main types of taxes and corresponding rates (Continued)

There are taxpayers subject to different corporate income tax rates, and should be disclosed separately by taxpayers.

Name of taxpaying entities	Income tax rate
Nanjing Sample Technology Co., Ltd.	15%
Sample Technology (H.K.) Co., Limited (Note 2)	16.5%
Federal International Enterprise Limited (Note 2)	16.5%
Other subsidiaries	25%

Note 1: According to Cai Shui [2016] no. 36 on Notice of the Comprehensive Implementation of the Pilot Program for the Conversion of Business Tax to Value Added Tax, general taxpayers leasing out immovable property acquired before 1 May 2016 may choose the simplified taxation method and pay value-added tax at a rate of 5%.

Note 2: According to the Hong Kong Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Revised Ordinance"), the two-tiered profits tax rate regime is applicable to tax year starting 1 April 2018 or later. From 2018/2019 tax year, companies record less than HK\$2 million of operating profits are taxed at 8.25%. For those companies record more than HK\$2 million of operating profits, the first HK\$2 million is still taxed at 8.25% and the remaining profits are taxed at 16.50%.

(II) Significant tax incentives and approval documents

1. Value-added tax

In accordance with the requirements of the document (Cai Shui [2011] No. 100) of Ministry of Finance and State Administration of Taxation: as for the general VAT taxpayers who sell their self-developed and produced software products will be subject to a refund upon-collection policy for the portion of their actual VAT burden exceeding 3%. On 28 January 2011, the State Council issued the Circular on the Certain Policies to Further Encourage the Development of the Software Industry and Integrated Circuit Industry (Gofa [2011] No. 4), pursuant to which, the preferential VAT policies for software industry shall continue.

2. Enterprise income tax

Nanjing Sample Technology Co., Ltd. passed the re-evaluation of high-tech enterprises on 2 December 2023, and was awarded the High-Tech Enterprise Certificate approved by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service of the State Taxation Administration. The certificate number is GR202332010529, valid for three years. During the validity period, the Company enjoys a preferential corporate income tax rate of 15%, and the corporate income tax will be accrued and paid at a rate of 15% for the year 2023 to 2025.

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash at bank and on hand

Items	Closing balance	Opening balance
Digital Renminbi	1,873,013.62	1,084,796.00
Bank deposits	329,200,910.93	259,429,791.43
Other monetary funds	9,837,461.64	12,041,661.51
Total	340,911,386.19	272,556,248.94
Including: the total balance deposited overseas	44,941.59	194,065.45

Of which, details of monetary funds, which were restricted to use due to mortgage or being frozen, were as follow:

Items	Closing balance	Opening balance
Deposits for guarantee letter	9,530,548.88	10,230,098.79
Wage guarantee fund for migrant workers	306,912.76	1,811,562.72
Litigation frozen funds	3,948,398.81	12,003,731.16
Total	13,785,860.45	24,045,392.67

Note: The restricted funds mentioned above have been excluded from the cash and cash equivalents at the end of the period when preparing the cash flow statement.

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(II) Bills receivable

1. Classification of bills receivable

Items	Closing balance	Opening balance
Bank acceptance bills	2,807,741.54	3,780,673.40
Commercial acceptance bills	6,577,837.72	8,203,957.86
Subtotal	9,385,579.26	11,984,631.26
Less: Bad debt provision	375,423.17	479,385.25
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Total	9,010,156.09	11,505,246.01
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2. Bills receivable that have been endorsed or discounted at the end of the period but have not expired at the balance sheet date

Items	Derecognized amount at the end of the period	Non-derecognized amount at the end of the period
Bank acceptance bills	1,859,124.96	1,293,511.54
Commercial acceptance bill		4,345,733.28
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Total	1,859,124.96	5,639,244.82
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Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Bills receivable (Continued)

3. Classified disclosure by bad debt accrual method

Types	Carrying balance		Closing balance		Book value
	Amount	Proportion (%)	Bad debt provision		
			Amount	Provision proportion (%)	
Bad debt provision based on credit risk characteristics	9,385,579.26	100.00	375,423.17	4.00	9,010,156.09
Including: Bank acceptance bills	2,807,741.54	29.92	112,309.66	4.00	2,695,431.88
Commercial acceptance bills	6,577,837.72	70.08	263,113.51	4.00	6,314,724.21
Total	9,385,579.26	100.00	375,423.17		9,010,156.09

Types	Carrying balance		Opening balance		Book value
	Amount	Proportion (%)	Bad debt provision		
			Amount	Provision proportion (%)	
Bad debt provision based on credit risk characteristics	11,984,631.26	100.00	479,385.25	4.00	11,505,246.01
Including: Bank acceptance bills	3,780,673.40	31.55	151,226.94	4.00	3,629,446.46
Commercial acceptance bills	8,203,957.86	68.45	328,158.31	4.00	7,875,799.55
Total	11,984,631.26	100.00	479,385.25		11,505,246.01

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Bills receivable (Continued)

4. Bad debt provision

Types	Opening balance	Provision	Movement during the year		Other movements	Closing balance
			Recovery or reversal	Write off		
Bills receivable assessed for provision for expected credit loss on collective basis	479,385.25		103,962.08			375,423.17
Including: Bank acceptance bills	151,226.94		38,917.28			112,309.66
Commercial acceptance bills	328,158.31		65,044.80			263,113.51
Total	479,385.25		103,962.08			375,423.17

(III) Accounts receivable

1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	80,994,707.39	101,626,140.40
1-2 years (including 2 year)	26,146,472.52	57,808,869.40
2-3 years (including 3 year)	41,007,070.68	32,736,414.02
3-4 years (including 4 year)	16,375,476.38	27,046,265.36
4-5 years (including 5 year)	24,657,733.85	9,246,751.63
Over 5 years	236,646,118.65	236,588,086.50
Subtotal	425,827,579.47	465,052,527.31
Less: Bad debt provision	264,889,835.83	277,247,227.04
Total	160,937,743.64	187,805,300.27

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure classified by method of bad debt provision

Types	Carrying balance		Closing balance		Book value
	Amount	Proportion (%)	Bad debt provision		
			Amount	Provision proportion (%)	
Accounts receivable with bad debt provision on individual basis	122,707,076.00	28.82	116,346,930.16	94.82	6,360,145.84
Bad debt provision based on credit risk characteristics on grouping basis	303,120,503.47	71.18	148,542,905.67	49.00	154,577,597.80
Including: Aging group	275,995,063.17	64.81	147,186,633.65	53.33	128,808,429.52
Group of related parties outside the scope of consolidation	27,125,440.30	6.37	1,356,272.02	5.00	25,769,168.28
Total	425,827,579.47	100.00	264,889,835.83	62.21	160,937,743.64

Types	Carrying balance		Opening balance		Book value
	Amount	Proportion (%)	Bad debt provision		
			Amount	Provision proportion (%)	
Accounts receivable with bad debt provision on individual basis	92,236,299.69	19.83	92,236,299.69	100.00	
Bad debt provision based on credit risk characteristics on grouping basis	372,816,227.62	80.17	185,010,927.35	49.63	187,805,300.27
Including: Aging group	345,823,698.99	74.36	183,661,314.40	53.11	162,162,384.59
Group of related parties outside the scope of consolidation	26,992,528.63	5.81	1,349,612.95	5.00	25,642,915.68
Total	465,052,527.31	100.00	277,247,227.04	59.62	187,805,300.27

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure classified by method of bad debt provision (Continued)

(1) Significant accounts receivable with bad debt provision on individual basis

Name of unit	Carrying balance	Closing balance		Basis
		Bad debt provision	Provision proportion (%)	
Unit I	36,693,454.80	36,693,454.80	100.00	Expected not to be recoverable
Unit II	26,547,617.80	26,547,617.80	100.00	Expected not to be recoverable
Unit III	21,795,227.09	21,795,227.09	100.00	Expected not to be recoverable
Unit IV	10,600,243.06	4,240,097.22	40.00	Expected not to be fully recoverable
Total	95,636,542.75	89,276,396.91		

Name of unit	Carrying balance	Opening balance		Basis
		Bad debt provision	Provision proportion (%)	
Unit I	36,693,454.80	36,693,454.80	100.00	Expected not to be recoverable
Unit II	26,547,617.80	26,547,617.80	100.00	Expected not to be recoverable
Unit III	21,795,227.09	21,795,227.09	100.00	Expected not to be recoverable
Total	85,036,299.69	85,036,299.69		

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

2. Disclosure classified by method of bad debt provision (Continued)

(2) Accounts receivable with bad debt provision based on credit risk characteristics

① Group 1: Aging group

Aging	Closing balance			Opening balance		
	Carrying balance	Bad debt provision	Provision proportion (%)	Carrying balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	78,358,316.37	3,134,332.65	4.00	97,008,078.39	3,879,545.89	4.00
1-2 years (including 2 years)	22,308,997.93	1,784,719.83	8.00	50,528,380.56	4,042,270.42	8.00
2-3 years (including 3 years)	28,131,671.68	5,626,334.34	20.00	32,211,059.93	9,663,317.98	30.00
3-4 years (including 4 years)	9,960,288.71	3,984,115.49	40.00	23,508,125.64	23,508,125.64	100.00
4-5 years (including 5 years)	11,446,642.85	6,867,985.71	60.00	7,421,699.59	7,421,699.59	100.00
Over 5 years	125,789,145.63	125,789,145.63	100.00	135,146,354.88	135,146,354.88	100.00
Total	<u>275,995,063.17</u>	<u>147,186,633.65</u>		<u>345,823,698.99</u>	<u>183,661,314.40</u>	

② Group 2: Group of related parties outside the scope of consolidation

Items	Closing balance			Opening balance		
	Carrying balance	Bad debt provision	Provision proportion (%)	Carrying balance	Bad debt provision	Provision proportion (%)
Group of related parties outside the scope of consolidation	27,125,440.30	1,356,272.02	5.00	26,992,528.63	1,349,612.95	5.00
Total	<u>27,125,440.30</u>	<u>1,356,272.02</u>	5.00	<u>26,992,528.63</u>	<u>1,349,612.95</u>	5.00

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivable (Continued)

3. Bad debt provision

Types	Opening balance	Provision	Movement during the year			Closing balance
			Recovery or reversal	Write off	Other movements	
Bad debt provision on individual basis	92,236,299.69	24,110,630.47				116,346,930.16
Bad debt provision based on credit risk characteristics on grouping basis	185,010,927.35	10,599.27	35,023,851.58	1,454,769.37		148,542,905.67
Including: Aging group	183,661,314.40	3,940.20	35,023,851.58	1,454,769.37		147,186,633.65
Group of related parties outside the scope of consolidation	1,349,612.95	6,659.07				1,356,272.02
Total	277,247,227.04	24,121,229.74	35,023,851.58	1,454,769.37		264,889,835.83

(IV) Contract assets

1. Classification of contract assets

Items	Closing balance			Opening balance		
	Carrying balance	Provision for impairment	Book value	Carrying balance	Provision for impairment	Book value
Related to project contracting service contract (Note)	556,270,415.91	285,025,159.21	271,245,256.70	605,637,382.30	263,737,337.40	341,900,044.90
Total	556,270,415.91	285,025,159.21	271,245,256.70	605,637,382.30	263,737,337.40	341,900,044.90

Note: The project contracting services provided by the Company are recognized in accordance with the progress of contract performance, and the contract price is collected after completion of the work inspection and settlement by the customer. The portion of the income recognized by the Company according to the progress of contract performance exceeding the settlement amount by the customer is recognized as contract assets.

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Contract assets (Continued)

2. Disclosure classified by method of provision for impairment

Types	Carrying balance		Closing balance		Book value
	Amount	Proportion (%)	Provision for impairment		
			Amount	Provision proportion (%)	
Contract assets with provision for impairment on individual basis	183,444,447.60	32.98	183,444,447.60	100.00	
Provision for impairment based on credit risk characteristics on grouping basis	372,825,968.31	67.02	101,580,711.61	27.25	271,245,256.70
Including: Aging group	372,825,968.31	67.02	101,580,711.61	27.25	271,245,256.70
Total	556,270,415.91	100.00	285,025,159.21	51.24	271,245,256.70

Types	Carrying balance		Opening balance		Book value
	Amount	Proportion (%)	Provision for impairment		
			Amount	Provision proportion (%)	
Contract assets with provision for impairment on individual basis	160,855,212.19	26.56	160,855,212.19	100.00	
Provision for impairment based on credit risk characteristics on grouping basis	444,782,170.11	73.44	102,882,125.21	23.13	341,900,044.90
Including: Aging group	444,782,170.11	73.44	102,882,125.21	23.13	341,900,044.90
Total	605,637,382.30	100.00	263,737,337.40	43.55	341,900,044.90

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Contract assets (Continued)

2. Disclosure classified by method of provision for impairment (Continued)

(1) Significant contract assets with provision for impairment on individual basis

Name of units	Carrying balance	Closing balance		Basis
		Provision for impairment	Provision proportion (%)	
Unit I	18,075,791.24	18,075,791.24	100.00	Expected to be unrecoverable due to long aging
Unit II	16,507,317.97	16,507,317.97	100.00	Expected to be unrecoverable due to long aging
Unit III	14,555,158.05	14,555,158.05	100.00	Expected to be unrecoverable due to long aging
Unit IV	12,776,893.38	12,776,893.38	100.00	Expected to be unrecoverable due to long aging
Unit V	12,403,320.50	12,403,320.50		
Unit VI	10,136,989.75	10,136,989.75	100.00	Expected to be unrecoverable due to long aging
Total	84,455,470.89	84,455,470.89	100.00	

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For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Contract assets (Continued)

2. Disclosure classified by method of provision for impairment (Continued)

- (2) Contract assets with provision for impairment based on credit risk characteristics on grouping basis

Aging group

Aging	Closing balance			Opening balance		
	Carrying balance	Provision for impairment	Provision proportion (%)	Carrying balance	Provision for impairment	Provision proportion (%)
Within 1 year (including 1 year)	53,284,074.79	2,131,362.99	4.00	100,565,532.37	4,022,621.29	4.00
1-2 years (including 2 years)	56,541,051.05	4,523,284.08	8.00	124,182,560.93	9,934,604.87	8.00
2-3 years (including 3 years)	63,982,237.33	12,796,447.47	20.00	187,298,825.37	56,189,647.61	30.00
3-4 years (including 4 years)	186,407,730.11	74,563,092.05	40.00	32,735,251.44	32,735,251.44	100.00
4-5 years (including 5 years)	12,610,875.03	7,566,525.02	60.00			
Total	<u>372,825,968.31</u>	<u>101,580,711.61</u>	<u>27.25</u>	<u>444,782,170.11</u>	<u>102,882,125.21</u>	<u>23.13</u>

3. Provision for impairment for contract assets

Items	Opening balance	Provision	Movement during the year			Closing balance
			Recovery or reversal	Charge off/write off	Other movements	
Provision for impairment on individual basis	160,855,212.19	22,589,235.41				<u>183,444,447.60</u>
Provision for impairment on group basis	102,882,125.21		1,301,413.60			<u>101,580,711.61</u>
Total	<u>263,737,337.40</u>	<u>22,589,235.41</u>	<u>1,301,413.60</u>			<u>285,025,159.21</u>

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Prepayments

Aging analysis of prepayments

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (1 year inclusive)	6,661,139.31	49.96	9,093,178.93	59.60
1-2 years	1,185,013.46	8.89	608,644.72	3.99
2-3 years	339,076.67	2.54	460,144.15	3.02
Over 3 years	5,148,126.05	38.61	5,094,538.02	33.39
Total	13,333,355.49	100.00	15,256,505.82	100.00

(VI) Other receivables

Items	Closing balance	Opening balance
Other receivables	477,174,533.48	733,720,454.41
Total	477,174,533.48	733,720,454.41

1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (1 year inclusive)	4,523,630.20	232,819,887.66
1-2 years	24,754,473.25	697,124,478.68
2-3 years	497,310,031.79	18,252,471.49
Over 3 years	81,014,974.05	62,762,502.56
Subtotal	607,603,109.29	1,010,959,340.39
Less: Bad debt provision	130,428,575.81	277,238,885.98
Total	477,174,533.48	733,720,454.41

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

2. Disclosure classified by method of provision for impairment

Types	Carrying balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Provision for impairment	
				Provision proportion (%)	
Accounts receivable with bad debt provision on individual basis	51,002,937.81	8.39	51,002,937.81	100.00	
Bad debt provision based on credit risk characteristics	556,600,171.48	91.61	79,425,638.00	14.27	477,174,533.48
Including: Aging group	99,007,497.73	16.29	79,402,484.63	80.20	19,605,013.10
Group of related parties outside the scope of consolidation	463,067.39	0.08	23,153.37	5.00	439,914.02
Low risk group	457,129,606.36	75.24			457,129,606.36
Total	607,603,109.29	100.00	130,428,575.81	21.47	477,174,533.48

Types	Carrying balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provision for impairment	
				Provision proportion (%)	
Accounts receivable with bad debt provision on individual basis	207,518,845.33	20.53	207,518,845.33	100.00	
Bad debt provision based on credit risk characteristics	803,440,495.06	79.47	69,720,040.65	8.68	733,720,454.41
Including: Aging group	346,977,260.23	34.32	69,697,369.95	20.09	277,279,890.28
Group of related parties outside the scope of consolidation	453,413.89	0.04	22,670.70	5.00	430,743.19
Low risk group	456,009,820.94	45.11			456,009,820.94
Total	1,010,959,340.39	100.00	277,238,885.98	27.42	733,720,454.41

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

3. Bad debt provision

	Stage I	Stage II	Stage III	
	Expected credit losses in the future 12 months	Expected credit losses for the entire lifetime (no credit impairment occurred)	Expected credit losses for the entire lifetime (credit impairment occurred)	Total
Balance as at 1 January 2025	69,720,040.65		207,518,845.33	277,238,885.98
Balance as at 1 January 2025 during the year	69,720,040.65		207,518,845.33	277,238,885.98
– Transfer to stage II				
– Transfer to stage III				
– Reversal to stage II				
– Reversal to stage I				
Provision during the year	10,791,601.71			10,791,601.71
Reversal during the year	869,323.90			869,323.90
Charge off during the year				
Write-off during the year	216,680.46		156,515,907.52	156,732,587.98
Balance as at 31 December 2025	79,425,638.00		51,002,937.81	130,428,575.81

4. Bad debt provision

Types	Opening balance	Provision	Movement during the year			Closing balance
			Recovery or reversal	Charge off or write off	Other movements	
Bad debt provision on individual basis	207,518,845.33			156,515,907.52		51,002,937.81
Bad debt provision based on credit risk characteristics	69,720,040.65	10,791,601.71	869,323.90	216,680.46		79,425,638.00
Including: Aging group	69,697,369.95	10,791,119.04	869,323.90	216,680.46		79,402,484.63
Related parties outside the scope of consolidation	22,670.70	482.67				23,153.37
Total	277,238,885.98	10,791,601.71	869,323.90	156,732,587.98		130,428,575.81

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

5. Disclosure by the nature of receivables

Nature of receivables	Closing balance	Opening balance
Equity transfer receivables (Note)	505,131,713.50	505,131,713.50
Withholding monies		157,723,717.52
Current accounts	84,194,319.62	323,719,052.86
Deposit and retention monies	17,067,027.90	23,237,288.38
Petty cash	966,043.19	902,485.01
Others	244,005.08	245,083.12
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Subtotal	607,603,109.29	1,010,959,340.39
Less: Bad debt provision	130,428,575.81	277,238,885.98
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Total	477,174,533.48	733,720,454.41
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Note: The closing balance of equity transfer funds was RMB505,131,713.50, mainly consisting of RMB454,761,800.00 of investment funds receivable from Jiangsu Jianan Investment Development Co., Ltd. * (江蘇迦南投資發展有限公司). The Company proposes to pursue recovery of this receivable through legal proceedings. As at the end of the Reporting Period, the fair value of assets subject to preservation measures exceeded the closing balance of the receivable.

(VII) Inventories

1. Classification of inventories

Items	Closing balance			Opening balance		
	Carrying balance	Provision for diminution in value	Book value	Carrying balance	Provision for diminution in value	Book value
Commodity stock	3,597,743.46	1,593,457.03	2,004,286.43	6,979,557.45	1,372,198.86	5,607,358.59
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Total	3,597,743.46	1,593,457.03	2,004,286.43	6,979,557.45	1,372,198.86	5,607,358.59
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Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) Inventories (Continued)

2. Changes in provision for decline in value of inventories and impairment provision for contract performance costs

Items	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Provision	Others	Reversal or write-down	Others	
Commodity stock	1,372,198.86	1,568,352.01		1,347,093.84		1,593,457.03
Total	1,372,198.86	1,568,352.01		1,347,093.84		1,593,457.03

(VIII) Other current assets

Items	Closing balance	Opening balance
Deductible and pending for verification input VAT	41,045,688.18	38,237,638.46
Prepaid enterprise income tax	81,216.51	498,485.75
Debt investments	16,619,248.00	17,039,136.00
Total	57,746,152.69	55,775,260.21

(IX) Long-term equity investments

Particulars of long-term equity investments

Investee	Opening balance (book value)	Increase in investment	Decrease in investment	Investment gains and losses recognized under equity method	Increase/decrease during the year				Closing balance (book value)	Closing balance of impairment provision
					Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit Announced	Impairment provision		
Associates										
Nanjing Sample Intelligent Technology Co., Ltd.* (南京三翼智能科技有限公司)	53,374.11			-39,811.10						13,563.01
Taizhou Traffic Digital Intelligence Technology Development Co., Ltd.* (台州交安数智科技发展有限公司)	10,101,203.28			-493,083.28						9,608,120.00
Total	10,154,577.39			-532,894.38						9,621,683.01

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Other equity instrument investment

Particulars of other equity instrument investment

Items	Opening balance	Increase in investment	Decrease in investment	Increase/decrease during the year		Others	Closing balance
				Gains included in other comprehensive income in the year	Losses included in other comprehensive income in the year		
Qingdao Smart Data Technology Venture Capital Partnership (Limited Partnership)* (青島智慧數科創業投資合夥企業(有限合夥))	42,712,749.75		-50,123.76		-2,631,604.05		40,031,021.94
Total	42,712,749.75		-50,123.76		-2,631,604.05		40,031,021.94

(Continued)

Items	Dividend income recognized in the current period	Accumulated gains recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Reason for designated as at fair value through other comprehensive income
Total	17,374.79	4,941,721.94		

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XI) Other non-current financial assets

Types	Closing balance	Opening balance
Financial assets measured at fair value through profit or loss	90,832,408.04	86,433,252.84
Including: Equity instrument investment	90,832,408.04	86,433,252.84
Financial assets designated at fair value through profit or loss	16,030,306.36	16,385,385.56
Including: Debt instrument investment	16,030,306.36	16,385,385.56
Total	106,862,714.40	102,818,638.40

Note: The equity instrument investments held by the company are all equity investments in unlisted companies.

(XII) Investment property

1. Investment property measured at fair value

Items	Property and buildings	Total
I. Opening balance	422,191,100.00	422,191,100.00
II. Movement during the year	1,120,300.00	1,120,300.00
Less: Disposal (Note)	27,764,152.65	27,764,152.65
Add: Changes in fair value	28,884,452.65	28,884,452.65
III. Closing balance	423,311,400.00	423,311,400.00

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Investment property

2. Major investment property in the year

Items	Geographical location	Construction area (m ²)	Rental income in the reporting period	Fair value at the end of year	Fair value at the beginning of year
Office	No. 10 Maqun Avenue, Nanjing	43,432.05	11,294,123.93	423,311,400.00	396,218,675.05
Office	Additional structure of building no. 1, 7, 8 at No. 10 Maqun Avenue, Nanjing (Note)	2,810.67			25,972,424.95

Note: The additional structure of Building No. 1, 7, 8 at No. 10 Maqun Avenue in Nanjing was converted into self-use real estate in December 2025. On the conversion date, its fair value was RMB27,764,152.65, of which RMB25,882,900.29 was transferred to fixed assets and RMB1,881,252.36 was transferred to intangible assets.

(XIII) Fixed assets

Types	Closing balance	Opening balance
Fixed assets	77,239,056.86	52,793,095.73
Disposal of fixed assets		
Total	77,239,056.86	52,793,095.73

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Fixed assets (Continued)

Particulars of fixed assets

Items	Property and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Total
I. Original book value					
1. Opening balance	55,639,329.82	169,010,346.80	3,254,954.53	88,883,016.92	316,787,648.07
2. Increase during the year	25,882,900.29			365,738.35	26,248,638.64
(1) Acquisition				365,738.35	365,738.35
(2) Investment property transferred in	25,882,900.29				25,882,900.29
3. Decrease during the year					
4. Closing balance	81,522,230.11	169,010,346.80	3,254,954.53	89,248,755.27	343,036,286.71
II. Accumulated depreciation					
1. Opening balance	20,308,063.58	151,083,885.67	2,984,452.36	72,841,299.49	247,217,701.10
2. Increase during the year	1,527,562.20		26,149.92	248,965.39	1,802,677.51
Provision	1,527,562.20		26,149.92	248,965.39	1,802,677.51
3. Decrease during the year					
4. Closing balance	21,835,625.78	151,083,885.67	3,010,602.28	73,090,264.88	249,020,378.61
III. Provision for impairment					
1. Opening balance		16,776,851.24			16,776,851.24
2. Increase during the year					
3. Decrease during the year					
4. Closing balance		16,776,851.24			16,776,851.24
IV. Book value					
1. Book value at the end of the year	<u>59,686,604.33</u>	<u>1,149,609.89</u>	<u>244,352.25</u>	<u>16,158,490.39</u>	<u>77,239,056.86</u>
2. Book value at the beginning of the year	<u>35,331,266.24</u>	<u>1,149,609.89</u>	<u>270,502.17</u>	<u>16,041,717.43</u>	<u>52,793,095.73</u>

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Construction in Progress

Basic Information on construction in progress

Items	Closing balance			Opening balance		
	Carrying balance	Provision	Book value	Carrying balance	Provision	Book value
Park Renovation	8,071,813.57		8,071,813.57			
Total	8,071,813.57		8,071,813.57			

(XV) Intangible assets

Particulars of intangible assets

Items	Land use right	Software	Patented technology	Total
I. Original book value				
1. Opening balance	4,249,006.15	7,306,881.71	21,334,076.22	32,889,964.08
2. Increase during the year	1,881,252.36			1,881,252.36
Investment property transfers in	1,881,252.36			1,881,252.36
3. Decrease during the year				
4. Closing balance	6,130,258.51	7,306,881.71	21,334,076.22	34,771,216.44
II. Accumulated amortization				
1. Opening balance	1,386,347.59	7,306,881.71	19,247,376.52	27,940,605.82
2. Increase during the year	84,683.64		35,158.44	119,842.08
Provision	84,683.64		35,158.44	119,842.08
3. Decrease during the year				
4. Closing balance	1,471,031.23	7,306,881.71	19,282,534.96	28,060,447.90
III. Provision for impairment				
IV. Book value				
1. Book value at the end of the year	4,659,227.28		2,051,541.26	6,710,768.54
2. Book value at the beginning of the year	2,862,658.56		2,086,699.70	4,949,358.26

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVI) Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets and deferred income tax liabilities before offsetting

Items	Closing balance		Opening balance	
	Deferred income tax assets/liabilities	Deductible or taxable temporary differences	Deferred income tax assets/liabilities	Deductible or taxable temporary differences
Deferred income tax assets:				
Provision for asset impairment	82,892,645.53	438,150,046.09	125,448,113.68	610,875,299.34
Subtotal	82,892,645.53	438,150,046.09	125,448,113.68	610,875,299.34
Deferred income tax liabilities:				
Fair value change of other non-current financial assets	1,576,561.92	10,510,412.75	880,868.79	5,872,458.57
Fair value change of other equity instruments investment	741,258.30	4,941,721.94	1,135,998.90	7,573,325.99
Fair value change of investment property	23,225,577.87	154,837,185.82	19,161,669.13	127,744,460.87
Fair value change of investment property on conversion date	11,114,864.76	74,099,098.40	11,843,866.63	78,959,110.86
Fair value change from reclassification of investment property to self-use property	1,907,621.75	12,717,478.33	909,860.73	6,065,738.17
Asset revaluation gain from business combination not under common control	49,082.38	327,215.87	67,921.37	452,809.11
Subtotal	38,614,966.98	257,433,113.11	34,000,185.55	226,667,903.57

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For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVI) Deferred income tax assets and deferred income tax liabilities (Continued)

2. Details of unrecognized deferred income tax assets

Items	Closing balance	Opening balance	Remark
Deductible temporary difference	244,162,404.96	209,199,735.19	
Losses that can be offset by future pre-tax profits	661,375,071.42	610,022,273.80	
Total	905,537,476.38	819,222,008.99	

3. Deductible losses, for which deferred income tax assets are not recognized, will expire in the following years

Year	Closing balance	Opening balance	Remark
2027	321,814.02	321,814.02	
2028	8,119,272.01	8,119,272.01	
2029	34,386,008.22	34,386,008.22	
2030	48,344,749.39	48,344,749.39	
2031	69,491,765.49	69,491,765.49	
2032	184,170,939.79	184,170,939.79	
2033	158,873,411.20	158,873,411.20	
2034	106,314,313.68	106,314,313.68	
2035	51,352,797.62		
Total	661,375,071.42	610,022,273.80	

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Ownership or using rights of assets subject to restriction

Items	Carrying balance	At the end of the year		
		Book value	Type of restriction	Restricted status
Cash at bank and on hand	13,785,860.45	13,785,860.45	Retention monies, frozen due to litigation	Retention monies, frozen due to litigation
Investment property	423,311,400.00	423,311,400.00	Pledge	Loan collateral
Fixed assets	81,522,230.11	59,686,604.33	Pledge	Loan collateral
Intangible assets	6,130,258.51	4,659,227.28	Pledge	Loan collateral
Total	<u>524,749,749.07</u>	<u>501,443,092.06</u>		

Items	Carrying balance	At the beginning of the year		
		Book value	Type of restriction	Restricted status
Cash at bank and on hand	24,045,392.67	24,045,392.67	Retention monies, frozen due to litigation	Retention monies, frozen due to litigation
Investment property	422,191,100.00	422,191,100.00	Pledge	Loan collateral
Fixed assets	55,639,329.82	35,331,266.24	Pledge	Loan collateral
Intangible assets	4,249,006.15	2,862,658.56	Pledge	Loan collateral
Total	<u>506,124,828.64</u>	<u>484,430,417.47</u>		

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For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Short-term borrowings

1. Classification of short-term borrowings

Conditions of borrowings	Closing balance	Opening balance
Pledge with guarantee borrowings	322,000,000.00	370,000,000.00
Mortgage with guarantee borrowings	46,770,000.00	46,770,000.00
Guarantee borrowings		90,000,000.00
Interest payable	508,840.14	1,000,267.01
Total	<u>369,278,840.14</u>	<u>507,770,267.01</u>

2. There were no overdue short-term borrowings outstanding at the end of the year.

(XIX) Accounts payable

1. Classification by aging

Items	Closing balance	Opening balance
Within 1 year (1 year inclusive)	137,903,330.45	196,049,831.62
1-2 years	63,502,181.94	44,287,882.43
2-3 years	16,562,259.30	40,389,358.59
Over 3 years	96,501,920.28	98,796,654.84
Total	<u>314,469,691.97</u>	<u>379,523,727.48</u>

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIX) Accounts payable (Continued)

2. Significant accounts payable with aging of more than one year

Name of creditor entity	Closing balance	Reason for outstanding or non-rollover
Shaanxi Huitong Construction and Installation Engineering Co., Ltd.* (陝西惠通建築安裝工程有限公司)	18,009,519.65	Not yet settled
Total	18,009,519.65	

(XX) Contract liabilities

Items	Closing balance	Opening balance
Related to engineering contracts	88,904,619.44	97,114,746.88
Total	88,904,619.44	97,114,746.88

Note: As of 31 December 2025, the Company's contract liabilities related to the engineering contracts are the excess portion of the settled price over the amount of income recognized by the Company based on the performance progress of the contracts.

(XXI) Employee benefits payable

1. Classification of employee benefits payable

Items	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term employee benefits	13,360,381.59	39,507,098.29	39,201,131.29	13,666,348.59
Post-employment benefits – defined contribution plan		3,245,254.86	3,245,254.86	
Termination benefits	447,642.00	492,030.30	939,672.30	
Total	13,808,023.59	43,244,383.45	43,386,058.45	13,666,348.59

Notes to the Financial Statements

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXI) Employee benefits payable (Continued)

2. Particulars of short-term employee benefits

Items	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	13,284,038.17	33,757,961.82	33,556,535.30	13,485,464.69
Employee welfare		1,859,963.64	1,679,079.74	180,883.90
Social insurance		1,593,317.01	1,593,317.01	
Including: Medical insurance		1,502,260.15	1,502,260.15	
Work injury insurance		42,509.27	42,509.27	
Maternity insurance		48,547.59	48,547.59	
Housing funds		2,278,768.00	2,278,768.00	
Union funds and staff education costs	76,343.42	17,087.82	93,431.24	
Total	<u>13,360,381.59</u>	<u>39,507,098.29</u>	<u>39,201,131.29</u>	<u>13,666,348.59</u>

3. Particulars of defined contribution plan

Items	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic pension contribution		3,146,493.75	3,146,493.75	
Unemployment insurance		98,761.11	98,761.11	
Total		<u>3,245,254.86</u>	<u>3,245,254.86</u>	

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXII) Taxes payable

Items	Closing balance	Opening balance
VAT	1,510,259.53	1,035,683.99
Enterprise income tax	611,064.85	478,906.60
Property tax	585,152.86	577,079.17
Land use tax	98,413.75	98,413.75
Individual income tax	81,628.73	96,750.56
City maintenance and construction tax	41,619.06	32,906.34
Education surcharge	17,836.74	14,102.72
Local education surcharge	11,891.16	9,401.81
Stamp duty	110,516.61	57,756.19
Profit tax		135,497.25
Total	3,068,383.29	2,536,498.38

(XXIII) Other payables

Items	Closing balance	Opening balance
Other payables	51,498,791.53	50,838,355.76
Total	51,498,791.53	50,838,355.76

Other payables classification by nature

Items	Closing balance	Opening balance
Current accounts	39,210,312.81	39,327,016.30
Retention monies	11,625,108.51	11,333,161.92
Collection and payment on behalf	204,844.71	178,177.54
Others	458,525.50	
Total	51,498,791.53	50,838,355.76

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIV) Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowing due within one year	7,400,000.00	7,400,000.00
Interests payable	90,013.00	105,441.88
Total	7,490,013.00	7,505,441.88

(XXV) Other current liabilities

Items	Closing balance	Opening balance
Output VAT pending for transfer	1,712,802.10	2,077,426.44
Liabilities not derecognized by bill endorsement	5,639,244.82	641,173.40
Total	7,352,046.92	2,718,599.84

(XXVI) Long-term borrowings

Items	Closing balance	Opening balance	Interest rate range
Mortgage with pledge and guarantee borrowings	70,850,000.00	78,250,000.00	3.26%
Subtotal	70,850,000.00	78,250,000.00	
Less: Long-term borrowings due within one year	7,400,000.00	7,400,000.00	
Total	63,450,000.00	70,850,000.00	

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVI) Long-term borrowings (Continued)

As at the end of the reporting period, the maturity status of long-term borrowings is as follows:

Items	Closing balance
1-2 years	7,400,000.00
2-3 years	8,000,000.00
3-4 years	8,000,000.00
4-5 years	8,000,000.00
Over 5 years	32,050,000.00
Total	<u>63,450,000.00</u>

(XXVII) Deferred income

Items	Opening balance	Increase in the year	Decrease in the year	Closing balance	Cause of occurrence
Government subsidies	1,021,907.98	1,349,031.90	142,098.15	2,228,841.73	
Total	<u>1,021,907.98</u>	<u>1,349,031.90</u>	<u>142,098.15</u>	<u>2,228,841.73</u>	

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVIII) Share capital

Items	Opening balance	Increase or decrease (+/-)				Subtotal	Closing balance
		Issuance of new shares	Bonus share	Capital reserve transfer in	Others		
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司)	397,821,000.00						397,821,000.00
Active Gold Holding Limited	123,862,500.00						123,862,500.00
Sha Min	3,375,000.00						3,375,000.00
Jiangsu Ruihua Investment Holding Group Co., Ltd.* (江蘇瑞華投資控股集團有限公司)	34,375,000.00						34,375,000.00
Shandong Runbang Agricultural Development Co., Ltd.* (山東潤邦農業開發有限公司)	3,125,000.00						3,125,000.00
Overseas public shareholders (H Shares)	229,500,000.00						229,500,000.00
Total	792,058,500.00						792,058,500.00

(XXIX) Capital reserve

Items	Opening balance	Increase in the year	Decrease in the year	Closing balance
Capital premium (share premium)	80,999,419.73		6,330,717.96	74,668,701.77
Total	80,999,419.73		6,330,717.96	74,668,701.77

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Other comprehensive income

Items	Current year							Balance as at the end of the year
	Balance as at the beginning of the year	Amount tax incurred in the current period	Less: Other comprehensive income in prior periods transfer in profit or loss for the current period	Less: Other comprehensive income in prior periods carried forward to retained earnings	Less: Income tax	Amount after tax attributable to parent company	Amount after tax attributable to minority interests	
I. Other comprehensive income items which will not be reclassified to profit or loss	6,380,431.02	-2,631,604.05			-394,740.61	-2,236,863.44		4,143,567.58
Including: Changes in fair value of investment in other equity instruments	6,380,431.02	-2,631,604.05			-394,740.61	-2,236,863.44		4,143,567.58
II. Other comprehensive income items which will be reclassified to profit or loss	103,204,521.75	-796,210.57				-796,210.57		102,408,311.18
Including: Translation difference in foreign currency statements	-4,426,980.66	-796,210.57				-796,210.57		-5,223,191.23
Others	107,631,502.41							107,631,502.41
Total other comprehensive income	109,584,952.77	-3,427,814.62			-394,740.61	-3,033,074.01		106,551,878.76

(XXXI) Surplus reserve

Items	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserve	108,136,584.74			108,136,584.74
Total	108,136,584.74			108,136,584.74

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXII) Undistributed profits

Items	Current year	Previous year
Undistributed profit before adjustment at the end of preceding year	119,155,929.90	539,748,081.60
Undistributed profit after adjustment at the beginning of the year	119,155,929.90	539,748,081.60
Add: Current net profit attributable to owners' equity of parent company	-73,124,665.33	-420,592,151.70
Undistributed profit at the end of the year	46,031,264.57	119,155,929.90

(XXXIII) Operating income and operating cost

1. Particulars of operating income and operating cost

Items	Current year		Previous year	
	Income	Cost	Income	Cost
Principal operating business	466,617,795.38	421,844,861.10	409,439,659.83	361,462,991.65
Other operating business	37,337,355.08	14,631,926.49	30,432,053.76	14,162,663.27
Total	503,955,150.46	436,476,787.59	439,871,713.59	375,625,654.92

2. Details of operating income

Items	Current year	Previous year
Income generated from customer contracts	492,661,026.53	434,062,665.47
Rental income	11,294,123.93	5,809,048.12
Total	503,955,150.46	439,871,713.59

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Operating income and operating cost

3. Breakdown information of operating income and operating costs

Classification of income	Current year		Previous year	
	Operating income	Operating costs	Operating income	Operating costs
Classified by business type	503,955,150.46	436,476,787.59	439,871,713.59	375,625,654.92
System integration	435,183,481.07	396,730,645.42	372,093,830.04	330,349,274.17
Intelligent terminal sales	18,150,612.19	15,928,812.20	18,968,604.62	15,864,836.62
Service income	13,283,702.12	9,185,403.48	18,377,225.17	15,248,880.86
Other business	37,337,355.08	14,631,926.49	30,432,053.76	14,162,663.27
Classified by operating region	503,955,150.46	436,476,787.59	439,871,713.59	375,625,654.92
Mainland China	503,955,150.46	436,476,787.59	439,871,713.59	375,625,654.92
Hong Kong, PRC				
Classified by the time of transfer of goods	503,955,150.46	436,476,787.59	439,871,713.59	375,625,654.92
Recognized at a certain point in time	18,150,612.19	15,928,812.20	18,968,604.62	15,864,836.62
Recognized within a certain period of time	485,804,538.27	420,547,975.39	420,903,108.97	359,760,818.30

4. Explanation of performance obligations

The system integration business is generally constructed in accordance with the contracted construction period, but there has been delay due to the impact of the previous basic engineering; the sales business of the intelligent terminal is generally delivered according to the delivery time specified in the contract, and the performance obligation is fulfilled after the customer signs or accepts the goods; the service business generally completes the technology development business according to the time agreed in the contract, and fulfills the performance obligation after the customers' acceptance.

5. Explanation of allocation to remaining performance obligations

The income corresponding to the performance obligations that have been signed but have not yet been fulfilled or fully fulfilled at the end of this reporting period was RMB607,436,726.40, including RMB441,948,167.69 to be recognized as income in 2026, RMB165,488,558.71 to be recognized as income in 2027.

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(XXXIV) Taxes and surcharges

Items	Current year	Previous year
Property tax	2,370,837.50	2,320,505.70
Land use tax	391,192.39	393,655.00
City maintenance and construction tax	662,673.91	478,769.88
Education surcharge	307,001.30	255,023.39
Local education surcharge	204,397.63	154,068.31
Stamp duty	371,089.42	217,386.87
Vehicle and vessel use tax	8,255.09	6,840.00
Total	4,315,447.24	3,826,249.15

(XXXV) Selling and distribution expenses

Items	Current year	Previous year
Employees remuneration	22,132,303.45	23,256,683.30
Entertainment expenses	3,390,873.77	3,944,068.88
Travelling expenses	2,819,243.54	2,931,761.29
Project maintenance expenses	875,653.37	1,308,164.51
Bidding fees	842,195.79	1,328,549.33
Lease expenses	764,998.60	751,125.93
Depreciation of fixed assets	716,660.92	2,628,594.96
Others	1,134,229.21	1,290,500.70
Total	32,676,158.65	37,439,448.90

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) Administrative expenses

Items	Current year	Previous year
Employees remuneration	10,147,181.13	11,414,296.79
Agency appointment fee	4,367,848.44	8,904,449.13
Auditors' remuneration	1,000,000.00	1,000,000.00
Depreciation of fixed assets	927,715.15	3,537,714.01
Property management fee	750,876.96	829,925.43
Lease expenses	742,156.16	916,613.00
Board fee	658,333.00	578,333.00
Entertainment expenses	456,428.80	912,353.40
Others	997,967.04	1,748,072.49
Total	20,048,506.68	29,841,757.25

(XXXVII) Research & development expenses

Items	Current year	Previous year
Employees remuneration	10,763,482.84	11,063,747.32
Direct materials	10,972,077.78	6,404,790.66
Technical services fee	1,084,788.02	745,137.45
Others	747,494.77	941,796.83
Total	23,567,843.41	19,155,472.26

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVIII) Financial expenses

Items	Current year	Previous year
Interest expenses	23,255,515.10	27,069,007.64
Less: Interest income	364,726.62	693,054.57
Exchange gain and loss		233.57
Handling fee expenses	221,285.96	523,579.05
Total	23,112,074.44	26,899,765.69

(XXXIX) Other income

Items	Current year	Previous year	Assets-related income-related
Government subsidies – tax refund	1,529,198.37	405,101.73	Income-related
Government subsidies – R&D Project Subsidies	142,098.15	102,311.25	Assets-related income-related
Individual income tax refunds	35,453.12		Income-related
High-tech enterprise recognition rewards	110,000.00		Income-related
Employment Stabilisation Subsidies	77,895.00		Income-related
Total	1,894,644.64	507,412.98	

(XL) Investment income

Items	Current year	Previous year
Investment income from long-term equity investment under equity method	-532,894.38	32,879.84
Investment income of other equity instruments investment during the holding period	126,349.90	1,263,747.34
Total	-406,544.48	1,296,627.18

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLI) Gain on fair value change

Source of gains/ (losses) from changes in fair value	Current year	Previous year
Other non-current financial assets	4,637,954.18	-7,233,498.32
Investment property measured at fair value	28,884,452.65	-4,391.53
Total	33,522,406.83	-7,237,889.85

(XLII) Credit impairment losses

Items	Current year	Previous year
Credit impairment loss on bills receivable	103,962.08	-126,830.82
Credit impairment loss on accounts receivable	10,902,621.84	7,104,736.29
Credit impairment loss on other receivables	-9,922,277.81	-143,853,579.34
Total	1,084,306.11	-136,875,673.87

(XLIII) Asset impairment losses

Items	Current year	Previous year
Loss on declines in values of inventories	-1,568,352.01	-154,412.55
Impairment loss on contract assets	-21,287,821.81	-214,565,768.97
Total	-22,856,173.82	-214,720,181.52

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIV) Non-operating expenses

Items	Current year	Previous year	Amount included in the current period's non-recurring gains and losses
Loss from damage or scrapping of non-current assets		1,888,571.29	
Penalty	1,996,813.24	1,108,000.00	1,996,813.24
Write off	455,285.73	1,706,618.89	455,285.73
Litigation enforcement fund		49,910,165.11	
Default surcharge	33,194.65	241,840.88	33,194.65
Others	8,108.74	212,570.82	8,108.74
Total	2,493,402.36	55,067,766.99	2,493,402.36

(XLV) Income tax expenses

1. Breakdown of income tax expenses

Items	Current year	Previous year
Income tax for the current period	63,390.53	5,987,538.31
Deferred income tax	47,564,990.19	-50,235,485.89
Total	47,628,380.72	-44,247,947.58

2. Reconciliation between income tax expenses and accounting profit

Items	Amount
Total profit	-25,496,284.61
Income tax expense calculated at applicable tax rates	-3,824,442.69
Impact of different tax rates applicable to subsidiaries	-6,785,393.81
Income tax adjustments for prior periods	-101,108.94
Impact of deductible temporary differences or deductible loss for which deferred income tax assets not recognized in the current period	58,339,326.16
Income tax expense	47,628,380.72

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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVI) Cash flow statement

Cash related to operating activities

1. Cash received relating to other operating activities

Items	Current year	Previous year
Income from operating lease	8,125,701.09	6,157,591.01
Deposit interest income	364,726.62	693,054.57
Government subsidies	1,536,926.90	997,767.36
Retention monies and security deposit	23,390,310.74	27,974,681.61
Petty cash	17,194,337.11	13,839,118.15
Cash received from fund transactions	1,043,950,482.42	646,958,275.55
Restricted monetary funds recovered in the current period.	24,045,392.67	137,145,536.66
Others	146.02	12,548.37
Total	<u>1,118,608,023.57</u>	<u>833,778,573.28</u>

2. Cash paid relating to other operating activities

Items	Current year	Previous year
Operating lease expenses	681,170.72	2,166,244.24
Fees and expenses	21,647,481.77	27,071,104.95
Bank handling charges	221,285.96	523,579.05
Penalty charges	192,119.46	314,000.00
Liquidated damages and compensation expenses	1,837,888.43	70,700.00
Funds temporarily withheld or deducted due to litigation	380,516.81	171,511,525.41
Retention monies and security deposit	17,569,242.72	29,890,293.42
Petty cash	17,036,896.29	13,815,941.27
Cash paid for fund transactions	802,012,476.53	545,475,270.55
Increase in restricted cash during the period	13,785,860.45	135,077,865.47
Total	<u>875,364,939.14</u>	<u>925,916,524.36</u>

Notes to the Financial Statements

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

V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVII) Supplementary information of cash flow statements

1. Supplementary information of cash flow statements

Items	Current year	Previous year
1. Net profit adjusted to cash flows from operating activities		
Net profit	-73,124,665.33	-420,749,395.23
Add: Provision for asset impairment	22,856,173.82	214,720,181.52
Credit impairment losses	-1,084,306.11	136,875,673.87
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and investment property	1,802,677.51	6,438,478.45
Amortization of intangible assets	119,842.08	191,647.74
Amortisation of long-term deferred expenses	45,067.24	
Losses from write-off fixed assets (with “-” for gains)		1,888,571.29
Losses on change in fair value (with “-” for gains)	-33,522,406.83	7,237,889.85
Financial expenses (with “-” for gains)	23,255,515.10	27,069,007.64
Investment losses (with “-” for gains)	406,544.48	-1,296,627.18
Decrease in deferred income tax assets (with “-” for increase)	42,555,468.15	-46,812,041.40
Increase in deferred income tax liabilities (with “-” for decrease)	4,614,781.43	-3,423,444.48
Decrease in inventories (with “-” for increase)	3,381,813.99	51,488,291.93
Decrease of operating receivables (with “-” for increase)	351,247,211.87	27,840,136.25
Increase of operating payables (with “-” for decrease)	-71,654,557.20	21,485,745.79
Others		
Net cash flows from operating activities	270,899,160.20	22,954,116.04
2. Significant investing and financing activities not involving cash inflow and outflow		
3. Net change in cash and cash equivalents		
Cash at the end of the period	327,125,525.74	248,510,856.27
Less: Cash at the beginning of period	248,510,856.27	340,989,178.69
Add: Cash equivalents at end of the period		
Less: Cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	78,614,669.47	-92,478,322.42

Notes to the Financial Statements

For the year ended 31 December 2025
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V. NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVII) Supplementary information of cash flow statements (Continued)

2. Cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash on hand	327,125,525.74	248,510,856.27
Digital currency readily available	1,873,013.62	1,084,796.00
Bank deposit readily available	325,252,512.12	247,426,060.27
II. Cash equivalents		
Including: Bond investment due in three months		
III. Cash and cash equivalents at end of the period	327,125,525.74	248,510,856.27
Including: Restricted cash and cash equivalents that are used by parent company or subsidiaries within the group		

(XLVIII) Monetary items denominated in foreign currency

Items	Closing balance of foreign currency	Exchange rate	Closing balance of conversion into RMB
Cash on hand and in banks	49,757.08	0.90	44,941.59
Including: Hong Kong dollar	49,757.08	0.90	44,941.59
Other current assets	18,400,000.00	0.90	16,619,248.00
Including: Hong Kong dollar	18,400,000.00	0.90	16,619,248.00

Notes to the Financial Statements

For the year ended 31 December 2025
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VI. RESEARCH AND DEVELOPMENT EXPENDITURE

Disclosure by nature of expenditure

Items	Current year	Previous year
Employees remuneration	10,763,482.84	11,063,747.32
Direct material	10,972,077.78	6,404,790.66
Technical service fee	1,084,788.02	745,137.45
Others	747,494.77	941,796.83
Total	23,567,843.41	19,155,472.26
Including: Expensed R&D expenditures	23,567,843.41	19,155,472.26

VII. CHANGE OF THE SCOPE OF CONSOLIDATION

Changes in scope of consolidation due to other reasons

The subsidiary, Jiangsu Ruifu Intelligent Technology Co., Ltd.* (江苏瑞福智能科技有限公司), underwent liquidation and deregistration in March 2025, with the deregistration approved by the Administrative Approval Bureau of Qixia District, Nanjing City on 24 March 2025, and accordingly is no longer included in the scope of consolidation.

Notes to the Financial Statements

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VIII. INTERESTS IN OTHER ENTITIES

Interests in subsidiaries

Structure of the Group

Name of subsidiaries	Principal place of business	Registered share capital	Place of registration	Business nature	Percentage of shareholding (%)		Way of acquisition
					Direct	Indirect	
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	Nanjing, PRC	RMB220,000,000	Nanjing, PRC	Intelligent transportation	100.00		Business combination not under common control
Nanjing Sample Logistic Company Ltd.* (南京三寶物流科技有限公司)	Nanjing, PRC	RMB114,000,000	Nanjing, PRC	Computer software	100.00		Established by investment
Nanjing IOT Research Institute Development Co., Ltd.* (南京物聯網研究院發展有限公司)	Nanjing, PRC	RMB157,067,000	Nanjing, PRC	IOT technology	63.67	36.33	Established by investment
Nanjing Xinzhitong Technology Co., Ltd.* (南京欣智通科技有限公司)	Nanjing, PRC	RMB100,000,000	Nanjing, PRC	Information technology	51.00	49.00	Business combination not under common control
Sample Technology (H.K.) Co., Ltd. (三寶科技(香港)有限公司)	Hong Kong, PRC	HK\$78,000	Hong Kong, PRC	Consultation and investment	100.00		Established by investment
Federal International Enterprise Limited (永鴻國際企業有限公司)	Hong Kong, PRC	HK\$10,000	Hong Kong, PRC	Electronic products	100.00		Business combination not under common control
Nanjing Intelligent Urban Constructive Investment Co., Ltd.* (南京數字城市投資建設有限公司)	Nanjing, PRC	RMB100,000,000	Nanjing, PRC	Municipal investment	100.00		Business combination not under common control

Notes to the Financial Statements

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IX. GOVERNMENT SUBSIDIES

(I) Liability items related to government subsidies

Financial statement items	Opening balance	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Amount of transfer into other income in the current period	Other movements in the current period	Closing balance	Asset/income related
Deferred income	1,021,907.98	1,349,031.90		142,098.15		2,228,841.73	Asset-related
Total	1,021,907.98	1,349,031.90		142,098.15		2,228,841.73	

(II) Government subsidies included in current profit and loss

Type	Current year	Previous year
Asset-related government subsidies:		
Subsidy for research and development projects	142,098.15	31,111.99
Subtotal	142,098.15	31,111.99
Income-related government subsidies:		
High-tech enterprise recognition rewards	110,000.00	
Job stability subsidy	77,895.00	71,199.26
VAT refundable on software products	1,529,198.37	405,101.73
Other	35,453.12	
Subtotal	1,752,546.49	476,300.99
Total	1,894,644.64	507,412.98

Notes to the Financial Statements

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X. RELATED RISKS OF FINANCIAL INSTRUMENTS

The Company's main financial instruments include cash at bank and on hand, equity investments, debt investment, loans, accounts receivable, accounts payable and financial guarantee contracts, etc. The Company may be exposed to all kinds of financial instruments risks in its operating activities, mainly include credit risks, liquidity risks and market risks. The risks in relation to those financial instruments and the risk management policies adopted by the Company to mitigate these risks are set out below: The Board is responsible for planning and establishing the risk management structure for the Company, and developing risk management policies and the related guidelines across the Company, and supervising the performance of risk management measures. The Company has developed risk management policies to identify and analyze risks exposed to the Company. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Company will evaluate the market environment and changes of the Company's operating activities on a regular basis to decide whether to update the risk management policies and systems. The risk management of the Company is carried out by the risk management committee based on the policies as approved by the Board. Risk management committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Company. Internal Audit Department of the Company will review the risk management control and process regularly, and submit the review results to Audit Committee of the Company. The Company spreads the risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates the risk of focusing on any single industry, specific regions or counterparties by way of formulating the corresponding policies for risk management.

Notes to the Financial Statements

For the year ended 31 December 2025
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X. RELATED RISKS OF FINANCIAL INSTRUMENTS *(Continued)*

(I) Credit risk

Credit risk refers to the risk of financial losses to the Company as a result of the failure of performance of contractual obligations by the counterparties. The Company has adopted the policy of transacting with creditworthy counterparties only. In addition, the Company evaluates the credit qualification of customers and sets up corresponding credit term based on the financial status of customers, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Company monitors the balances and recovery of bills and accounts receivable, and contract assets on a continual basis. As for bad credit customers, the Company will use the written reminders, shorten the credit term or cancel the credit term to ensure that the Company is free from material credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure adequate expected credit loss provision is made for relevant financial assets. The Company's other financial assets include cash at bank and on hand, other receivables, debt investment and financial guarantee contracts. The credit risk relating to these financial assets arises from the default of counterparties, but the maximum exposure to credit risk is the carrying amount of each financial asset in the balance sheet. The monetary funds held by the Company are mainly deposited with financial institutions such as state-owned banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a higher reputation and assets, so there is no major credit risk and the Company would not have any significant losses caused by the default by these institutions. The Company's policy is to control the amount deposited with these famous financial institutions based on their market reputation, operating size and financial background, to limit the credit risk amount of any single financial institution. As a part of its credit risk asset management, the Company assesses the impairment loss of accounts receivable and other receivables based on aging. Accounts receivable and other receivables of the Company involves a large number of customers and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The Company calculates the historical actual bad debt rate for different aging periods based on historical data, and takes into account the current and future forecast economic conditions, such as national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information to adjust expected loss rate. For contract assets and long-term receivables, the Company conducted reasonable evaluation to the adjusted expected credit loss after comprehensive consideration of the settlement period, the contractual payment period, the financial position of debtors and the economic situation of the debtors' industry, and takes into account the above forward-looking information.

Notes to the Financial Statements

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X. RELATED RISKS OF FINANCIAL INSTRUMENTS (Continued)

(I) Credit risk (Continued)

As of 31 December 2025, the carrying amount and expected credit impairment loss of related assets were as follows:

Items	Carrying balance	Bad debt provision
Bills receivable	9,385,579.26	375,423.17
Accounts receivable	425,827,579.47	264,889,835.83
Other receivables	607,603,109.29	130,428,575.81
Contract assets	556,270,415.91	285,025,159.21
Total	1,599,086,683.93	680,718,994.02

(II) Liquidity risk

Liquidity risk refers to the risk of short of funds when the Company performs its obligation of cash payment or settlement by other financial assets. The member companies of the Company are responsible for their respective cash flow projections. Based on their results thereof, the finance department of the Company continually monitors its short-term and long-term capital needs at the company level to ensure adequate cash reserves; in the meantime, continually monitoring the compliance with loan agreements and secures undertakings for sufficient reserve funds from major financial institutions, to address its short-term and long-term capital needs. In addition, the Company entered into a credit line banking facilities agreement with principal business banks to provide support for the Company's obligations related to commercial bills. Each financial liability of the Company is presented at undiscounted contractual cash flows by maturity date as follows:

Items	Closing balance			Book value
	Within 1 year	Over 1 year	Total undiscounted contract amount	
Accounts payable	137,903,330.45	176,566,361.52	314,469,691.97	314,469,691.97
Other payables	6,651,911.94	44,846,879.59	51,498,791.53	51,498,791.53
Short-term borrowings	369,278,840.14		369,278,840.14	369,278,840.14
Non-current liabilities due within one year	7,490,013.00		7,490,013.00	7,490,013.00
Other current liabilities	7,352,046.92		7,352,046.92	7,352,046.92
Long-term borrowings		63,450,000.00	63,450,000.00	63,450,000.00
Total	528,676,142.45	284,863,241.11	813,539,383.56	813,539,383.56

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X. RELATED RISKS OF FINANCIAL INSTRUMENTS *(Continued)*

(III) Market risk

Market risk of financial instrument represents the risk originated from the fluctuation of the fair value or future cash flow of financial instruments resulting from the change of market rates, including exchange rate risk, interest rate risk and other price risk.

1. Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate. The interest rate risk of the Company mainly associates with bank borrowings, etc. Floating interest rate financial liabilities expose the Company to cash flow interest rate risk, while fixed interest rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the comparative proportion of fixed interest rate contracts and floating interest rate contracts based on the then market conditions. The finance department of the Company constantly monitors the interest rate level of the Company. A rise in the interest level will increase the costs of additional interest-bearing debts and the interest expenses on the Company's outstanding floating interest rate debts, and may have a material adverse impact on the financial results of the Company. The management will make timely adjustment according to the latest market conditions, such as interest rate swap arrangements to mitigate interest rate risk.

As at 31 December 2025, the Company's interest-bearing debts are all loan contracts in Renminbi with fixed interest rate, with a total amount of RMB439,620,000 (31 December 2024: RMB585,020,000), changes in interest rates have no impact on net profit.

2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The principal places of operations of the Company are located in China and the major businesses are settled in Renminbi ("RMB"). However, the Company's recognized foreign currency assets and liabilities as well as the foreign currency transactions in the future (the functional currencies of foreign assets and liabilities as well as the transactions are mainly HK dollar) remain exposed to exchange rate risk. The finance department of the Company is in charge of supervising the foreign currency transactions and the size of foreign assets and liabilities so as to minimize the exposure to exchange rate risk.

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X. RELATED RISKS OF FINANCIAL INSTRUMENTS (Continued)

(III) Market risk (Continued)

2. Exchange rate risk (Continued)

As of 31 December 2025, the carrying amounts in RMB equivalent of the Company's financial assets and financial liabilities denominated in foreign currency were summarized below:

Items	Closing balance	Opening balance
Cash at bank and on hand	44,941.59	194,065.45
Other current assets	16,619,248.00	17,039,136.00
Total	16,664,189.59	17,233,201.45

On 31 December 2025, with all other variables remaining unchanged, the net profits of the Company will increase or decrease by RMB833,200 (31 December 2024: RMB861,700) if Renminbi appreciate or depreciate by 5% against Hong Kong dollars. The management is of the view that 5% is reasonably reflected the reasonable range of change for Renminbi against Hong Kong dollars in the following year.

3. Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments fluctuates due to market price changes other than exchange rate risk and interest rate risk. The other price risk faced by the Company mainly arises from investments in various equity instruments, with risks of changes in the price of equity instruments. The management is of view that the market price risk faced by these investment activities is acceptable. The equity investments held by the Company are as below:

Items	Closing balance	Opening balance
Investment in other equity instruments	40,031,021.94	42,712,749.75
Other non-current financial assets	106,862,714.40	102,818,638.40
Total	146,893,736.34	145,531,388.15

Notes to the Financial Statements

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XI. FAIR VALUE

(I) Analysis of the assets and liabilities measured at fair value according to the fair value hierarchy

Items	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	Total
Recurring fair value measurement			570,205,136.34	570,205,136.34
1. Investment in other equity instruments			40,031,021.94	40,031,021.94
2. Other non-current financial assets			106,862,714.40	106,862,714.40
3. Investment property			423,311,400.00	423,311,400.00
Including: Leased property			423,311,400.00	423,311,400.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(II) Determination basis of market price of continuous and non-continuous items in level I fair value measurement

For listed equity instruments, debt instrument investments and fund investments, the Company uses their closing price on the stock exchange on the nearest trading day to the balance sheet date as the basis for determining their fair value.

(III) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level II fair value measurement:

For trust plans, asset management plan investments and wealth management products, the Company uses the net value announced by the issuer or trustee on the date closest to the balance sheet date as the basis for determining their fair value;

For unlisted fund investments, the Company uses the valuation provided by asset managers on the date closest to the balance sheet date as the basis for determining their fair value;

For bonds traded on the national inter-bank bond market, the Company uses the daily valuation published by China Central Depository & Clearing Co., Ltd. as the basis for determining their fair value.

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XI. FAIR VALUE (Continued)

(IV) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level III fair value measurement

Items	Fair value at the end of the period	Valuation technique (s)	Unobservable inputs	Range (weighted Average)
Other equity instrument investments	40,031,021.94	Cost approach, market approach	Price-to-book ratio multiple Liquidity discount rate	2-14 35.50%
Other non-current financial assets	106,862,714.40	Cost approach, market approach	Price-to-book ratio multiple Liquidity discount rate	1-3.6 35.50%
Investment property	423,311,400.00	Income approach	Discount rate Price of leasable area of the unit	5.50% RMB1.6/M ² /day - RMB1.9/M ² /day

XII. RELATED PARTIES AND ITS TRANSACTIONS

(I) Parent company of the Company

Name of parent company	Place of registration	Nature of business	Registered share capital	Shareholding percentage in the Company (%)	Voting rights percentage in the Company (%)
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司)	Nanjing, PRC	Investment and development of high-tech industry; project investment & advisory services, asset management etc.	RMB2,108,163,265	50.77	50.77

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For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS *(Continued)*

(II) Information of subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note “VIII. Interests in other entities”.

(III) Particulars of joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please refer to Note “VIII. Interests in other entities”. Other joint ventures or associates in which the Company has a related party transaction in the current period or balances caused by a related party transaction in the previous period are as follows:

Name of joint venture or associate	Relationship with the Company
Nanjing Sample Intelligent Technology Co., Ltd.* (南京三寶智能科技有限公司)	Associate of the Company
Taizhou Traffic Digital Intelligence Technology Development Co., Ltd.* (台州交投數智科技發展有限公司)	Associate of the Company

Notes to the Financial Statements

For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(IV) Particulars of other related parties

Name of other related parties	Relationship with the Company
Nanjing Hong Shi Healthy Industry Company Limited* (南京紅石健康產業發展有限公司)	Controlled by the same parent company
Jiangsu Cross-border e-Commerce Services Co., Ltd.* (江蘇跨境電子商務服務有限公司)	Controlled by the same parent company
Nanjing Sample Corporate Development Co., Ltd.* (南京三寶企業發展有限公司)	Controlled by the same parent company
Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司)	Controlled by the same parent company
Nanjing Tongrentang Health Industry Co., Ltd.* (南京同仁堂健康產業有限公司)	Controlled by the same parent company
Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司)	Under the same control of the ultimate controller
Nanjing Tongrentang Liquor Co., Ltd.* (南京同仁堂酒業有限責任公司)	Controlled by the same parent company
Nanjing Trade Mutual Plus Information Technology Co., Ltd.* (南京貿互加信息科技有限公司)	Controlled by the same parent company
Huangshan Lingtai Lanshi Chinese Medicine Technology Co., Ltd.* (黃山靈台蘭室中藥材科技有限公司)	Controlled by the same parent company
Nanjing Tongrentang Liuhe Qiankun Health Development Co., Ltd.* (南京同仁堂六和乾坤健康發展有限公司)	Controlled by the same parent company
Sample Supply Chain Management (Nanjing) Co., Ltd.* (三寶供應鏈管理(南京)有限公司)	Controlled by the same parent company
Nanjing Bixin Data Technology Co., Ltd.* (南京幣鑫數據科技有限公司)	Under the same control of the ultimate controller
Shenzhen Defu Supply Chain Co., Ltd.* (深圳市德孚供應鏈有限責任公司)	Controlled by the same parent company
Qingdao Haihui Wanjia City Services Co., Ltd.* (青島海惠萬家城市服務有限公司)	Under the same control of the ultimate controller

Notes to the Financial Statements

For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions

1. Related party transactions involving the purchase and sale of goods, and the provision and receipt of services

(1) Procurement of goods/receipt of services

Name of related party	Contents of the related party transaction	Current year	Previous year
Qingdao Haihui Wanjia City Services Co., Ltd.* (青島海惠萬家城市服務有限公司)	Management fee	793,854.58	
Nanjing Bixin Data Technology Co., Ltd.* (南京幣鑫數據科技有限公司)	Technical service fee	275,000.00	
Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司)	Technical service fee	1,013,896.23	1,478,583.49

Notes to the Financial Statements

For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

2. Leases with related parties

The Company acts as lessor

Name of the lessee	Type of leased assets	Rental income recognized in the current period	Rental income recognized in the previous period
Nanjing Sample Corporate Development Co., Ltd.* (南京三寶企業發展有限公司)	Property leasing	1,334,562.61	1,712,436.77
Nanjing Trade Mutual Plus Information Technology Co., Ltd.* (南京貿互加信息科技有限公司)	Property leasing	16,060.00	32,164.00
Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司)	Property leasing		75,356.34
Nanjing Tongrentang Health Industry Co., Ltd.* (南京同仁堂健康產業有限公司)	Property leasing	652,615.13	830,179.12
Nanjing Tongrentang Liquor Co., Ltd.* (南京同仁堂酒業有限責任公司)	Property leasing	139,181.80	155,998.45
Jiangsu Cross-border e-Commerce Services Co., Ltd.* (江蘇跨境電子商務服務有限公司)	Property leasing		292,881.48
Nanjing Tongrentang Liuhe Qiankun Health Development Co., Ltd.* (南京同仁堂六和乾坤健康發展有限公司)	Property leasing	439,800.66	495,964.06
Sample Supply Chain Management (Nanjing) Co., Ltd.* (三寶供應鏈管理(南京)有限公司)	Property leasing	20,916.19	103,912.77
Nanjing Bixin Data Technology Co., Ltd.* (南京幣鑫數據科技有限公司)	Property leasing		101,077.33
Shenzhen Defu Supply Chain Co., Ltd.* (深圳市德孚供應鏈有限責任公司)	Property leasing	401,013.34	101,077.33
Total		<u>3,004,149.73</u>	<u>3,901,047.65</u>

Notes to the Financial Statements

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

XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

3. Guarantee activities with related parties

(1) The Company acts as guarantor

Guaranteed party	Guaranteed amount	Date of commencement	Maturity date	Whether the guarantee obligation has expired
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	35,000,000.00	2024-5-31	2025-5-30	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	40,000,000.00	2024-6-13	2025-6-12	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	25,000,000.00	2024-6-28	2025-6-27	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	49,500,000.00	2024-4-3	2025-4-2	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	12,500,000.00	2024-4-8	2025-4-7	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	45,000,000.00	2024-12-6	2025-12-4	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	8,000,000.00	2024-12-16	2025-12-10	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	49,500,000.00	2025-3-13	2025-11-12	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	12,500,000.00	2025-3-14	2025-11-12	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	46,500,000.00	2025-11-4	2026-11-3	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	20,500,000.00	2025-11-6	2026-11-4	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	45,000,000.00	2025-11-7	2026-11-5	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	15,143,302.80	2023-11-1	2025-10-31	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	40,833.33	2025-9-9	2025-12-31	Yes

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For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

3. Guarantee activities with related parties (Continued)

(1) The Company acts as guarantor (Continued)

Guaranteed party	Guaranteed amount	Date of commencement	Maturity date	Whether the guarantee obligation has expired
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	68,580.98	2025-10-11	2026-6-30	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	494,100.00	2025-8-28	2026-1-31	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	2,073,633.45	2025-2-17	2026-12-31	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	2,037,505.20	2025-2-26	2026-12-31	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	2,398,728.88	2025-3-13	2026-10-31	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	4,542,990.84	2024-1-8	2025-10-31	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	1,066,000.00	2024-1-19	2025-9-30	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	2,534,421.46	2024-3-25	2026-6-30	No
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	2,663,800.08	2024-6-28	2025-3-31	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	565,800.00	2024-10-17	2025-2-28	Yes
Jiangsu Intellitrans Company Limited* (江蘇智運科技發展有限公司)	52,080.50	2024-10-29	2025-2-28	Yes

Particulars of guarantees provided for letter of guarantee and bills:

As at 31 December 2025, the Company has provided guarantee in the total amount of RMB8,143,412.30 for the letters of guarantee in the banks issued by Jiangsu Intellitrans Company Limited (江蘇智運科技發展有限公司), a subsidiary of the Company.

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For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

3. Guarantee activities with related parties (Continued)

(2) The Company acts as the guaranteed party

Guarantor	Guaranteed amount	Date of commencement	Maturity date	Whether the guarantee obligation has expired
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Sha Min	46,770,000.00	2024-12-4	2025-12-3	Yes
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司)	34,646,000.00	2020-9-18	2034-9-16	No
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司)	36,204,000.00	2020-9-25	2034-9-16	No
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Sha Min, Nanjing Sample Digital Technology Co., Ltd.* (南京三寶數碼科技有限公司), Nanjing Tongrentang Pharmaceutical Co., Ltd.* (南京同仁堂藥業有限責任公司)	10,000,000.00	2024-6-12	2025-6-11	Yes
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Sha Min, Nanjing Sample Digital Technology Co., Ltd.* (南京三寶數碼科技有限公司), Nanjing Tongrentang Pharmaceutical Co., Ltd.* (南京同仁堂藥業有限責任公司)	50,000,000.00	2024-6-13	2025-6-12	Yes
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	50,000,000.00	2024-6-19	2025-6-16	Yes
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	50,000,000.00	2025-6-18	2026-6-16	No
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	20,500,000.00	2024-8-8	2025-8-7	Yes
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	50,000,000.00	2024-12-12	2025-12-10	Yes
Nanjing Sample Technology Group Company Limited*(南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	14,500,000.00	2024-12-6	2025-12-4	Yes

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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

3. Guarantee activities with related parties (Continued)

(2) The Company acts as the guaranteed party (Continued)

Guarantor	Guaranteed amount	Date of commencement	Maturity date	Whether the guarantee obligation has expired
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	20,000,000.00	2024-12-6	2025-12-4	Yes
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	50,000,000.00	2025-11-21	2026-11-19	No
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	20,500,000.00	2025-11-12	2026-11-11	No
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), Lichuang International Co., Ltd.* (立創國際有限公司)	34,500,000.00	2025-11-20	2026-11-18	No
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), Nanjing Tongrentang Health Pharmaceutical Group Co., Ltd.* (南京同仁堂健康藥業集團有限公司)	10,000,000.00	2024-9-20	2025-3-19	Yes
Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), Nanjing Tongrentang Health Pharmaceutical Group Co., Ltd.* (南京同仁堂健康藥業集團有限公司)	10,000,000.00	2025-3-25	2025-4-28	Yes

As at 31 December 2025, the Company has issued letters of guarantees of a total of RMB2,430,376.11 in the banks.

Notes to the Financial Statements

For the year ended 31 December 2025
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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

4. Remuneration of key management personnel

① Emoluments of Directors and supervisors:

Name	Current year			Total
	Directors' and supervisors' emoluments	Basic salaries and allowance	Contributions to retirement benefits and pensions schemes	
Executive Directors:				
Mr. Liu Fei (Chief Executive Officer)				
Mr. Liu Min (Vice President)	55,000.00	528,921.00	93,648.96	677,569.96
Mr. Ma Fengku (Vice President)	55,000.00	806,640.00	116,163.48	977,803.48
Mr. Sha Min (Resigned)	55,000.00			55,000.00
Subtotal	165,000.00	1,335,561.00	209,812.44	1,710,373.44
Non-executive Directors:				
Mr. Zhang Chengji				
Mr. Liu Fei (re-designated)				
Mr. Sha Min (Removed)				
Subtotal				
Independent non-executive Directors:				
Mr. Zhang Bin				
Ms. Xu Gaoyan				
Mr. Hu Hanhui (Resigned)	75,000.00			75,000.00
Mr. Gao Lihui (Resigned)	75,000.00			75,000.00
Ms. Chung Yuet Mei	95,000.00			95,000.00
Subtotal	245,000.00			245,000.00
Supervisor:				
Mr. Zou Tao (Resigned)	20,833.00	330,364.50	96,831.72	448,029.22
Independent supervisors:				
Mr. Qiu Xiang Yang (Resigned)	62,500.00			62,500.00
Mr. Dai Jian Jun (Resigned)	62,500.00			62,500.00
Subtotal	145,833.00	330,364.50	96,831.72	573,029.22
Senior management:				
Ms. Xu Yonghui		587,445.00		587,445.00
Subtotal		587,445.00		587,445.00
Total	555,833.00	2,253,370.50	306,644.16	3,115,847.66

Notes to the Financial Statements

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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

4. Remuneration of key management personnel (Continued)

① Emoluments of Directors and supervisors: (Continued)

Name	Directors' and supervisors' emoluments	Previous year		Total
		Basic salaries and allowance	Other emoluments Contributions to retirement benefits and pensions schemes	
Executive Directors:				
Mr. Sha Min (Chief Executive Officer)	52,500.00			52,500.00
Mr. Ma Fengku (Vice President)	52,500.00	985,440.00	115,150.23	1,153,090.23
Mr. Liu Min (Vice President)	52,500.00	585,060.00	93,648.96	731,208.96
Subtotal	157,500.00	1,570,500.00	208,799.19	1,936,799.19
Non-executive Director:				
Ms. Cai Lijuan (Resigned)	52,500.00			52,500.00
Mr. Liu Fei				
Subtotal	52,500.00			52,500.00
Independent non-executive Directors:				
Mr. Hu Hanhui	71,250.00			71,250.00
Mr. Gao Lihui	71,250.00			71,250.00
Mr. Niu Zhongjie (Resigned)	59,583.00			59,583.00
Ms. Chung Yuet Mei				
Subtotal	202,083.00			202,083.00
Supervisor:				
Mr. Zou Tao (Resigned)	23,750.00	355,312.50	96,709.44	475,771.94
Independent supervisors:				
Mr. Qiu Xiang Yang (Resigned)	71,250.00			71,250.00
Mr. Dai Jian Jun (Resigned)	71,250.00			71,250.00
Subtotal	166,250.00	355,312.50	96,709.44	618,271.94
Senior management:				
Ms. Xu Yonghui		613,965.00	79,515.48	693,480.48
Subtotal		613,965.00	79,515.48	693,480.48
Total	578,333.00	2,539,777.50	385,024.11	3,503,134.61

Note: As approved by the board of directors of the Company on 10 November 2025, Mr. Sha Min has been re-designated as a non-executive Director from an executive Director and chairman of the Company, and Mr. Liu Fei has been re-designated as an executive Director and chairman of the Company from a non-executive Director.

Notes to the Financial Statements

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

XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

4. Remuneration of key management personnel (Continued)

① Emoluments of Directors and supervisors: (Continued)

At the extraordinary general meeting held on 19 August 2025, the shareholders of the Company approved the abolishment of the establishment of the supervisory committee. Accordingly, on 19 August 2025, the supervisory committee of the Company was dissolved, and Mr. Qiu Xiang Yang, Mr. Dai Jian Jun and Mr. Zou Tao no longer serve as supervisors.

At the extraordinary general meeting held on 9 January 2026, Mr. Zhang Chengji was appointed as a non-executive Director, each of Mr. Zhang Bin and Ms. Xu Gaoyan was appointed as an independent non-executive Director. The resignation of Mr. Hu Hanhui and Mr. Gao Lihui as independent non-executive Directors has been effective from 9 January 2026.

During the Reporting Period, no emoluments were paid by the Company to the directors or supervisors of the Company as an inducement to join or as incentive upon joining the Company or as compensation for loss of office.

During the reporting period, no discretionary bonuses were paid to the directors or supervisors of the Company.

② Five highest paid individuals

During the year, of the five individuals with the highest emoluments, two was Director and one was senior management (2024: two Directors and one senior management). The emoluments of them are disclosed in the notes above. The emoluments of the remaining two (2024: two) individuals were as follows:

Items	Current period	Previous period
Basic salaries and allowance	1,301,775.00	1,573,135.00
Contributions to retirement benefits and pensions schemes	222,035.81	222,006.67
Total	1,523,810.81	1,795,141.67

During the reporting period, no emoluments were paid by the Company to the five highest paid individuals as an inducement to join or as incentive upon joining the Company or as compensation for loss of office.

During the reporting period, no discretionary bonuses were paid to the five highest paid individuals.

Notes to the Financial Statements

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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(V) Related party transactions (Continued)

4. Remuneration of key management personnel (Continued)

- ③ Number of individuals with highest emoluments are categorised based on emoluments group as follows

Items	Number in the current period	Number in the previous period
Nil to HK\$1,000,000 (equivalent to nil to RMB916,170)	1	1
HK\$1,000,001 to HK\$1,500,000 (equivalent to RMB916,171 to RMB1,374,255)	1	1
	1	1

(VI) Unsettled receivables and payables with related parties

1. Receivable items

Items	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debt provision	Carrying balance	Bad debt provision
Accounts Receivable	Nanjing Tongrentang Health Industry Co., Ltd.* (南京同仁堂健康產業有限公司)			730,361.50	36,518.08
	Jiangsu Cross-border e-Commerce Services Co., Ltd.* (江蘇跨境電子商務服務有限公司)	1,462,084.59	73,104.23	1,519,399.73	75,969.99
	Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司)	25,346,201.00	1,267,310.05	24,331,623.25	1,216,581.16
	Nanjing Sample Corporate Development Co., Ltd.* (南京三寶企業發展有限公司)	12,721.76	636.09	160,000.00	8,000.00
	Nanjing Tongrentang Liquor Co., Ltd.* (南京同仁堂酒業有限責任公司)	147,462.88	7,373.14	164,860.67	8,243.03
	Nanjing Trade Mutual Plus Information Technology Co., Ltd.* (南京貿互加信息科技有限公司)	16,863.00	843.15	16,863.00	843.15

Notes to the Financial Statements

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XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(VI) Unsettled receivables and payables with related parties (Continued)

1. Receivable items (Continued)

Items	Related party	Closing balance		Opening balance	
		Carrying balance	Bad debt provision	Carrying balance	Bad debt provision
	Nanjing Tongrentang Liuhe Qiankun Health Development Co., Ltd.* (南京同仁堂六和乾坤健康發展有限公司)	95,201.67	4,760.08	24,099.63	963.99
	Sample Supply Chain Management (Nanjing) Co., Ltd.* (三寶供應鏈管理(南京)有限公司)	25,057.32	1,252.87	9,812.79	392.51
	Taizhou Traffic Digital Intelligence Technology Development Co., Ltd.* (台州交投數智科技發展有限公司)			16,150.00	646.00
	Nanjing Hong Shi Healthy Industry Company Limited* (南京紅石健康產業發展有限公司)	19,848.08	992.40	19,358.06	1,455.04
Other receivables					
	Nanjing Sample Technology Group Co., Ltd.* (南京三寶科技集團有限公司)			240,775,875.00	
	Jiangsu Cross-border e-Commerce Services Co., Ltd.* (江蘇跨境電子商務服務有限公司)	178,160.20	8,908.01	168,506.70	8,425.34
	Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司)	284,907.19	14,245.36	284,907.19	14,245.36
Total		27,588,507.69	1,379,425.38	268,221,817.52	1,372,283.65

Notes to the Financial Statements

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

XII. RELATED PARTIES AND ITS TRANSACTIONS (Continued)

(VI) Unsettled receivables and payables with related parties (Continued)

2. Payable items

Items	Related party	Closing balance	Opening balance
Accounts payable	Nanjing Bixin Data Technology Co., Ltd.* (南京幣鑫數據科技有限公司)	291,500.00	
	Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司)	88,300.00	
	Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司)	61,488.53	61,488.53
Other payables	Qingdao Haihui Wanjia City Services Co., Ltd.* (青島海惠萬家城市服務有限公司)	432,397.75	
	Huangshan Lingtai Lanshi Chinese Medicine Technology Co., Ltd.* (黃山靈台蘭室中藥材科技有限公司)		29,434.95
	Jiangsu Yudao Data Technology Co., Ltd.* (江蘇馭道數據科技有限公司)	187,151.98	693,451.98
	Nanjing Hong Shi Healthy Industry Company Limited* (南京紅石健康產業發展有限公司)		1,983.19
	Nanjing Sample Intelligent Technology Co., Ltd. (南京三寶智能科技有限公司)		7,812.40
	Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司)	93,666.66	93,666.66

Notes to the Financial Statements

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

XIII. COMMITMENTS AND CONTINGENCIES

(I) Commitments

As at 31 December 2025, the total amount of letters of guarantees issued by the Company was RMB10,573,788.41.

(II) Contingencies

Please refer to Note XII for the debt guarantee provided by the Company for related parties (subsidiaries) as at 31 December 2025.

XIV. EVENTS AFTER BALANCE SHEET DATE

Save as the “sale of assets agreement entered into on 8 January 2026” as described in Note XV to these financial statements, the Company has no events after balance sheet date that is required to be disclosed.

XV. OTHER IMPORTANT MATTERS

Substantial Disposal of Assets

At the extraordinary general meeting of the Company held on 14 November 2025, the shareholders of the Company approved and authorised the Board to proceed with the disposal of the industrial property (the “Proposed Disposal”) located at No. 10 Maqun Avenue, Qixia District, Nanjing City, Jiangsu Province, the PRC (the “Sale Assets”) through a public listing-for-sale process on the Jiangsu Provincial Property Rights Exchange. The Sale Assets include buildings numbered F1, F3, F4, and F5, with a total building area of 16,955.3 square meters.

On 18 December 2025, the Company was notified by Jiangsu Provincial Property Rights Exchange Co., Ltd. that, through the public listing-for-sale process, Nanjing Institute of Metrology Supervision and Testing* (南京市計量監督檢測院) (the “Purchaser”) had been confirmed as the transferee of the Sale Assets.

On 8 January 2026, the Company entered into a transaction agreement with the Purchaser for the disposal of the Sale Assets at a final consideration of RMB186,941,250 (inclusive of value-added tax). The Proposed Disposal is expected to be completed by the first half of 2026.

Saved as disclosed above, during the Review Period, the Group did not have any substantial acquisition and disposal.

Notes to the Financial Statements

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

XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

(I) Accounts receivable

1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	38,113,007.41	47,505,757.69
1-2 years (including 2 years)	13,179,484.22	29,542,457.62
2-3 years (including 3 years)	16,416,228.08	13,550,632.29
3-4 years (including 4 years)	5,706,241.20	5,175,434.25
4-5 years (including 5 years)	4,808,272.69	4,207,402.59
Over 5 years	174,934,492.94	177,063,681.40
Subtotal	253,157,726.54	277,045,365.84
Less: Bad debt provision	172,994,543.96	180,333,408.45
Total	80,163,182.58	96,711,957.39

2. Disclosure classified by bad debt provision method

Types	Closing balance			
	Carrying balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Provision proportion (%)
Accounts receivable assessed on individual basis for bad debt provision	70,441,072.60	27.82	70,441,072.60	100.00
Bad debt provision based on credit risk characteristics	182,716,653.94	72.18	102,553,471.36	56.13
Including: Aging group	151,555,622.79	59.88	101,197,199.34	66.77
Group of related parties outside the scope of consolidation	27,125,440.30	10.71	1,356,272.02	5.00
Group of related parties within the scope of consolidation	4,035,590.85	1.59		
Total	253,157,726.54	100.00	172,994,543.96	68.33

Notes to the Financial Statements

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

XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Accounts receivable (Continued)

2. Disclosure classified by bad debt provision method (Continued)

Types	Carrying balance		Opening balance	
	Amount	Proportion (%)	Amount	Provision proportion (%)
Accounts receivable assessed on individual basis for bad debt provision	70,441,072.60	25.43	70,441,072.60	100.00
Bad debt provision based on credit risk characteristics	206,604,293.24	74.57	109,892,335.85	53.19
Including: Aging group	174,981,523.35	63.16	108,546,663.12	62.03
Group of related parties outside the scope of consolidation	26,913,454.65	9.71	1,345,672.73	5.00
Group of related parties within the scope of consolidation	4,709,315.24	1.70		
Total	277,045,365.84	100.00	180,333,408.45	65.09

(1) Significant accounts receivable with bad debt provision on individual basis

Name	Closing balance			Basis
	Carrying balance	Bad debt provision	Provision proportion (%)	
Unit I	36,693,454.80	36,693,454.80	100.00	Expected to be non-recoverable
Unit II	26,547,617.80	26,547,617.80	100.00	Expected to be non-recoverable
Unit III	7,200,000.00	7,200,000.00	100.00	Expected to be non-recoverable
Total	70,441,072.60	70,441,072.60		

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Accounts receivable (Continued)

2. Disclosure classified by bad debt provision method (Continued)

- (1) Significant accounts receivable with bad debt provision on individual basis (Continued)

Name	Carrying balance	Opening balance		Basis
		Bad debt provision	Provision proportion (%)	
Unit I	36,693,454.80	36,693,454.80	100.00	Expected to be non-recoverable
Unit II	26,547,617.80	26,547,617.80	100.00	Expected to be non-recoverable
Unit III	7,200,000.00	7,200,000.00	100.00	Expected to be non-recoverable
Total	<u>70,441,072.60</u>	<u>70,441,072.60</u>		

- (2) Accounts receivable with bad debt provision based on credit risk characteristics

① Group 1: Aging group

Aging	Closing balance			Opening balance		
	Carrying balance	Bad debt provision	Provision proportion (%)	Carrying balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	31,449,865.54	1,257,994.62	4.00	40,363,299.62	1,614,531.98	4.00
1-2 years (including 2 years)	9,609,317.61	768,745.41	8.00	20,156,123.58	1,612,489.89	8.00
2-3 years (including 3 years)	9,085,210.56	1,817,042.11	20.00	13,060,655.57	3,918,196.67	30.00
3-4 years (including 4 years)	5,216,264.48	2,086,505.79	40.00	2,687,294.53	2,687,294.53	100.00
4-5 years (including 5 years)	2,320,132.97	1,392,079.78	60.00	3,673,350.55	3,673,350.55	100.00
Over 5 years	93,874,831.63	93,874,831.63	100.00	95,040,799.50	95,040,799.50	100.00
Total	<u>151,555,622.79</u>	<u>101,197,199.34</u>	<u>66.77</u>	<u>174,981,523.35</u>	<u>108,546,663.12</u>	<u>62.03</u>

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Accounts receivable (Continued)

2. Disclosure classified by bad debt provision method (Continued)

(2) Accounts receivable with bad debt provision based on credit risk characteristics (Continued)

② Group 2: Group of related parties outside the scope of combination

Aging	Closing balance			Opening balance		
	Carrying balance	Bad debt provision	Provision proportion (%)	Carrying balance	Bad debt provision	Provision proportion (%)
Group of related parties outside the scope of consolidation	27,125,440.30	1,356,272.02	5.00	26,913,454.65	1,345,672.73	5.00
Total	<u>27,125,440.30</u>	<u>1,356,272.02</u>	<u>5.00</u>	<u>26,913,454.65</u>	<u>1,345,672.73</u>	<u>5.00</u>

3. Bad debt provision

Types	Opening balance	Provision	Movement during the year			Closing balance
			Recovery or reversal	Write off	Other movements	
Provision for expected credit losses on individual basis	70,441,072.60					70,441,072.60
Bad debt provision based on credit risk characteristics	109,892,335.85	10,599.29	7,349,463.78			102,553,471.36
Including: Aging group	108,546,663.12		7,349,463.78			101,197,199.34
Group of related parties outside the scope of consolidation	1,345,672.73	10,599.29				1,356,272.02
Total	<u>180,333,408.45</u>	<u>10,599.29</u>	<u>7,349,463.78</u>			<u>172,994,543.96</u>

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables

Items	Closing balance	Opening balance
Other receivables	563,614,960.37	745,951,589.58
Total	563,614,960.37	745,951,589.58

Other receivables

1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 1 year (1 year inclusive)	5,993,635.93	203,041,241.07
1-2 years	16,202,348.24	470,745,266.34
2-3 years	470,649,170.28	51,969,839.63
Over 3 years	136,101,465.49	85,274,624.77
Subtotal	628,946,619.94	811,030,971.81
Less: Bad debt provision	65,331,659.57	65,079,382.23
Total	563,614,960.37	745,951,589.58

2. Classification by nature

Nature	Closing balance	Opening balance
Current accounts of related parties	103,847,709.71	286,310,624.57
Security and retention monies	5,227,736.26	5,528,540.91
Current accounts	337,069.53	42,751,113.43
Petty cash	43,430,585.44	337,173.90
Equity transfer receivable	476,103,519.00	476,103,519.00
Subtotal	628,946,619.94	811,030,971.81
Less: Bad debt provision	65,331,659.57	65,079,382.23
Total	563,614,960.37	745,951,589.58

Notes to the Financial Statements

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

XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

Other receivables (Continued)

3. Disclosure classified by method of provision for impairment

Types	Carrying balance		Closing balance		Book value
	Amount	Proportion (%)	Provision for impairment		
			Amount	Provision proportion (%)	
Accounts receivable assessed on individual basis with bad debt provision	38,002,937.81	6.04	38,002,937.81	100.00	
Bad debt provision based on credit risk characteristics	590,943,682.13	93.96	27,328,721.76	4.62	563,614,960.37
Including: Aging group	29,904,896.94	4.75	27,314,325.31	91.34	2,590,571.63
Group of related parties outside the scope of consolidation	287,929.00	0.05	14,396.45	5.00	273,532.55
Group of related parties within the scope of consolidation	103,847,709.71	16.51			103,847,709.71
Low risk group	456,903,146.48	72.65			456,903,146.48
Total	628,946,619.94	100.00	65,331,659.57	10.39	563,614,960.37

Types	Carrying balance		Opening balance		Book value
	Amount	Proportion (%)	Provision for impairment		
			Amount	Provision proportion (%)	
Accounts receivable assessed on individual basis with bad debt provision	38,002,937.81	4.69	38,002,937.81	100.00	
Bad debt provision based on credit risk characteristics	773,028,034.00	95.31	27,076,444.42	3.50	745,951,589.58
Including: Aging group	30,508,895.96	3.76	27,062,047.97	88.70	3,446,847.99
Group of related parties outside the scope of consolidation	287,929.00	0.04	14,396.45	5.00	273,532.55
Group of related parties within the scope of consolidation	286,310,624.57	35.30			286,310,624.57
Low risk group	455,920,584.47	56.21			455,920,584.47
Total	811,030,971.81	100.00	65,079,382.23	8.02	745,951,589.58

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

Other receivables (Continued)

4. Provision for bad debt

	Stage I Expected credit losses in the future 12 months	Stage II Expected credit losses for the entire lifetime (no credit impairment occurred	Stage III Expected credit losses for the entire lifetime (credit impairment occurred	Total
Balance as at 1/1/2025	27,076,444.42		38,002,937.81	65,079,382.23
Balance as at 1/1/2025 during the year	27,076,444.42		38,002,937.81	65,079,382.23
– Transfer to stage II				
– Transfer to stage III				
– Reversal to stage II				
– Reversal to stage I				
Provision during the year	252,277.34			252,277.34
Reversal during the year				
Charge off during the year				
Write off during the year				
Other movements				
Balance as at 31/12/2025	<u>27,328,721.76</u>	<u></u>	<u>38,002,937.81</u>	<u>65,331,659.57</u>

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

Other receivables (Continued)

5. Bad debt provision

Types	Opening balance	Provision	Movement during the year			Closing balance
			Recovery or reversal	Write off/charge off	Other movement	
Accounts receivable assessed on individual basis with bad debt provision	38,002,937.81					38,002,937.81
Bad debt provision based on credit risk characteristics	27,076,444.42	252,277.34				27,328,721.76
Including: Aging group	27,062,047.97	252,277.34				27,314,325.31
Group of related parties outside the scope of consolidation	14,396.45					14,396.45
Total	65,079,382.23	252,277.34				65,331,659.57

(III) Long-term equity investments

Items	Closing balance			Opening balance		
	Carrying balance	Provision for impairment	Book value	Carrying balance	Provision for impairment	Book value
Investment in subsidiaries	498,079,462.06		498,079,462.06	484,307,688.00		484,307,688.00
Investment in associates and joint ventures	9,621,683.01		9,621,683.01	8,926,351.46		8,926,351.46
Total	507,701,145.07		507,701,145.07	493,234,039.46		493,234,039.46

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(III) Long-term equity investments (Continued)

1. Investment in subsidiaries

Investee	Opening balance		Increase/decrease during the year				Closing balance (book value)	Closing balance of impairment provision
	Opening balance (book value)	of impairment provision	Increase in investment	Decrease in investment	Provision for impairment	Others		
Total of subsidiaries	484,307,688.00		13,771,774.06				498,079,462.06	

2. Investment in associates and joint ventures

Investment entity	Opening balance (book value)	Increase in investment	Decrease in investment	Increase/decrease during the year					Closing balance (book value)	Closing balance of impairment provision
				Investment gains and losses recognized using equity method	Other comprehensive income adjustment	Cash dividend or profits announced	Provision for impairment	Others		
Total of associates	8,926,351.46	1,228,225.93		-532,894.38					9,621,683.01	

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(IV) Operating income and operating cost

1. Operating income and operating cost

Items	Current year		Previous year	
	Income	Cost	Income	Cost
Principal operation	185,151,247.64	149,626,300.11	177,626,106.99	143,336,196.84
Other operation	37,274,606.40	14,575,195.47	30,384,405.06	14,115,014.57
Total	222,425,854.04	164,201,495.58	208,010,512.05	157,451,211.41

2. Breaddown of operating income

Items	Current year	Previous year
Income generated from customer contracts	211,131,730.11	202,201,463.93
Rental income	11,294,123.93	5,809,048.12
Total	222,425,854.04	208,010,512.05

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(IV) Operating income and operating cost (Continued)

3. Analysis information of operating income and operating cost

Type of income	Current year		Previous year	
	Operating income	Operating cost	Operating income	Operating cost
Classified by business nature	222,425,854.04	164,201,495.58	208,010,512.05	157,451,211.41
System integration	164,675,745.41	135,642,632.85	170,018,057.51	138,940,339.67
Intelligent terminal sales	10,367,647.08	8,199,637.97		
Service income	10,107,855.15	5,784,029.29	7,608,049.48	4,395,857.17
Other business	37,274,606.40	14,575,195.47	30,384,405.06	14,115,014.57
Classified by operating region	222,425,854.04	164,201,495.58	208,010,512.05	157,451,211.41
Mainland China	222,425,854.04	164,201,495.58	208,010,512.05	157,451,211.41
Hong Kong, PRC				
Classified by the time of transfer of goods	222,425,854.04	164,201,495.58	208,010,512.05	157,451,211.41
Recognized at a certain point in time	10,367,647.08	8,199,637.97		
Recognized within a certain period of time	212,058,206.96	156,001,857.61	208,010,512.05	157,451,211.41
Total	222,425,854.04	164,201,495.58	208,010,512.05	157,451,211.41

Notes to the Financial Statements

For the year ended 31 December 2025
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XVI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(IV) Operating income and operating cost (Continued)

4. Explanation of performance obligations

The system integration business is generally constructed in accordance with the contracted construction period, but there has been delay due to the impact of the previous basic engineering; the sales business of the intelligent terminal is generally delivered according to the delivery time specified in the contract, and the performance obligation is fulfilled after the customer signs or accepts the goods; the service business generally completes the technology development business according to the time agreed in the contract, and fulfills the performance obligation after the customers' acceptance.

5. Explanation of allocation to remaining performance obligations

The income corresponding to the performance obligations that contracts have been signed but have not yet been fulfilled or fully fulfilled at the end of this reporting period was RMB223,887,319.13, including RMB 140,029,897.21 to be recognized as income in 2026; RMB83,857,421.92 to be recognized as income in 2027.

(V) Investment income

Items	Current year	Previous year
Investment income from long-term equity investment under equity method	-532,894.38	32,879.84
Investment income of other equity instruments investment during the holding period	126,349.90	1,263,747.34
Total	-406,544.48	1,296,627.18

Five-Year Financial Summary

RESULTS

	2025 RMB'000	Year ended 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total operating income	503,955	439,872	493,541	512,665	914,014
Total profit	-25,496	-464,997	1,741	-304,999	-54,707
Net profit	-73,124	-420,749	1,723	-300,862	-55,912
Net profit attributable to shareholders of the parent company	-73,124	-420,592	1,995	-273,526	-59,245
Minority shareholders' profit and loss	0	-157	-272	-27,336	3,333
Basic earnings/loss per share (Renminbi Yuan/share)	-0.092	-0.531	0.003	-0.35	-0.07

ASSETS AND LIABILITIES

	2025 RMB'000	At 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Current assets	1,332,740	1,624,126	2,140,828	1,853,671	2,856,236
Non-current assets	754,794	726,166	733,625	1,144,624	695,021
Current liabilities	855,794	1,061,816	1,126,428	1,328,025	1,553,357
Net current assets	476,946	562,311	1,014,399	525,645	1,302,878
Total shareholders' equity attributable to the parent company	1,127,447	1,209,935	1,624,339	1,548,945	1,837,364
Total shareholders' equity	1,127,447	1,218,604	1,633,165	1,558,592	1,877,459