



MEIG 美格

MeiG Smart Technology Co., Ltd. 美格智能技術股份有限公司

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

Stock Code : 3268

INTERIM REPORT

2026

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Definitions

In this report, unless the context otherwise requires, the following terms or phrases shall have the following meaning:

Terms	Definition
"A Share(s)"	ordinary share(s) issued of our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"Board"	the Company's board of Directors
"CG Code"	the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules
"China" or "the PRC"	the People's Republic of China
"Code Provisions"	the code provisions in Part II of the Corporate Governance Code
"Company", "our Company", "Company", "we", "us" or "our"	MeiG Smart Technology Co., Ltd. (美格智能技術股份有限公司), a joint stock company incorporated under the laws of the PRC on May 14, 2015, whose H Shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3268) and A Shares have been listed on the Shenzhen Stock Exchange (stock code: 002881)
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of our Company
"domestic China" or "Chinese Mainland"	Chinese Mainland, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan
"Global Offering"	the Hong Kong Public Offering and the International Offering of the H Shares of Company

“H Share(s)”	overseas listed foreign ordinary shares of our Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	August 27, 2026, being the latest practicable date for ascertaining certain data in this interim report before its publication
“MeiG”, “Group,” or “our Group”	the Company and its consolidated subsidiaries
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“Renminbi” or “RMB”	Renminbi, the lawful currency of Chinese Mainland
“Reporting Period”	January 1, 2026 to June 30, 2026
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Definitions

“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s) of our Company
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“SZSE”	the Shenzhen Stock Exchange
“treasury shares”	has the meaning ascribed to it under the Hong Kong Listing Rules
“year-on-year”	compared with the same period last year
“%”	percent

BOARD OF DIRECTORS

Executive Director

Mr. WANG Ping
(Chairman of the Board and general manager)
Mr. DU Guobin
(Vice chairman of the Board)
Mr. XIA Youqing
(Vice general manager and chief financial officer)
Mr. HUANG Min
(Secretary of the Board and vice general manager)

Independent Non-executive Director

Mr. YANG Zheng
Dr. MA Lijun
Ms. LIU Jia

SPECIAL COMMITTEES UNDER THE BOARD

AUDIT COMMITTEE

Mr. YANG Zheng *(Chairman)*
Dr. MA Lijun
Ms. LIU Jia

REMUNERATION AND APPRAISAL COMMITTEE

Dr. MA Lijun *(Chairman)*
Mr. WANG Ping
Mr. YANG Zheng

NOMINATION COMMITTEE

Dr. MA Lijun *(Chairman)*
Mr. YANG Zheng
Ms. LIU Jia

STRATEGY COMMITTEE

Mr. WANG Ping *(Chairman)*
Mr. MA Lijun
Mr. YANG Zheng

COMPANY'S WEBSITE

www.meigsmart.com

JOINT COMPANY SECRETARIES

Mr. HUANG Min
Mr. AU Kai Yin

AUTHORIZED REPRESENTATIVES

Mr. WANG Ping
Mr. AU Kai Yin

REGISTERED OFFICE

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the PRC

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STOCK CODE

Shenzhen Stock Exchange: 002881.SZ
The Stock Exchange of Hong Kong Limited: 03268.HK

H SHARE REGISTRAR

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AUDITOR

Pan-China Certified Public Accountants LLP
Certified Public Accountant
26/F, 31/F, Dinghe Tower
100 Fuhua 3rd Road
Futian District, Shenzhen
Guangdong
the PRC

COMPLIANCE ADVISOR

Somerley Capital Limited

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29 Queen's Road Central
Hong Kong, the PRC

HONG KONG LEGAL ADVISOR

JunHe LLP

7/F, AIA Central
1 Connaught Road Central
Central
Hong Kong, the PRC

Financial Summary

	Reporting Period	Corresponding period of last year	Increase or decrease over corresponding period of previous year
Operating revenue (RMB)	2,024,526,412.36	1,886,475,312.32	7.32%
Net profit attributable to shareholders of the listed company (RMB)	105,925,729.59	84,166,774.08	25.85%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	106,907,640.49	82,334,927.22	29.84%
Net cash flow generated from operating activities (RMB)	-264,575,056.19	-83,978,198.61	-215.05%
Basic earnings per share (RMB per share)	0.38	0.32	18.75%
Diluted earnings per share (RMB per share)	0.38	0.32	18.75%
Weighted average return on net assets	4.72%	5.24%	-0.52%
	The end of the Reporting Period	The end of previous year	Increase or decrease over end of previous year
Total assets (RMB)	4,832,517,119.80	2,967,047,960.36	62.87%
Net assets attributable to shareholders of the listed company (RMB)	2,789,118,350.52	1,702,476,172.24	63.83%

Management Discussion and Analysis

I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business of the Company

During the Reporting Period, the Company's principal business comprised computing power and communication modules, anchored by high-computing-power modules, smart modules and data transmission modules, as well as industry solution businesses in areas including on-device AI, physical AI, general internet of things (IoT), intelligent connected vehicles (ICV) and wireless broadband. Based on 4G/5G wireless communication technologies and centred around smart modules/high-computing-power modules, and supported by industries such as on-device AI, IoT, ICV and wireless broadband, the Company has developed core technical capabilities in 4G/5G communication connectivity, intelligent Android systems, on-device computing power, on-device large model deployment and inference optimisation, generative AI algorithm applications, and physical AI application design and development. It has established a core technology system encompassing "design and development of high-computing-power/smart modules, customisation of intelligent systems, deep adaptation to core industries and scenarios, and a proprietary AI inference engine and toolchain full-stack software platform", providing global customers with various types of computing power modules, communication modules and industry solutions centred around communication + computing technologies. The Company's principal products include AI modules, smart modules, high-computing-power modules, data transmission modules, industry solution products and related technology development services.

(II) Introduction to the Company's Principal Products

The Company's principal products include various types of computing power and communication modules, as well as industry solutions centred around communication + computing technologies. Computing power and communication modules are critical devices enabling long-distance, high-capacity and high-speed data transmission across industries such as on-device AI, IoT and ICV, and constitute key elements of communications network infrastructure based on next-generation information technologies, including 5G/5G-A, IoT, industrial internet and satellite communications. As computing continues to shift and decentralise from the cloud to the edge and terminal sides, and as physical AI applications are progressively deployed across numerous core scenarios, the Company's products have evolved into computing power-bearing platforms that provide terminal-side and edge-side computing capabilities to various types of end devices, serving as critical node devices for industries to achieve digitalisation, intelligence and transformation towards physical AI. The Company's computing and communication module products are all independently designed and developed by the Company and sold under the Company's own brand, MeiGLink, in both the domestic and overseas public markets. The Company continuously drives technological and product iteration, with its technology evolving from "connectivity" to "connectivity + computing + inference", and its products undergoing continuous iteration from Module 1.0 to Module 4.0.

AI Module (Module 4.0): A module product that natively integrates on-device AI inference capabilities and an Agent orchestration system, and is compatible with different Agent Harness frameworks, enabling high-speed communication, on-device computing and seamless coordination with cloud inference. Key features of AI modules: 1. On-device autonomous intelligence: AI modules rely on strong local hardware computing power and are natively designed to support offline operation of large models locally, providing users with AI capabilities featuring high privacy, zero latency and zero cost. 2. Seamless cloud invocation: AI modules must be natively compatible with various AI Agent framework scheduling systems and adaptable to different Harness frameworks, enabling invocation or switching of cloud models at any time. By natively integrating on-device computing power with Agent capabilities, the AI module represents a next-generation module product that achieves a high degree of integration of communication, computing and inference, combining connectivity, perception, decision-making and execution capabilities, and is designed for physical AI and agent-based applications.

High-Computing-Power Module (Module 3.0): A computing power module product developed for specialised scenarios with strong demand for CPU/GPU/NPU computing power, capable of delivering computing capabilities of 8T or above, supporting the deployment and operation of large models on the device side, and flexibly matching multiple communication protocols such as 5G, WIFI and Gigabit Ethernet based on scenario requirements. The high-computing-power module is a product that has undergone functional iteration from smart modules, driven by on-device computing and the physical AI industry, placing greater emphasis on the computing capability of the module rather than its communication capability. It serves as a key component for enabling generative applications on the device side of various intelligent terminals, and has broad application prospects in fields such as embodied intelligence, intelligent drones, arm-architecture array servers, new retail, cloud gaming, AR/VR, and machine vision.

Smart Module (Module 2.0): A module product that incorporates 4G/5G cellular communication capabilities, an intelligent operating system and computing power. On the basis of providing cost-effective and low-power network connectivity, smart module products feature open operating systems such as Android, which can meet complex control requirements and customers' secondary development needs. Their rich peripheral interfaces enable multi-screen and multi-camera access, as well as high-definition audio and video recording and playback, and support large-capacity intelligent storage. They are representative products integrating communication, computing, sensing and storage. Leveraging its R&D expertise in 5G, intelligent Android systems and industry customisation, the Company continues to enhance the value of its smart module products in core vertical application areas such as 4G/5G intelligent cockpits for new energy vehicles, cabin-driving integration, machine vision and new retail.

Data Transmission Module (Module 1.0): A module product based on baseband chips, with the primary function of providing high-speed cellular network connectivity such as 4G, 5G and 5G-A. The Company has established a comprehensive product line of data transmission modules covering different standards and speeds, including 4G, 5G and 5G-A, and continues to expand the application scenarios of its data transmission modules through independently developed innovative technologies such as antenna gain technology and sub-6G and millimeter-wave data concurrency.

The industry solutions business consists of products and services developed on a customised basis, centred around communication + computing technologies and integrated with scenario requirements across different core industries and specific application areas. The Company's relevant products are primarily applied in: 1. IoT connectivity areas represented by new retail, financial payments, smart logistics, industrial internet, the sharing economy and smart homes, and are progressively extending to industries such as on-device computing and physical AI applications; 2. ICV sector (intelligent cockpits, cabin-driving integration, 4G/5G connectivity, assisted driving, in-vehicle monitoring, etc.); and 3. the 4G/5G wireless broadband and fixed wireless access industry.

(III) Business Model

The Company is committed to building itself as a research and development-driven enterprise, with R&D and technical personnel comprising the majority of its workforce. The value of the Company's products is primarily realised through product design and R&D, and the Company adheres to independent R&D as a means of maintaining technological leadership. The Company pursues an integrated hardware and software R&D strategy, on the hardware front, it continuously drives process technology and computing power iteration and upgrades; on the software front, it develops a full-stack software solution for AI through innovative software capabilities including the self-developed MEIGINE AI inference engine, the MOJO Agent toolchain, and the MEIG MIND self-developed AI model network and performance data platform.

Upon completion of product development, the Company procures various chips (SoC chips, radio frequency chips, memory chips, etc.) and electronic components from upstream suppliers according to design requirements, and engages contract manufacturers for production, before selling the products to customers. In parallel, the Company has initiated the construction of an AI R&D and advanced manufacturing industrial base project, developing future-oriented advanced in-house manufacturing capabilities in areas such as high-computing-power modules, ASIC inference servers, automotive SIP modules and embodied intelligence. The Company sells its products both domestically and overseas, and while consolidating its position in the large domestic market, continues to intensify its expansion into overseas high-end markets. The Company primarily adopts a direct sales model, supplemented by distribution.

(IV) Analysis of Key Performance Drivers

During the Reporting Period, the Company maintained high-intensity R&D investment and remained committed to driving market development through products and technologies. As the Company's product shipment volume, application areas and customer base continued to expand, its recognition and customer acceptance in global industries such as on-device computing, intelligent vehicles, IoT and 5G wireless broadband have been steadily increasing.

As the migration of large models and AI computing to the device side has become a definitive industry trend, and as physical AI applications are progressively deployed across various core scenarios, demand for the Company's high-computing-power modules and smart modules, which serve as computing power-bearing platforms for terminal-side and edge-side devices, has been on a continuous upward trajectory. The

Company has established a comprehensive computing power module product matrix ranging from 0.5 TOPS to 700 TOPS, and has launched agent terminal products such as AIMO and MT200. In parallel, leveraging its self-developed MEIGINE inference engine, the MOJO Agent toolchain and the MEIG MIND model platform, the Company has successfully deployed a 20-billion-parameter large model on the device side, forming a full-stack on-device AI capability covering “hardware-software-ecosystem”.

In the ICV sector, the Company's distinctive 5G communication + intelligent computing converged intelligent cockpit solutions continue to maintain their leading position. Its continuously iterating product capabilities and extensive experience in massive-scale engineering mass production have consistently gained recognition from leading automotive OEMs and TIER1 suppliers. As demand for cockpit computing power, 5G communication and satellite communication in intelligent vehicles continues to grow, the Company, together with industry chain partners, has launched a number of products including 5G connected cockpit modules and in-vehicle AI-BOX, which support offline deployment of large models of 1.5B, 3B and 7B parameters on the vehicle side. Concurrently, the Company is carrying out the design and development of cockpit-driving integrated modules and solutions based on a centralised computing architecture, and continues to drive the implementation of technologies and products in areas such as cockpit agents, multimodal cockpit computing, smart multi-screen collaboration and cabin-driving integration.

In the 4G/5G wireless broadband sector, the Company has established strategic cooperation with leading main chip manufacturers in the industry, and continues to increase investment in areas such as 5G-A, 5G Redcap and AI+5G convergence. Customised products that combine cost advantages with technological innovation are continuously penetrating the systems of leading global operators. 5G products are being shipped in large volumes to operator customers across regions including Japan, North America, Europe and Southeast Asia. In parallel, the Company is designing and developing innovative products such as AI CPE and AI MIFI, and is working with operators to drive the progressive implementation of new business models such as TOKEN-as-a-Service.

The Company adopts a product strategy of computing modules + communication modules + solutions to reduce and avoid homogeneous competition. Its intelligence-centric smart modules and high-computing-power modules have become highly distinctive signature products. The self-developed MEIGINE inference engine, the MOJO Agent toolchain and the MEIG MIND model platform, combined with customised solutions in fields such as physical AI, embodied intelligence, intelligent cockpits, machine vision, new retail and industrial internet, the intelligence and customisation features, together with the continuous enhancement of the full-stack inference engine and toolchain capabilities, have further consolidated the Company's differentiated competitive advantages. The Company is also strengthening its globalisation development strategy, continuing to intensify product and market promotion efforts in overseas markets, while continuously reinforcing its global supply chain capabilities and systems. The overseas market has maintained a sustained high-growth trajectory, becoming a key driver of the Company's performance growth.

II. ANALYSIS OF CORE COMPETITIVENESS

(I) **Product Strategy: Strengthening the MeiGLink Full-Stack Proprietary AI Engine Platform and Toolchain Capabilities with “Computing Power + Communication” as the Technology Foundation, Accelerating the Continuous Implementation of Comprehensive AI Solutions at the On-Device, Edge-Side and Cloud-Based**

Centering on the two technology pillars of computing power + communication, the Company consistently adheres to a product strategy of parallel development of communication/computing power modules and industry solutions. Based on high-computing-power modules, smart modules and communication modules, the Company enhances the development of software capabilities such as AI inference engines, toolchains, model deployment and optimization, and continuously strengthens its integrated hardware-and-software comprehensive solution capabilities across different vertical industries. In terms of module products, the Company continues to lead the technological development of smart modules and computing power modules, and has iteratively launched AI modules that natively integrate on-device computing power and Agent capabilities, providing customers with standardized, out-of-the-box communication, computing and AI capabilities. For core industries characterized by high technological barriers, substantial R&D investment and large market capacity, the Company remains committed to providing customized, integrated one-stop comprehensive solution products combining hardware and software. Centered on core technology systems encompassing the design and development of high-computing-power/smart modules, customized intelligent system development, deep adaptation to core industries and scenarios, and proprietary full-stack AI inference engine and toolchain software platforms, and with computing power + communication as the technology foundation, the Company strengthens its full-stack proprietary AI engine platform and toolchain capabilities, forming comprehensive AI solutions on-device, edge-side and cloud-based. This fully addresses the standardized, customized and differentiated needs of customers across various industries in terms of communication, computing, AI and other specialized technology directions, establishing a highly competitive product strategy for the AI inference era.

(II) Technology Roadmap: Deepening Expertise in Smart Module Technology, Sustaining Technological Leadership in Smart Modules/High-Computing-Power Modules, Iteratively Launching AI Modules, Developing AI Inference Engines and Toolchain Software, and Driving the Accelerated Development of On-Device Computing and Physical AI Applications

Over the years, the Company has cultivated deep expertise in smart modules and computing power modules, establishing comprehensive technological capabilities with distinctive advantages in 4G/5G wireless communication, intelligent Android systems, high-performance low-power computing, proprietary AI inference engines and toolchains, and intelligent agents. The Company's R&D team has accumulated extensive R&D and engineering implementation Know-How in areas including: underlying Android system driver development, performance optimization, power consumption control, Android middleware and application integration development; multimedia peripheral development such as screens, cameras, audio and video, architectural design and functional tuning; deployment and performance optimization of intelligent algorithms across different chip platforms; on-device deployment and functional optimization of large models with up to 20 billion parameters; hybrid AI solutions combining on-device and cloud-based approaches; multi-screen, multi-camera, multi-channel audio/video codec software development; and long-cycle GMS certification and maintenance for Android systems. The Company has established first-mover advantages in large-scale product applications across fields such as 5G intelligent cockpits, intelligent drones, new retail, machine vision and consumer IoT.

Driven by demand from high-computing-power scenarios, the high-computing-power modules iteratively developed from smart modules have been rapidly gaining recognition from the industry and customers, with their application boundaries continuously expanding. Meanwhile, with the advancement of physical AI and agent technologies, the Company has iteratively launched AI modules that natively integrate on-device computing power and Agent capabilities, offering new solutions for physical AI and agent hardware that integrates connectivity, perception, decision-making and execution capabilities. As module computing power rapidly increases, the on-device large model ecosystem gradually matures, and customers across various industries demonstrate enormous demand for on-device AI applications, a clear trend has emerged where the operation and computation of various generative programs represented by large models are shifting from the cloud-based to the edge-side and device-side, accelerating industry application and commercialization progress.

The Company's R&D team, for the first time, ran the Stable Diffusion large model on the Company's high-computing-power modules, and has successively supported a range of other language models. The team independently developed the MEIGINE AI inference engine and the MOJO toolchain, featuring core capabilities such as full-format compatibility, heterogeneous computing scheduling and cross-chip-platform adaptation. It is fully compatible with the GGUF model format, offering faster model decoding speed and enhanced memory optimization. The same set of GGUF model files can run stably across different chip platforms without repeated adaptation. Meanwhile, through a heterogeneous computing core scheduling engine, the system balances computing loads across CPUs, GPUs and NPUs for coordinated processing, reducing power consumption. Leveraging the AI inference engine, the Company's R&D team successfully deployed the gpt-oss-20b model on high-computing-power modules, achieving efficient on-device deployment and inference of a 20-billion-parameter large model.

(III) Application Areas: The Company's Leading Communication + Computing Convergence and Customized Development Technologies Have Established First-Mover Advantages in Core Industries Such as Intelligent Connected Vehicles, Wireless Broadband/Fixed Wireless Access, and IoT, While Expanding into Emerging Fields Including ASIC Inference Servers, Embodied Intelligence and Machine Vision

The Company has established a comprehensive computing power module product matrix ranging from 0.5 TOPS to 700 TOPS, and has launched agent terminal products such as AIMO and MT200. In parallel, leveraging its self-developed MEIGINE inference engine, the MOJO Agent toolchain and the MEIG MIND model platform, the Company has successfully deployed a 20-billion-parameter large model on the device side, forming a full-stack on-device AI capability covering "hardware-software-ecosystem".

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To strengthen its computing power product portfolio for the AI inference era, and building on the Company's R&D team's long-standing experience in communication and computing, the Company has initiated the construction of AI R&D and advanced manufacturing industry projects, with a strategic focus on frontiers such as ASIC inference servers, high-computing-power AI modules, and embodied intelligence hardware. The Company's product application scope is gradually expanding from the on-device toward the data center side.

(IV) Market and Ecosystem: A High-Quality and Stable Global Customer Base, a Customer-Centric Service Philosophy, and a Deeply Collaborative Industry Chain Ecosystem

Through years of business development, the Company has accumulated a portfolio of high-quality customer resources, represented by industry-leading clients, domestic and overseas listed companies, and overseas telecommunications operators. Building on this foundation, the Company continues to deepen cooperation with existing customers and steadily expand its customer base. The Company's market position has been consistently strengthened, with particularly rapid development in overseas markets, providing strong momentum for the Company's long-term stable growth.

The Company possesses a deep understanding of the needs and characteristics of customers across different industries. It remains committed to a customer-centric approach, adhering to a butler-style service philosophy, building partnerships with customers, and creating value for them through products and services. As a result, the scale, quality and loyalty of the customer base continue to improve. The Company's products are characterized by intelligence and customization. Its sales, product and R&D teams possess keen insight into customer needs, enabling rapid response to customer requirements and the delivery of forward-looking and innovative solutions. By adding value to technologies and products through service, the Company has built a robust customer service capability that has earned widespread recognition from its clients.

The Company consistently adheres to business principles, strongly endorses division of labor and collaboration within the industry chain, and remains focused on its module and solution business, serving as a bridge and enabler between chips and end devices. It empowers customers through the value of its own products and has established a deeply collaborative industry chain ecosystem with its clients.

(V) Talent and Team: A Professional and Efficient R&D and Management Team

The Company adheres to a team-building philosophy of "people-oriented, R&D-first", consistently regarding the development of its R&D team as the most critical aspect of its business operations and growth. Through years of accumulation and cultivation, the Company has built a young, dynamic, united and enterprising team of high-caliber R&D and management professionals, characterized by forward-looking vision, innovation capability and a spirit of dedication. The Company has also established R&D management processes centered on IPD management that are tailored to its own development needs. The Company's professional and efficient R&D and management team represents its most valuable asset and an indispensable core competency for its sustained and rapid development.

III. ANALYSIS OF BUSINESS

Overview

Since 2025, driven by multiple demand drivers including on-device AI demand, 5G intelligent cockpits/cabin-driving integration, 5G network upgrades and satellite communications, the Company's business has continued to develop in a stable and healthy manner. In the full year of 2025, the Company's operating revenue reached a record high. In the first half of 2026, despite extreme volatility in supply chain costs and reduced demand from a single major customer, the Company's various businesses demonstrated strong structural resilience and growth potential. During the Reporting Period, the Company achieved operating revenue of RMB2.025 billion, representing a year-on-year increase of 7.32%. After a brief adjustment in the first quarter, operating revenue in the second quarter and the first half of the year resumed its growth trajectory. Operating revenue for the first quarter of 2026 was RMB928 million, and RMB1.097 billion for the second quarter, representing a quarter-on-quarter increase of 18.26% and a year-on-year increase of 23.33%, maintaining relatively high growth rates both sequentially and year-on-year. Notably, the Company's operating revenue in the second quarter of 2026 reached RMB1.097 billion, setting a new single-quarter record since the Company's inception and marking the first time the Company's single-quarter operating revenue exceeded RMB1 billion.

In the first half of 2026, while solidly executing its principal business, and based on the industry judgment that demand for AI infrastructure construction and on-device computing scenarios will continue to surge, the Company made strategic investments in areas such as R&D capability development, server product planning, and advanced capacity construction including SIP packaging. The Company plans to invest RMB300 million in Nantong for the construction of an AI R&D and advanced manufacturing industrial project, including R&D center office buildings, laboratories, advanced process production workshops and other facilities, establishing R&D centers and pilot and manufacturing bases for advanced processes such as SIP packaging, focusing on high-computing-power modules, ASIC servers and automotive SIP modules. The Company also plans to invest RMB285 million to acquire a standalone R&D office building in a core area of Shanghai to meet its expansion needs, while reserving sufficient R&D and office space for talent acquisition and strategic development. The Company adheres to industry-research collaboration and invests in the future, striving to develop high-computing-power modules, inference servers and other potential products into new growth drivers for its business, while making adequate preparations for future industry development and continued industrial expansion in on-device and data center segments, continuously enhancing its industrial expansion capabilities and core competitiveness.

In the first half of 2026, with high-computing-power modules for on-device computing scenarios, smart modules, and 5G FWA for overseas operators as its core product lines, the Company achieved operating revenue of RMB2.025 billion, representing a year-on-year increase of 7.32%, and net profit attributable to shareholders of the listed company of RMB106 million, representing a year-on-year increase of 25.85%. Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses amounted to RMB107 million, representing a year-on-year increase of 29.84%. In the first quarter of 2026, net profit attributable to shareholders of the parent company was RMB46.65 million, and RMB59.28 million in the second quarter, representing a quarter-on-quarter increase of 27.07% and a year-on-year increase of 56.58%, maintaining relatively high growth rates both sequentially and year-on-year.

From a regional perspective, in the first half of 2026, driven by demand for smart modules, on-device computing products and 5G wireless broadband products, as well as increased shipments to a major overseas customer, the Company achieved operating revenue of RMB997 million in overseas markets, representing a significant year-on-year increase of 87.30%. The proportion of overseas operating revenue increased from 28.22% in the same period last year to 49.26%, marking the first time since the Company's inception that overseas revenue approached the 50% threshold. In the domestic market, demand for various smart modules and high-computing-power modules for on-device computing applications continued to grow, with a notable pulling effect on operating revenue. However, procurement volume from a single major customer in the ICV sector decreased significantly compared to the same period last year, leading to a declining trend in domestic operating revenue during the Reporting Period.

From an industry perspective, in the first half of 2026, revenue from the IoT and wireless broadband sectors both maintained rapid growth, with an increasing share of total operating revenue. The ICV sector was more significantly affected by the decline in procurement volume from a single major customer, with both revenue scale and share decreasing. Excluding the impact of the decline in operating revenue from this single major customer, the total operating revenue from other customers of the Company still grew drastically by 68.32% compared to the same period last year, fully demonstrating the robustness of downstream customer demand, strong structural resilience and growth potential of the Company's overall business.

In terms of gross profit margin, during the Reporting Period, the Company continued to conduct price pass-through to downstream customers across various industries in a reasonable and orderly manner, fully leveraged its inventory advantage in memory chips to hedge against supply chain cost fluctuations, and simultaneously strengthened its AI engine platform and toolchain capabilities. Through AI software capabilities, the Company empowered customers' products with intelligent applications across various industries, created incremental value through AI capabilities, and continuously drove the stabilization and recovery of gross profit margins at the customer end. During the Reporting Period, the gross profit margin of the Company's principal business reached 17.45%, representing an increase of 3.99 percentage points compared to the same period last year. In the first quarter of 2026, the gross profit margin was 16.05%, and 18.63% in the second quarter, showing a sequential improvement trend in the gross profit margin of the principal business.

In terms of net profit, finance costs due to foreign exchange losses increased by approximately RMB30.41 million, income tax expenses increased by approximately RMB11.41 million, and provisions for investment losses in associates and joint ventures increased by approximately RMB11.57 million compared to the same period last year. Despite the significant increase in these three expense items, the Company still achieved net profit attributable to shareholders of the parent company of RMB106 million, representing a year-on-year increase of 25.85%, and net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses of RMB107 million, representing a year-on-year increase of 29.84%. The Company's business and products maintained healthy and strong profitability despite extreme volatility in supply chain costs and rising expenses.

In terms of R&D investment, during the Reporting Period, the Company continued to increase its investment in R&D and sales. Total expenses for R&D, sales, administration and finance amounted to approximately RMB207 million, with the expense-to-revenue ratio increasing from 7.87% to 10.21%.

Management Discussion and Analysis

In terms of cash flow, during the Reporting Period, the Company continued to promote balanced development among domestic and overseas customers as well as customers across different industries, while strengthening customer credit term management. The net cash flow generated from operating activities was RMB-265 million. The primary reasons are: as sales to industry customers such as overseas operators expanded, the Company extended credit terms in accordance with industry practice, and certain customers also used bill settlements, resulting in a continuous increase in account receivables. At the same time, due to strong downstream customer demand, the Company increased strategic inventory of main chips and memory chips, leading to higher funds for the purchase of goods and an expansion in inventory levels. Overall, the Company's operating cash flow is consistent with its customer distribution and operational circumstances.

In terms of inventory, as at the end of the Reporting Period, the Company's inventory amounted to RMB1.529 billion, an increase of RMB628 million compared to the beginning of 2026, with the vast majority being raw materials such as main chips and memory chips reserved for future order demand. As at the end of the Reporting Period, the Company's contract liabilities amounted to RMB320 million, a persistent increase from RMB190 million at the beginning of 2026, indicating continued growth in downstream customer demand.

REVENUE

During the Reporting Period, against the objective backdrop of extreme volatility in supply chain costs and reduced demand from a single major customer, the Company's various businesses demonstrated strong structural resilience and growth potential.

The following table sets forth the absolute amounts and percentages of revenue of the Company by business segment for the six months ended June 30, 2025 and 2026:

	Six months ended June 30,		Percentage		Change (Increase/ decrease)
	2026	Percentage of the total revenue	2025	Percentage of the total revenue	
	RMB million		RMB million		
Wireless communication modules and solutions	1,946.85	96.16%	1,838.58	97.46%	5.89%
Revenue from other business	77.68	3.84%	47.90	2.54%	62.17%
	2,024.53	100.00%	1,886.48	100.00%	7.32%

For the six months ended June 30, 2026, the Company recorded revenue of RMB2,024.53 million, representing a year-on-year increase of 7.32% compared with the same period in 2025. Among this, (i) revenue from wireless communication modules and solutions amounted to RMB1,946.85 million, representing a year-on-year increase of 5.89%; (ii) revenue from other businesses amounted to RMB77.68 million, representing a year-on-year increase of 62.17%.

From the business segment perspective, the increase in revenue from wireless communication modules and solutions during the Reporting Period was mainly attributable to the revenue scale of both the IoT and wireless broadband industries maintained rapid growth. The ICV industry experienced a more pronounced decline in procurement volume from a single major customer, resulting in a decrease in revenue scale and a corresponding decline in its revenue contribution. Excluding the impact of the revenue decline from this single major customer, the Company's total revenue from other customers still recorded a significant increase of 68.32% compared with the same period last year, fully demonstrating the robust downstream demand, strong structural resilience and growth potential of the Company's overall business. The increase in revenue from other businesses was mainly attributable to an increase in sales of electronic components.

The following table sets forth the absolute amounts and percentages of revenue of the Company by region for the six months ended June 30, 2025 and 2026:

	Six months ended June 30, Percentage of the total revenue		Percentage of the total revenue		Change (Increase/ decrease)
	2026 RMB million		2025 RMB million		
Overseas	997.30	49.26%	532.45	28.22%	87.30%
Chinese Mainland	1,027.23	50.74%	1,354.03	71.78%	-24.14%
	2,024.53	100.00%	1,886.48	100.00%	7.32%

For the six months ended June 30, 2026, revenue from overseas markets amounted to RMB997.30 million, representing a year-on-year increase of 87.30%, while revenue from Chinese Mainland amounted to RMB1,027.23 million, representing a year-on-year decrease of 24.14%.

From the regional perspective, driven by demand for smart modules, on-device computing products and 5G wireless broadband products, as well as increased shipments to major overseas customers, the Company's overseas business recorded significant growth. The proportion of overseas revenue increased from 28.22% in the same period last year to 49.26%, marking the first time since the Company's establishment that overseas revenue approached the 50% threshold. In the domestic market, demand for various smart modules and high-computing-power modules for on-device computing applications continued to grow, providing a clear revenue boost. However, procurement volumes from a single major customer in the ICV sector declined significantly compared with the same period last year, resulting in a downward trend in domestic revenue during the Reporting Period.

COST OF REVENUE

The Company's cost of revenue increased by 1.32% from RMB1,634.36 million for the six months ended June 30, 2025 to RMB1,655.90 million for the six months ended June 30, 2026, which was generally consistent with the growth trend of the Company's revenue during the Reporting Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Company's gross profit increased by 46.22% from RMB252.11 million for the six months ended June 30, 2025 to RMB368.63 million for the six months ended June 30, 2026.

The Company's gross profit margin increased from 13.36% for the six months ended June 30, 2025 to 18.21% for the six months ended June 30, 2026.

The increase in the Company's gross profit margin was mainly attributable to the increase in gross profit margin of its wireless communication modules and solutions. During the Reporting Period, the gross profit margin of the Company's principal business reached 17.45%, representing an increase of 3.99 percentage points compared with the same period last year. During the Reporting Period, the Company continued to reasonably and orderly pass through price adjustments to downstream customers across various industries, fully leveraged its inventory advantages in memory chips to hedge against supply chain cost volatility, while strengthening the development of its AI engine platform and toolchain capabilities. By empowering customer products with AI-enabled intelligent applications across various industries through its AI software capabilities, the Company created incremental value through AI capabilities, continuously driving the stabilization and recovery of its gross profit margin at the client level.

OTHER INCOME

The Company's other income increased by 10.55% from RMB6.56 million for the six months ended June 30, 2025 to RMB7.25 million for the six months ended June 30, 2026, mainly due to an increase of RMB0.75 million in government grants received during the Reporting Period.

SELLING EXPENSES

The Company's selling expenses increased by 13.60% from RMB28.84 million for the six months ended June 30, 2025 to RMB32.76 million for the six months ended June 30, 2026, mainly due to an increase of RMB2.59 million in remuneration and benefits for sales personnel during the Reporting Period.

ADMINISTRATIVE EXPENSES

The Company's administrative expenses increased by 8.70% from RMB31.17 million for the six months ended June 30, 2025 to RMB33.88 million for the six months ended June 30, 2026, mainly due to an increase of RMB2.27 million in intermediary service fees related to the H share listing during the Reporting Period.

R&D EXPENSES

The Company's R&D expenses increased by 22.10% from RMB95.87 million for the six months ended June 30, 2025 to RMB117.06 million for the six months ended June 30, 2026, mainly due to an increase of RMB11.12 million in remuneration and benefits for R&D personnel during the Reporting Period, as well as an increase of RMB7.31 million in consumption of materials for new product R&D.

FINANCE COSTS

The Company's finance costs increased by 414.82% from RMB-7.33 million for the six months ended June 30, 2025 to RMB23.09 million for the six months ended June 30, 2026, mainly due to an increase of RMB35.06 million in foreign exchange losses resulting from exchange rate fluctuations during the Reporting Period.

INVESTMENT LOSS

The Company's investment loss increased by 251.87% from RMB5.13 million for the six months ended June 30, 2025 to RMB18.04 million for the six months ended June 30, 2026, primarily attributable to an increase of RMB11.67 million in investment loss from ShuoGe Intelligent, an associate.

INCOME TAX EXPENSE

The Company's income tax expense increased by 130.77% from RMB8.72 million for the six months ended June 30, 2025 to RMB20.13 million for the six months ended June 30, 2026, primarily attributable to an increase of RMB11.41 million in current income tax expense as a result of the growth of taxable income during the Reporting Period.

NET PROFIT

As a result of the foregoing factors, the Company's net profit attributable to the listed company increased by 25.85% from RMB84.17 million for the six months ended June 30, 2025 to RMB105.93 million for the six months ended June 30, 2026, primarily attributable to an increase of approximately 4.85% in gross profit margin during the Reporting Period compared with the same period last year, and an increase of approximately 4.07% in the ratio of various expenses and expenditures to operating revenue compared with the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Company maintains sufficient cash and cash equivalents to preserve liquidity flexibility. The Company's cash and cash equivalents primarily comprise bank deposits and are mainly denominated in RMB and USD. The following table sets out the absolute amounts of the Company's cash and cash equivalents as at June 30, 2026 and December 31, 2025:

Item	June 30, 2026 RMB million	December 31, 2025 RMB million
1. Cash	986.16	309.61
Including: Cash on hand		0.02
Bank deposit available for payment at any time	986.16	309.59
2. Cash equivalents		
3. Balance of cash and cash equivalents at the end of the period	986.16	309.61
Including: Restricted cash and cash equivalents	792.08	96.86

The Company's cash and cash equivalents increased from RMB309.61 million as at December 31, 2025 to RMB986.16 million as at June 30, 2026, primarily attributable the impact of proceeds from H share listing during the Reporting Period.

The Company conducts financing based on market interest rates and its capital operation plans. The Company's bank borrowings are obtained from commercial banks in Chinese Mainland and foreign-invested commercial banks, all of which are denominated in RMB, representing credit loans, bear interest at fixed rates (with an average annual interest rate of approximately 2.10%) and are repayable within one year.

The following table sets out the absolute amounts of the Company's bank borrowings as at June 30, 2026 and December 31, 2025:

Item	June 30, 2026 RMB million	December 31, 2025 RMB million
Bank loans — unsecured	626.43	335.88
Discounted bills receivable	78.00	50.00
Total	704.43	385.88

The Company's current borrowings increased from RMB385.88 million as at December 31, 2025 to RMB704.43 million as at June 30, 2026, primarily due to the increase in cash paid for the purchase of goods and the acceptance of services during the Reporting Period.

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

GEARING RATIO

The Company maintains a prudent capital ratio to support its business and manages its asset structure through the gearing ratio. The following table sets out the absolute amounts of total assets, total liabilities and the gearing ratio of the Company as at June 30, 2026 and December 31, 2025:

Item	June 30, 2026	December 31, 2025
Total assets (RMB million)	4,832.52	2,967.05
Total liabilities (RMB million)	2,043.40	1,264.57
Gearing ratio	42.28%	42.62%

The Company's gearing ratio (defined as total liabilities divided by total assets) decreased from 42.62% as at December 31, 2025 to 42.28% as at June 30, 2026, and the Company's gearing ratio did not undergo any material change.

The Company maintains a healthy cash flow level. As of June 30, 2026, monetary assets accounted for more than 25% of the Company's total current assets. Taking into account the financial resources available to the Company, including cash and cash equivalents, available banking facilities, cash flows generated from operating activities and the net proceeds from the Global Offering, there are sufficient resources to meet the Group's material commitments, working capital, capital expenditures, investments and at least repay debts falling due as expected.

MATERIAL INVESTMENT

As of June 30, 2026, the Company had not made or held any material investments.

MATERIAL ACQUISITIONS AND DISPOSALS

As of June 30, 2026, the Company made an equity investment by way of acquiring equity interests and purchasing an R&D office building, with a transaction consideration of approximately RMB82.09 million.

PLEDGE/CHARGE OF ASSETS

As of June 30, 2026, save for the pledges or charges set out in Section V(I)21 of the notes to the financial statements in this interim report, the Company did not pledge or mortgage any other assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of June 30, 2026, the Company did not have detailed future plans for material investments or capital assets.

FOREIGN EXCHANGE RISK

As of June 30, 2026, our cash and cash equivalents balances are primarily denominated in USD and RMB.

As we accelerate our overseas market expansion, we become increasingly exposed to the effects of fluctuations in currency exchange rates. We manage our foreign exchange risk by regularly reviewing the Group's net foreign exchange risk and minimizing such risk through natural hedging wherever possible.

CONTINGENT LIABILITIES

As of June 30, 2026, the Company had no other material contingent liabilities.

CAPITAL COMMITMENT

As of June 30, 2026, the Company had contracted but not provided for capital commitments of RMB82.09 million (December 31, 2025: nil), primarily due to the consideration payable for the acquisition of equity interests and the purchase of an R&D office building.

EMPLOYEE AND REMUNERATION

As of June 30, 2026, the Group had a total of 1,023 full-time employees. Total staff remuneration expenses including share-based payments for the six months ended June 30, 2026 amounted to RMB131.34 million (for the six months ended June 30, 2025: RMB123.17 million).

USE OF PROCEEDS

The utilization of proceeds from the A Share offering of the Company during the Reporting Period is as follows:

Proceeds-raising investment projects	Whether the project was changed (including partial change)	Total committed investment of raised proceeds (RMB million)	Adjusted total investment (1) (RMB million)	Investment for the year (RMB million)	Accumulated investment as of the end of the period (2) (RMB million)	Investment progress as at the end of the period (%) (3)=(2)/(1)	Date on which the project is ready for its intended use	Benefits generated for the year	Whether the expected benefits are achieved	Whether there are significant changes in project feasibility
Committed investment projects										
5G+AIoT modules and solutions industrialization project	No	392.30	392.3	1.08	126.07	32.14	2028-02-23	—	Construction period	No
R&D center construction project	No	50.63	50.63	0.00	6.28	12.40	2028-02-23	—	Construction period	No
Supplement to working capital	No	150.00	150.00	0.00	150.00	100.00	—	—	—	—
Subtotal of committed investment projects	—	592.93	592.93	1.08	282.35	—	—	—	—	—

Management Discussion and Analysis

The utilization of proceeds from the H Share offering of the Company during the Reporting Period is as follows:

The Company was listed on the Hong Kong Stock Exchange on March 10, 2026. After deducting the underwriting commission and listing expenses, the net proceeds from the Global Offering received by the Company amounted to approximately RMB973 million, which will be used for the purposes set out in the prospectus.

As of June 30, 2026, there has neither been any material change nor delay in the use of proceeds.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of June 30, 2026:

Purpose	Percentage of the total amount	Net proceeds from the Global Offering ⁽¹⁾ (RMB million)	Utilized amount during the Reporting Period (RMB million)	Actual use of proceeds as of June 30, 2026 (RMB million)	Unutilized amount as of June 30, 2026 (RMB million)	Expected timeline for fully utilizing the unutilized amount ⁽²⁾
Enhancing R&D and innovation capabilities	55%	534.94	1.10	1.10	533.84	2030
Expanding overseas sales network and promoting products in overseas markets	10%	97.26	0	0	97.26	2030
Strategic investments and/or acquisition	10%	97.26	20.00	20.00	77.26	N/A
Repayment of certain interest-bearing bank borrowings	15%	145.89	145.89	145.89	0	N/A
Working capital and general corporate uses	10%	97.26	97.26	97.26	0	N/A
Total	100%	972.61	264.25	264.25	708.36	

The underlying sections in this interim report mentioned herein form part of this Report of the Board.

PRINCIPAL ACTIVITIES

We are a leading provider of wireless communication modules and solutions, with a focus on smart modules, particularly high-computing-power smart modules. Our modules and solutions are widely applied across the general internet of things (“IoT”), Intelligent Connected Vehicle (“ICV”) and wireless broadband sectors.

Further discussion on the Group’s business and financial performance, principal risks and uncertainties, and future development during the Reporting Period is set out in the sections headed “Management Discussion and Analysis” in this interim report.

Save as disclosed in this interim report, there was no significant change in the nature of the principal activities of the Group during the Reporting Period.

DIVIDEND

As of June 30, 2026, the Board did not propose the payment of an interim dividend.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Issue of Equity Securities

During the Reporting Period, six or more participants under the Company’s A-Share Option Incentive Plan exercised their options voluntarily at a price of RMB20.97 per A Share (the grant date of the options granted to such participants, being July 1, 2024, on which the closing price was RMB19.48), resulting in an aggregate increase of 65,500 A Shares in the share capital upon completion of registration, with a total capital increase of RMB1,373,535 (such proceeds became the Company’s share capital and share premium, consistent with the purposes disclosed under the Company’s A-Share Option Incentive Plan). For details of the A-Share Option Incentive Plan and the options granted, please see the section headed “Share Scheme”.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including the sale of treasury shares (as defined in the Hong Kong Listing Rules)). As of June 30, 2026, neither the Company nor its subsidiaries held any treasury shares.

SHARE SCHEME

The Company currently has the 2024 A-Share Equity Incentive Plan, which consists of the 2024 Share Option Incentive Plan and the 2024 Restricted Share Incentive Plan. Details are as follows:

2024 Stock Option Incentive Plan

The following is a summary of the principal terms of our 2024 Stock Option Incentive Plan. Given no further share options will be granted under the 2024 Stock Option Incentive Plan after the Listing, the terms of the 2024 Stock Option Incentive Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules other than the disclosure requirement under Rule 17.02(1)(b).

(a) Purpose

The purpose of the 2024 Stock Option Incentive Plan is to improve corporate governance structure of our Group, to establish and improve our Group's incentive mechanism, to attract and retain talents in order to achieve a sustained and healthy development of our Group, and to align the interests of our Shareholders with the interests of our Group and employees for realizing our Group's long-term objectives.

(b) Administration

The 2024 Stock Option Incentive Plan is subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of our board of supervisors and independent Directors of our Company.

(c) Participants

The participants of our 2024 Stock Option Incentive Plan include our mid-level management and core technical staff. The scope of participants of our 2024 Stock Option Incentive Plan excludes incumbent independent Directors, Shareholders individually or collectively holding 5% or more of the shares of our Company, the Company's actual controllers, and their spouse, parents and children.

(d) Maximum number of options

The shares underlying the options to be granted under the 2024 Stock Option Incentive Plan are A Shares to be issued by our Company to the selected participants. Each option granted represents the right to purchase one Share within the exercise period at the exercise price. The maximum number of options that can be granted under the 2024 Stock Option Incentive Plan is 2,100,000.

(e) Date of grant and duration of the incentive plan

The date on which the options are granted shall be a trading day determined by the Board within 60 days after the date of approval of the 2024 Stock Option Incentive Plan by the Shareholders' meeting. The grant of options shall be approved by the Board, registered and announced within 60 days after the approval of the 2024 Stock Option Incentive Plan by the Shareholders' meeting. The 2024 Stock Option Incentive Plan shall be valid for a term of five years commencing from the date of completion of the grant of the options.

(f) Conditions to the grant of options

The options under the 2024 Stock Option Incentive Plan will only be granted to selected participants if the following conditions are fulfilled:

(i) *With respect to our Company, none of the following circumstances having occurred:*

- (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;
- (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in the accountant's report for the most recent fiscal year;
- (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the 36 months after its Listing;
- (4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or
- (5) any other circumstances determined by the CSRC; and

(ii) *With respect to a grantee, none of the following circumstances having occurred:*

- (1) the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the last 12 months;
- (2) the grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
- (3) the grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
- (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
- (5) the grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
- (6) any other circumstances determined by the CSRC.

No consideration is paid/payable for the options granted under the 2024 Stock Option Incentive Plan.

(g) Exercise of options

Options may be exercised by a grantee provided that (i) the conditions set out under paragraph (f) above are fulfilled at the time of exercise of options; (ii) the grantee is not found by the Board to be in serious breach of the rules of our Company; and (iii) the annual assessment and performance targets as set out under the 2024 Stock Option Incentive Plan are achieved.

The exercise price for the option to be granted under each Stock Option Incentive Plan shall be the higher of (i) the average trading price of the Shares in the trading day before the announcement of the draft plan; and (ii) the average trading price of the Shares during 20 trading days before the announcement of the draft plan. The number of options granted and the exercise prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

The exercise schedule of the options granted is either:

- (i) exercisable in tranches of 40% during the exercise period that occur between the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 24-month anniversary of the date of grant;
- (ii) exercisable in tranches of 30% during the exercise period that occur between the first trading date after the 24-month anniversary from the date of grant and the last trading day up to the 36-month anniversary of the date of grant; or
- (iii) exercisable in tranches of 30% during the exercise period that occur between the first trading date after the 36-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant.

The exercise of the options granted under the 2024 Stock Option Incentive Plan shall be on a trading day, which shall not fall within the following periods: (i) 15 days before the publication of annual report and interim report; (ii) five days before the publication of quarterly report, earnings forecast, and preliminary earnings estimate; (iii) the period starting from 15 days before the initial publication of annual report and interim report (due to any delay of publication) until one day before the publication of such report; (iv) the period starting from the date of occurrence of any significant price-sensitive event or the decision-making process in respect of such event until the date of announcement of such event; and (v) any other period stipulated by the CSRC and the Shenzhen Stock Exchange.

The grantees must exercise their options within the validity period of the respective options. Upon the expiry of the validity period, options granted but not exercised will cease to be exercisable and shall be canceled by our Company.

(h) Outstanding options

The number of A Shares underlying the outstanding options granted under the 2024 Stock Option Incentive Plan amounted to 1,431,800 A Shares. There were no changes to our issued and outstanding shares and (ii) the Offer Size Adjustment Option is not exercised. As of June 30, 2026, among the outstanding options, 377,800 were held by six connected persons and 1,054,000 were held by 144 employees of our Company, none of whom was a Director or senior management of our Company.

The table below sets forth the details of the options granted to (i) connected persons who are not the Directors or senior management of our Company; and (ii) grantees with options for 20,000 A Shares or more under the 2024 Stock Option Incentive Plan which were outstanding as of June 30, 2026:

Name of grantee	Position in our Group	Address	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
Connected Persons							
ZHOU Zhou (周舟)	Supervisor of MeiG Investment and the Company's vice finance manager	Room 1702, Building 7, Phase 1, Zhongzhou Huafu, Xin'an Subdistrict, Bao'an District, Shenzhen, the PRC	July 1, 2024	15,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.00%
LI Xiaobing (李小兵)	General manager and vice president of Xi'an ZhaoGe	Unit 1, 13th Floor, Building 1, No. 39 Keji Road, Yanta District, Xi'an, Shaanxi Province, the PRC	July 1, 2024	18,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.01%
			June 10, 2025	100,000	45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	0.03%
ZHANG Qiuyue (張秋月)	Supervisor and vice president of Xi'an ZhaoGe	No. 68 Keji 2nd Road, Yanta District, Xi'an, Shaanxi Province, the PRC	July 1, 2024	12,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.00%

Report of the Board

Name of grantee	Position in our Group	Address	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
YU Ying (俞英)	Supervisor of ZhongGe Nantong and manager of human resource of ZhongGe Shanghai	No. 50 Luoqiao Subdistrict Office, Shangrao County, Shangrao, Jiangxi Province, the PRC	July 1, 2024	7,800	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.00%
ZHANG Shulin (張樹林)	Executive director of ZhongGe Nantong and head of R&D department of ZhongGe Shanghai	No. 63 Beijing East Road, Nanjing, Jiangsu Province, the PRC	July 1, 2024	9,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.00%
			June 10, 2025	150,000	45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	0.05%
LI Peng (李鵬)	Supervisor and senior vice president of ZhongGe Shanghai	Room 102, No. 39, Lane 168 Qinchun Road, Minhang District, Shanghai, the PRC	July 1, 2024	66,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.02%

Name of grantee	Position in our Group	Address	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
Grantees with options for 20,000 A Shares or more							
GUO Qianghua (郭强华)	Vice president of product planning department of ZhongGe Shanghai	Room 502, No. 32, Lane 2999, Qixin Road, Minhang District, Shanghai, the PRC	July 1, 2024	45,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.01%
FAN Dian (范典)	Senior vice president of sales department of ZhongGe Shanghai	Room 401, No. 18, Lane 1199, Xingmei Road, Minhang District, Shanghai, the PRC	July 1, 2024	90,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.03%
			June 10, 2025	100,000	45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	0.03%
HUANG Dequan (黄德权)	Head of operations management center of ZhongGe Shanghai	Room 1203, No. 1, Lane 59, Pingyang Road, Minhang District, Shanghai, the PRC	July 1, 2024	6,000	20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.00%
			June 10, 2025	150,000	45.67	50%: From June 10, 2026 to June 9, 2027; 50%: From June 10, 2027 to June 9, 2028	0.05%

Report of the Board

The table below sets forth the details of options granted to other grantees under the 2024 Stock Option Incentive Plan, categorized by the number of underlying A Shares, which were outstanding as of June 30, 2026:

Category by number of underlying A Shares	Number of grantees	Date of grant	Number of shares under options granted	Exercise price	Exercise period	Approximate shareholding percentage in the issued share capital of the Company
1-5,000	93	July 1, 2024	289,200	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.10%
5,001-10,000	38	July 1, 2024	244,200	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.08%
10,001-15,000	9	July 1, 2024	110,400	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.03%
15,001-19,999	1	July 1, 2024	19,200	RMB20.97	40%: From July 1, 2025 to June 30, 2026; 30%: From July 1, 2026 to June 30, 2027; 30%: From July 1, 2027 to June 30, 2028	0.01%

Notes:

- (1) The calculation is based on the assumption that no additional Shares are issued pursuant to our 2024 Equity Incentive Plans.
- (2) Included two grantees who were granted stock options on June 10, 2025.

2024 Restricted Share Incentive Plan

The following is a summary of the principal terms of the Company's 2024 Restricted Share Incentive Plan. The terms of the 2024 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules other than Rule 17.12 as it does not involve any grant of restricted Shares by our Company after our Listing but is partially funded by the Company's treasury Shares which are not listed on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Hong Kong Listing Rules as and when appropriate and required.

(a) Purpose

The purpose of the 2024 Restricted Share Incentive Plan is to improve corporate governance structure of our Group, to establish and improve our Group's incentive plan, to attract and retain talents in order to achieve a sustained and healthy development of our Group, and to align the interests of our Shareholders with the interests of our Group and employees for realizing our Group's long-term objectives.

(b) Administration

The 2024 Restricted Share Incentive Plan is subject to the approval of the Shareholders' meeting, the administration of our Board and the supervision of independent Directors of our Company.

(c) Participants

The participants of our 2024 Restricted Share Incentive Plan include our mid-level management and core technical staff. The scope of participants of our 2024 Restricted Share Incentive Plan excludes incumbent independent Directors, Shareholders individually or collectively holding more than 5% of the Shares of our Company, the Company's actual controllers, and their spouse, parents and children.

(d) Source and Maximum Number of Shares

The underlying A Shares are the A Shares to be issued by our Company and/or repurchased by our Company from the secondary market.

Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of restricted Shares that can be granted under the 2024 Restricted Share Incentive Plan is 4,010,000.

(e) Date of Grant and Term of the 2024 Restricted Share Incentive Plan

The date on which the restricted Shares are granted shall be determined by the Board after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders' meeting. Under our 2024 Restricted Share Incentive Plan, the initial grant of restricted Shares shall be announced within 60 days after the approval of such plan by the Shareholders' meeting. The 2024 Restricted Share Incentive Plan shall be effective from the date of the initial grant of restricted Shares under the plan up to the date when all of the restricted Shares granted under the plan have been unlocked or void and lapsed, provided that the term of the plan shall not exceed 60 months.

(f) Lock-up for Directors and Senior Management

If the grantee is a Director or senior management of our Company,

- (i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;
- (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;
- (iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and
- (iv) if there is any change in the applicable laws and regulations on the foregoing time limit requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the Grant of Restricted Shares

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are fulfilled:

- (i) *with respect to our Company, none of the following circumstances having occurred:*
 - (1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;
 - (2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year;
 - (3) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its Listing;
 - (4) applicable laws and regulations prohibit the implementation of share incentive; or
 - (5) other circumstances determined by the CSRC; and

(ii) *with respect to a grantee, none of the following circumstances having occurred:*

- (1) the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the last 12 months;
- (2) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;
- (3) the grantee has received administrative penalty or has been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;
- (4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
- (5) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or
- (6) other circumstances determined by the CSRC.

(h) Unlocking and Vesting of Restricted Shares

The restricted Shares are vested upon the grant date but will only be unlocked when (i) the conditions set out under paragraph (g) above are fulfilled; (ii) the grantee is not found by the Board to be in serious breach of the rules of our Company; and (iii) the annual assessment and performance targets as set out under the respective Restricted Share Incentive Plan are achieved.

Under the 2024 Restricted Share Incentive Plan, the restricted Shares (other than the 2024 Retained Restricted Shares) will be unlocked in tranches of 40%, 30% and 30% in each of the three unlocking periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.

If the 2024 Retained Restricted Shares are granted before the release of our Company's 2024 third quarterly report, the unlocking schedule is the same as that of the other restricted Shares initially granted as described above. Otherwise, the 2024 Retained Restricted Shares shall be unlocked in tranches of 50% in each of the two unlocking periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant.

The number of restricted Shares granted and/or unlocked and/or the grant prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of Shares, placing and share reduction. Such adjusted restricted Shares are subject to the same unlocking conditions. Our Company may void the granted restricted Shares upon occurrence of certain events as set out in the 2024 Restricted Share Incentive Plan, including but not limited to the termination of employment of the grantees with our Company.

Report of the Board

(i) Outstanding restricted Shares

As of June 30, 2026, the number of outstanding restricted Shares granted under the 2024 Restricted Share Incentive Plan as resolved by our Board was 2,549,200, representing approximately 0.84% of the total issued Shares. As of June 30, 2026, a total of 2,549,200 outstanding restricted Shares were granted to 257 grantees, none of whom were Directors or senior management of the Company.

The following table sets forth the number of outstanding restricted Shares granted to connected persons of our Company under the 2024 Restricted Share Incentive Plan as of June 30, 2026:

Name of grantee	Position in the Group	Date of outstanding restricted Shares	Number of outstanding restricted Shares	Grant price	Lock-up period	Approximate shareholding percentage of the Company's issued share capital
ZHANG Shulin (張樹林)	Executive director of ZhongGe Nantong and head of R&D department of ZhongGe Shanghai	July 1, 2024	48,000	10.55	From July 1, 2024 to June 30, 2025	0.02%
		June 10, 2025	25,000	22.84	12 months from the registration date of restricted Shares	0.01%
LI Xiaobing (李小兵)	General manager and vice president of Xi'an ZhaoGe	July 1, 2024	30,000	10.55	From July 1, 2024 to June 30, 2025	0.01%
		June 10, 2025	20,000	22.84	12 months from the registration date of restricted Shares	0.01%
ZHOU Zhou (周舟)	Supervisor of MeiG Investment and the Company's vice finance manager	July 1, 2024	36,000	10.55	From July 1, 2024 to June 30, 2025	0.01%
		June 10, 2025	7,500	22.84	12 months from the registration date of restricted Shares	0.00%
ZHANG Qiuyue (張秋月)	Supervisor and vice president of Xi'an ZhaoGe	July 1, 2024	25,200	10.55	From July 1, 2024 to June 30, 2025	0.01%
YU Ying (俞英)	Supervisor of ZhongGe Nantong and manager of human resource of ZhongGe Shanghai	July 1, 2024	7,200	10.55	From July 1, 2024 to June 30, 2025	0.00%
LI Peng (李鵬)	Supervisor and senior vice president of ZhongGe Shanghai	July 1, 2024	120,000	10.55	From July 1, 2024 to June 30, 2025	0.04%

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding the abovementioned connected persons of our Company) under the 2024 Restricted Share Incentive Plan as of June 30, 2026:

Number of grantees	Date of grant	Lock-up period	Grant price	Number of outstanding restricted Shares	Approximate percentage of issued share capital
190 ⁽²⁾	July 1, 2024	From July 1, 2024 to June 30, 2025	RMB10.55	1,795,800	0.59%
89 ⁽³⁾	June 10, 2025	From June 10, 2025 to June 9, 2026	RMB22.84	434,500	0.14%

Notes:

- (1) The calculation is based on the assumption that no additional Shares are issued pursuant to our 2024 Equity Incentive Plans.
- (2) Included 89 grantees who were granted restricted Shares on June 10, 2025.
- (3) Subject to a lock-up period of 12 months from the registration date of restricted Shares.

2026 A-Share Equity Incentive Plan

Reference is made to the Company's announcement dated July 24, 2026 regarding the proposed adoption of the 2026 A-Share Equity Incentive Plan. The Board has resolved to propose the adoption of such plans. As of the Latest Practicable Date, such plans are subject to Shareholders' approval before becoming effective.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. Save as disclosed in this report, the Company has complied with all of the applicable code provisions as set out in part 2 of the CG Code during the Reporting Period.

Directors and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Hong Kong Stock Exchange shall comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. WANG Ping (王平) currently performs the above two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and can provide more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

From the Listing Date to the Reporting Period, there were no amendments to the Articles of Association.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiries with all Directors, the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

We have established the Audit Committee in accordance with Rule 3.21 of the Hong Kong Listing Rules and the CG Code, and the Audit Committee comprises three independent non-executive Directors, all of whom are seasoned professionals in financial management and business operations.

The Audit Committee has reviewed with the management of the Company the accounting standards and practices adopted by the Group and discussed the auditing, risk management, internal control, and financial reporting matters, including review of the unaudited interim condensed consolidated financial information and interim report of the Group for the six months ended June 30, 2026.

RELATIONS WITH EMPLOYEES, EMPLOYEE TRAINING AND REMUNERATION POLICY

The total number of employees of the Group increased by 4.07% from 983 as at December 31, 2025 to 1,023 as at June 30, 2026.

The remuneration of Directors and senior management is proposed by the Remuneration and Appraisal Committee of the Board and approved by the Board, and implemented after the deliberation of general meeting.

The Company places high importance on employee training and provides trainings of multiple levels and types to improve the comprehensive quality and business standard of its staff at all levels. During the Reporting Period, the Company has organized various centralized and specific trainings.

Remunerations for employees are paid on time according to the remuneration system of the Company. The Company decides the regular salaries of the employees according to the position's value and individual performance and decides the employees' performance bonus according to the Company's and individual performance. The remuneration distribution shows more consideration for strategic talent and ensures the market competitiveness in the salary of core talent. The Company shall make dynamic adjustments to the staff remuneration policy according to regional differences, talent supply conditions, staff turnover, environment changes in the industry and the Company's payment capacity.

EVENTS AFTER THE REPORTING PERIOD

Save for the utilisation of part of the idle proceeds from the H-share Global Offering to temporarily supplement working capital as disclosed in the Company's announcement dated August 27, 2026 (for details, please refer to such announcement) and disclosed in this report, the Company did not have other material subsequent events since the end of the Reporting Period.

Changes in Shares and Information on Shareholders

SUBSTANTIAL SHAREHOLDER AND OTHER INDIVIDUALS' INTEREST AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As of the end of the Reporting Period, the interests of persons (other than Directors) who had interests or short positions in the shares or underlying shares that are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register kept by the Company under Section 336 of the SFO, are as follows:

Name of Shareholder	Capacity/ Nature of interest	Class of Shares	Long position/ Short position/ Shares available for lending	Number of Shares or underlying Shares directly or indirectly held	Approximate shareholding percentage in the relevant class of Shares	Approximate shareholding percentage in the issued share capital of the Company
Shanghai ZhaoGe Enterprise Management Center (Limited Partnership)	Beneficial owner	A Shares	Long position	26,248,240	10.03%	8.69%

Save as disclosed above, as of the end of the Reporting Period, to the best knowledge of the Directors, there were no other persons (other than the Directors, former supervisors or the chief executive) who had interests or short positions in the shares or underlying shares that are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register kept by the Company under Section 336 of the SFO.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of the end of the Reporting Period, the interests or short positions of the Directors or chief executive in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Hong Kong Listing Rules were as follows:

Changes in Shares and Information on Shareholders

1. Interest in Shares or underlying shares of our Company

Name of Director, supervisor or chief executive	Nature of interest ⁽¹⁾	Class of Shares	Number of Shares or underlying shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares (%) ⁽²⁾	Approximate percentage of shareholding in the Company's issued share capital (%) ⁽²⁾
Mr. WANG Ping (王平) ⁽⁴⁾	Beneficial owner	A Shares	102,417,560	39.12%	33.91%
	Interest in controlled corporation ⁽³⁾	A Shares	26,248,240	10.03%	8.69%
Mr. DU Guobin (杜國彬)	Beneficial owner	A Shares	390,000	0.15%	0.13%
Mr. XIA Youqing (夏有慶)	Beneficial owner	A Shares	104,000	0.04%	0.03%
Mr. HUANG Min (黃敏)	Beneficial owner	A Shares	78,000	0.03%	0.03%

Notes:

- (1) All interests aforementioned are long positions.
- (2) The calculation is based on the total issued Shares of 302,071,200 Shares as of June 30, 2026 (including 261,821,200 A Shares and 40,250,000 H Shares).
- (3) As of the end of the Reporting Period, ZhaoGe Investment was ultimately controlled by Mr. WANG Ping (王平) as its general partner. By virtue of the SFO, Mr. WANG Ping (王平) is deemed to be interested in the Shares held by ZhaoGe Investment.
- (4) As of the end of the Reporting Period, 15,100,000 A Shares held by Mr. WANG Ping (王平) had been pledged as security for Mr. WANG Ping's (王平) other personal investment financing needs, with a loan amount of RMB266.4 million.

2. Interest in Shares of associated corporations of our Company

Name of Director or chief executive	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. WANG Ping (王平)	Interest in controlled corporation ⁽¹⁾	Shenzhen Pinsu Zhilian Information Technology Co., Ltd. (深圳市品速智聯信息技術有限公司)	10.7%

Note:

- (1) As of June 30, 2026, MeiG Zhilian is interested in 37.5% of the equity interest of Pinsu Zhilian, which was held by Shenzhen Gaoxin Venture Capital Co., Ltd. (深圳市高芯創業投資有限公司) ("Gaoxin VC"), a company ultimately controlled by Mr. WANG Ping (王平), as to 10.66%. As such, Mr. Wang is deemed to be interested in the shares held by Gaoxin VC.

Changes in Shares and Information on Shareholders

Save as disclosed above, as of the end of the Reporting Period, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive had or were deemed to have any interest or short position in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required (i) to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; (ii) to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors and Senior Management

COMPOSITION OF THE BOARD

As of the Latest Practicable Date, the Board comprises seven Directors, including four executive Directors: Mr. WANG Ping (王平) (Chairman and General Manager), Mr. DU Guobin (杜國彬) (Vice Chairman), Mr. XIA Youqing (夏有慶) (Deputy General Manager and Chief Financial Officer) and Mr. HUANG Min (黃敏) (Board Secretary and Deputy General Manager); and three independent non-executive Directors: Mr. YANG Zheng (楊政), Dr. MA Lijun (馬利軍) and Ms. LIU Jia (劉佳).

CHANGES TO DIRECTORS' BIOGRAPHICAL INFORMATION

During the Reporting Period and as of the date of this report, there have been no material changes to the information of the Directors and chief executive officer that are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

SENIOR MANAGEMENT

According to the Company's 2025 Annual Report, the senior management of the Company comprises Mr. WANG Ping (王平) (General Manager), Mr. XIA Youqing (夏有慶) (Deputy General Manager and Chief Financial Officer) and Mr. HUANG Min (黃敏) (Deputy General Manager and Board Secretary), all of whom also serve as executive Directors. During the Reporting Period and as of the Latest Practicable Date, there have been no material changes to the positions and information of the senior management.

JOINT COMPANY SECRETARIES

Mr. HUANG Min (黃敏) was appointed as one of joint company secretaries of the Company on May 19, 2025; details of his biographical information are set out in the section headed "Biographical Details of Directors and Senior Management — Executive Directors" in the Company's 2025 Annual Report.

Mr. AU Kai Yin (歐啟賢) was appointed as one of joint company secretaries of the Company on February 12, 2026; details of his biographical information are set out in the section headed "Biographical Details of Directors and Senior Management — Joint Company Secretaries" in the Company's 2025 Annual Report.

During the Reporting Period and as of the Latest Practicable Date, there were no changes to the joint company secretaries of the Company.

THE ALIGNMENT IN PREPARATION OF FINANCIAL REPORTS IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

On May 22, 2026, the Company held a board meeting at which it approved, among other things, the Alignment in Preparation of Financial Reports in Accordance with the China Accounting Standards for Business Enterprises, and agreed not to separately engage an overseas accounting firm. The Proposal on the Re-appointment of the 2026 Accounting Firm was deliberated and approved at the 2025 annual general meeting. In light of the foregoing, the Company has, commencing from the fiscal year 2026, adopted the China Accounting Standards for Business Enterprises uniformly for the preparation of its financial statements and for the disclosure of relevant financial information under the Hong Kong Listing Rules.

For details, please refer to the Company's announcements dated May 22, 2026 and June 16, 2026, and the Company's circular dated May 22, 2026.

Review Report

PCCPARR [2026] No. 3-463

To the Shareholders of MeiG Smart Technology Co., Ltd.:

We have reviewed the accompanying financial statements of MeiG Smart Technology Co., Ltd. (the “**Company**”), which comprise the consolidated and parent company balance sheets as at June 30, 2026, the consolidated and parent company income statements for the six months ended June 30, 2026, and the consolidated and parent company cash flow statements for the six months then ended, and consolidated and parent company statements of changes in equity for the six months then ended. As well as notes to financial statements. The Company’s management is responsible for the preparation and presentation of these interim financial statements. Our responsibility is to issue a review report on these interim financial statements based on our review.

We conducted our review in accordance with China Standards on Reviewing No. 2101 — Review of Financial Statements. This standard requires us to plan and conduct a review to obtain limited assurance about whether the interim financial statements are free from material misstatements. A review of these interim financial statements consists principally of making inquiries of persons responsible for financial and accounting matters, and applying analytical procedures to the financial information. A review is substantially less in scope than an audit conducted and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material aspects, the financial position of the Company as at June 30, 2026, and of its financial performance and its cash flows for the six months then ended in accordance with China Accounting Standards for Business Enterprises.

Pan-China Certified Public Accountants LLP

Hangzhou • China

Date of Report: August 27, 2026

The review report and the accompanying financial statements are English translations of the Chinese review report and statutory financial statements prepared under accounting principles and practices generally accepted in the People’s Republic of China. These financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated balance sheet

As at June 30, 2026

MeiG Smart Technology Co., Ltd.

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2025
Current assets:			
Cash and bank balances	1	1,068,370,237.36	311,431,659.44
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	2	43,625,435.00	
Derivative financial assets			
Notes receivable	3	111,578,753.32	122,151,142.05
Accounts receivable	4	624,681,105.77	497,293,098.55
Receivables financing	5	43,894,153.91	58,809,968.87
Advances paid	6	146,259,754.58	102,755,642.64
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	7	9,933,348.77	8,882,920.24
Financial assets under reverse report			
Inventories	8	1,528,823,622.76	900,899,827.18
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year	9		827,126.74
Other current assets	10	480,322,422.30	469,211,550.93
Total current assets		4,057,488,833.77	2,472,262,936.64

Consolidated balance sheet

As at June 30, 2026

Assets	Note No.	Closing balance	December 31, 2025
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	11	3,508,049.13	3,906,533.66
Long-term equity investments	12	36,907,573.71	53,636,622.73
Other equity instrument investments			
Other non-current financial assets	13	199,845,423.25	181,965,884.01
Investment property			
Fixed assets	14	283,303,897.89	16,117,422.23
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets	15	13,021,365.76	15,848,355.73
Intangible assets	16	99,386,046.02	111,475,356.54
Including: Data resources			
Development expenditures	17	9,552,685.59	7,527,349.90
Including: Data resources			
Goodwill			
Long-term prepayments	18	10,214,969.73	9,413,056.89
Deferred tax assets	19	87,195,748.49	91,999,913.74
Other non-current assets	20	32,092,526.46	2,894,528.29
Total non-current assets		775,028,286.03	494,785,023.72
Total assets		4,832,517,119.80	2,967,047,960.36

Consolidated balance sheet

As at June 30, 2026

Liabilities & Equity	Note No.	Closing balance	December 31, 2025
Current liabilities:			
Short-term borrowings	22	704,434,397.30	385,880,237.56
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	23	771,526,221.03	552,281,806.95
Advances received	24	1,881,557.35	
Contract liabilities	25	320,014,143.17	192,095,100.17
Financial liabilities under report			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	26	17,753,585.58	17,635,034.12
Taxes and rates payable	27	25,483,832.39	9,173,714.65
Other payables	28	132,338,520.31	49,293,958.38
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	29	6,615,486.36	7,214,040.19
Other current liabilities	30	35,145,767.96	18,504,327.78
Total current liabilities		2,015,193,511.45	1,232,078,219.80

Consolidated balance sheet

As at June 30, 2026

Liabilities & Equity	Note No.	Closing balance	December 31, 2025
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	31	6,068,299.30	9,827,097.32
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income	32	2,925,000.00	2,925,000.00
Deferred tax liabilities	19	19,211,958.53	19,741,471.00
Other non-current liabilities			
Total non-current liabilities		28,205,257.83	32,493,568.32
Total liabilities		2,043,398,769.28	1,264,571,788.12
Equity:			
Share capital	33	302,071,200.00	261,755,700.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	34	1,740,641,077.37	797,242,135.13
Less: Treasury shares	35	48,539,957.77	48,539,957.77
Other comprehensive income	36	-2,833,985.89	164,007.66
Special reserve			
Surplus reserve	37	27,536,838.43	27,536,838.43
General risk reserve			
Undistributed profit	38	770,243,178.38	664,317,448.79
Total equity attributable to the parent company		2,789,118,350.52	1,702,476,172.24
Non-controlling interest			
Total equity		2,789,118,350.52	1,702,476,172.24
Total liabilities & equity		4,832,517,119.80	2,967,047,960.36

Legal representative:

Officer in charge of accounting: Head of accounting department:

Parent company balance sheet

As at June 30, 2026

MeiG Smart Technology Co., Ltd.

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2025
Current assets:			
Cash and bank balances		750,794,049.92	163,316,998.15
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable		84,825,712.82	70,676,438.32
Accounts receivable	1	588,955,239.01	539,607,558.23
Receivables financing		22,151,356.69	10,589,789.08
Advances paid		364,765,281.58	119,235,003.47
Other receivables	2	306,768,901.03	95,415,981.55
Inventories		1,329,401,963.83	791,368,758.90
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			827,126.74
Other current assets		475,052,077.29	464,289,007.13
Total current assets		3,922,714,582.17	2,255,326,661.57

Parent company balance sheet

As at June 30, 2026

Assets	Note No.	Closing balance	December 31, 2025
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	247,546,095.73	255,082,084.12
Other equity instrument investments			
Other non-current financial assets			
Investment property			
Fixed assets		4,950,458.92	5,327,291.26
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets		268,127.55	298,481.61
Intangible assets		18,018,341.51	24,358,665.18
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term prepayments		10,159,725.94	9,315,875.50
Deferred tax assets		40,126,151.71	42,890,429.89
Other non-current assets		18,881,811.30	2,894,528.29
Total non-current assets		339,950,712.66	340,167,355.85
Total assets		4,262,665,294.83	2,595,494,017.42

Parent company balance sheet

As at June 30, 2026

Liabilities & Equity	Note No.	Closing balance	December 31, 2025
Current liabilities:			
Short-term borrowings		704,434,397.30	385,880,237.56
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,053,026,877.64	803,902,397.53
Advances received			
Contract liabilities		300,707,166.38	216,150,109.72
Employee benefits payable		1,216,533.90	1,178,737.42
Taxes and rates payable		9,420,687.41	1,614,973.26
Other payables		42,465,653.06	53,231,173.61
Liabilities held for sale			
Non-current liabilities due within one year		56,509.70	880,526.85
Other current liabilities		39,649,710.17	27,828,634.27
Total current liabilities		2,150,977,535.56	1,490,666,790.22
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		221,035.08	249,635.30
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		2,925,000.00	2,925,000.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		3,146,035.08	3,174,635.30
Total liabilities		2,154,123,570.64	1,493,841,425.52

Parent company balance sheet

As at June 30, 2026

Liabilities & Equity	Note No.	Closing balance	December 31, 2025
Equity:			
Share capital		302,071,200.00	261,755,700.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,740,641,077.37	797,242,135.13
Less: Treasury shares		48,539,957.77	48,539,957.77
Other comprehensive income			
Special reserve			
Surplus reserve		27,536,838.43	27,536,838.43
Undistributed profit		86,832,566.16	63,657,876.11
Total equity		2,108,541,724.19	1,101,652,591.90
Total liabilities & equity		4,262,665,294.83	2,595,494,017.42

Legal representative:

Officer in charge of accounting: Head of accounting department:

Consolidated income statement

For the six months ended June 30, 2026

MeiG Smart Technology Co., Ltd.

(Expressed in Renminbi Yuan)

Items	Note No.	January to June 2026	January to June 2025
I. Total operating revenue		2,024,526,412.36	1,886,475,312.32
Including: Operating revenue	1	2,024,526,412.36	1,886,475,312.32
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		1,865,592,192.23	1,787,487,319.84
Including: Operating cost	1	1,655,895,717.05	1,634,364,909.32
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	2,914,889.13	4,586,058.79
Selling expenses	3	32,759,930.40	28,836,839.23
Administrative expenses	4	33,877,993.57	31,165,456.41
R&D expenses	5	117,057,654.39	95,867,059.10
Financial expenses	6	23,086,007.69	-7,333,003.01
Including: Interest expenses		5,979,087.16	2,939,789.09
Interest income		7,273,194.13	1,392,432.54
Add: Other income	7	7,252,820.39	6,560,747.15
Investment income (or less: losses)	8	-18,042,235.33	-5,127,469.19
Including: Investment income from associates and joint ventures		-16,699,536.14	-5,127,469.19
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)	9	-1,921,875.76	-1,164,517.04
Credit impairment loss	10	-1,939,790.74	1,479,689.15
Assets impairment loss	11	-15,576,307.62	-8,826,712.87
Gains on asset disposal (or less: losses)	12		988,995.44
III. Operating profit (or less: losses)		128,706,831.07	92,898,725.12
Add: Non-operating revenue	13	29,165.80	
Less: Non-operating expenditures	14	2,681,110.61	9,366.57
IV. Profit before tax (or less: total loss)		126,054,886.26	92,889,358.55
Less: Income tax expenses	15	20,129,156.67	8,722,584.47

Consolidated income statement

For the six months ended June 30, 2026

Items	Note No.	January to June 2026	January to June 2025
V. Net profit (or less: net loss)		105,925,729.59	84,166,774.08
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		105,925,729.59	84,166,774.08
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		105,925,729.59	84,166,774.08
2. Net profit attributable to non-controlling shareholders (or less: net loss)			
VI. Other comprehensive income after tax		-2,997,993.55	-2,471,286.06
Items attributable to the owners of the parent company		-2,997,993.55	-2,471,286.06
(I) Not to be reclassified subsequently to profit or loss			
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss		-2,997,993.55	-2,471,286.06
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve		-2,997,993.55	-2,471,286.06
7. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		102,927,736.04	81,695,488.02
Items attributable to the owners of the parent company		102,927,736.04	81,695,488.02
Items attributable to non-controlling shareholders			
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.38	0.32
(II) Diluted EPS (yuan per share)		0.38	0.32

Legal representative:

Officer in charge of accounting: Head of accounting department:

Parent company income statement

For the six months ended June 30, 2026

MeiG Smart Technology Co., Ltd.

(Expressed in Renminbi Yuan)

Items	Note No.	January to June 2026	January to June 2025
I. Operating revenue	1	1,776,771,941.18	1,615,671,397.76
Less: Operating cost	1	1,670,916,672.64	1,594,948,017.33
Taxes and surcharges		1,223,071.84	1,119,809.54
Selling expenses		9,671,330.35	8,385,186.47
Administrative expenses		13,137,729.02	11,865,653.47
R&D expenses		8,173,780.02	8,807,258.42
Financial expenses		22,683,213.92	-6,861,985.72
Including: Interest expenses		5,679,105.26	2,882,436.50
Interest income		7,033,853.74	937,579.89
Add: Other income		2,413,468.48	2,476,280.52
Investment income (or less: losses)	2	-2,879,653.29	-4,314,657.30
Including: Investment income from associates and joint ventures		-15,518,916.40	-4,314,657.30
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		294,891.39	-269,053.07
Assets impairment loss		-15,298,708.87	-8,760,305.06
Gains on asset disposal (or less: losses)			988,995.44
II. Operating profit (or less: losses)		35,496,141.10	-12,471,281.22
Add: Non-operating revenue		5,340.55	
Less: Non-operating expenditures		18,626.12	4,778.64
III. Profit before tax (or less: total loss)		35,482,855.53	-12,476,059.86
Less: Income tax expenses		12,308,165.48	-2,396,269.82
IV. Net profit (or less: net loss)		23,174,690.05	-10,079,790.04
(I) Net profit from continuing operations (or less: net loss)		23,174,690.05	-10,079,790.04
(II) Net profit from discontinued operations (or less: net loss)			

Parent company income statement

For the six months ended June 30, 2026

Items	Note No.	January to June 2026	January to June 2025
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		23,174,690.05	-10,079,790.04
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative:

Officer in charge of accounting: Head of accounting department:

Consolidated cash flow statement

For the six months ended June 30, 2026

MeiG Smart Technology Co., Ltd.

(Expressed in Renminbi Yuan)

Items	Note No.	January to June 2026	January to June 2025
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		2,119,199,569.03	2,083,824,368.27
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		96,318,526.26	67,200,639.88
Other cash receipts related to operating activities	1(1)	19,308,282.22	9,054,546.64
Subtotal of cash inflows from operating activities		2,234,826,377.51	2,160,079,554.79
Cash payments for goods purchased and services received		2,312,278,117.60	2,070,880,921.38
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		122,466,048.26	106,516,537.57
Cash payments for taxes and rates		26,471,490.41	41,209,327.62
Other cash payments related to operating activities	1(2)	38,185,777.43	25,450,966.83
Subtotal of cash outflows from operating activities		2,499,401,433.70	2,244,057,753.40
Net cash flows from operating activities		-264,575,056.19	-83,978,198.61

Consolidated cash flow statement

For the six months ended June 30, 2026

Items	Note No.	January to June 2026	January to June 2025
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			12,668,888.89
Cash receipts from investment income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		43,100.00	400.00
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities	1(3)	907,094.00	2,781,282.00
Subtotal of cash inflows from investing activities		950,194.00	15,450,570.89
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		16,626,291.69	17,522,542.47
Cash payments for investments		64,675,000.00	15,658,885.80
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units		72,497,219.67	
Other cash payments related to investing activities	1(4)	203,397,360.47	
Subtotal of cash outflows from investing activities		357,195,871.83	33,181,428.27
Net cash flows from investing activities		-356,245,677.83	-17,730,857.38
III. Cash flows from financing activities:			
Cash receipts from absorbing investments		997,370,374.57	1,781,520.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments			
Cash receipts from borrowings		712,431,536.11	700,000,000.00
Other cash receipts related to financing activities	1(5)		7,946,868.62
Subtotal of cash inflows from financing activities		1,709,801,910.68	709,728,388.62
Cash payments for the repayment of borrowings		365,000,000.00	550,000,000.00
Cash payments for distribution of dividends or profits and for interest expenses		5,113,290.21	38,496,399.99
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities	1(6)	17,441,560.79	21,886,075.20
Subtotal of cash outflows from financing activities		387,554,851.00	610,382,475.19
Net cash flows from financing activities		1,322,247,059.68	99,345,913.43
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-24,876,858.44	9,194,543.70
V. Net increase in cash and cash equivalents		676,549,467.22	6,831,401.14
Add: Opening balance of cash and cash equivalents		309,614,248.55	341,879,366.49
VI. Closing balance of cash and cash equivalents		986,163,715.77	348,710,767.63

Legal representative:

Officer in charge of accounting: Head of accounting department:

Parent company cash flow statement

For the six months ended June 30, 2026

MeiG Smart Technology Co., Ltd.

(Expressed in Renminbi Yuan)

Items	January to June 2026	January to June 2025
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	1,899,465,317.57	1,867,490,275.76
Receipts of tax refund	93,714,776.73	66,792,895.95
Other cash receipts related to operating activities	21,804,205.16	415,287,708.95
Subtotal of cash inflows from operating activities	2,014,984,299.46	2,349,570,880.66
Cash payments for goods purchased and services received	2,477,742,464.61	2,115,227,228.55
Cash paid to and on behalf of employees	9,380,029.35	8,186,846.14
Cash payments for taxes and rates	6,110,593.40	7,045,563.40
Other cash payments related to operating activities	297,060,806.12	406,566,292.05
Subtotal of cash outflows from operating activities	2,790,293,893.48	2,537,025,930.14
Net cash flows from operating activities	-775,309,594.02	-187,455,049.48
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	60,000,000.00	
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	18,000.00	
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	907,094.00	2,781,282.00
Subtotal of cash inflows from investing activities	60,925,094.00	2,781,282.00
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	4,675,470.20	11,286,099.15
Cash payments for investments		3,850,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities		
Subtotal of cash outflows from investing activities	4,675,470.20	15,136,099.15
Net cash flows from investing activities	56,249,623.80	-12,354,817.15

Parent company cash flow statement

For the six months ended June 30, 2026

Items	January to June 2026	January to June 2025
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	997,370,374.57	1,781,520.00
Cash receipts from borrowings	613,000,000.00	420,000,000.00
Other cash receipts related to financing activities		7,946,868.62
Subtotal of cash inflows from financing activities	1,610,370,374.57	429,728,388.62
Cash payments for the repayment of borrowings	265,000,000.00	240,000,000.00
Cash payments for distribution of dividends or profits and for interest expenses	5,681,754.10	38,590,441.65
Other cash payments related to financing activities	8,287,513.40	13,343,518.36
Subtotal of cash outflows from financing activities	278,969,267.50	291,933,960.01
Net cash flows from financing activities	1,331,401,107.07	137,794,428.61
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-23,221,482.30	7,109,616.28
V. Net increase in cash and cash equivalents	589,119,654.55	-54,905,821.74
Add: Opening balance of cash and cash equivalents	161,669,844.26	241,722,209.71
VI. Closing balance of cash and cash equivalents	750,789,498.81	186,816,387.97

Legal representative:

Officer in charge of accounting: Head of accounting department:

Consolidated statement of changes in equity

For the six months ended June 30, 2026

(Expressed in Renminbi Yuan)

MeiG Smart Technology Co., Ltd.

Items	January to June 2026											
	Equity attributable to parent company										Non-controlling interest	
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
												Total equity

Consolidated statement of changes in equity

For the six months ended June 30, 2026

January to June 2025												
Items	Equity attributable to parent company											
	Share capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Non-controlling interest	Total equity
		Preferred shares	Perpetual bonds									
I. Balance at the end of prior year	261,801,844.00			798,125,063.01	79,286,000.33	3,408,893.53		23,832,735.02		559,230,607.67		1,567,113,142.90
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Business combination under common control												
Others												
II. Balance at the beginning of current year	261,801,844.00			798,125,063.01	79,286,000.33	3,408,893.53		23,832,735.02		559,230,607.67		1,567,113,142.90
III. Current period increase (or less: decrease)												
(I) Total comprehensive income				13,433,012.91	7,490,568.62	-2,471,286.06				50,237,307.08		53,708,465.31
(II) Capital contributed or withdrawn by owners						-2,471,286.06				84,166,774.08		81,695,488.02
1. Ordinary shares contributed by owners				13,433,012.91	7,490,568.62							5,942,444.29
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity												
4. Others												
(III) Profit distribution				11,760,185.91	7,490,568.62							11,760,185.91
1. Appropriation of surplus reserve				1,672,827.00						-33,929,467.00		-5,817,741.62
2. Appropriation of general risk reserve												-33,929,467.00
3. Appropriation of profit to owners												
4. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Current period appropriation												
2. Current period use												
(VI) Others												
IV. Balance at the end of current period	261,801,844.00			811,558,075.92	86,776,568.95	937,607.47		23,832,735.02		609,467,914.75		1,620,821,608.21

Head of accounting department:

Officer in charge of accounting:

Legal representative:

January to June 2026

Items	Share capital	Other equity instruments		Capital reserve	Treasury shares	Less:	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds								
I. Balance at the end of prior year	261,755,700.00			797,242,135.13	48,539,957.77				27,536,838.43	63,657,876.11	1,101,652,591.90
Add: Cumulative charges of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	261,755,700.00			797,242,135.13	48,539,957.77				27,536,838.43	63,657,876.11	1,101,652,591.90
III. Current period increase (or less: decrease)	40,315,500.00			943,398,942.24						23,174,690.05	1,006,889,132.29
(I) Total comprehensive income											
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners	40,315,500.00			943,398,942.24						23,174,690.05	23,174,690.05
2. Capital contributed by holders of other equity instruments	40,315,500.00			933,068,733.22						983,714,442.24	983,714,442.24
3. Amount of share-based payment included in equity											
4. Others				8,948,735.14							8,948,735.14
(III) Profit distribution				1,381,473.88							1,381,473.88
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	302,071,200.00			1,740,641,077.37	48,539,957.77				27,536,838.43	86,832,566.16	2,108,541,724.19

Parent company statement of changes in equity

For the six months ended June 30, 2026

Items	January to June 2025					
	Share capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income
		Preferred shares	Perpetual bonds	Others		
I. Balance at the end of prior year	261,801,844.00			798,125,063.01	79,286,000.33	
Add: Cumulative changes of accounting policies						
Error correction of prior period						
Others						
II. Balance at the beginning of current year	261,801,844.00			798,125,063.01	79,286,000.33	
III. Current period increase (or less: decrease)				13,433,012.91	7,490,568.62	
(I) Total comprehensive income						
(II) Capital contributed or withdrawn by owners						
1. Ordinary shares contributed by owners						
2. Capital contributed by holders of other equity instruments						
3. Amount of share-based payment included in equity						
4. Others						
(III) Profit distribution						
1. Appropriation of surplus reserve				11,760,185.91		
2. Appropriation of profit to owners				1,672,827.00	7,490,568.62	
3. Others						
(IV) Internal carry-over within equity						
1. Transfer of capital reserve to capital						
2. Transfer of surplus reserve to capital						
3. Surplus reserve to cover losses						
4. Changes in defined benefit plan carried over to retained earnings						
5. Other comprehensive income carried over to retained earnings						
6. Others						
(V) Special reserve						
1. Current period appropriation						
2. Current period use						
(VI) Others						
IV. Balance at the end of current period	261,801,844.00			811,558,075.92	86,776,568.95	

Head of accounting department:

Officer in charge of accounting:

Legal representative:

I. Company profile

MeiG Smart Technology Co., Ltd. (the “**Company**”), under the approval of the Shenzhen Administration for Industry & Commerce, was jointly founded by Wang Ping, Wang Cheng, Shenzhen Zhaoge Investment Enterprise (LP) (subsequently renamed Shanghai Zhaoge Enterprise Management Center (LP)), and Shenzhen Fenghuangshan Cultural Tourism Investment Co., Ltd. It was formally registered at the Shenzhen Administration for Market Supervision on April 5, 2007, with its headquarters located in Shenzhen City, Guangdong Province. The Company currently holds a business license with unified social credit code of 91440300799218456D, with registered capital of 302,071,200.00 yuan. The Company has a total of 302,071,200 shares (each with par value of one yuan), of which, 79,831,340 shares are restricted outstanding A shares, 181,989,860 shares are unrestricted outstanding A shares, and 40,250,000 shares are H shares. The Company’s shares were listed on the Main Board of the Shenzhen Stock Exchange and the Main Board of the Stock Exchange of Hong Kong Limited on June 22, 2017 and March 10, 2026, respectively.

The Company belongs to manufacturing industry and is mainly engaged in R&D, production and sales of wireless communication modules and Internet of Things (IoT) solutions.

The financial statements of the Company were approved and authorized for issue by the 22nd meeting of the fourth session of the Board of Directors dated August 27, 2026.

II. Preparation basis of the financial statements

(I) Preparation basis

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

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

Notes to Financial Statements

For the six months ended June 30, 2026

III. Significant accounting policies and estimates

Important note: The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, revenue recognition, etc., based on the Company's actual production and operation features.

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) Yuan, while the functional currency of subsidiaries engaged in overseas operations is the currency of the primary economic environment in which they operate.

III. Significant accounting policies and estimates (Continued)**(V) Determination method and basis for selection of materiality**

The Company prepares and discloses financial statements in compliance with the principle of materiality. The items disclosed in notes to the financial statements involving materiality judgements, determination method and basis for selection of materiality are as follows:

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant provisions for bad debts of notes receivable collected or reversed	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant accounts receivable with provision for bad debts made on an individual basis	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant provisions for bad debts of accounts receivable collected or reversed	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant accounts receivable written off	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant receivables financing with provision for impairment made on an individual basis	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant provisions for impairment of receivables financing collected or reversed	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant receivables financing written off	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.

Notes to Financial Statements

For the six months ended June 30, 2026

III. Significant accounting policies and estimates (Continued)

(V) Determination method and basis for selection of materiality (Continued)

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant other receivables with provision for bad debts made on an individual basis	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant provisions for bad debts of other receivables collected or reversed	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant other receivables written off	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant advances paid with age over one year	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant overdue borrowings	With individual balance exceeding 1% of total assets
Significant accounts payable with age over one year	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant other payables with age over one year	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant advances received with age over one year or overdue	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.

III. Significant accounting policies and estimates (Continued)**(V) Determination method and basis for selection of materiality** (Continued)

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant contract liabilities with age over one year	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Contract liabilities with significant changes in carrying amount	Non-related party transactions with the individual transaction amount exceeding 10% of the balance of the relevant account and 1% of total assets.
Significant cash flows from investing activities	With amount of individual investment activity exceeding 5% of total assets
Significant foreign operating entities	With profit before tax exceeding 15% of the Group's profit before tax
Significant capitalized R&D projects and outsourced R&D projects	With closing balance of individual project exceeding 1% of total assets
Significant subsidiaries, not wholly-owned subsidiaries	With profit before tax exceeding 15% of the Group's profit before tax
Significant joint ventures and associates	With individual investment income under equity method exceeding 10% of the Group's profit before tax

III. Significant accounting policies and estimates (Continued)

(VI) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VII) Judgement criteria for control and compilation method of consolidated financial statements

1. Judgement of control

An investor controls an investee if and only if the investor has all the following: (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the investor's returns.

2. Compilation method of consolidated financial statements

- (1) The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 — Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.
- (2) Accounting treatments on subsidiary whose equity is sold after purchase or repurchased after sale within two consecutive accounting years

III. Significant accounting policies and estimates (Continued)**(VIII) Classification of joint arrangements and accounting treatment of joint operations**

1. Joint arrangements include joint operations and joint ventures.
2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:
 - (1) its assets, including its share of any assets held jointly;
 - (2) its liabilities, including its share of any liabilities incurred jointly;
 - (3) its revenue from the sale of its share of the output arising from the joint operation;
 - (4) its share of the revenue from the sale of the assets by the joint operation; and
 - (5) its expenses, including its share of any expenses incurred jointly.

(IX) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(X) Foreign currency translation**1. Translation of transactions denominated in foreign currency**

Transactions denominated in foreign currency are translated into RMB yuan at the approximate exchange rate similar to the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the approximate exchange rate similar to the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot exchange rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot exchange rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the approximate exchange rate similar to the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

III. Significant accounting policies and estimates (Continued)

(XI) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, they are measured at the transaction price in accordance with “CASBE 14 — Revenues”.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

III. Significant accounting policies and estimates (Continued)**(XI) Financial instruments** (Continued)**2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities** (Continued)*(2) Subsequent measurement of financial assets* (Continued)

- 2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

- 3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

- 4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

III. Significant accounting policies and estimates (Continued)

(XI) Financial instruments (Continued)

2. **Recognition criteria, measurement method and derecognition of financial assets and financial liabilities** (Continued)

(3) *Subsequent measurement of financial liabilities*

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 — Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 — Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

III. Significant accounting policies and estimates (Continued)**(XI) Financial instruments** (Continued)**2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities** (Continued)**(4) Derecognition of financial assets and financial liabilities**

- 1) Financial assets are derecognized when:
 - a. the contractual rights to the cash flows from the financial assets expire;
or
 - b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE 23 — Transfer of Financial Assets".
- 2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

III. Significant accounting policies and estimates (Continued)

(XI) Financial instruments (Continued)

3. *Recognition criteria and measurement method of financial assets transfer* (Continued)

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions for derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

4. *Fair value determination method of financial assets and liabilities*

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

- (1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;
- (3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

III. Significant accounting policies and estimates (Continued)

(XI) Financial instruments (Continued)

5. *Impairment of financial instruments*

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in "CASBE 14 — Revenues", the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

Notes to Financial Statements

For the six months ended June 30, 2026

III. Significant accounting policies and estimates (Continued)

(XI) Financial instruments (Continued)

5. *Impairment of financial instruments* (Continued)

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

6. *Offsetting financial assets and financial liabilities*

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

III. Significant accounting policies and estimates (Continued)**(XII) Recognition criteria and accrual method for expected credit losses of receivables and contract assets****1. Receivables and contract assets with expected credit losses measured on a collective basis by similar credit risk features**

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Trade acceptance receivable	Acceptor's credit risks	The Company classifies notes receivable into different portfolios based on the acceptor's credit risk as the similar credit risk features and establishes the accounting estimation policies of expected credit loss (ECL) as follows: (1) for bank acceptance, the Company does not recognize expected credit losses due to their relatively low credit risk; (2) for trade acceptance and finance company acceptance, the loss allowances are accrued by referring to the same ECL rate as applied to accounts receivable, and the classification criteria are same as that of accounts receivable.
Finance company acceptance receivable		
Bank acceptance receivable		
Accounts receivable — Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable — Portfolio grouped with balances due from related parties within the consolidation scope	Transactions with or balances due from related parties within the consolidation scope	No provision for credit impairment was made where no impairment was identified on an individual-basis test.

Notes to Financial Statements

For the six months ended June 30, 2026

III. Significant accounting policies and estimates (Continued)

(XII) Recognition criteria and accrual method for expected credit losses of receivables and contract assets (Continued)

1. Receivables and contract assets with expected credit losses measured on a collective basis by similar credit risk features (Continued)

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables — Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and expected credit loss rate of other receivables, so as to calculate expected credit loss.
Other receivables — Portfolio grouped with balances due from related parties within the consolidation scope	Transactions with or balances due from related parties within the consolidation scope	No provision for credit impairment was made where no impairment was identified on an individual-basis test.

2. Comparison table of ages and expected credit loss rate of portfolio grouped with ages

Ages	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 6 months (inclusive)	2	5
6 months-1 year	5	5
1-2 years	10	10
2-3 years	50	50
3-4 years	100	100
4-5 years	100	100
Over 5 years	100	100

Ages of accounts receivable/Other receivables are calculated from the initial recognition date.

3. Recognition criteria for receivables and contract assets with expected credit losses measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

III. Significant accounting policies and estimates (Continued)**(XIII) Inventories****1. Classification of inventories**

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials, supplies, etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatched inventories

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

3. Inventory system

Perpetual inventory method is adopted.

4. Amortization method of low-value consumables and packages*(1) Low-value consumables*

One-off method is adopted.

(2) Packages

One-off method is adopted.

5. Provision for inventory write-down*(1) Recognition criteria and accrual method of provision for inventory write-down*

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

III. Significant accounting policies and estimates (Continued)

(XIV) Non-current assets or disposal groups held for sale, discontinued operations

1. **Classification of non-current assets or disposal groups held for sale**

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: (1) the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; (2) its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: (1) a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

2. **Accounting treatments of non-current assets or disposal groups held for sale**

(1) *Initial measurement and subsequent measurement*

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

III. Significant accounting policies and estimates (Continued)**(XIV) Non-current assets or disposal groups held for sale, discontinued operations**

(Continued)

2. Accounting treatments of non-current assets or disposal groups held for sale

(Continued)

(1) Initial measurement and subsequent measurement (Continued)

The assets impairment loss recognized for a disposal group held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets held for sale or non-current assets in disposal groups held for sale, while interest and other expenses attributable to the liabilities of a disposal group held for sale shall continue to be recognized.

(2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

III. Significant accounting policies and estimates (Continued)

(XIV) Non-current assets or disposal groups held for sale, discontinued operations (Continued)

2. Accounting treatments of non-current assets or disposal groups held for sale (Continued)

(3) *Non-current asset or disposal group that is no longer classified as held for sale and derecognized*

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group held for sale shall be measured at the lower of: 1) its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and 2) its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

3. Recognition criteria of discontinued operations

A component of the Company that has been disposed of, or is classified as held for sale and can be clearly distinguished is recognized as a discontinued operation when it fulfills any of the following conditions:

- (1) it represents a separate major line of business or a separate geographical area of operations;
- (2) it is part of a related plan to dispose of a separate major line of business or a separate geographical area of operations; or
- (3) it is a subsidiary acquired exclusively with a review to resale.

4. Presentation method of discontinued operations

The Company presents gains or losses from continuing operations and gains or losses from discontinued operations separately in the income statement. Operating gains or losses including impairment loss of discontinued operations and its reversal amount, and gains or losses on disposal are presented as gains or losses from discontinued operations. For discontinued operations presented in the current period, the information previously presented as gains or losses from continuing operations is reclassified as gains or losses from discontinued operations for the comparative period in the current financial statements. For discontinued operations that no longer meet criteria for held for sale, the information previously presented as gains or losses from discontinued operations is reclassified as gains or losses from continuing operations for the comparative period in the current financial statements.

III. Significant accounting policies and estimates (Continued)

(XV) Long-term equity investments

1. *Judgment of joint control and significant influence*

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. *Determination of investment cost*

- (1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

III. Significant accounting policies and estimates (Continued)

(XV) Long-term equity investments (Continued)

2. Determination of investment cost (Continued)

- (2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

- 1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.
- 2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.
- 3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 — Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 — Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of profit or loss

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

III. Significant accounting policies and estimates (Continued)

(XV) Long-term equity investments (Continued)

4. Disposal of a subsidiary in stages resulting in the Company's loss of control

(1) Judgement principles of "bundled transaction"

For disposal of a subsidiary in stages resulting in the Company's loss of control, the Company determines whether it is a "bundled transaction" based on the agreement terms for each stage, disposal consideration obtained separately, object of the equity sold, disposal method, disposal time point, etc. If the terms, conditions and economic effect of each transaction meet one or more of the following conditions, these transactions are usually considered as a "bundled transaction":

- 1) these transactions are entered into at the same time or in contemplation of each other;
- 2) these transactions form a single transaction designed to achieve an overall commercial effect;
- 3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; and
- 4) one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

(2) Accounting treatments of non-bundled transactions

1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 — Financial Instruments: Recognition and Measurement".

2) Consolidated financial statements

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

III. Significant accounting policies and estimates (Continued)

(XV) Long-term equity investments (Continued)

4. Disposal of a subsidiary in stages resulting in the Company's loss of control (Continued)

(2) Accounting treatments of non-bundled transactions (Continued)

2) Consolidated financial statements (Continued)

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

(3) Accounting treatment of bundled transaction

1) Stand-alone financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the carrying amount of long-term equity investments corresponding to the disposed investments is recognized as other comprehensive income at the stand-alone financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

2) Consolidated financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

III. Significant accounting policies and estimates (Continued)**(XVI) Fixed assets****1. Recognition principles of fixed assets**

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20–50	0.00–10.00	1.80–5.00
Machinery	Straight-line method	5–10	10.00	9.00–18.00
Transportation equipment	Straight-line method	5–10	10.00	9.00–18.00
Electronic equipment and others	Straight-line method	5	10.00	18.00

(XVII) Construction in progress

- Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.
- Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress is not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Standards and time point of transferring construction in progress to fixed assets
Buildings and structures	When the main construction and supporting projects have been substantially completed and accepted with the predetermined design requirements being met
Machinery	When the design requirements or standards specified in the contract are met after installation and commissioning

III. Significant accounting policies and estimates (Continued)

(XVIII) Borrowing costs

1. *Recognition principle of borrowing costs capitalization*

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. *Borrowing costs capitalization period*

- (1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.
- (2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.
- (3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. *Capitalization rate and capitalized amount of borrowing costs*

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the excess of the accumulative capital disbursements over the special borrowings by the capitalization rate of the general borrowing used.

III. Significant accounting policies and estimates (Continued)**(XIX) Intangible assets**

1. Intangible assets include software, franchise, etc. The initial measurement of intangible assets is based on its cost.
2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Useful life and determination basis	Amortization method
Software	The period during which economic benefits are expected to flow to the Company	Straight-line method
Franchise	The period as stipulated in the Contract and during which economic benefits are expected to flow to the Company	Straight-line method

Intangible assets with indefinite useful lives are not amortized, but their useful lives are reviewed annually.

3. Permitted scope of R&D costs**(1) Personnel costs**

Personnel costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, occupational injuries premiums, maternity premiums and housing provident funds for the Company's R&D personnel, as well as labor costs for external R&D personnel.

If R&D personnel serve for multiple R&D projects at the same time, personnel costs are recognized based on their working hour records provided by the Company's administrative department, and proportionately allocated among different R&D projects.

(2) Direct input costs

Direct input costs refer to relevant expenses actually incurred by the Company for R&D activities, which include: 1) materials, fuel and power costs directly consumed by R&D activities; 2) development and manufacturing costs of molds and craft equipment used for intermediate tests and trial production, acquisition costs of samples, prototypes and general testing methods that do not constitute fixed assets, and inspection costs of trial production; and 3) operation and maintenance, adjustment, inspection, testing and repairing costs of instruments and equipment used for R&D activities.

III. Significant accounting policies and estimates (Continued)

(XIX) Intangible assets (Continued)

3. Permitted scope of R&D costs (Continued)

(3) Depreciation and long-term prepayments

Depreciation refers to the depreciation of instruments, equipment and in-use buildings used for R&D activities.

For instruments, equipment and in-use buildings both used for R&D activities and non-R&D activities, necessary records shall be kept on their usage, and depreciation actually incurred is allocated between R&D expenses and production and operating expenses in a reasonable manner based on the actual working hours, the usable area, etc.

Long-term prepayments refer to those incurred during renovation, modification, decoration and repairing of R&D facilities, which are collected based on actual amount and amortized evenly over a specified period.

(4) Amortization of intangible assets

Amortization of intangible assets refer to the amortization of software, intellectual property, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used for R&D activities.

(5) R&D outsourcing expenses

R&D outsourcing expenses refer to expenses incurred for R&D activities outsourced to other domestic or foreign organizations or individuals (outcomes of R&D activities are owned by the Company and closely related to the Company's main business operations).

(6) Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to R&D activities, including technical books and materials fees, data translation fees, expert consultation fees, high-tech R&D insurance premiums, R&D outcomes search, demonstration, evaluation, appraisal and acceptance fees, intellectual property application, registration and agency fees, conference fees, business travelling fees, communication fees, etc.

III. Significant accounting policies and estimates (Continued)

(XIX) Intangible assets (Continued)

4. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.
5. Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset:
 - (1) Research phase: the phase of original and planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.
 - (2) Development phase: the phase of activity in which research results or other knowledge are applied to a program or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

(XX) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

(XXI) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

III. Significant accounting policies and estimates (Continued)

(XXII) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. **Short-term employee benefits**

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. **Post-employment benefits**

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

- (1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

- (2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

- 1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;
- 2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;
- 3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

III. Significant accounting policies and estimates (Continued)**(XXII) Employee benefits (Continued)****4. Termination benefits**

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

(XXIII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIV) Share-based payment**1. Types of share-based payment**

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

III. Significant accounting policies and estimates (Continued)

(XXIV) Share-based payment (Continued)

2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service or fulfills certain performance conditions, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service or fulfills certain performance conditions, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

III. Significant accounting policies and estimates (Continued)**(XXIV) Share-based payment** (Continued)**2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans** (Continued)**(3) Modifications and cancellations of share-based payment plan** (Continued)

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(XXV) Revenue**1. Revenue recognition principles**

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

III. Significant accounting policies and estimates (Continued)

(XXV) Revenue (Continued)

1. Revenue recognition principles (Continued)

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

2. Revenue measurement principle

- (1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.
- (2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

III. Significant accounting policies and estimates (Continued)

(XXV) Revenue (Continued)

2. Revenue measurement principle (Continued)

- (3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.
- (4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method

(1) Revenue from sales of commodities

The Company is primarily engaged in the manufacturing and sales of wireless communication modules and solutions.

Domestic sales: 1) revenue is recognized on the date of signature on the freight receipt when goods are delivered to and accepted by customers and control of the goods is transferred upon customer acceptance. 2) for goods shipped to customer warehouses, revenue is recognized based on customers' use and reconciliation records.

Export sales: 1) under FOB terms, revenue is recognized on the export declaration date confirmed by customs after goods delivery and customs clearance; 2) under FCA terms, revenue is recognized when goods are delivered to the customer or their designated carrier and customs clearance procedures are completed; 3) under DDP/DAP terms, revenue is recognized on the date of consignee's receipt when goods are handed over to carriers as per contract terms and delivered to the agreed location; 4) under CIF terms, revenue is recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

Notes to Financial Statements

For the six months ended June 30, 2026

III. Significant accounting policies and estimates (Continued)

(XXV) Revenue (Continued)

3. Revenue recognition method (Continued)

(2) Revenue from rendering of service

The Company's revenue from rendering of service primarily derives from wireless communication solution services.

Revenue from rendering of technical development service is recognized based on the confirmation date and the amount agreed by both parties upon completion of service projects, receipt of completion confirmation letters or equivalent documents from clients. For contracts stipulating royalties which are calculated based on delivery of clients' products, royalty revenue is recognized upon receipt of the royalty confirmation notice according to the amount specified in such confirmation document.

(XXVI) Costs to obtain a contract and costs to fulfill a contract

The Company recognizes as an asset the incremental costs to obtain a contract if those costs are expected to be recovered. The costs to obtain a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

1. the costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), costs that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. the costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
3. the costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

III. Significant accounting policies and estimates (Continued)

(XXVII) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXVIII) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. **Government grants related to assets**

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

III. Significant accounting policies and estimates (Continued)

(XXVIII) Government grants (Continued)

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

- (1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.
- (2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

(XXIX) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.
2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence indicating that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

III. Significant accounting policies and estimates (Continued)

(XXIX) Deferred tax assets and deferred tax liabilities (Continued)

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.
4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.
5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either: 1) the same taxable entity; or 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(XXX) Leases

1. The Company as the lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less with no purchase option as a short-term lease; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

Notes to Financial Statements

For the six months ended June 30, 2026

III. Significant accounting policies and estimates (Continued)

(XXX) Leases (Continued)

1. The Company as the lessee (Continued)

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

III. Significant accounting policies and estimates (Continued)

(XXX) Leases (Continued)

2. The Company as the lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

(1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

(XXXI) Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

III. Significant accounting policies and estimates (Continued)

(XXXIII) Significant changes in accounting policies and estimates

1. Significant changes in accounting policies

Changes in accounting policies arising from changes in CASBEs

- 1) The Company has adopted the regulations about accounting treatment of indemnification assets in business combinations not under common control in the “Interpretation of China Accounting Standards for Business Enterprises No. 19” issued by the Ministry of Finance since January 1, 2026. Such change in accounting policies has no impact on the Company’s financial statements.
- 2) The Company has adopted the regulations about accounting treatment of related capital reserves upon disposal of subsidiaries originally acquired through business combinations under common control in the “Interpretation of China Accounting Standards for Business Enterprises No. 19” issued by the Ministry of Finance since January 1, 2026. Such change in accounting policies has no impact on the Company’s financial statements.
- 3) The Company has adopted the regulations about derecognition of financial liabilities settled using an electronic payment system in the “Interpretation of China Accounting Standards for Business Enterprises No. 19” issued by the Ministry of Finance since January 1, 2026. In accordance with the relevant transitional provisions, no adjustment shall be made on comparative information, and the cumulative effect at the initial adoption date shall be adjusted into retained earnings or other related financial statement items at the beginning of the reporting period. Such change in accounting policies has no impact on the Company’s financial statements.
- 4) The Company has adopted the regulations about assessment of the contractual cash flow characteristics of financial assets and related disclosures in the “Interpretation of China Accounting Standards for Business Enterprises No. 19” issued by the Ministry of Finance since January 1, 2026. In accordance with the relevant transitional provisions, no adjustment shall be made on comparative information, and the cumulative effect at the initial adoption date shall be adjusted into retained earnings or other related financial statement items at the beginning of the reporting period. Such change in accounting policies has no impact on the Company’s financial statements.
- 5) The Company has adopted the regulations about disclosure of equity instruments designated as at fair value through other comprehensive income in the “Interpretation of China Accounting Standards for Business Enterprises No. 19” issued by the Ministry of Finance since January 1, 2026. Such change in accounting policies has no impact on the Company’s financial statements.

III. Significant accounting policies and estimates (Continued)**(XXXIII) Significant changes in accounting policies and estimates (Continued)****1. Significant changes in accounting policies (Continued)***Changes in accounting policies arising from changes in CASBEs (Continued)*

- 6) The Company has adopted the regulations about assessment of the contractual cash flow characteristics of financial assets in the “Interpretation of China Accounting Standards for Business Enterprises No. 20” issued by the Ministry of Finance since January 1, 2026. Such change in accounting policies has no impact on the Company’s financial statements.
- 7) The Company has adopted the regulations on accounting treatment for lack of exchangeability between currencies and related disclosures in the “Interpretation of China Accounting Standards for Business Enterprises No. 20” issued by the Ministry of Finance since January 1, 2026. Such change in accounting policies has no impact on the Company’s financial statements.

2. Significant changes in accounting estimates

There are no significant changes in accounting estimates in the current period.

IV. Taxes**(I) Main taxes and tax rates**

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%
Urban maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1. 2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income	12%, 1.2%
Enterprise income tax	Taxable income	See below

Notes to Financial Statements

For the six months ended June 30, 2026

IV. Taxes (Continued)

(I) Main taxes and tax rates (Continued)

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	25%
Xi'an Zhaoge Electronic Information Technology Co., Ltd. (the " Xi'an Zhaoge ")	15%
Forge International Co., Limited (the " Forge International ")	16.5%
Zhongge Intelligent Technology (Shanghai) Co., Ltd. (the " Shanghai Zhongge ")	15%
Shenzhen MeiG Zhilian Information Technology Co., Ltd. (the " MeiG Zhilian ")	15%
MeiG Smart Technology (Europe) GmbH (the " MeiG (Europe) ")	The income tax rate is 15%, plus a solidarity surcharge levied at 5.5% of the income tax.
Zhongge Intelligent Technology (Nantong) Co., Ltd. (the " Nantong Zhongge ")	20%
MeiG Smart Technology (Nantong) Co., Ltd. (the " Nantong MeiG ")	20%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

(1) VAT

Pursuant to the "Notice of the Ministry of Finance and the State Taxation Administration on the VAT Policies Upon Software Products" (Cai Shui [2011] No. 100), the general taxpayers that sell self-developed software products can enjoy the policy of VAT refund upon collection for the part of the actual burden that exceeds 3% after the VAT is levied at an applicable rate. The Company's wholly-owned subsidiaries Xi'an Zhaoge and Shanghai Zhongge are entitled to enjoy such tax preferential policy.

(2) Enterprise income tax

In January 2024, Xi'an Zhaoge obtained the "High-tech Enterprise Certificate" (Certificate Number: GR202361006885). According to the relevant tax preferential policies for high-tech enterprises, the enterprise income tax of Xi'an Zhaoge is levied at a rate of 15% from January 1, 2023 to December 31, 2025. The renewal process for the High-tech Enterprise Certificate is still under preparation. In October 2020, Xi'an Zhaoge also obtained the "Software Enterprise Certificate" (Certificate Number: Shaan RQ-2019-0110) issued by the Shaanxi Software Industry Association. According to the tax preferential policy for software enterprises, the enterprise income tax of Xi'an Zhaoge is exempted for the first two years and halved for the following three years.

IV. Taxes (Continued)

(II) Tax preferential policies (Continued)

(2) Enterprise income tax (Continued)

In March 2026, Shanghai Zhongge obtained the “High-tech Enterprise Certificate” (Certificate Number: GR202531001563). According to the relevant tax preferential policies for high-tech enterprises, the enterprise income tax of Shanghai Zhongge is levied at a rate of 15% from January 1, 2025 to December 31, 2027. In July 2020, Shanghai Zhongge also obtained the “Software Enterprise Certificate” (Certificate Number: Hu RQ-2019-0175) issued by the Shanghai Software Industry Association. According to the tax preferential policy for software enterprises, the enterprise income tax of Shanghai Zhongge is exempted for the first two years and halved for the following three years.

In February 2026, MeiG Zhilian obtained the “High-tech Enterprise Certificate” (Certificate Number: GR202544203154). According to the relevant tax preferential policies for high-tech enterprises, the enterprise income tax of MeiG Zhilian is levied at a rate of 15% from January 1, 2025 to December 31, 2027.

Pursuant to the “Circular of the Ministry of Finance and the State Taxation Administration on ‘Further Implementation of the Preferential Income Tax Policy for Small Enterprises with Meager Profit’ (Announcement of the Ministry of Finance and the State Taxation Administration [2022] No. 13)” and the “Announcement on Relevant Tax Policies to Further Support the Development of Small Enterprises with Meager Profit and Individually-owned Businesses” (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 12), from January 1, 2022 to December 31, 2027, for small enterprises with meager profit, the enterprise income tax for the portion of the taxable income within 3 million yuan is levied at 20% based on 25% of that portion of income. The subsidiaries Nantong Zhongge and Nantong MeiG are qualified as small enterprises with meager profit and are entitled to enjoy the preferential enterprise income tax policies for small enterprises with meager profit in 2026.

(3) Other tax preferential policies

Pursuant to the “Announcement on Relevant Tax Policies to Further Support the Development of Small Enterprises with Meager Profit and Individually-owned Businesses” (Announcement of the Ministry of Finance and State Taxation Administration [2023] No. 12), from January 1, 2023 to December 31, 2027, the resource tax (excluding water resource tax), urban maintenance and construction tax, housing property tax, urban land use tax, stamp duty (excluding stamp duty of securities transactions), farmland occupation tax, education surcharge and local education surcharge shall be levied by half for small-scale VAT taxpayers, small enterprises with meager profit and individually-owned businesses. The subsidiaries Nantong Zhongge and Nantong MeiG are qualified as small enterprises with meager profit and are entitled to enjoy such preferential policy in 2026.

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand		18,700.00
Cash in bank	986,163,715.77	309,595,548.55
Other cash and bank balances	82,206,521.59	1,817,410.89
Total	1,068,370,237.36	311,431,659.44
Including: Deposited overseas	70,257,900.70	94,276,911.49

(2) Other remarks

As of the balance sheet date, other cash and bank balances include funds in special securities account for share repurchase of 4,551.11 yuan, judicially frozen funds of 106,991.90 yuan, and payables for equity acquisition of 82,094,978.58 yuan.

2. Held-for-trading financial assets

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	43,625,435.00	
Including: Financial products	43,625,435.00	
Total	43,625,435.00	

3. Notes receivable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	100,449,116.71	96,676,438.32
Trade acceptance	11,129,636.61	25,474,703.73
Total	111,578,753.32	122,151,142.05

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**3. Notes receivable** (Continued)*(2) Provision for bad debts*

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	111,805,888.76	100.00	227,135.44	0.20	111,578,753.32
Including: Bank acceptance	100,449,116.71	89.84			100,449,116.71
Trade acceptance	11,356,772.05	10.16	227,135.44	2.00	11,129,636.61
Total	111,805,888.76	100.00	227,135.44	0.20	111,578,753.32

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	122,671,033.95	100.00	519,891.90	0.42	122,151,142.05
Including: Bank acceptance	96,676,438.32	78.81			96,676,438.32
Trade acceptance	25,994,595.63	21.19	519,891.90	2.00	25,474,703.73
Total	122,671,033.95	100.00	519,891.90	0.42	122,151,142.05

2) Notes receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	100,449,116.71		
Trade acceptance portfolio	11,356,772.05	227,135.44	2.00
Subtotal	111,805,888.76	227,135.44	0.20

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

3. Notes receivable (Continued)

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on a collective basis	519,891.90	-292,756.46				227,135.44
Total	519,891.90	-292,756.46				227,135.44

(4) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance		33,674,605.76
Subtotal		33,674,605.76

4. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	113,275,935.72	15.60	76,494,492.70	67.53	36,781,443.02
Receivables with provision made on a collective basis	613,043,696.01	84.40	25,144,033.26	4.10	587,899,662.75
Total	726,319,631.73	100.00	101,638,525.96	13.99	624,681,105.77

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**4. Accounts receivable** (Continued)**(1) Details** (Continued)**1) Details on categories** (Continued)

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	Carrying amount
Receivables with provision made on an individual basis	113,920,920.48	19.10	76,500,564.63	67.15	37,420,355.85
Receivables with provision made on a collective basis	482,467,210.79	80.90	22,594,468.09	4.68	459,872,742.70
Total	596,388,131.27	100.00	99,095,032.72	16.62	497,293,098.55

2) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 6 months	560,783,527.54	11,215,670.57	2.00
6 months–1 year	11,722,641.20	586,132.06	5.00
1–2 years	29,380,501.72	2,938,050.17	10.00
2–3 years	1,505,690.19	752,845.10	50.00
3–4 years	719,130.86	719,130.86	100.00
4–5 years	70,218.41	70,218.41	100.00
Over 5 years	8,861,986.09	8,861,986.09	100.00
Subtotal	613,043,696.01	25,144,033.26	4.10

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

4. Accounts receivable (Continued)

(2) Age analysis

Ages	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 6 months	560,783,527.54	11,215,670.57	2.00	421,353,044.87	8,427,060.92	2.00
6 months–1 year	11,722,641.20	586,132.06	5.00	19,166,793.32	958,339.68	5.00
1–2 years	29,380,501.72	2,938,050.17	10.00	31,193,878.99	3,121,605.42	10.01
2–3 years	1,506,359.24	753,041.88	49.99	1,726,873.83	922,279.00	53.41
3–4 years	975,702.73	928,562.47	95.17	541,562.69	493,813.52	91.18
4–5 years	314,046.97	141,933.05	45.19	763,040.16	269,964.98	35.38
Over 5 years	121,636,852.33	85,075,135.76	69.94	121,642,937.41	84,901,969.20	69.80
Total	726,319,631.73	101,638,525.96	13.99	596,388,131.27	99,095,032.72	16.62

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis	76,500,564.63				-6,071.93	76,494,492.70
Receivables with provision made on a collective basis	22,594,468.09	2,549,565.17				25,144,033.26
Total	99,095,032.72	2,549,565.17			-6,071.93	101,638,525.96

Note: Other changes are due to changes in exchange rates of foreign currency-denominated accounts receivable for which provisions for bad debts are made on an individual basis.

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**4. Accounts receivable** (Continued)

(4) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

Debtors	Closing book balance		Proportion to the total balance of accounts receivable and contract assets (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets		
		Subtotal		
No. 1	69,627,676.55	69,627,676.55	9.59	1,392,553.53
No. 2	62,902,502.98	62,902,502.98	8.66	1,258,050.06
No. 3	55,260,957.13	55,260,957.13	7.61	3,340,587.71
No. 4	44,801,577.61	44,801,577.61	6.17	896,031.55
No. 5	39,220,812.80	39,220,812.80	5.40	784,416.26
Subtotal	271,813,527.07	271,813,527.07	37.43	7,671,639.11

5. Receivables financing

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	43,894,153.91	58,809,968.87
Total	43,894,153.91	58,809,968.87

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

5. Receivables financing (Continued)

(2) Provision for impairment

1) Details on categories

Categories	Closing balance				
	Cost		Accumulated provision for credit impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
On a collective basis	43,894,153.91	100.00			43,894,153.91
Including: Bank acceptance	43,894,153.91	100.00			43,894,153.91
Total	43,894,153.91	100.00			43,894,153.91

(Continued)

Categories	Opening balance				
	Cost		Accumulated provision for credit impairment		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
On a collective basis	58,809,968.87	100.00			58,809,968.87
Including: Bank acceptance	58,809,968.87	100.00			58,809,968.87
Total	58,809,968.87	100.00			58,809,968.87

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**5. Receivables financing** (Continued)*(2) Details on provision for impairment* (Continued)

2) Receivables financing with provision made on a collective basis

Items	Cost	Closing balance	Provision proportion (%)
		Accumulated provision for credit impairment	
Bank acceptance portfolio	43,894,153.91		
Subtotal	43,894,153.91		

(3) Endorsed or discounted but undue receivables financing at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	113,914,486.23	
Letters of credit	49,299,657.76	
Subtotal	163,214,143.99	

Due to the fact that the acceptor of bank acceptance and letters of credit is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when they are due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance and letters of credit. However, if any bank acceptance or letter of credit is not recoverable when it is due, the Company still holds joint liability on such acceptance or letters of credit, according to the Law of the People's Republic of China on Negotiable Instruments.

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

6. Advances paid

(1) Age analysis

Ages	Closing balance		
	Book balance	% to total	Provision for impairment
			Carrying amount
Within 1 year	145,750,364.80	99.65	145,750,364.80
1-2 years	347,665.78	0.24	347,665.78
2-3 years	17,886.81	0.01	17,886.81
Over 3 years	143,837.19	0.10	143,837.19
Total	146,259,754.58	100.00	146,259,754.58

(Continued)

Ages	Opening balance		
	Book balance	% to total	Provision for impairment
			Carrying amount
Within 1 year	102,330,373.16	99.59	102,330,373.16
1-2 years	252,834.85	0.25	252,834.85
2-3 years	14,380.81	0.01	14,380.81
Over 3 years	158,053.82	0.15	158,053.82
Total	102,755,642.64	100.00	102,755,642.64

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
No. 1	76,883,029.08	52.57
No. 2	38,247,290.03	26.15
No. 3	8,600,661.50	5.88
No. 4	7,414,618.18	5.07
No. 5	3,874,020.76	2.65
Subtotal	135,019,619.55	92.32

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**7. Other receivables***(1) Other receivables categorized by nature*

Nature of receivables	Closing balance	Opening balance
Prepayments for goods	18,499,664.09	18,499,664.09
Security deposits	4,994,835.27	4,911,953.37
Intercompany balances and others	7,612,162.10	6,955,561.51
Book balance	31,106,661.46	30,367,178.97
Less: Provision for bad debts	21,173,312.69	21,484,258.73
Carrying amount	9,933,348.77	8,882,920.24

(2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	4,824,514.05	4,814,314.21
1–2 years	1,508,216.85	658,220.00
2–3 years	639,242.00	18,043.96
3–4 years	789,038.58	780,738.58
4–5 years	400.00	760,962.79
Over 5 years	23,345,249.98	23,334,899.43
Book balance	31,106,661.46	30,367,178.97
Less: Provision for bad debts	21,173,312.69	21,484,258.73
Carrying amount	9,933,348.77	8,882,920.24

(3) Provision for bad debts

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	Carrying amount
Receivables with provision made on an individual basis	23,656,261.39	76.05	19,983,217.12	84.47	3,673,044.27
Receivables with provision made on a collective basis	7,450,400.07	23.95	1,190,095.57	15.97	6,260,304.50
Total	31,106,661.46	100.00	21,173,312.69	68.07	9,933,348.77

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

7. Other receivables (Continued)

(3) Provision for bad debts (Continued)

1) Details on categories (Continued)

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	Carrying amount
Receivables with provision made on an individual basis	23,133,266.52	76.18	19,027,605.74	82.25	4,105,660.78
Receivables with provision made on a collective basis	7,233,912.45	23.82	2,456,652.99	33.96	4,777,259.46
Total	30,367,178.97	100.00	21,484,258.73	70.75	8,882,920.24

2) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with ages	7,450,400.07	1,190,095.57	15.97
Including: Within 1 year	4,824,514.05	241,225.71	5.00
1–2 years	1,508,216.85	150,821.69	10.00
2–3 years	639,242.00	319,621.00	50.00
3–4 years	8,300.00	8,300.00	100.00
4–5 years	400.00	400.00	100.00
Over 5 years	469,727.17	469,727.17	100.00
Subtotal	7,450,400.07	1,190,095.57	15.97

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**7. Other receivables** (Continued)**(4) Changes in provision for bad debts**

Items	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (credit not impaired)	Stage 3 Lifetime expected credit losses (credit impaired)	Total
Opening balance	219,781.02	65,822.00	21,198,655.71	21,484,258.73
Opening balance in the current period				
— Transferred to stage 2	-75,410.84	75,410.84		
— Transferred to stage 3		-63,924.20	63,924.20	
— Reversed to stage 2				
— Reversed to stage 1				
Provision made in the current period	96,855.53	73,513.05	-481,314.62	-310,946.04
Provision recovered or reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance	241,225.71	150,821.69	20,781,265.29	21,173,312.69
Provision proportion (%)	5.00	10.00	83.88	68.07

(5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 1	Other intercompany balances	5,156,597.30	Over 5 years	16.58	1,483,553.03
No. 2	Prepayments for goods	4,902,452.80	Over 5 years	15.76	4,902,452.80
No. 3	Prepayments for goods	4,617,063.05	Over 5 years	14.84	4,617,063.05
No. 4	Prepayments for goods	2,698,809.68	Over 5 years	8.68	2,698,809.68
No. 5	Security deposits	4,345,315.56	Within 1 year, 2-3 years	13.97	786,168.29
Subtotal		21,720,238.39		69.83	14,488,046.85

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

8. Inventories

(1) Details

Items	Book balance	Closing balance	Carrying amount
		Provision for write-down/ Provision for impairment	
Raw materials	1,160,871,765.97	30,595,820.23	1,130,275,945.74
Finished goods	215,617,912.49	7,240,663.58	208,377,248.91
Goods dispatched	109,061,106.09	7,372,218.96	101,688,887.13
Materials on consignment for further processing	38,580,120.52	215,948.53	38,364,171.99
Costs to fulfill a contract-service cost	50,117,368.99		50,117,368.99
Total	1,574,248,274.06	45,424,651.30	1,528,823,622.76

(Continued)

Items	Book balance	Opening balance	Carrying amount
		Provision for write-down/ Provision for impairment	
Raw materials	721,544,511.88	26,028,914.42	695,515,597.46
Finished goods	142,158,906.90	7,817,665.81	134,341,241.09
Goods dispatched	15,296,786.00	7,140,622.80	8,156,163.20
Materials on consignment for further processing	18,893,466.35	90,007.42	18,803,458.93
Costs to fulfill a contract-service cost	44,083,366.50		44,083,366.50
Total	941,977,037.63	41,077,210.45	900,899,827.18

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**8. Inventories** (Continued)

(2) *Provision for inventory write-down and provision for impairment of costs to fulfill a contract*

1) Details

Decrease	Closing balance	Opening balance		Increase		Others
		Items	Accrual	Others	Reversal or transfer-out	
Raw materials	26,028,914.42	12,372,377.24		7,805,471.43		30,595,820.23
Finished goods	7,817,665.81	2,720,694.69		3,297,696.92		7,240,663.58
Goods dispatched	7,140,622.80	298,816.55		67,220.39		7,372,218.96
Materials on consignment for further processing	90,007.42	184,419.14		58,478.03		215,948.53
Costs to fulfill a contract-service cost						
Total	<u>41,077,210.45</u>	<u>15,576,307.62</u>		<u>11,228,866.77</u>		<u>45,424,651.30</u>

2) Determination basis of net realizable value and reasons for the reversal or transfer-out of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for transfer-out of provision for inventory write-down
Raw materials/Materials on consignment for further processing	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in the preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used in the current period.
Finished goods	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in the preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used in the current period.

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

8. Inventories (Continued)

(2) *Provision for inventory write-down and provision for impairment of costs to fulfill a contract* (Continued)

2) Determination basis of net realizable value and reasons for the reversal or transfer-out of provision for inventory write-down (Continued)

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for transfer-out of provision for inventory write-down
Goods dispatched	Estimated selling price of relevant finished goods less estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in the preceding period increased	Inventories with provision for inventory write-down made in the preceding period were sold in the current period.
Costs to fulfill a contract-service cost	Estimated selling price of relevant technical service less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in the preceding period increased	Inventories with provision for inventory write-down made in the preceding period were sold in the current period.

9. Non-current assets due within one year

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Long-term receivables due within one year				827,126.74		827,126.74
Total				827,126.74		827,126.74

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**10. Other current assets**

Items	Closing balance		
	Book balance	Provision for impairment	Carrying amount
Rebate receivable	277,127,606.73		277,127,606.73
Input VAT to be credited and verified	202,778,940.48		202,778,940.48
Financing expenses			
Other prepaid taxes	415,875.09		415,875.09
Total	480,322,422.30		480,322,422.30

(Continued)

Items	Opening balance		
	Book balance	Provision for impairment	Carrying amount
Rebate receivable	318,368,757.97		318,368,757.97
Input VAT to be credited and verified	134,615,848.59		134,615,848.59
Financing expenses	15,566,177.26		15,566,177.26
Other prepaid taxes	660,767.11		660,767.11
Total	469,211,550.93		469,211,550.93

11. Long-term receivables

Discount rate range	Closing balance			
	Items	Book balance	Provision for bad debts	Carrying amount
Deposits related to long-term leases and others	3,508,049.13		3,508,049.13	
Total	3,508,049.13		3,508,049.13	

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

11. Long-term receivables (Continued)

(Continued)

Items	Opening balance			Discount rate range
	Book balance	Provision for bad debts	Carrying amount	
Deposits related to long-term leases and others	3,906,533.66		3,906,533.66	
Total	3,906,533.66		3,906,533.66	

12. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in joint ventures	1,998,248.65		1,998,248.65	2,281,287.84		2,281,287.84
Investments in associates	34,909,325.06		34,909,325.06	51,355,334.89		51,355,334.89
Total	36,907,573.71		36,907,573.71	53,636,622.73		53,636,622.73

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**12. Long-term equity investments** (Continued)*(2) Details*

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
1. Joint ventures						
MeiLink Co., Ltd. (the "MeiLink")	776,670.25				-626,349.82	
Guangzhou Liandong Gezhi Technology Co., Ltd. (the "Liandong Gezhi")	1,504,617.59				343,310.63	
Subtotal	2,281,287.84				-283,039.19	
2. Associates						
Shuoge Intelligent Technology Co., Ltd. (the "Shuoge Intelligent")	36,692,638.09				-15,862,227.03	
Sigbeat Inc.	14,662,696.80				-546,667.62	
Subtotal	51,355,334.89				-16,408,894.65	
Total	53,636,622.73				-16,691,933.84	

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

12. Long-term equity investments (Continued)

(2) Details (Continued)

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
1. Joint ventures						
MeiLink					150,320.43	
Liandong Gezhi					1,847,928.22	
Subtotal					1,998,248.65	
2. Associates						
Shuoge Intelligent				-37,115.18	20,793,295.88	
Sigbeat Inc.					14,116,029.18	
Subtotal				-37,115.18	34,909,325.06	
Total				-37,115.18	36,907,573.71	

Note: Others refer to the unrealized profit from upstream transaction of the associate Shuoge Intelligent.

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**13. Other non-current financial assets**

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	199,845,423.25	181,965,884.01
Including: Equity instrument investments	199,845,423.25	181,965,884.01
Total	199,845,423.25	181,965,884.01

14. Fixed assets**(1) Details**

Items	Buildings and structures	Machinery	Transportation equipment	Electronic and other equipment	Total
Cost					
Opening balance	4,520,602.00	5,340,455.84	6,588,442.64	39,504,967.14	55,954,467.62
Increase	268,683,002.59			1,007,889.91	269,690,892.50
1) Acquisition				1,007,889.91	1,007,889.91
2) Transferred in from construction in progress					
3) Business combination	268,683,002.59				268,683,002.59
Decrease			343,707.00	105,619.82	449,326.82
1) Disposal/Scrapping			343,707.00	105,619.82	449,326.82
Closing balance	273,203,604.59	5,340,455.84	6,244,735.64	40,407,237.23	325,196,033.30
Accumulated depreciation					
Opening balance	2,187,164.84	4,165,396.62	4,755,348.14	28,729,135.79	39,837,045.39
Increase	179,085.02	31,700.35	110,654.64	2,137,000.27	2,458,440.28
1) Accrual or amortization	179,085.02	31,700.35	110,654.64	2,137,000.27	2,458,440.28
2) Business combination					
Decrease			309,336.30	94,013.96	403,350.26
1) Disposal/Scrapping			309,336.30	94,013.96	403,350.26
Closing balance	2,366,249.86	4,197,096.97	4,556,666.48	30,772,122.10	41,892,135.41
Provision for impairment					
Opening balance					
Increase					
Decrease					
Closing balance					
Carrying amount					
Closing carrying amount	270,837,354.73	1,143,358.87	1,688,069.16	9,635,115.13	283,303,897.89
Opening carrying amount	2,333,437.16	1,175,059.22	1,833,094.50	10,775,831.35	16,117,422.23

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

14. Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Items	Closing carrying amount
Buildings and structures	268,605,631.01
Subtotal	268,605,631.01

(3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	2,231,723.72	Non-profitable house, with property ownership procedures still in progress.

15. Right-of-use assets

Items	Buildings and structures	Total
Cost		
Opening balance	71,887,064.29	71,887,064.29
Increase	207,814.68	207,814.68
1) Leases increased	207,814.68	207,814.68
Decrease	263,415.99	263,415.99
1) Disposal		
2) Others	263,415.99	263,415.99
Closing balance	71,831,462.98	71,831,462.98
Accumulated depreciation		
Opening balance	56,038,708.56	56,038,708.56
Increase	2,771,388.66	2,771,388.66
1) Accrual	2,771,388.66	2,771,388.66
Decrease		
1) Disposal		
Closing balance	58,810,097.22	58,810,097.22
Provision for impairment		
Opening balance		
Increase		
Decrease		
Closing balance		
Carrying amount		
Closing carrying amount	13,021,365.76	13,021,365.76
Opening carrying amount	15,848,355.73	15,848,355.73

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**16. Intangible assets**

Items	Software	Franchise	Total
Cost			
Opening balance	94,114,054.32	170,069,182.33	264,183,236.65
Increase		9,367,060.00	9,367,060.00
1) Acquisition		9,367,060.00	9,367,060.00
Decrease			
1) Disposal			
Closing balance	94,114,054.32	179,436,242.33	273,550,296.65
Accumulated amortization			
Opening balance	50,914,907.45	101,792,972.66	152,707,880.11
Increase	8,211,524.17	13,244,846.35	21,456,370.52
1) Accrual	8,211,524.17	13,244,846.35	21,456,370.52
Decrease			
1) Disposal			
Closing balance	59,126,431.62	115,037,819.01	174,164,250.63
Provision for impairment			
Opening balance			
Increase			
1) Accrual			
Decrease			
1) Disposal			
Closing balance			
Carrying amount			
Closing carrying amount	34,987,622.70	64,398,423.32	99,386,046.02
Opening carrying amount	43,199,146.87	68,276,209.67	111,475,356.54

At the balance sheet date, intangible assets formed through internal research and development account for 32.78% of total closing balance of intangible assets.

17. Development expenditures**(1) Details**

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Development expenditures	9,552,685.59		9,552,685.59	7,527,349.90		7,527,349.90
Total	9,552,685.59		9,552,685.59	7,527,349.90		7,527,349.90

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

17. Development expenditures (Continued)

(2) Other remarks

Please refer to Section VI of Notes to the Financial Statements for details on development expenditures.

18. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Office decoration	97,181.39		41,937.60		55,243.79
Mold cost	2,622,112.12	793,716.81	348,200.80		3,067,628.13
Certification fees	6,693,763.38	2,740,430.21	2,342,095.78		7,092,097.81
Total	9,413,056.89	3,534,147.02	2,732,234.18		10,214,969.73

19. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for credit impairment	122,937,952.65	29,515,351.76	121,058,773.48	29,223,580.16
Provision for impairment of assets	45,424,651.30	11,316,394.81	41,077,210.45	10,254,049.30
Recoverable losses	285,387,753.63	42,808,163.05	316,814,715.60	48,983,103.46
Difference in the amortization period of intangible assets	13,508,978.95	2,026,346.84	12,014,124.41	1,802,118.66
Share-based payment	6,444,289.78	1,611,072.45	6,679,460.13	1,669,865.03
Lease liabilities	12,683,785.66	1,973,291.53	17,041,137.51	2,728,362.34
Total	486,387,411.97	89,250,620.44	514,685,421.58	94,661,078.95

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**19. Deferred tax assets and deferred tax liabilities** (Continued)*(2) Deferred tax liabilities before offset*

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Held-for-trading financial instruments	77,040,858.25	19,243,602.59	78,965,884.01	19,741,471.00
Right-of-use assets	13,021,365.76	2,023,227.89	15,848,355.73	2,454,383.52
Long-term receivables			827,126.74	206,781.69
Total	90,062,224.01	21,266,830.48	95,641,366.48	22,402,636.21

(3) Deferred tax assets or liabilities after offset

Items	Closing balance		Opening balance	
	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset
Deferred tax assets	2,054,871.95	87,195,748.49	2,661,165.21	91,999,913.74
Deferred tax liabilities	2,054,871.95	19,211,958.53	2,661,165.21	19,741,471.00

(4) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	101,021.44	40,409.87
Deductible losses	83,185,068.95	26,918,884.90
Subtotal	83,286,090.39	26,959,294.77

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

19. Deferred tax assets and deferred tax liabilities (Continued)

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2029	12,943,582.65	1,964,881.44	
Year 2030	12,315,630.69	6,921,028.63	
Year 2031	16,358,141.85		
Year 2032	14,726,831.46		
Year 2033	9,494,871.47		
Indefinite	17,346,010.83	18,032,974.83	
Subtotal	83,185,068.95	26,918,884.90	

20. Other non-current assets

Items	Closing balance		Carrying amount
	Book balance	Provision for impairment	
Prepayments for long-term assets	18,881,811.30		18,881,811.30
Input VAT to be deducted	13,210,715.16		13,210,715.16
Total	32,092,526.46		32,092,526.46

(Continued)

Items	Opening balance		Carrying amount
	Book balance	Provision for impairment	
Prepayments for long-term assets	2,894,528.29		2,894,528.29
Input VAT to be deducted			
Total	2,894,528.29		2,894,528.29

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**21. Assets with title or use right restrictions***(1) Details on assets with restrictions at the balance sheet date*

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	82,206,521.59	82,206,521.59	Judicial frozen funds, special funds for share repurchase, and payables for equity acquisition	Judicial frozen funds, special funds for share repurchase, and payables for equity acquisition
Notes receivable	33,674,605.76	33,674,605.76	Undue endorsement	Notes receivable endorsed but not eligible for derecognition
Accounts receivable	1,031,205.83	1,010,581.71	Pledge	Pledged for borrowings
Fixed assets	268,605,631.01	268,605,631.01	Mortgage	Mortgaged for borrowings
Total	385,517,964.19	385,497,340.07		

Note: The restrictions on accounts receivable and fixed assets arose from the Loan Contract entered into between United Overseas Bank and Huixin Property Management (Shanghai) Co., Ltd. (the "Huixin Property"), a subsidiary acquired by the Company through a business combination not under the common control in the current period. Huixin Property repaid the bank loan on June 26, 2026. However, as of the end of the period, the deregistration of the mortgage over the fixed assets had not yet been completed. The pledge over the accounts receivable was in a similar status and, accordingly, both the accounts receivable and fixed assets continued to be presented as restricted assets at the balance sheet date.

(2) Details on assets with restrictions at the beginning of the period

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	1,817,410.89	1,817,410.89	Judicial frozen funds and special funds for share repurchase	Judicial frozen funds and special funds for share repurchase
Notes receivable	60,163,600.00	60,163,600.00	Undue endorsement	Notes receivable endorsed but not eligible for derecognition
Total	61,981,010.89	61,981,010.89		

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

22. Short-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	704,434,397.30	385,880,237.56
Total	704,434,397.30	385,880,237.56

23. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Payments for materials and others	743,869,407.17	523,749,492.90
Payments for processing fees	26,546,202.03	26,977,288.38
Payments for long-term assets	1,110,611.83	1,555,025.67
Total	771,526,221.03	552,281,806.95

(2) Age analysis

Items	Closing balance	Opening balance
Within 1 year	751,986,604.12	515,399,854.04
Over 1 year	19,539,616.91	36,881,952.91
Total	771,526,221.03	552,281,806.95

24. Advances received

Items	Closing balance	Opening balance
Rents received in advance	1,881,557.35	
Total	1,881,557.35	

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**25. Contract liabilities**

Items	Closing balance	Opening balance
Payments for goods, technical services and others	320,014,143.17	192,095,100.17
Total	320,014,143.17	192,095,100.17

26. Employee benefits payable*(1) Details*

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	16,973,892.64	115,710,369.11	115,621,615.37	17,062,646.38
Post-employment benefits — defined contribution plan	661,141.48	6,682,153.19	6,652,355.47	690,939.20
Termination benefits				
Total	<u>17,635,034.12</u>	<u>122,392,522.30</u>	<u>122,273,970.84</u>	<u>17,753,585.58</u>

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	16,255,070.12	108,745,555.77	108,646,639.96	16,353,985.93
Employee welfare fund	38,700.00	860,794.20	899,494.20	
Social insurance premium	400,883.52	3,534,952.14	3,520,371.21	415,464.45
Including: Medicare premium	381,161.11	3,222,385.60	3,208,965.48	394,581.23
Occupational injuries premium	14,052.12	148,665.63	148,142.80	14,574.95
Maternity premium	5,670.29	154,006.51	153,368.53	6,308.27
Critical illness premium		9,894.40	9,894.40	
Housing provident fund	<u>279,239.00</u>	<u>2,569,067.00</u>	<u>2,555,110.00</u>	<u>293,196.00</u>
Subtotal	<u>16,973,892.64</u>	<u>115,710,369.11</u>	<u>115,621,615.37</u>	<u>17,062,646.38</u>

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

26. Employee benefits payable (Continued)

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	636,201.51	6,420,775.58	6,391,605.04	665,372.05
Unemployment insurance premium	24,939.97	261,377.61	260,750.43	25,567.15
Subtotal	661,141.48	6,682,153.19	6,652,355.47	690,939.20

27. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	3,466,492.25	1,496,598.68
Enterprise income tax	15,664,300.45	2,632,793.42
Individual income tax	2,348,820.72	4,132,858.57
Stamp duty	789,766.11	733,781.22
Housing property tax	2,813,755.18	
Urban maintenance and construction tax	224,771.66	98,775.08
Education surcharge	103,994.77	46,379.96
Local education surcharge	69,329.84	30,919.98
Water conservancy construction fund		1,607.74
Urban land use tax	2,601.41	
Total	25,483,832.39	9,173,714.65

28. Other payables

Items	Closing balance	Opening balance
Payments for equity acquisition	82,094,978.58	
Equity incentive expenses	33,176,960.00	33,176,960.00
Intercompany balances and others	10,139,048.49	14,221,285.88
Security deposits	4,222,461.57	749,664.00
Accrued commission expenses	2,705,071.67	1,146,048.50
Total	132,338,520.31	49,293,958.38

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**29. Non-current liabilities due within one year**

Items	Closing balance	Opening balance
Lease liabilities due within one year	6,615,486.36	7,214,040.19
Total	6,615,486.36	7,214,040.19

30. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be recognized	35,145,767.96	18,504,327.78
Total	35,145,767.96	18,504,327.78

31. Lease liabilities

Items	Closing balance	Opening balance
Lease payments	13,360,070.88	18,049,123.29
Unrecognized financing expenses	-676,285.22	-1,007,985.78
Less: Non-current liabilities due within one year	6,615,486.36	7,214,040.19
Total	6,068,299.30	9,827,097.32

32. Deferred income

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	2,925,000.00			2,925,000.00	Government grant-related projects have not been inspected and accepted
Total	<u>2,925,000.00</u>			2,925,000.00	

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

33. Share capital

(1) Details

Items	Opening balance	Movements				Subtotal	Closing balance
		Issue of new shares	Bonus shares	Conversion of reserve to shares	Others		
Restricted shares							
A shares	79,831,340.00						79,831,340.00
H shares							
Unrestricted shares							
A shares	181,924,360.00				65,500.00	65,500.00	181,989,860.00
H shares		40,250,000.00				40,250,000.00	40,250,000.00
Total	261,755,700.00	40,250,000.00			65,500.00	40,315,500.00	302,071,200.00

(2) Other remarks

Current increase is due to the issuance of 40,250,000.00 new shares upon the listing of H shares, and the exercise of employee share options under the equity incentive plan upon maturity, which resulted in an increase of 65,500 shares.

34. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	770,358,804.03	934,514,207.70		1,704,873,011.73
Other capital reserve	26,883,331.10	9,022,174.02	137,439.48	35,768,065.64
Total	797,242,135.13	943,536,381.72	137,439.48	1,740,641,077.37

(2) Other remarks

The issuance of H shares in the current period resulted in an increase in share premium of 933,068,733.22 yuan; and the unlocking of the Company's restricted shares and the exercise of share options resulted in an increase in the share premium of 1,445,474.48 yuan.

The Company accrued equity incentive expenses, resulting in an increase in other capital reserve of 8,948,735.14 yuan; deferred tax assets were recognized for the excess of the intrinsic value of the share-based payments over their carrying amount, resulting in an increase in other capital reserve of 73,438.88 yuan; the unlocking of employees' restricted shares and the exercise of share options resulted in a decrease in other capital reserve of 137,439.48 yuan.

V. Notes to items of consolidated financial statements (Continued)**(I) Notes to items of the consolidated balance sheet** (Continued)**35. Treasury shares**

Items	Opening balance	Increase	Decrease	Closing balance
Repurchase of the Company's shares	48,539,957.77			48,539,957.77
Total	48,539,957.77			48,539,957.77

36. Other comprehensive income (OCI)

Items	Current period cumulative							Closing balance
	Other comprehensive income after tax							
	Opening balance	Current period cumulative before income tax	Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders	
Items to be reclassified subsequently to profit or loss	164,007.66	-2,997,993.55				-2,997,993.55		-2,833,985.89
Including: OCI to be transferred to profit or loss under equity method								
Translation reserves	164,007.66	-2,997,993.55				-2,997,993.55		-2,833,985.89
Total	164,007.66	-2,997,993.55				-2,997,993.55		-2,833,985.89

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(I) Notes to items of the consolidated balance sheet (Continued)

37. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	27,536,838.43			27,536,838.43
Total	27,536,838.43			27,536,838.43

38. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	664,317,448.79	559,230,607.67
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	664,317,448.79	559,230,607.67
Add: Net profit attributable to owners of the parent company	105,925,729.59	84,166,774.08
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable on ordinary shares		33,929,467.00
Dividend on ordinary shares converted to share capital		
Others		
Closing balance	770,243,178.38	609,467,914.75

V. Notes to items of consolidated financial statements (Continued)**(II) Notes to items of the consolidated income statement****1. Operating revenue/Operating cost***(1) Details*

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	1,946,847,756.46	1,607,054,693.89	1,838,575,282.16	1,591,066,217.30
Other operations	77,678,655.90	48,841,023.16	47,900,030.16	43,298,692.02
Total	2,024,526,412.36	1,655,895,717.05	1,886,475,312.32	1,634,364,909.32
Including: Revenue from contracts with customers	2,024,396,937.02	1,655,818,345.47	1,886,475,312.32	1,634,364,909.32

(2) Breakdown of revenue

1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Wireless communication modules and solutions	1,946,847,756.46	1,607,054,693.89	1,838,575,282.16	1,591,066,217.30
Other operations	77,549,180.56	48,763,651.58	47,900,030.16	43,298,692.02
Total	2,024,396,937.02	1,655,818,345.47	1,886,475,312.32	1,634,364,909.32

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(II) Notes to items of the consolidated income statement (Continued)

1. Operating revenue/Operating cost (Continued)

(2) Breakdown of revenue (Continued)

2) Breakdown of revenue from contracts with customers by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Overseas	997,297,573.64	881,508,735.52	532,448,634.39	459,633,980.31
South China Region	649,700,490.23	482,721,387.50	353,875,722.38	304,916,302.92
East China Region	317,589,845.17	258,894,852.69	268,951,860.09	236,549,335.53
Other Domestic Regions	59,809,027.98	32,693,369.75	731,199,095.46	633,265,290.56
Total	2,024,396,937.02	1,655,818,345.47	1,886,475,312.32	1,634,364,909.32

3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	2,024,396,937.02	1,886,475,312.32
Subtotal	2,024,396,937.02	1,886,475,312.32

(3) Contract liabilities with opening balance of 139,465,871.23 yuan were carried over to revenue in the current period.

V. Notes to items of consolidated financial statements (Continued)**(II) Notes to items of the consolidated income statement** (Continued)**2. Taxes and surcharges**

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	1,035,856.12	1,566,050.91
Stamp duty	1,072,427.68	1,820,988.37
Education surcharge	483,963.20	704,840.97
Local education surcharge	322,642.13	469,893.99
Others		24,284.55
Total	2,914,889.13	4,586,058.79

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Salaries and welfare expenses	15,578,595.37	12,987,422.91
Sales commission	4,527,919.44	4,226,357.53
Business entertainment expenses	1,811,090.55	1,502,472.04
Office expenses and others	2,452,325.52	1,163,620.06
Market development expenses	4,458,628.35	5,006,853.03
Business travelling expenses	2,140,245.57	1,568,723.70
Depreciation and amortization	393,498.97	451,531.21
Equity incentive expenses	1,397,626.63	1,929,858.75
Total	32,759,930.40	28,836,839.23

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(II) Notes to items of the consolidated income statement (Continued)

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Salaries and welfare expenses	22,230,172.15	20,433,787.99
Business entertainment expenses	1,195,961.37	1,434,270.66
Rent, property management and utilities expenses	364,603.12	358,213.42
Business travelling and transportation expenses	1,477,719.22	1,454,470.40
Agency and intermediary service expenses	4,664,297.64	2,397,899.50
Equity incentive expenses	1,989,508.66	3,245,116.41
Depreciation and amortization	938,565.89	1,220,737.11
Others	1,017,165.52	620,960.92
Total	33,877,993.57	31,165,456.41

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Salaries and welfare expenses	71,035,657.82	59,920,229.94
Materials consumption	14,222,462.94	6,916,894.28
Depreciation and amortization	15,359,103.56	14,312,686.58
Rent and utilities expenses	816,755.60	756,136.48
Technical service fees	5,632,671.30	2,319,219.52
Test and inspection fees	465,320.47	2,180,419.85
Equity incentive expenses	5,561,599.85	6,588,106.13
Business travelling and transportation expenses	2,939,050.11	2,277,199.62
Others	1,025,032.74	596,166.70
Total	117,057,654.39	95,867,059.10

V. Notes to items of consolidated financial statements (Continued)**(II) Notes to items of the consolidated income statement** (Continued)**6. Financial expenses**

Items	Current period cumulative	Preceding period comparative
Interest expenses	5,979,087.16	2,939,789.09
Including: Interest expenses of lease liabilities	311,632.84	255,063.48
Less: Interest income	7,273,194.13	1,392,432.54
Gains or losses on foreign exchange	23,657,725.49	-11,402,139.65
Others	722,389.17	2,521,780.09
Total	23,086,007.69	-7,333,003.01

7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to income	3,362,964.00	2,613,586.17	3,362,964.00
Refund of handling fees for withholding individual income tax	405,190.78	242,201.43	
Tax refunds upon collection for software	3,484,665.61	3,704,959.55	
Total	7,252,820.39	6,560,747.15	3,362,964.00

8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-16,699,536.14	-5,127,469.19
Losses on discounting of receivables financing eligible for derecognition	-1,342,699.19	
Total	-18,042,235.33	-5,127,469.19

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(II) Notes to items of the consolidated income statement (Continued)

9. Gains on changes in fair value

Source of gains on changes in fair value	Current period cumulative	Preceding period comparative
held-for-trading financial assets	198,585.00	
Other non-current financial assets	-2,120,460.76	-1,164,517.04
Total	-1,921,875.76	-1,164,517.04

10. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts loss of notes receivable	292,756.46	
Bad debts loss of accounts receivable	-2,543,493.24	402,374.17
Bad debts loss of other receivables	310,946.04	1,077,314.98
Total	-1,939,790.74	1,479,689.15

11. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss and impairment loss of costs to fulfill a contract	-15,576,307.62	-8,826,712.87
Total	-15,576,307.62	-8,826,712.87

12. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of right-of-use assets		988,995.44	
Total		988,995.44	

V. Notes to items of consolidated financial statements (Continued)**(II) Notes to items of the consolidated income statement** (Continued)**13. Non-operating revenue**

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Others	29,165.80		29,165.80
Total	29,165.80		29,165.80

14. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	2,648,448.34		2,648,448.34
Losses on damage or retirement of non-current assets	20,908.65	9,277.65	20,908.65
Others	11,753.62	88.92	11,753.62
Total	2,681,110.61	9,366.57	2,681,110.61

15. Income tax expenses*(1) Details*

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	15,781,065.01	6,398,404.71
Deferred income tax expenses	4,348,091.66	2,324,179.76
Total	20,129,156.67	8,722,584.47

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(II) Notes to items of the consolidated income statement (Continued)

15. Income tax expenses (Continued)

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	126,054,886.26	92,889,358.55
Income tax expenses based on tax rate applicable to the parent company	31,513,721.57	13,933,403.78
Effect of different tax rate applicable to subsidiaries	-9,854,808.12	-2,033,030.75
Effect of prior income tax reconciliation	-664,613.59	979,354.82
Effect of non-taxable income		
Effect of non-deductible costs, expenses and losses	5,377,434.67	2,926,780.49
Effect of utilization of deductible losses not previously recognized as deferred tax assets		22.23
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	1,330,201.00	714,028.92
Changes in opening balances of deferred tax assets/liabilities resulting from tax rate adjustments		
Additional deductible expenses under the Tax Law (extra deductions)	-7,591,129.40	-7,809,405.24
Others	18,350.54	11,430.22
Income tax expenses	20,129,156.67	8,722,584.47

V. Notes to items of consolidated financial statements (Continued)**(III) Notes to items of the consolidated cash flow statement****1. Other cash receipts or payments related to operating activities, investing activities and financing activities***(1) Other cash receipts related to operating activities*

Items	Current period cumulative	Preceding period comparative
Interest income	7,273,194.13	1,278,228.39
Government grants	7,277,069.64	6,575,279.24
Intercompany balances and others	1,830,633.05	68,897.51
Security deposits	2,927,385.40	1,132,141.50
Total	19,308,282.22	9,054,546.64

(2) Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Administrative expenses paid in cash	12,914,880.05	5,743,863.26
Selling expenses paid in cash	13,762,603.20	10,641,834.30
R&D expenses paid in cash	8,498,530.99	5,685,324.73
Security deposits	2,725,125.96	3,266,897.87
Intercompany balances and others	177,645.33	113,046.67
Judicial frozen funds	106,991.90	
Total	38,185,777.43	25,450,966.83

(3) Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Lease income	907,094.00	2,781,282.00
Total	907,094.00	2,781,282.00

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(III) Notes to items of the consolidated cash flow statement (Continued)

1. Other cash receipts or payments related to operating activities, investing activities and financing activities (Continued)

(4) Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Payment to Huixin Property under the Equity Transfer agreement for loan repayment	203,397,360.47	
Total	203,397,360.47	

(5) Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Special funds for share repurchase		7,946,868.62
Total		7,946,868.62

(6) Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Share repurchase		7,949,046.66
Payments of lease liabilities	4,931,963.25	7,037,034.74
Payments of finance expenses	12,509,597.54	6,899,993.80
Total	17,441,560.79	21,886,075.20

V. Notes to items of consolidated financial statements (Continued)**(III) Notes to items of the consolidated cash flow statement** (Continued)**2. Supplementary information to the cash flow statement**

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities		
Net profit	105,925,729.59	84,166,774.08
Add: Provision for assets impairment	15,576,307.62	8,826,712.87
Provision for credit impairment	1,939,790.74	-1,479,689.15
Depreciation of fixed assets, right-of-use assets, oil and gas assets, productive biological assets	5,229,828.94	-9,269,235.23
Amortization of intangible assets	21,456,370.52	19,154,374.22
Amortization of long-term prepayments	2,732,234.18	-4,221,997.30
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)		-988,995.44
Fixed assets retirement loss (Less: gains)	20,908.65	
Losses on changes in fair value (Less: gains)	1,921,875.76	1,164,517.04
Financial expenses (Less: gains)	29,325,179.81	-8,480,374.86
Investment losses (Less: gains)	16,699,536.14	5,030,681.13
Decrease of deferred tax assets (Less: increase)	4,804,165.25	3,282,531.23
Increase of deferred tax liabilities (Less: decrease)	-529,512.47	-958,351.48
Decrease of inventories (Less: increase)	-643,500,103.20	-153,503,482.09
Decrease of operating receivables (Less: increase)	-298,212,983.35	-69,481,824.35
Increase of operating payables (Less: decrease)	463,086,880.49	31,017,079.43
Others	8,948,735.14	11,763,081.29
Net cash flows from operating activities	-264,575,056.19	-83,978,198.61
(2) Significant investing and financing activities not related to cash receipts and payments:		
Right-of-use assets increased in the current period		
(3) Net changes in cash and cash equivalents		
Cash at the end of the period	986,163,715.77	348,710,767.63
Less: Cash at the beginning of the period	309,614,248.55	341,879,366.49
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	676,549,467.22	6,831,401.14

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(III) Notes to items of the consolidated cash flow statement (Continued)

3. Composition of cash and cash equivalents

(1) Details

Items	Closing balance	December 31, 2025
1) Cash	986,163,715.77	309,614,248.55
Including: Cash on hand		18,700.00
Cash in bank on demand for payment	986,163,715.77	309,595,548.55
Other cash and bank balances on demand for payment		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	986,163,715.77	309,614,248.55
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions	792,078,121.06	96,864,304.96

(2) Cash and cash equivalents with use restrictions

Items	Closing balance	June 30, 2025	Reasons for use restrictions and for considered as cash and cash equivalents
Raised funds	792,078,121.06	96,864,304.96	Raised funds are designated for project use and may be disbursed at any time as required.
Total	792,078,121.06	96,864,304.96	

V. Notes to items of consolidated financial statements (Continued)**(III) Notes to items of the consolidated cash flow statement (Continued)****3. Composition of cash and cash equivalents (Continued)**(3) *Cash and bank balances not considered as cash and cash equivalents*

Items	Closing balance	June 30, 2025	Reasons for not considered as cash and cash equivalent
Other cash and bank balances	82,206,521.59	52,957.38	
Including: Special funds for share repurchase	4,551.11	52,957.38	Special funds
Judicial frozen funds	106,991.90		Frozen
Payments for equity acquisition	82,094,978.58		Special funds
Total	82,206,521.59	52,957.38	

4. Changes in liabilities related to financing activities

Decrease	Closing balance	Opening balance		Increase		Changes in non-cash
		Items	Changes in cash	Changes in non-cash	Changes in cash	
Short-term borrowings	385,880,237.56	712,431,536.11	6,235,913.84	370,113,290.21	30,000,000.00	704,434,397.30
Lease liabilities (including lease liabilities due within one year)	17,041,137.51		207,814.68	4,253,533.69	311,632.84	12,683,785.66
Subtotal	402,921,375.07	712,431,536.11	6,443,728.52	374,366,823.90	30,311,632.84	717,118,182.96

5. Significant activities not involving cash receipts and payments

Amount of endorsed commercial acceptance not involving cash receipts and payments

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	133,160,690.74	112,545,142.19
Including: Payments for goods	133,160,690.74	112,545,142.19

Notes to Financial Statements

For the six months ended June 30, 2026

V. Notes to items of consolidated financial statements (Continued)

(IV) Others

1. Monetary items in foreign currencies

(1) Details

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			662,505,582.32
Including: USD	94,144,757.42	6.8109	641,210,528.31
EUR	2,578,025.65	7.7671	20,023,783.03
HKD	1,463,586.21	0.8686	1,271,270.98
Accounts receivable			352,120,468.97
Including: USD	51,203,117.14	6.8109	348,739,310.53
EUR	435,318.00	7.7671	3,381,158.44
Accounts payable			563,265,038.28
Including: USD	82,700,529.78	6.8109	563,265,038.28

(2) Remarks on foreign operations

Significant foreign operating entities	Main operating place	Functional currency	Basis for selection
Forge International	Hong Kong SAR	HKD	The local primary currency

2. Leases

(1) The Company as the lessee

- Please refer to Section V (I) 15 of Notes to the Financial Statements for details on right-of-use assets.

V. Notes to items of consolidated financial statements (Continued)**(IV) Others** (Continued)**2. Leases** (Continued)*(1) The Company as the lessee* (Continued)

- 2) Please refer to Section III (XXX) of Notes to the Financial Statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value.

The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	2,356,105.35	1,012,461.25
Total	2,356,105.35	1,012,461.25

3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	311,632.84	255,063.48
Total cash outflows related to leases	7,300,632.59	8,068,775.26

- 4) Please refer to Section IX (II) of Notes to the Financial Statements for details on maturity analysis of lease liabilities and related liquidity risk management.

(2) The Company as the lessor

Operating leases

Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	129,475.34	

Notes to Financial Statements

For the six months ended June 30, 2026

VI. R&D costs

(I) R&D costs

Items	Current period cumulative	Preceding period comparative
Salaries and welfare expenses	72,627,252.86	64,317,886.95
Materials consumption	14,391,488.27	7,187,964.06
Depreciation and amortization	15,392,367.62	14,948,250.67
Rent and utilities expenses	868,606.84	969,534.84
Technical service fees	5,791,604.06	2,576,564.69
Test and inspection fees	485,987.73	2,338,838.40
Equity incentive expenses	5,561,599.85	6,588,106.13
Business travelling and transportation expenses	2,939,050.11	2,277,199.62
Others	1,025,032.74	596,166.70
Total	119,082,990.08	101,800,512.06
Including: R&D costs to be expensed	117,057,654.39	95,867,059.10
R&D costs to be capitalized	2,025,335.69	5,933,452.96

(II) Development expenditures

1. Changes in development expenditures

Decrease	Closing balance	Opening balance		Increase			Others
		Items	Internal development expenditures	Others	Recognized as intangible assets	Transferred out into profit or loss	
5G series intelligent modules project	7,527,349.90	2,025,335.69					9,552,685.59
Total	7,527,349.90	2,025,335.69					9,552,685.59

VII. Interest in other entities

(I) Composition of the consolidation scope

- The Company has brought 10 subsidiaries including MeiG Zhilian, Xi'an Zhaoge and Shanghai Zhongge into the consolidation scope.**
- Basic information of subsidiaries**

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Xi'an Zhaoge	2 million yuan	Xi'an	Information technology	100.00		Establishment
Forge International	HKD100,000	Hong Kong SAR	Trade	100.00		Establishment
Shanghai Zhongge	10 million yuan	Shanghai	Information technology	100.00		Establishment
MeiG Zhilian	80 million yuan	Shenzhen	Information technology	100.00		Establishment
Shenzhen MeiG Zhitou Venture Capital Co., Ltd. (hereinafter referred to as "MeiG Zhitou")	50 million yuan	Shenzhen	Investment	100.00		Establishment
MeiG (Europe)	EUR 200,000	Dusseldorf	Trade	100.00		Establishment
Nantong MeiG	240.77 million yuan	Nantong	Information technology	83.07	16.93	Establishment
Nantong Zhongge	10 million yuan	Nantong	Information technology	100.00		Establishment
MEIG SMART TECHNOLOGY FRANCE (the "MeiG (France)")	EUR 400,000	France	Trade		100.00	Establishment
Huixin Property	365 million yuan	Shanghai	Property lease		100.00	Business combination not under common control

(II) Business combination not under common control

- Business combination not under common control in the current period**

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method	Acquisition date
Huixin Property	June 26, 2026	82,094,978.58	100.00	Cash acquisition	June 26, 2026

Notes to Financial Statements

For the six months ended June 30, 2026

VII. Interest in other entities (Continued)

(II) Business combination not under common control (Continued)

1. Business combination not under common control in the current period (Continued) (Continued)

Acquirees	Determination basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end	Acquiree's cash flows from acquisition date to period end		
				Net inflows from operating activities	Net inflows from investing activities	Net inflows from financing activities
Huixin Property	Risk transfer provisions in the Equity Transfer Agreement	129,475.34	-5,576.26	369,720.73		

2. Combination costs and goodwill

Items	Huixin Property
Combination costs	
Cash	82,094,978.58
Total combination costs	82,094,978.58
Less: Share of fair value of net identifiable assets acquired	82,094,978.58
Goodwill/Balance of fair value of net identified assets acquired after deducting combination costs	

3. Acquisition-date identifiable assets and liabilities of acquirees

(1) Details

Items	Huixin Property	
	Acquisition-date fair value	Acquisition-date carrying amount
Assets	376,599,837.95	376,599,837.95
Cash and bank balances	91,692,737.49	91,692,737.49
Receivables	985,864.92	985,864.92
Fixed assets	268,683,002.59	268,683,002.59
Others	15,238,232.95	15,238,232.95
Liabilities	294,504,859.37	294,504,859.37
Other payables	290,005,696.47	290,005,696.47
Others	4,499,162.90	4,499,162.90
Net assets	82,094,978.58	82,094,978.58
Less: Non-controlling interest		
Net assets acquired	82,094,978.58	82,094,978.58

VII. Interest in other entities (Continued)**(III) Changes in the consolidation scope due to other reasons**

None.

(IV) Interest in joint ventures or associates**1. Aggregated financial information of insignificant joint ventures and associates**

Items	Closing balance/ Current period cumulative	Opening balance/ Preceding period comparative
Joint ventures		
Total carrying amount of investments	1,998,248.65	2,281,287.84
Proportionate shares in the following items		
Net profit	-283,039.19	-547,261.80
Other comprehensive income		
Total comprehensive income	-283,039.19	-547,261.80
Associates		
Total carrying amount of investments	34,909,325.06	51,355,334.89
Proportionate shares in the following items		
Net profit	-16,446,009.83	-9,134,152.13
Other comprehensive income		
Total comprehensive income	-16,446,009.83	-9,134,152.13

2. Excess losses incurred by joint ventures or associates

Joint ventures or associates	Accumulated unrecognized losses in prior periods	Unrecognized losses in the current period (net profit shared in the current period)	Accumulated unrecognized losses at the balance sheet date
Shenzhen Pinsu Zhilian Information Technology Co., Ltd. (the "Pinsu Zhilian")	-1,989,336.69	-865,198.57	-2,854,535.26

Notes to Financial Statements

For the six months ended June 30, 2026

VIII. Government grants

(I) Government grants increased in the current period

Items	Increase
Government grants related to income	3,362,964.00
Including: Included into other income	3,362,964.00
Total	3,362,964.00

(II) Liabilities related to government grants

Presented under	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	2,925,000.00			
Subtotal	2,925,000.00			

(Continued)

Presented under	Amount offsetting expenses	Amount offsetting assets	Other changes	Closing balance	Related to assets/income
Deferred income				2,925,000.00	Related to income
Subtotal				2,925,000.00	

(III) Government grants included into profit or loss

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	3,362,964.00	2,613,586.17
Total	3,362,964.00	2,613,586.17

IX. Risks related to financial instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

IX. Risks related to financial instruments (Continued)

(I) Credit risk (Continued)

1. Credit risk management practice (Continued)

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to Section V (I) 3, V (I) 4, V (I) 5, V (I) 7, V (I) 9 and V (I) 11 of Notes to the Financial Statements for details on the reconciliation table of opening balance and closing balance of loss allowances of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

IX. Risks related to financial instruments (Continued)**(I) Credit risk** (Continued)**4. Exposure to credit risk and concentration of credit risk** (Continued)**(2) Receivables**

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of June 30, 2026, the Company has certain concentration of credit risk, and 37.43% (December 31, 2025: 34.95%) of the total accounts receivable was due from the five largest customers of the Company.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-5 years	Over 5 years
Short-term borrowings	704,434,397.30	711,623,319.52	711,623,319.52		
Accounts payable	771,526,221.03	771,526,221.03	771,526,221.03		
Other payables	132,338,520.31	132,338,520.31	132,338,520.31		
Lease liabilities	6,068,299.30	6,687,958.23		6,687,958.23	
Non-current liabilities due within one year	6,615,486.36	6,666,398.34	6,666,398.34		
Subtotal	1,620,982,924.30	1,628,842,417.43	1,622,154,459.20	6,687,958.23	

Notes to Financial Statements

For the six months ended June 30, 2026

IX. Risks related to financial instruments (Continued)

(II) Liquidity risk (Continued)

(Continued)

Items	December 31, 2025				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-5 years	Over 5 years
Short-term borrowings	385,880,237.56	389,271,218.12	389,271,218.12		
Accounts payable	552,281,806.95	552,281,806.95	552,281,806.95		
Other payables	49,293,958.38	49,293,958.38	49,293,958.38		
Lease liabilities	9,827,097.32	10,248,194.92		10,248,194.92	
Non-current liabilities due within one year	7,214,040.19	7,800,928.37	7,800,928.37		
Subtotal	1,004,497,140.40	1,008,896,106.74	998,647,911.82	10,248,194.92	

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to Section V (IV) 1 of Notes to the Financial Statements for details on foreign currency financial assets and liabilities at the balance sheet date.

IX. Risks related to financial instruments (Continued)**(IV) Transfer of financial assets****1. Basic information of financial assets transfer**

Ways of financial assets transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Judgement basis of derecognition
Endorsement of notes	Notes receivable	33,674,605.76	Not derecognized	The Company has retained substantially all of the risks and rewards, including the related default risk.
Endorsement and discounting of notes and letters of credit	Receivables financing	163,214,143.99	Derecognized	The Company has transferred substantially all of the risks and rewards
Subtotal		196,888,749.75		

2. Financial assets derecognized due to transfer

Items	Transfer way of financial assets	Amount derecognized	Gains or losses related to derecognition
Receivables financing	Endorsement and discounting of notes and letters of credit	163,214,143.99	809,948.85
Subtotal		163,214,143.99	809,948.85

3. Assets and liabilities arising from transferred but still involved financial assets

Items	Ways of financial assets transfer	Types of continuing involvement	Assets arising from continuing involvement	Liabilities arising from continuing involvement
Notes receivable	Endorsement of notes	Endorsement not yet due	33,674,605.76	33,674,605.76
Subtotal			33,674,605.76	33,674,605.76

Notes to Financial Statements

For the six months ended June 30, 2026

X. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Closing fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement				
1. Held-for-trading financial assets and other non-current financial assets		43,625,435.00	199,845,423.25	243,470,858.25
(1) Financial assets classified as at fair value through profit or loss		43,625,435.00	199,845,423.25	243,470,858.25
Equity instrument investments			199,845,423.25	199,845,423.25
Financial products		43,625,435.00		43,625,435.00
2. Receivables financing			43,894,153.91	43,894,153.91
Total assets at recurring fair value measurement		43,625,435.00	243,739,577.16	287,365,012.16

(II) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair value measurement

The financial products measured at level 2 fair value held by the Company refer to financial products of financial institutions, and their fair value is measured at their net value.

(III) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair value measurement

The receivables financing measured at level 3 fair value held by the Company refers to bank acceptance receivable. Given the low credit risk and short remaining term, the Company determines their fair value based on the par value. Equity instrument investments refer to equity of unlisted companies, and their fair value is measured at their estimated price.

XI. Related party relationships and transactions

(I) Related party relationships

1. Parent company

Natural person	Holding proportion (%)	Voting right proportion (%)
Wang Ping	33.91	33.91

2. Please refer to Section VII of Notes to the Financial Statements for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

Joint ventures or associates	Relationships with the Company
Shuoge Intelligent	Associate
MeiLink	Joint venture
Liandong Gezhi	Joint ventures
Pinsu Zhilian	Associate
Sigbeat Inc.	Associate

4. Other related parties of the Company

(1) Details

Related parties	Relationships with the Company
Shenzhen Phoenix Co., Ltd. (the "Shenzhen Phoenix")	Ultimate controller of the Company's shareholder Shenzhen Phoenix Cultural Tourism Investment Co., Ltd.
Shenzhen Mingcheng Property Service Co., Ltd. (the "Mingcheng Property")	Under control of Shenzhen Phoenix
Tiancheng Holdings (Shenzhen) Co., Ltd. (the "Tiancheng Holdings")	Under control of the Company's controlling shareholder Wang Ping
Shenzhen Chuyue Emotional Catering Management Co., Ltd. (the "Chuyue Emotional")	Under actual control of Wang Cheng, a close relative of the Company's controlling shareholder. Wang Cheng ceased to control it in May 2025, while it continues to be disclosed as a related party for the current period.
Shenzhen Yuechu Weilaixuan Catering Management Co., Ltd. (the "Yuechu Weilaixuan")	Under actual control of the Company's controlling shareholder Wang Ping

Notes to Financial Statements

For the six months ended June 30, 2026

XI. Related party relationships and transactions (Continued)

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving of services

(1) Details

1) Purchase of goods and receiving of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Shuoge Intelligent	Receiving of services	17,474,608.99	14,876,592.59
Chuyue Emotional	Receiving of catering services		39,635.00
Yuechu Weilaixuan	Receiving of catering services	93,294.01	

2) Sale of goods and rendering of services

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
MeiLink	Sales of goods and rendering of services	2,467,967.96	11,024,938.14
Shuoge Intelligent	Sales of goods	74,062.55	46,382.49
Liandong Gezhi	Sales of goods and rendering of services	3,405,000.56	2,080,757.53
Pinsu Zhilian	Sales of goods	7,035.40	

XI. Related party relationships and transactions (Continued)**(II) Related party transactions** (Continued)**2. Related party leases***(1) Details*

1) The Company as the lessee

Lessors	Types of assets leased	Current period cumulative			
		Lease with right-of-use assets recognized			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Increased principal of lease liabilities	Interest expenditures recognized
Shenzhen Phoenix	Buildings and structures		262,572.00		1,336.19
Mingcheng Property	Buildings and structures		642,492.00		3,264.33
Tiancheng Holdings	Buildings and structures		54,000.00		7,050.42

Notes to Financial Statements

For the six months ended June 30, 2026

XI. Related party relationships and transactions (Continued)

(II) Related party transactions (Continued)

2. Related party leases (Continued)

(1) Details (Continued)

1) The Company as the lessee (Continued) (Continued)

		Preceding period comparative			
		Lease with right-of-use assets recognized			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Increased principal of lease liabilities	Interest expenditures recognized
Lessors	Types of assets leased				
Shenzhen Phoenix	Buildings and structures		787,716.00		30,109.85
Mingcheng Property	Buildings and structures		1,927,476.00		73,559.38
Tiancheng Holdings	Buildings and structures				

3. Call loans between related parties

Related parties	Amount	Commencement date	Maturity date	Remarks
Call loans to related parties				
Huixin Property	203,397,360.47	June 17, 2026	June 16, 2027	Payment to Huixin Property under the equity transfer agreement for loan repayment

XI. Related party relationships and transactions (Continued)**(II) Related party transactions** (Continued)**4. Key management's emoluments**

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	1,659,381.09	1,960,273.14

(III) Balances due to or from related parties**1. Balances due from related parties**

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	MeiLink			2,794,372.91	55,887.46
	Liandong Gezhi	2,896,134.65	57,922.69	3,629,091.50	95,570.05
	Pinsu Zhilian	9,413,913.50	912,945.35	9,419,213.50	569,806.06
	Shuoge Intelligent			40,835.98	816.72
Subtotal		12,310,048.15	970,868.04	15,883,513.89	722,080.29
Other receivables					
	Shenzhen Phoenix			208,736.00	208,736.00
	Mingcheng Property			530,986.00	530,986.00
	Tiancheng Holdings	12,000.00	600.00		
Subtotal		12,000.00	600.00	739,722.00	739,722.00

Notes to Financial Statements

For the six months ended June 30, 2026

XI. Related party relationships and transactions (Continued)

(III) Balances due to or from related parties (Continued)

2. Balances due to related parties

Items	Related parties	Closing book balance	December 31, 2025
Accounts payable			
	Shuoge Intelligent	6,365,114.87	4,719,646.71
Subtotal		6,365,114.87	4,719,646.71
Contract liabilities			
	MeiLink	1,298,148.82	241,790.72
	Liandong Gezhi		
Subtotal		1,298,148.82	241,790.72
Other payables			
	Yuechu Weilaixuan		41,391.46
Subtotal			41,391.46
Lease liabilities			
	Tiancheng Holdings	221,035.08	249,635.30
Subtotal		221,035.08	249,635.30
Non-current liabilities due within one year			
	Shenzhen Phoenix		239,192.93
	Mingcheng Property		586,189.14
	Tiancheng Holdings	56,509.70	55,144.78
Subtotal		56,509.70	880,526.85

XII. Share-based payment

(I) Overall information

1. Details

Objects	Quantity and amount of equity instruments							
	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel			40,000.00	838,800.00			5,000.00	114,200.00
Management personnel			19,500.00	408,915.00				
R&D personnel			6,000.00	125,820.00			11,000.00	213,980.00
Total			65,500.00	1,373,535.00			16,000.00	328,180.00

2. Share options and other equity instruments outstanding at the balance sheet date

Objects	Share options outstanding		Other equity instruments outstanding	
	Range of exercise prices	Remaining contractual life	Range of exercise prices	Remaining contractual life
Sales personnel, R&D personnel and management personnel	20.97 yuan/option, 45.67 yuan/option	12 months	10.42 yuan/share, 22.84 yuan/share	12 months

3. Other remarks

On July 1, 2024, the Company convened the 25th meeting of the third session of the Board of Directors and the 22nd meeting of the third session of the Board of Supervisors, and deliberated and approved the "Proposal on Adjusting Relevant Matters of the 2024 Share Option and Restricted Share Incentive Plan" and the "Proposal on the Initial Grant of Share Options and Restricted Shares to Incentive Recipients". The exercise price for the initially granted share options is 21.10 yuan per option and the grant price for the initially granted restricted shares is 10.55 yuan per share. The Company actually granted 1.60 million share options initially to 156 incentive recipients and 3.51 million restricted shares initially to 205 incentive recipients.

Notes to Financial Statements

For the six months ended June 30, 2026

XII. Share-based payment (Continued)

(I) Overall information (Continued)

3. Other remarks (Continued)

On June 10, 2025, the Company convened the eighth meeting of the fourth session of the Board of Directors and deliberated and approved the “Proposal on Granting Reserved Share Options and Restricted Shares to Incentive Recipients”. In accordance with the provisions of the Company’s 2024 Share Option and Restricted Share Incentive Plan and the authorization granted by the Company’s second extraordinary shareholders’ meeting of 2024, the Board of Directors considered that the grant conditions stipulated in the Share Incentive Plan had been satisfied, and determined that the grant date for the reserved share options and restricted shares to be granted under the Share Incentive Plan is June 10, 2025. The Company granted 500,000 restricted shares to 95 eligible incentive recipients at a grant price of 22.84 yuan per share, and initially granted 500,000 share options to 4 eligible incentive recipients at an exercise price of 45.67 yuan per option.

Due to the dividend distribution, the Company has adjusted the exercise price of share options and the repurchase price of restricted shares under the Share Incentive Plan of 2024. The exercise price of the initially granted share options not yet vested has been adjusted from 21.10 yuan to 20.97 yuan per option, and the repurchase price of the restricted shares not yet unlocked from restriction has been adjusted from 10.55 yuan plus interest on cash in bank for the same period to 10.42 yuan plus interest on cash in bank for the same period.

(II) Equity-settled share-based payment

1. Details

Determination method for grant-date fair value of equity instruments	Market method
Key parameters of grant-date fair value of equity instruments	Volatility of share price
Determination method for the number of equity instruments expected to vest	At each balance sheet date, the number of equity instruments to be vested is revised based on the latest information about changes in the number of employees eligible to exercise their rights.
Reasons for significant difference between the estimates in the current period and preceding period	None
Capital reserve accumulated due to equity-settled share-based payment	79,806,874.33

XII. Share-based payment (Continued)**(III) Total share-based payments recognized in the current period**

Objects	Equity-settled share-based payment	Cash-settled share-based payment
Sales personnel	1,397,626.63	
Management personnel	1,989,508.66	
R&D personnel	5,561,599.85	
Total	8,948,735.14	

XIII. Commitments and contingencies**(I) Significant commitments**

As of the balance sheet date, the Company has no significant commitments to be disclosed.

(II) Contingencies

As of the balance sheet date, the Company has no significant contingencies to be disclosed.

XIV. Events after the balance sheet date

None.

XV. Other significant events**Segment information**

The Company does not engage in diversified operations or cross-regional operations, therefore, there are no reportable segments. Please refer to section V (II) 1 of Notes to the Financial Statements for details on the Company's revenues.

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	94,080,223.79	13.90	70,848,667.04	75.31	23,231,556.75
Receivables with provision made on a collective basis	582,850,616.46	86.10	17,126,934.20	2.94	565,723,682.26
Total	676,930,840.25	100.00	87,975,601.24	13.00	588,955,239.01

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	94,111,005.87	15.00	70,854,738.97	75.29	23,256,266.90
Receivables with provision made on a collective basis	533,443,452.60	85.00	17,092,161.27	3.20	516,351,291.33
Total	627,554,458.47	100.00	87,946,900.24	14.01	539,607,558.23

XVI. Notes to items of parent company financial statements (Continued)**(I) Notes to items of parent company balance sheet** (Continued)**1. Accounts receivable** (Continued)**(1) Details** (Continued)

2) Accounts receivable with provision for bad debts made on a collective basis

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with balances due from related parties within the consolidation scope	336,114,730.62		
Portfolio grouped with ages	246,735,885.84	17,126,934.20	6.94
Subtotal	582,850,616.46	17,126,934.20	2.94

3) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 6 months	199,903,756.17	3,998,075.14	2.00
6 months – 1 year	8,564,168.74	428,208.44	5.00
1–2 years	28,144,501.72	2,814,450.17	10.00
2–3 years	474,517.53	237,258.77	50.00
3–4 years	719,130.86	719,130.86	100.00
4–5 years	67,824.73	67,824.73	100.00
Over 5 years	8,861,986.09	8,861,986.09	100.00
Subtotal	246,735,885.84	17,126,934.20	6.94

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements (Continued)

(I) Notes to items of parent company balance sheet (Continued)

1. Accounts receivable (Continued)

(2) Age analysis

Ages	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 6 months	536,018,486.79	3,998,075.14	0.75	475,453,111.95	3,554,034.03	0.75
6 months – 1 year	8,564,168.74	428,208.44	5.00	17,164,519.32	858,225.97	5.00
1–2 years	28,144,501.72	2,814,450.17	10.00	31,111,767.60	3,113,394.27	10.01
2–3 years	475,186.58	237,455.55	49.97	521,488.61	355,795.75	68.23
3–4 years	975,702.73	928,562.47	95.17	541,562.69	493,813.52	91.18
4–5 years	67,824.73	67,824.73	100.00	70,954.26	70,954.26	100.00
Over 5 years	102,684,968.96	79,501,024.74	77.42	102,691,054.04	79,500,682.44	77.42
Total	676,930,840.25	87,975,601.24	13.00	627,554,458.47	87,946,900.24	14.01

(3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on an individual basis	70,854,738.97				-6,071.93	70,848,667.04
Receivables with provision made on a collective basis	17,092,161.27	34,772.93				17,126,934.20
Total	87,946,900.24	34,772.93			-6,071.93	87,975,601.24

Note: Other changes are due to changes in exchange rates of foreign currency-denominated accounts receivable for which provisions for bad debts are made on an individual basis.

XVI. Notes to items of parent company financial statements (Continued)**(I) Notes to items of parent company balance sheet (Continued)****1. Accounts receivable (Continued)**

(4) Details of the top 5 debtors with largest balances of accounts receivable and contract assets

Debtors	Closing book balance		Proportion to the total balance of accounts receivable and contract assets (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
	Accounts receivable	Contract assets		
No. 1	181,949,953.75		181,949,953.75	26.88
No. 2	114,651,660.96		114,651,660.96	16.94
No. 3	55,260,957.13		55,260,957.13	8.16
No. 4	34,080,780.39		34,080,780.39	5.03
No. 5	28,939,890.41		28,939,890.41	4.28
Subtotal	414,883,242.64		414,883,242.64	61.29

2. Other receivables

(1) Details

Items	Closing balance	Opening balance
Dividend receivable	12,751,048.00	60,000,000.00
Other receivables	294,017,853.03	35,415,981.55
Total	306,768,901.03	95,415,981.55

(2) Dividend receivable

Items	Closing balance	Opening balance
MeiG Zhilian		60,000,000.00
Forge International	12,751,048.00	
Subtotal	12,751,048.00	60,000,000.00

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements (Continued)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(3) Other receivables

1) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Intercompany balances within the consolidation scope of the Group	284,465,144.48	27,050,000.00
Prepayments for goods	18,499,664.09	18,499,664.09
Security deposits	4,888,160.60	4,823,635.96
Intercompany balances and others	7,239,356.74	6,440,746.77
Book balance	315,092,325.91	56,814,046.82
Less: Provision for bad debts	21,074,472.88	21,398,065.27
Carrying amount	294,017,853.03	35,415,981.55

2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	288,889,405.67	31,349,499.47
1-2 years	1,508,216.85	650,520.00
2-3 years	638,442.00	18,043.96
3-4 years	780,738.58	780,738.58
4-5 years		739,722.00
Over 5 years	23,275,522.81	23,275,522.81
Book balance	315,092,325.91	56,814,046.82
Less: Provision for bad debts	21,074,472.88	21,398,065.27
Carrying amount	294,017,853.03	35,415,981.55

XVI. Notes to items of parent company financial statements (Continued)**(I) Notes to items of parent company balance sheet** (Continued)**2. Other receivables** (Continued)**(3) Other receivables** (Continued)**3) Provision for bad debts****a. Details on categories**

Categories	Closing balance				
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	Carrying amount
Receivables with provision made on an individual basis	23,656,261.39	7.51	19,983,217.12	84.47	3,673,044.27
Receivables with provision made on a collective basis	291,436,064.52	92.49	1,091,255.76	0.37	290,344,808.76
Total	315,092,325.91	100.00	21,074,472.88	6.69	294,017,853.03

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	Carrying amount
Receivables with provision made on an individual basis	22,714,572.81	39.98	19,027,605.74	83.77	3,686,967.07
Receivables with provision made on a collective basis	34,099,474.01	60.02	2,370,459.53	6.95	31,729,014.48
Total	56,814,046.82	100.00	21,398,065.27	37.66	35,415,981.55

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements (Continued)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(3) Other receivables (Continued)

3) Provision for bad debts (Continued)

b. Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio grouped with balances due from related parties within the consolidation scope	284,465,144.48		
Portfolio grouped with ages	6,970,920.04	1,091,255.76	15.65
Including: Within 1 year	4,424,261.19	221,213.07	5.00
1-2 years	1,508,216.85	150,821.69	10.00
2-3 years	638,442.00	319,221.00	50.00
3-4 years			
4-5 years			
Over 5 years	400,000.00	400,000.00	100.00
Subtotal	291,436,064.52	1,091,255.76	0.37

XVI. Notes to items of parent company financial statements (Continued)**(I) Notes to items of parent company balance sheet** (Continued)**2. Other receivables** (Continued)**(3) Other receivables** (Continued)**4) Changes in provision for bad debts**

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	214,974.97	65,052.00	21,118,038.30	21,398,065.27
Opening balance in the current period				
— Transferred to stage 2	-75,410.84	75,410.84		
— Transferred to stage 3		-63,844.20	63,844.20	
— Reversed to stage 2				
— Reversed to stage 1				
Provision made in the current period	81,648.94	74,203.05	-479,444.38	-323,592.39
Provision recovered or reversed in the current period				
Provision written off in the current period				
Other changes				
Closing balance	221,213.07	150,821.69	20,702,438.12	21,074,472.88
Provision proportion (%)	0.08	10.00	83.83	6.69

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements (Continued)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(3) Other receivables (Continued)

5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
No. 1	Intercompany balances within the consolidation scope of the Group	4,000,000.00	Within 1 year	1.27	
No. 2	Intercompany balances within the consolidation scope of the Group	47,050,000.00	Within 1 year, 2–3 years, 3–4 years	14.93	
No. 3	Intercompany balances within the consolidation scope of the Group	233,415,144.48	Within 1 year	74.08	
No. 4	Other intercompany balances	5,156,597.30	Over 5 years	1.64	1,483,553.03
No. 5	Prepayments for goods	4,902,452.80	Over 5 years	1.56	4,902,452.80
Subtotal		294,524,194.58		93.48	6,386,005.83

3. Long-term equity investments

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	224,624,679.95		224,624,679.95	216,641,751.94		216,641,751.94
Investments in associates and joint ventures	22,921,415.78		22,921,415.78	38,440,332.18		38,440,332.18
Total	247,546,095.73		247,546,095.73	255,082,084.12		255,082,084.12

XVI. Notes to items of parent company financial statements (Continued)**(I) Notes to items of parent company balance sheet (Continued)****3. Long-term equity investments (Continued)****(2) Investments in subsidiaries**

Investees	Opening balance		Increase/Decrease			Others	Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment		Carrying amount	Provision for impairment
Xi'an Zhaoge	20,105,114.82					1,861,319.19	21,966,434.01	
Forge International	82,880.00						82,880.00	
Shanghai Zhongge	50,135,687.20					5,617,723.91	55,753,411.11	
MeiG Zhilian	84,873,277.04					480,997.66	85,354,274.70	
MeiG Zhitou	50,000,000.00						50,000,000.00	
MeiG (Europe)	1,417,080.00						1,417,080.00	
Nantong Zhongge	10,027,712.88					22,887.25	10,050,600.13	
Subtotal	<u>216,641,751.94</u>					<u>7,982,928.01</u>	<u>224,624,679.95</u>	

(3) Investments in associates and joint ventures

Investees	Opening balance		Increase/Decrease			Investment income recognized under equity method	Adjustment in other comprehensive income
	Carrying amount	Provision for impairment	Investments increased	Investments decreased			
1. Joint ventures							
Liandong							
Gezhi	1,504,617.59					343,310.63	
Subtotal	<u>1,504,617.59</u>					<u>343,310.63</u>	
2. Associates							
Shuoge							
Intelligent	36,935,714.59					-15,862,227.03	
Subtotal	<u>36,935,714.59</u>					<u>-15,862,227.03</u>	
Total	<u>38,440,332.18</u>					<u>-15,518,916.40</u>	

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements (Continued)

(I) Notes to items of parent company balance sheet (Continued)

3. Long-term equity investments (Continued)

(3) Investments in associates and joint ventures (Continued)

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
1. Joint ventures						
Liandong						
Gezhi					1,847,928.22	
Subtotal					1,847,928.22	
2. Associates						
Shuoge						
Intelligent					21,073,487.56	
Subtotal					21,073,487.56	
Total					22,921,415.78	

(II) Notes to items of the parent company income statement

1. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	1,700,443,793.22	1,613,372,232.60	1,593,420,415.22	1,574,167,297.99
Other operations	76,328,147.96	57,544,440.04	22,250,982.54	20,780,719.34
Total	1,776,771,941.18	1,670,916,672.64	1,615,671,397.76	1,594,948,017.33
Including: Revenue from contracts with customers	1,776,771,941.18	1,670,916,672.64	1,615,671,397.76	1,594,948,017.33

XVI. Notes to items of parent company financial statements (Continued)**(II) Notes to items of the parent company income statement (Continued)****1. Operating revenue/Operating cost (Continued)****(2) Breakdown of revenue****1) Breakdown of revenue from contracts with customers by goods or services**

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Wireless communication modules and solutions	1,700,443,793.22	1,613,372,232.60	1,593,420,415.22	1,574,167,297.99
Other operations	76,328,147.96	57,544,440.04	22,250,982.54	20,780,719.34
Total	1,776,771,941.18	1,670,916,672.64	1,615,671,397.76	1,594,948,017.33

2) Breakdown of revenue from contracts with customers by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
South China Region	658,731,190.84	604,615,971.25	857,041,945.79	852,671,268.36
Overseas	737,654,956.86	725,474,904.98	439,254,937.07	431,902,237.27
East China Region	339,056,769.09	306,648,372.77	277,547,689.79	275,574,143.73
Other Domestic Regions	41,329,024.39	34,177,423.64	41,826,825.11	34,800,367.97
Total	1,776,771,941.18	1,670,916,672.64	1,615,671,397.76	1,594,948,017.33

3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Recognized at a point in time	1,776,771,941.18	1,670,916,672.64	1,615,671,397.76	1,594,948,017.33
Total	1,776,771,941.18	1,670,916,672.64	1,615,671,397.76	1,594,948,017.33

(3) Contract liabilities with opening balance of 180,662,280.32 yuan were carried over to revenue in the current period.

Notes to Financial Statements

For the six months ended June 30, 2026

XVI. Notes to items of parent company financial statements (Continued)

(II) Notes to items of the parent company income statement (Continued)

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	12,751,048.00	
Investment income from long-term equity investments under equity method	-15,518,916.40	-4,314,657.30
Losses on discounting of receivables financing eligible for derecognition	-111,784.89	
Total	-2,879,653.29	-4,314,657.30

XVII. Other supplementary information**(I) Non-recurring profit or loss****1. Schedule of non-recurring profit or loss****(1) Details**

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-20,908.65	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	3,362,964.00	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities	-1,921,875.76	
Reversed provision for impairment of receivables based on impairment testing on an individual basis		
Other non-operating revenue or expenditures	-2,631,036.16	
Subtotal	-1,210,856.57	
Less: Enterprise income tax affected	-228,945.67	
Non-controlling interest affected (after tax)		
Net non-recurring profit or loss attributable to shareholders of the parent company	-981,910.90	

(II) ROE and EPS**1. Details**

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	4.72	0.38	0.38
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	4.76	0.38	0.38

Notes to Financial Statements

For the six months ended June 30, 2026

XVII. Other supplementary information (Continued)

(II) ROE and EPS (Continued)

2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	105,925,729.59
Non-recurring profit or loss	B	-981,910.90
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	106,907,640.49
Opening balance of net assets attributable to shareholders of ordinary shares	D	1,702,476,172.24
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	973,384,233.22
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	3.00
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Others		
Option exercise	I1	1,308,035.00
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J1	0.12
Accrual of equity incentive expenses	I2	8,948,735.14
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J2	3
Accrual of deferred tax assets related to equity incentives	I3	73,438.88
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J3	3
Other comprehensive income	I4	-2,997,993.55
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J4	3
Number of months in the reporting period	K	6
Weighted average net assets	$L = D + A/2 + E \times F / K - G \times H / K \pm I \times J / K$	2,245,195,112.56
Weighted average ROE	$M = A / L$	4.72%
Weighted average ROE after deducting non-recurring profit or loss	$N = C / L$	4.76%

XVII. Other supplementary information (Continued)**(II) ROE and EPS** (Continued)**3. Calculation process of basic EPS and diluted EPS***(1) Calculation process of basic EPS*

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	105,925,729.59
Non-recurring profit or loss	B	-981,910.90
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	106,907,640.49
Opening balance of total shares	D	261,755,700.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	40,315,500.00
Number of months counting from the next month when the shares were increased to the end of the reporting period	G	3.00
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	6.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / K-H \times I / K-J$	281,882,033.00
Basic EPS	$M=A / L$	0.38
Basic EPS after deducting non-recurring profit or loss	$N=C / L$	0.38

Notes to Financial Statements

For the six months ended June 30, 2026

XVII. Other supplementary information (Continued)

(II) ROE and EPS (Continued)

3. Calculation process of basic EPS and diluted EPS (Continued)

(2) Calculation process of diluted EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	105,925,729.59
Net profit affected by dilutive potential ordinary shares	B	
Diluted net profit attributable to shareholders of ordinary shares	C=A-B	105,925,729.59
Non-recurring profit or loss	D	-981,910.90
Diluted net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	E=C-D	106,907,640.49
Weighted average of outstanding ordinary shares	F	281,882,033.00
Weighted average of ordinary shares increased due to warrant, share options, convertible bonds, etc.	G	523,480.21
Weighted average of diluted outstanding ordinary shares	H=F+G	282,405,513.21
Diluted EPS	M=C/H	0.38
Diluted EPS after deducting non-recurring profit or loss	N=E/H	0.38

MeiG Smart Technology Co., Ltd.
August 27, 2026