

BOE Technology Group Co., Ltd.

31 December 2025

ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2025 TO 31 DECEMBER 2025
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH
TRANSLATION, THE CHINESE VERSION WILL PREVAIL

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AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70008969_A01
BOE Technology Group Co., Ltd.

To the shareholders of BOE Technology Group Co., Ltd. :

(I) Opinion

We have audited the financial statements of BOE Technology Group Co., Ltd. (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2025, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

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

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with *China Independence Standard No. 1 - Independence Requirements for Financial Statement Audit and Review Engagements* and *China Code of Ethics for Certified Public Accountants* (the "Code"). We have also fulfilled our other ethical responsibilities in accordance with the Code. We have complied with the independence requirements relevant to the audit of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

AUDITOR'S REPORT (continued)

Ernst & Young Hua Ming (2026) Shen Zi No. 70008969_A01
BOE Technology Group Co., Ltd.

(III) Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
<p>The revenue of BOE Technology Group Co., Ltd. ("BOE") and its subsidiaries ("BOE Group") is mainly derived from the sale of products relating to display device across the domestic and overseas markets.</p> <p>The sales contracts / orders signed between BOE Group and its customers (mainly electronic equipment manufacturers) contain various trading terms. BOE Group judges the transfer timing of control according to the trading terms, and recognises revenue accordingly. Depending on the trading terms, the revenue is usually recognised when the goods are received, or when they are received by the carrier.</p> <p>We identified the recognition of BOE Group's revenue as a key audit matter because revenue, as one of BOE Group's key performance indicators, and there is an inherent risk that revenue may not be recognised in a correct period.</p> <p>Please refer to Note III, 24 for the accounting policies, and Note V, 47 for further disclosures.</p>	<p>The audit procedures we performed primarily included:</p> <ul style="list-style-type: none"> • Evaluate the design and operation effectiveness of key internal controls related to revenue recognition for business segments such as display devices; • Check key sales contracts/orders on a sampling basis to identify relevant trading terms, and evaluate whether the accounting policies for revenue recognition of BOE Group meet the requirements of ASBEs; • On a sampling basis and according to different trading terms, reconcile the revenue recorded in the current year to relevant supporting files such as relevant orders, shipping orders, delivery receipts, etc. to evaluate whether revenue is recognised in accordance with the accounting policies of BOE Group; • On a sampling basis and according to different trading terms, cross check the revenue recognised before and after the balance sheet date against relevant supporting files such as relevant orders, shipping orders, delivery receipts, etc. to evaluate whether revenue is recognised in the correct period; • Select samples and perform confirmation procedures on the accounts receivable balance as of the balance sheet date; • Select samples of revenue adjustments (including sales discounts and sales returns, etc.) occurring after the balance sheet date, and check them against relevant supporting documentation, to evaluate whether revenue was recognised in the correct period; • Review the appropriateness of revenue disclosures in the financial statements.

AUDITOR'S REPORT (continued)

Ernst & Young Hua Ming (2026) Shen Zi No. 70008969_A01
BOE Technology Group Co., Ltd.

(III) Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of fixed assets and intangible assets	
<p>As at 31 December 2025, the carrying amount of fixed assets and intangible assets amounted to RMB 199,096,817,337, the judgement on impairment indications and impairment test are material to BOE Group's financial statements.</p> <p>Management of BOE Group identifies asset groups based on the independence of their primary cash inflows from those of other assets or asset groups. Management assesses whether indicators of impairment exist as of the balance sheet date and performs impairment testing where necessary, using internal and external information such as market supply and demand dynamics, technological advancements, operating budgets, and actual economic performance.</p> <p>For asset groups with indicators of impairment as of the balance sheet date, management estimates their recoverable amount and compares it with their carrying amount to determine whether any impairment has occurred.</p> <p>The recoverable amount is based on the present value of expected future cash flows, which requires significant judgment, particularly in estimating future selling prices, sales volumes, and the discount rate.</p> <p>Given the materiality of the carrying amounts of property, plant, and equipment and intangible assets, and the significant judgment involved in assessing indicators of impairment and performing impairment tests on asset groups with such indicators, we have identified the impairment of property, plant, and equipment and intangible assets as a key audit matter.</p> <p>Please refer to Note III, 20 for the accounting policies, and Notes V, 15 and V, 18 for further disclosures.</p>	<p>The audit procedures we performed primarily included:</p> <ul style="list-style-type: none"> • Evaluate management's identification of asset groups, assessment of impairment indicators, and assess the design and operating effectiveness of key internal controls over impairment testing; • Evaluate whether management's identification of asset groups and assessment of impairment indicators comply with the requirements of the ASBEs; • For asset groups with significant indicators of impairment: <p>Review the key assumptions used by management in calculating the recoverable amount, including future selling prices, sales volumes, and discount rates, and assess the reasonableness of these assumptions in light of historical data;</p> <p>Evaluate the competence, professional qualifications, and objectivity of experts engaged by management;</p> <p>Utilize the work of internal valuation specialists to assess the reasonableness of key valuation parameters, such as the cash flow model and discount rate, used by management in estimating the present value of future cash flows;</p> <p>Perform retrospective reviews of management's historical forecasts to evaluate their accuracy and bias;</p> <p>Review the sensitivity analyses performed by management on the key assumptions used in the recoverable amount calculation.</p> <ul style="list-style-type: none"> • Review the appropriateness of management's disclosures regarding the impairment of related assets.

AUDITOR'S REPORT (continued)

Ernst & Young Hua Ming (2026) Shen Zi No. 70008969_A01
BOE Technology Group Co., Ltd.

(IV) Other information included in the Annual Report

BOE Group's management are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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

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

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

(V) Responsibilities of management and those charged with governance for the financial statements

BOE Group's management are responsible for the preparation of the financial statements that give a true and fair view in accordance with ASBEs, and for such internal control as BOE Group's management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S REPORT (continued)

Ernst & Young Hua Ming (2026) Shen Zi No. 70008969_A01
BOE Technology Group Co., Ltd.

(VI) Auditor's responsibilities for the audit of the financial statements

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AUDITOR'S REPORT (continued)

Ernst & Young Hua Ming (2026) Shen Zi No. 70008969_A01
BOE Technology Group Co., Ltd.

(VI) Auditor's responsibilities for the audit of the financial statements (continued)

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Xie Feng
(Engagement Partner)

Chinese Certified Public Accountant: Wang Jing

Beijing, the People's Republic of China

30 March 2026

BOE Technology Group Co., Ltd.
CONSOLIDATED BALANCE SHEET
31 December 2025

Expressed in Renminbi Yuan

ASSETS	Note V	31 December 2025	31 December 2024
Current assets			
Cash at bank and on hand	1	72,222,940,175	74,252,625,215
Financial assets held for trading	2	1,670,548,730	3,116,435,963
Notes receivable	3	514,647,075	338,059,783
Accounts receivable	4	32,293,002,623	36,338,199,204
Receivables financing	5	585,672,349	472,537,400
Prepayments	6	810,701,464	634,482,224
Other receivables	7	822,793,900	812,871,521
Inventories	8	27,748,526,136	23,313,464,392
Contract assets	9	393,081,902	150,871,486
Current portion of non-current assets		4,081,560	3,900,201
Other current assets	10	4,809,821,866	3,954,007,985
Total current assets		<u>141,875,817,780</u>	<u>143,387,455,374</u>
Non-current assets			
Long-term receivables		-	492,067
Long-term equity investments	11	18,636,209,565	13,533,271,302
Other equity investments	12	536,217,192	441,371,815
Other non-current financial assets	13	2,874,055,003	2,735,680,042
Investment properties	14	2,146,616,904	1,751,189,740
Fixed assets	15	186,299,299,142	204,904,419,511
Construction in progress	16	52,943,124,120	30,159,016,097
Right-of-use assets	17	807,290,109	754,408,280
Intangible assets	18	12,797,518,195	11,263,463,194
Development expenditures	VI	123,706,247	109,323,354
Goodwill	19	653,575,022	653,575,022
Long-term prepaid expenses	20	599,601,573	598,444,923
Deferred tax assets	21	854,033,038	694,888,275
Other non-current assets	22	15,231,258,913	18,991,222,545
Total non-current assets		<u>294,502,505,023</u>	<u>286,590,766,167</u>
Total assets		<u><u>436,378,322,803</u></u>	<u><u>429,978,221,541</u></u>

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

BOE Technology Group Co., Ltd.
CONSOLIDATED BALANCE SHEET (CONTINUED)
31 December 2025

Expressed in Renminbi Yuan

<u>LIABILITIES AND EQUITY</u>	<u>Note V</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Current liabilities			
Short-term borrowings	24	3,655,021,437	1,563,317,166
Notes payable	25	1,380,128,604	1,399,557,969
Accounts payable	26	37,242,292,283	36,713,498,406
Receipts in advance		77,763,054	118,971,193
Contract liabilities	27	2,223,451,538	2,083,836,158
Employee benefits payable	28	3,584,824,383	4,076,008,388
Taxes and surcharges payable	29	1,319,215,532	1,576,606,596
Other payables	30	20,889,438,382	20,827,962,570
Current portion of non-current liabilities	31	26,670,312,919	43,506,539,611
Other current liabilities	32	4,349,146,900	3,394,971,140
Total current liabilities		<u>101,391,595,032</u>	<u>115,261,269,197</u>
Non-current liabilities			
Long-term borrowings	33	101,576,573,473	100,932,391,740
Bonds payable	34	10,968,768,052	-
Lease liabilities	35	687,762,666	631,418,986
Long-term payables	36	2,348,036,273	121,077,871
Provisions	37	-	1,652,566
Deferred income	38	6,798,033,210	4,544,617,931
Deferred tax liabilities	21	1,134,894,697	1,290,798,747
Other non-current liabilities	39	3,996,902,667	2,648,822,759
Total non-current liabilities		<u>127,510,971,038</u>	<u>110,170,780,600</u>
Total liabilities		<u>228,902,566,070</u>	<u>225,432,049,797</u>

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

BOE Technology Group Co., Ltd.
CONSOLIDATED BALANCE SHEET (CONTINUED)
31 December 2025

Expressed in Renminbi Yuan

<u>LIABILITIES AND EQUITY</u>	<u>Note V</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Equity			
Share capital	40	37,413,880,464	37,645,016,203
Other equity instruments	41	-	2,043,402,946
Capital reserves	42	51,859,961,722	52,207,573,706
Less: Treasury shares	43	1,499,835,264	1,216,490,683
Accumulated other comprehensive income	44	(766,570,036)	(1,171,823,864)
Specialised reserves		207,330,489	139,227,664
Surplus reserves	45	4,035,830,324	3,879,754,479
Retained earnings	46	43,228,031,107	39,410,894,857
Total equity attributable to owners of the parent		<u>134,478,628,806</u>	<u>132,937,555,308</u>
Non-controlling interests		<u>72,997,127,927</u>	<u>71,608,616,436</u>
Total equity		<u>207,475,756,733</u>	<u>204,546,171,744</u>
Total liabilities and equity		<u><u>436,378,322,803</u></u>	<u><u>429,978,221,541</u></u>

Chen Yanshun Chairman of the Board	Feng Qiang Chairman of the Executive Committee	Yang Xiaoping Chief Financial Officer	Xu Yaxiao The head of the accounting department
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The accompanying notes to the financial statements form an integral part of these financial statements.

BOE Technology Group Co., Ltd.
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
Revenue	47	204,590,222,888	198,380,605,661
Less: Cost of sales	47	172,602,044,011	168,221,949,573
Taxes and surcharges	48	1,425,552,345	1,296,146,896
Selling expenses	49	2,172,622,919	1,995,294,652
Administrative expenses	50	5,896,341,836	6,218,672,130
Research and development expenses	51	13,836,670,878	13,123,309,231
Finance expenses	52	1,836,646,802	1,224,387,370
Including: Interest expenses		3,292,142,233	4,033,259,880
Interest income		1,828,272,699	2,285,948,395
Add: Other income	53	2,915,429,247	2,288,477,566
Investment income	54	653,966,677	(540,900,653)
Including: Income/(loss) from investments in associates and joint ventures		81,175,287	(752,455,175)
Fair value gains	55	431,722,966	522,447,744
Credit impairment losses	56	(63,490,237)	(112,125,114)
Impairment losses of assets	57	(4,005,541,287)	(3,624,262,580)
Gains on disposal of non-current assets	58	30,428,604	96,175,264
Operating profit		6,782,860,067	4,930,658,036
Add: Non-operating income	59	314,980,839	216,286,272
Less: Non-operating expenses	60	63,639,776	61,290,675
Profit before income tax		7,034,201,130	5,085,653,633
Less: Income tax expenses	61	2,006,827,561	940,379,751
Net Profit		<u>5,027,373,569</u>	<u>4,145,273,882</u>
Classified by going concern			
Net profit from continuing operations		5,027,373,569	4,145,273,882

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

BOE Technology Group Co., Ltd.
CONSOLIDATED INCOME STATEMENT (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
Classified by ownership			
Profit attributable to owners of the parent		5,856,966,754	5,323,248,974
Profit attributable to non-controlling interests		(829,593,185)	(1,177,975,092)
Other comprehensive income, net of tax	44	416,083,549	(5,776,420)
Other comprehensive income/(loss), net of tax, attributable to owners of the parent		408,111,001	(19,707,777)
Other comprehensive income that will not be reclassified to profit or loss			
Other comprehensive income using the equity method that will not be reclassified to profit or loss		38,861,322	45,589,853
Change in the fair value of other equity investments		95,049,059	(35,206,474)
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income using the equity method that may be reclassified to profit or loss		47,364,873	-
Exchange differences on translation of foreign currency financial statements		226,835,747	(30,091,156)
Other comprehensive income, net of tax, attributable to non-controlling interests	44	7,972,548	13,931,357
Total comprehensive income		<u>5,443,457,118</u>	<u>4,139,497,462</u>
Including:			
Total comprehensive income attributable to owners of the parent		6,265,077,755	5,303,541,197
Total comprehensive income attributable to non-controlling interests		(821,620,637)	(1,164,043,735)
Earnings per share	62		
Basic earnings per share		0.16	0.14
Diluted earnings per share		0.16	0.14

Chen Yanshun	Feng Qiang	Yang Xiaoping	Xu Yaxiao
Chairman of the Board	Chairman of the Executive Committee	Chief Financial Officer	The head of the accounting department

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

BOE Technology Group Co., Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2025

	Attributable to owners of the parent								Non-controlling interests	Total equity	
	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Specialised reserves	Surplus reserves	Retained earnings			Subtotal
I. Balance at beginning of year	37,645,016,203	2,043,402,946	52,207,573,706	1,216,490,683	(1,171,823,864)	139,227,664	3,879,754,479	39,410,894,857	132,937,555,308	71,608,616,436	204,546,171,744
II. Changes for the year											
1. Total comprehensive income	-	-	-	-	408,111,001	-	-	5,856,966,754	6,265,077,755	(821,620,637)	5,443,457,118
2. Capital contributed and reduced by shareholders											
(1)Capital contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	7,729,973,284	7,729,973,284
(2)Capital reduction by non-controlling interests	-	-	-	-	-	-	-	-	-	(5,390,488,477)	(5,390,488,477)
(3)Equity transactions with non-controlling interests	-	-	117,551,353	-	-	-	-	-	117,551,353	(117,551,353)	-
(4)Repurchase of treasury shares	-	-	-	1,499,835,264	-	-	-	-	(1,499,835,264)	-	(1,499,835,264)
(5)Cancellation of treasury shares	(231,135,739)	-	(778,740,068)	(1,009,875,807)	-	-	-	-	-	-	-
(6)Amount of share-based payment recognized in shareholders' equity	-	-	1,587,451	(206,614,876)	-	-	-	-	208,202,327	(115,160)	208,087,167
(7)Redemption of capital for holders of other equity instruments	-	(1,989,320,755)	(10,679,245)	-	-	-	-	-	(2,000,000,000)	-	(2,000,000,000)

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

BOE Technology Group Co., Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2025 (continued)

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Specialised reserves	Surplus reserves	Retained earnings		
II. Changes for the year (continued)										
3. Profit distribution										
(1) Appropriation to surplus reserves	-	-	-	-	-	-	156,075,845	(156,075,845)	-	-
(2) Accrued interest on holders of other equity instruments	-	15,917,809	-	-	-	-	-	(15,917,809)	-	-
(3) Payment for interest on holders of other equity instruments	-	(70,000,000)	-	-	-	-	-	-	(70,000,000)	(70,000,000)
(4) Distribution to shareholders	-	-	-	-	-	-	-	(1,870,694,023)	(1,870,694,023)	(88,730,910)
4. Transfer within equity										
(1) Transfer of other comprehensive income to retained earnings	-	-	-	-	(2,857,173)	-	-	2,857,173	-	-
5. Specialised reserves										
(1) Appropriation for the year	-	-	-	-	-	226,734,068	-	-	226,734,068	57,577,124
(2) Utilisation for the year	-	-	-	-	-	(158,631,243)	-	-	(158,631,243)	(41,076,799)
6 Other										
(1) Other movements in equity of associates	-	-	291,907,438	-	-	-	-	-	291,907,438	-
(2) other	-	-	30,761,087	-	-	-	-	-	30,761,087	60,544,419
III Balance at end of year	37,413,880,464	-	51,859,961,722	1,499,835,264	(766,570,036)	207,330,489	4,035,830,324	43,228,031,107	134,478,628,806	72,997,127,927

Chen Yanshun
Chairman of the Board

Feng Qiang
Chairman of the Executive Committee

Yang Xiaoping
Chief Financial Officer

Xu Yaxiao
The head of the accounting department

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

BOE Technology Group Co., Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2024

	Attributable to owners of the parent								Non-controlling interests	Total equity	
	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Specialised reserves	Surplus reserves	Retained earnings			Subtotal
I. Balance at beginning of year	37,652,529,195	2,043,402,946	52,113,580,746	462,036,240	(1,136,997,224)	66,472,402	3,571,778,635	35,579,576,607	129,428,307,067	68,370,379,252	197,798,686,319
II. Changes for the year											
1. Total comprehensive income	-	-	-	-	(19,707,777)	-	-	5,323,248,974	5,303,541,197	(1,164,043,735)	4,139,497,462
2. Capital contributed and reduced by shareholders											
(1)Capital contributions by non-controlling interests	-	-	-	-	-	-	-	-	-	4,652,010,645	4,652,010,645
(2)Repurchase of treasury shares	-	-	-	999,872,378	-	-	-	-	(999,872,378)	-	(999,872,378)
(3)Cancellation of treasury shares	(7,512,992)	-	(9,986,070)	(17,499,062)	-	-	-	-	-	-	-
(4)Amount of share-based payment recognized in shareholders' equity	-	-	127,147,039	(227,918,873)	-	-	-	-	355,065,912	9,581,064	364,646,976
(5)Other	-	-	-	-	-	-	-	-	-	(10,000,000)	(10,000,000)

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

BOE Technology Group Co., Ltd.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2024 (continued)

	Attributable to owners of the parent								Non-controlling interests	Total equity	
	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Specialised reserves	Surplus reserves	Retained earnings			Subtotal
II. Changes for the year (continued)											
3. Profit distribution											
(1)Appropriation to surplus reserves	-	-	-	-	-	-	307,923,188	(307,923,188)	-	-	
(2)Accrued interest on holders of other equity instruments	-	70,000,000	-	-	-	-	-	(70,000,000)	-	-	
(3)Payment for interest on holders of other equity instruments	-	(70,000,000)	-	-	-	-	-	(70,000,000)	-	(70,000,000)	
(4)Distribution to shareholders	-	-	-	-	-	-	(1,129,073,743)	(1,129,073,743)	(93,546,479)	(1,222,620,222)	
4. Transfer within equity											
(1)Transfer of other comprehensive income to retained earnings	-	-	-	-	(15,118,863)	-	52,656	15,066,207	-	-	
5. Specialised reserves											
(1)Appropriation for the year	-	-	-	-	-	209,278,103	-	-	209,278,103	51,873,021	261,151,124
(2)Utilisation for the year	-	-	-	-	-	(136,522,841)	-	-	(136,522,841)	(38,689,907)	(175,212,748)
6 Other											
(1)Other movements in equity of associates	-	-	14,652,743	-	-	-	-	-	14,652,743	-	14,652,743
(2)Other	-	-	(37,820,752)	-	-	-	-	-	(37,820,752)	(168,947,425)	(206,768,177)
III Balance at end of year	<u>37,645,016,203</u>	<u>2,043,402,946</u>	<u>52,207,573,706</u>	<u>1,216,490,683</u>	<u>(1,171,823,864)</u>	<u>139,227,664</u>	<u>3,879,754,479</u>	<u>39,410,894,857</u>	<u>132,937,555,308</u>	<u>71,608,616,436</u>	<u>204,546,171,744</u>

Chen Yanshun
Chairman of the Board

Feng Qiang
Chairman of the Executive Committee

Yang Xiaoping
Chief Financial Officer

Xu Yaxiao
The head of the accounting department

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

BOE Technology Group Co., Ltd.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		216,446,744,340	207,177,636,682
Receipts of taxes and surcharges refunds		10,504,844,336	9,436,155,018
Other cash receipts relating to operating activities	63	<u>7,893,922,358</u>	<u>2,601,966,374</u>
Total cash inflows from operating activities		<u>234,845,511,034</u>	<u>219,215,758,074</u>
Cash payments for goods and services		(153,264,909,445)	(139,974,564,163)
Cash payments to and on behalf of employees		(21,414,709,980)	(19,215,661,123)
Payments of taxes and surcharges		(6,064,623,177)	(4,938,746,118)
Other cash payments relating to operating activities	63	<u>(5,276,712,758)</u>	<u>(7,349,209,291)</u>
Total cash outflows from operating activities		<u>(186,020,955,360)</u>	<u>(171,478,180,695)</u>
Net cash flows from operating activities	64	<u>48,824,555,674</u>	<u>47,737,577,379</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		37,852,996,343	59,316,324,819
Cash receipts from returns on investments		1,277,028,744	671,568,341
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		28,669,615	156,338,437
Other cash receipts relating to investing activities	63	<u>325,253,271</u>	<u>2,485,332,205</u>
Total cash inflows from investing activities		<u>39,483,947,973</u>	<u>62,629,563,802</u>
Cash payments to acquire fixed assets, intangible assets and other long-term assets		(40,094,380,995)	(34,037,798,428)
Cash payments for investments		(40,128,721,276)	(61,241,398,520)
Other cash payments relating to investing activities	63	<u>(189,207,236)</u>	<u>-</u>
Total cash outflows from investing activities		<u>(80,412,309,507)</u>	<u>(95,279,196,948)</u>
Net cash flows from investing activities		<u>(40,928,361,534)</u>	<u>(32,649,633,146)</u>

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

BOE Technology Group Co., Ltd.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2025

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments		7,729,973,284	4,652,010,645
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		7,729,973,284	4,652,010,645
Cash receipts from borrowings		44,668,867,158	47,194,037,263
Cash receipts from issuance of corporate bonds		11,000,000,000	-
Other cash receipts relating to financing activities	63	<u>293,613,208</u>	<u>-</u>
Total cash inflows from financing activities		<u>63,692,453,650</u>	<u>51,846,047,908</u>
Cash repayments for debts		(59,278,101,812)	(49,117,270,919)
Cash payments for distribution of dividends or profit and interest expenses		(6,002,224,482)	(6,390,837,882)
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		(90,686,310)	(91,448,476)
Cash payments for redemption of other equity instruments		(2,000,000,000)	-
Other cash payments relating to financing activities	63	<u>(7,637,458,489)</u>	<u>(1,855,318,097)</u>
Total cash outflows from financing activities		<u>(74,917,784,783)</u>	<u>(57,363,426,898)</u>
Net cash flows from financing activities		<u>(11,225,331,133)</u>	<u>(5,517,378,990)</u>
4. Effect of exchange rate changes on cash and cash and cash equivalents		<u>(464,819,741)</u>	<u>341,705,520</u>
5. Net (decrease)/increase in cash and cash equivalents		(3,793,956,734)	9,912,270,763
Add: Cash and cash equivalents at beginning of year	64	<u>62,005,252,511</u>	<u>52,092,981,748</u>
6. Cash and cash equivalents at end of year	64	<u>58,211,295,777</u>	<u>62,005,252,511</u>

Chen Yanshun
Chairman of the Board

Feng Qiang
Chairman of the Executive Committee

Yang Xiaoping
Chief Financial Officer

Xu Yaxiao
The head of the accounting department

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

BOE Technology Group Co., Ltd.
COMPANY BALANCE SHEET
31 December 2025

<u>ASSETS</u>	<u>Note XVI</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Current assets			
Cash at bank and on hand		4,806,197,426	4,622,109,813
Accounts receivable	1	2,198,992,377	3,557,166,876
Prepayments		6,603,029	6,440,618
Other receivables	2	22,251,324,303	32,075,715,118
Inventories		26,496,574	31,198,429
Other current assets		<u>194,206,146</u>	<u>143,433,811</u>
Total current assets		<u>29,483,819,855</u>	<u>40,436,064,665</u>
Non-current assets			
Long-term equity investments	3	223,119,069,186	203,191,541,965
Other equity investments		76,042,654	60,783,163
Other non-current financial assets		1,712,581,473	1,562,089,931
Investment properties		725,255,291	235,247,956
Fixed assets		2,259,541,327	1,542,132,717
Construction in progress		256,643,430	1,262,758,363
Right-of-use assets		10,692,642	47,104,764
Intangible assets		3,081,721,569	1,001,523,422
Long-term prepaid expenses		244,430,822	290,214,066
Deferred tax assets		101,328,877	-
Other non-current assets		<u>614,663,026</u>	<u>320,460,049</u>
Total non-current assets		<u>232,201,970,297</u>	<u>209,513,856,396</u>
Total assets		<u><u>261,685,790,152</u></u>	<u><u>249,949,921,061</u></u>

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

BOE Technology Group Co., Ltd.
COMPANY BALANCE SHEET (CONTINUED)
31 December 2025

<u>LIABILITIES AND EQUITY</u>	<u>Note XVI</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Current liabilities			
Accounts payable		570,702,685	503,922,556
Receipts in advance		1,129,345	13,140,209
Contract liabilities		2,528,158	719,297
Employee benefits payable		303,061,711	453,127,454
Taxes and surcharges payable		42,036,763	310,771,542
Other payables	4	3,547,491,173	3,471,340,673
Current portion of non-current liabilities		8,338,312,344	11,029,129,176
Other current liabilities		87,910,687	609,513,850
		<u>12,893,172,866</u>	<u>16,391,664,757</u>
Total current liabilities			
Non-current liabilities			
Long-term borrowings	5	39,665,261,000	41,257,600,000
Bonds payable		10,968,768,052	-
Lease liabilities		2,607,211	555,400
Long-term payables		2,247,200,008	-
Deferred income		146,860,897	47,137,540
Deferred tax liabilities		-	18,162,044
Other non-current liabilities		96,690,793,681	89,520,793,681
		<u>149,721,490,849</u>	<u>130,844,248,665</u>
Total non-current liabilities			
Total liabilities		<u>162,614,663,715</u>	<u>147,235,913,422</u>
Owners' equity			
Share capital		37,413,880,464	37,645,016,203
Other equity instruments		-	2,043,402,946
Capital reserves		51,061,480,294	51,871,366,552
Less: Treasury shares		1,499,835,264	1,216,490,683
Accumulated other comprehensive income		(217,143,204)	(267,884,908)
Surplus reserves		4,035,830,324	3,879,754,479
Retained earnings		8,276,913,823	8,758,843,050
		<u>99,071,126,437</u>	<u>102,714,007,639</u>
Total equity			
Total liabilities and equity		<u>261,685,790,152</u>	<u>249,949,921,061</u>

Chen Yanshun Chairman of the Board	Feng Qiang Chairman of the Executive Committee	Yang Xiaoping Chief Financial Officer	Xu Yaxiao The head of the accounting department
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The accompanying notes to the financial statements form an integral part of these financial statements.

BOE Technology Group Co., Ltd.
COMPANY INCOME STATEMENT
For the year ended 31 December 2025

	<u>Note XVI</u>	<u>2025</u>	<u>2024</u>
Revenue	6	4,960,667,359	5,558,110,352
Less: Cost of sales	6	37,840,604	11,459,521
Taxes and surcharges		46,112,168	41,818,720
Administrative expenses		1,604,634,753	1,944,464,914
Research and development expenses		2,769,656,332	2,452,578,625
Finance expenses		558,950,225	494,390,647
Including: Interest expenses		620,972,124	528,904,973
Interest income		27,032,569	39,349,343
Add: Other income		64,791,958	95,230,189
Investment income	7	1,338,404,703	1,708,144,852
Including: income/(loss) from investments in associates and joint ventures		88,124,345	(476,270,739)
Fair value gains		6,938,295	3,403,675
Credit impairment losses		(9,383)	(80,000,336)
Gains on disposal of non-current assets		4,846	818
		<u>1,353,603,696</u>	<u>3,200,177,123</u>
Operating profit		1,353,603,696	3,200,177,123
Add: Non-operating income		246,812,339	6,601,784
Less: Non-operating expenses		11,782,120	22,272,166
		<u>1,588,633,915</u>	<u>3,184,506,741</u>
Profit before income tax		1,588,633,915	3,184,506,741
Less: Income tax expenses		27,875,465	105,274,860
		<u>1,560,758,450</u>	<u>3,079,231,881</u>
Profit		1,560,758,450	3,079,231,881
Including: Profit from continuing operations		1,560,758,450	3,079,231,881
Other comprehensive income, net of tax		50,741,704	29,074,708
Other comprehensive income that will not be reclassified to profit or loss			
Other comprehensive income using the equity method that will not be reclassified to profit or loss		37,771,138	30,126,376
Change in the fair value of other equity investments		12,970,566	(1,051,668)
		<u>1,611,500,154</u>	<u>3,108,306,589</u>
Total comprehensive income		1,611,500,154	3,108,306,589

Chen Yanshun	Feng Qiang	Yang Xiaoping	Xu Yaxiao
Chairman of the Board	Chairman of the Executive Committee	Chief Financial Officer	The head of the accounting department

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

BOE Technology Group Co., Ltd.
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2025

	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Surplus reserves	Retained earnings	Total equity
I. Balance at beginning of year	37,645,016,203	2,043,402,946	51,871,366,552	1,216,490,683	(267,884,908)	3,879,754,479	8,758,843,050	102,714,007,639
II. Changes for the year								
1. Total comprehensive income	-	-	-	-	50,741,704	-	1,560,758,450	1,611,500,154
2. Capital contributed and reduced by shareholders								
(1) Repurchase of treasury shares	-	-	-	1,499,835,264	-	-	-	(1,499,835,264)
(2) Cancellation of treasury shares	(231,135,739)	-	(778,740,068)	(1,009,875,807)	-	-	-	-
(3) Amount of share-based payment recognized in shareholders' equity	-	-	1,472,291	(206,614,876)	-	-	-	208,087,167
(4) Redemption of capital for holders of other equity instruments	-	(1,989,320,755)	(10,679,245)	-	-	-	-	(2,000,000,000)

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

BOE Technology Group Co., Ltd.
COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2025 (continued)

	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Surplus reserves	Retained earnings	Total equity
II. Changes for the year (continued)								
3. Profit distribution								
(1) Appropriation to surplus reserves	-	-	-	-	-	156,075,845	(156,075,845)	-
(2) Accrued interest on holders of other equity instruments	-	15,917,809	-	-	-	-	(15,917,809)	-
(3) Payment for interest on holders of other equity instruments	-	(70,000,000)	-	-	-	-	-	(70,000,000)
(4) Distribution to shareholders	-	-	-	-	-	-	(1,870,694,023)	(1,870,694,023)
4. Others								
(1) Other movements in equity of associates	-	-	(21,939,236)	-	-	-	-	(21,939,236)
III Balance at end of year	<u>37,413,880,464</u>	<u>-</u>	<u>51,061,480,294</u>	<u>1,499,835,264</u>	<u>(217,143,204)</u>	<u>4,035,830,324</u>	<u>8,276,913,823</u>	<u>99,071,126,437</u>

Chen Yanshun
Chairman of the Board

Feng Qiang
Chairman of the Executive Committee

Yang Xiaoping
Chief Financial Officer

Xu Yaxiao
The head of the accounting department

The accompanying notes to the financial statements form an integral part of these financial statements

BOE Technology Group Co., Ltd.
COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2024

	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Surplus reserves	Retained earnings	Total equity
I. Balance at beginning of year	37,652,529,195	2,043,402,946	51,741,820,724	462,036,240	(296,433,056)	3,571,778,635	7,186,134,196	101,437,196,400
II. Changes for the year								
1. Total comprehensive income	-	-	-	-	29,074,708	-	3,079,231,881	3,108,306,589
2. Capital contributed and reduced by shareholders								
(1) Repurchase of treasury shares	-	-	-	999,872,378	-	-	-	(999,872,378)
(2) Cancellation of treasury shares	(7,512,992)	-	(9,986,070)	(17,499,062)	-	-	-	-
(3) Amount of share-based payment recognized in shareholders' equity	-	-	136,728,103	(227,918,873)	-	-	-	364,646,976

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

BOE Technology Group Co., Ltd.
COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

2024 (continued)

	Share capital	Other equity instruments	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Surplus reserves	Retained earnings	Total equity
II. Changes for the year (continued)								
3. Profit distribution								
(1) Appropriation to surplus reserves	-	-	-	-	-	307,923,188	(307,923,188)	-
(2) Accrued interest on holders of other equity instruments	-	70,000,000	-	-	-	-	(70,000,000)	-
(3) Payment for interest on holders of other equity instruments	-	(70,000,000)	-	-	-	-	-	(70,000,000)
(4) Distribution to shareholders	-	-	-	-	-	-	(1,129,073,743)	(1,129,073,743)
4. Transfer within equity								
(1) Transfer of other comprehensive income to retained earnings	-	-	-	-	(526,560)	52,656	473,904	-
5 Other								
(1) Other movements in equity of associates	-	-	2,698,287	-	-	-	-	2,698,287
(2) Other	-	-	105,508	-	-	-	-	105,508
III. Balance at end of year	<u>37,645,016,203</u>	<u>2,043,402,946</u>	<u>51,871,366,552</u>	<u>1,216,490,683</u>	<u>(267,884,908)</u>	<u>3,879,754,479</u>	<u>8,758,843,050</u>	<u>102,714,007,639</u>

Chen Yanshun

Chairman of the Board

Feng Qiang

Chairman of the Executive Committee

Yang Xiaoping

Chief Financial Officer

Xu Yaxiao

The head of the accounting department

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

BOE Technology Group Co., Ltd.
COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>2025</u>	<u>2024</u>
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the sale of goods and the rendering of services	6,426,323,226	8,576,350,715
Receipts of tax and surcharges refunds	2,007	12,091
Other cash receipts relating to operating activities	<u>493,095,961</u>	<u>458,561,728</u>
Total cash inflows from operating activities	<u>6,919,421,194</u>	<u>9,034,924,534</u>
Cash payments for goods and services	(1,512,330,793)	(1,041,936,007)
Cash payments to and on behalf of employees	(1,486,641,714)	(1,348,047,244)
Payments of taxes and surcharges	(624,246,153)	(470,413,241)
Other cash payments relating to operating activities	<u>(896,731,133)</u>	<u>(1,204,371,696)</u>
Total cash outflows from operating activities	<u>(4,519,949,793)</u>	<u>(4,064,768,188)</u>
Net cash flows from operating activities	<u>2,399,471,401</u>	<u>4,970,156,346</u>
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipts from returns of investments	575,858,940	2,807,425,581
Cash receipts from returns on investments	2,838,215,143	2,527,840,286
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	985,435	842,917
Other cash receipts relating to investing activities	<u>9,775,322,198</u>	<u>6,942,812,478</u>
Total cash inflows from investing activities	<u>13,190,381,716</u>	<u>12,278,921,262</u>
Cash payments to acquire fixed assets, intangible assets and other long-term assets	(588,210,040)	(1,743,031,313)
Cash payments for investments	(20,213,432,135)	(13,557,349,939)
Other cash payments relating to other investing activities	<u>(913,788,092)</u>	<u>(12,190,000,000)</u>
Total cash outflows from investing activities	<u>(21,715,430,267)</u>	<u>(27,490,381,252)</u>
Net cash flows from investing activities	<u>(8,525,048,551)</u>	<u>(15,211,459,990)</u>

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

BOE Technology Group Co., Ltd.
COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>2025</u>	<u>2024</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from borrowings	10,299,661,000	18,520,000,000
Cash receipts from issuance of corporate bonds	11,000,000,000	-
Other cash receipts relating to financing activities	<u>9,670,000,000</u>	<u>11,220,000,000</u>
Total cash inflows from financing activities	<u>30,969,661,000</u>	<u>29,740,000,000</u>
Cash repayments for debts	(15,536,500,000)	(14,318,800,000)
Cash payments for distribution of dividends or profit and interest expenses	(3,048,358,000)	(2,499,539,504)
Cash payments for redemption of other equity instruments	(2,000,000,000)	-
Other cash payments relating to financing activities	<u>(4,059,940,393)</u>	<u>(2,517,521,421)</u>
Total cash outflows from financing activities	<u>(24,644,798,393)</u>	<u>(19,335,860,925)</u>
Net cash flows from financing activities	<u>6,324,862,607</u>	<u>10,404,139,075</u>
4. Effect of exchange rate changes on cash and cash and cash equivalents	<u>(51,246,828)</u>	<u>29,846,436</u>
5. Net increase in cash and cash equivalents	148,038,629	192,681,867
Add: Cash and cash equivalents at beginning of year	<u>4,442,011,688</u>	<u>4,249,329,821</u>
6. Cash and cash equivalents at end of year	<u><u>4,590,050,317</u></u>	<u><u>4,442,011,688</u></u>

Chen Yanshun
Chairman of the Board

Feng Qiang
Chairman of the
Executive
Committee

Yang Xiaoping
Chief Financial Officer

Xu Yaxiao
The head of the
accounting
department

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

I. General information

BOE Technology Group Company Limited (the “Company”) is a company limited by shares established on 9 April 1993 in Beijing, with its head office located at Beijing. The parent of the Company and the Company’s ultimate holding company is Beijing Electronics Holdings Co., Ltd. (“Beijing Electronics Holdings”).

The Company and its subsidiaries (referred to as the “Group”) comprise five main business segments: display business, Internet of Things (IoT) innovation business, sensor business, MLED business and smart medicine & engineering business. For information about the subsidiaries of the Company, refer to Note VIII.

The financial statements were approved and authorised for issue by the board of directors on March 30, 2026.

II. Basis of preparation of the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises - Basic Standard and the specific accounting standards, interpretations, and other relevant provisions issued and subsequently revised by the Ministry of Finance (collectively referred to as the “Accounting Standards for Business Enterprises”). In addition, these financial statements also present the relevant financial information in accordance with the Rules for the Preparation of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions for Financial Reports.

2. Going concern

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

III. Material accounting policies and significant estimates

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises, which are also referred to as China Accounting Standards (“CAS”), issued by the Ministry of Finance (“MOF”) of the People’s Republic of China. These financial statements present truly and completely the consolidated and company financial position of the Company as at 31 December 2025, and the consolidated and company financial performance and cash flows of the Company for the year then ended.

2. Accounting year

The accounting period is from 1 January to 31 December.

3. Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

III. Material accounting policies and significant estimates (continued)

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note III.9.

5. Method used to determine the materiality threshold and the basis for selection

<u>Item</u>	<u>Materiality threshold</u>
Significant receivables for which provisions for bad and doubtful are individually assessed recoveries or reversals and written-offs	Amount of the individual accounts receivable \geq RMB50 million
Significant prepayments, contract liabilities, accounts payable and other payables with ageing of more than one year	Amount of the individual items exceeds 0.5% of the Group's total assets
Significant construction projects in progress	Carrying amount of individual item at the end of the period exceeds RMB10 billion
Significant non-wholly-owned subsidiaries, joint ventures or associates	Carrying amount of long-term equity investments in individual investee exceed 5% of the Group's total assets; total revenue of non-wholly-owned subsidiaries exceed 5% of the Group's total revenue
Significant capitalised research and development projects	Accumulated expenditure of individual R&D project exceeds 0.5% of the Group's total assets

6. Business combinations

A transaction or event constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets) which meet the definition of a business. Business combinations are classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether an acquired set of assets constitutes a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is a business. If the concentration test is met, the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group should perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable asset and liability on the basis of their relative fair values at the date of acquisition. The accounting treatments for business combinations described below are not applied.

III. Material accounting policies and significant estimates (continued)

6. Business combinations (continued)

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the share of carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The Group, as the acquirer, the sum of the fair value of the assets paid (including the equity of the acquiree held before the acquisition date), liabilities incurred or assumed, and equity securities issued on the acquisition date, minus the fair value share of the identifiable net assets of the acquiree acquired in the merger on the acquisition date, after considering the impact of relevant deferred income tax, if it is positive, it will be recognized as goodwill (see Note III.18). If it is negative, it will be recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair values. The acquisition date is the date on which the acquirer obtains control of the acquiree.

7. Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in full in the financial statements.

III. Material accounting policies and significant estimates (continued)

7. Consolidated financial statements (continued)

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair values of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, and any resulting gains or losses are also recognised as investment income for the current period.

(4) Changes in non-controlling interests

Where the Company acquires more interest in a subsidiary from the subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without losing control, the difference between the portion of the interest in the subsidiary's net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess deducted from surplus reserve and retained earnings sequentially.

8. Cash and cash equivalents

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

9. Foreign currency transactions and foreign currency translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets (see Note III.16). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

III. Material accounting policies and significant estimates (continued)

9. Foreign currency transactions and foreign currency translation (continued)

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. At the time of disposal of overseas operations, the relevant translation differences arising from translation of foreign currency financial statements is transferred from shareholders' equity to the current profit and loss of disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated to Renminbi at rates that approximate the spot exchange rates at the date the cash flows occur. The effect of exchange rate changes on cash is presented separately as a reconciling item in the statement of cash flows.

10. Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.12), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities measured at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Trade receivables that do not have a significant financing component or do not account for the significant financing component in one-year-or-less contracts under the practical expedient are initially measured at the transaction price in accordance with Note III.24.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model under which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(2) Classification and subsequent measurement of financial assets (continued)

(a) Classification of financial assets (continued)

- it is held under a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(2) Classification and subsequent measurement of financial assets (continued)

(b) Subsequent measurement of financial assets (continued)

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and that is not part of a hedging relationship should be recognised in profit or loss when the financial asset is derecognised, reclassified, amortised under the effective interest method or when an impairment gain or loss is recognised.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or as financial liabilities measured at amortised cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liabilities) or if it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

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

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred; and although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the financial asset derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets;
- debt investments measured at FVOCI;
- lease receivables

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(6) Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for notes receivable, accounts receivable, receivables financing and contract assets arising from ordinary business activities such as sale of goods and provision of services, as well as lease receivables arising from lease transactions are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for notes receivable, accounts receivable, receivables financing, contract assets, and lease receivables, the Group measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments:

- Financial instruments that have been determined to have low credit risk at the balance sheet date; or
- Financial instruments for which credit risk has not increased significantly since initial recognition.

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(6) Impairment (continued)

Provisions for bad and doubtful debts arising from receivables

Categories of groups for collective assessment based on credit risk characteristics and basis for determination

<i>Item</i>	<i>Basis for recognition</i>
Notes receivable	Based on the different credit risk characteristics of acceptors, the Group classifies notes receivable into two groups: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Historically, there is no significant difference in terms of occurrence of losses among different customer types for the Group. Therefore, the Group classifies accounts receivable into three groups, specifically: receivables from customers with high credit risk, receivables from customers with low credit risk and receivables from customers with medium credit risk.
Receivables financing	The Group's receivables financing are bank acceptance bills held for dual purposes. As the accepting banks have high credit ratings, the Group considers all receivables financing as a single group.
Other receivables	The Group's other receivables mainly include cash pledges and deposits receivable, petty cash receivables due from employees, receivables due from related parties, dividends receivable, etc. Based on the nature of receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into three groups, specifically: receivables with high credit risk, receivables with low credit risk and receivables with medium credit risk.
Contract assets	Historically, there is no significant difference in terms of occurrence of losses among different customer types for the Group. Therefore, the Group makes provisions for bad and doubtful debts arising from contract assets on the basis of all customers being one group without further segmentation by different customer types.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(6) Impairment (continued)

Significant increases in credit risk (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractual due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor;
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group determines that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the debtor's financial difficulties, the Group having granted to the debtor a concession that it would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for the financial asset because of financial difficulties of the issuer or debtor.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and not deducted from the carrying amount of the assets.

III. Material accounting policies and significant estimates (continued)

10. Financial instruments (continued)

(6) Impairment (continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This generally occurs when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instruments

The issuance of equity instruments is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. The entire repurchase expenditure is recorded as the cost of the treasury shares in the reference register. Treasury shares are excluded from profit distributions and are presented as a deduction from shareholders' equity on the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

(8) Perpetual bonds

At initial recognition, perpetual bonds issued by the Group or their components are classified as financial assets, financial liabilities or equity instruments based on their contractual terms and economic substance with reference to the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued by the Group that should be classified as equity instruments are recognised in equity based on the actual proceeds received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption amount is recognised as a deduction from equity.

III. Material accounting policies and significant estimates (continued)

11. Inventories

(1) Categories

Inventories include raw materials, work in progress, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials which can be used repeatedly but which do not meet the definition of fixed assets. Contract fulfillment costs classified as current assets are disclosed at inventory.

In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads based on normal capacity.

(2) Measurement method of cost of inventories

Cost of inventories is calculated using the weighted average method.

(3) Inventory count system

The Group maintains a perpetual inventory system.

(4) Amortisation method for low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are amortized by one-off write off method. The amortisation charge is included in the cost of the related assets or recognised in profit or loss for the current period.

(5) Criteria and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each category of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss.

The net realisable value of materials held for use in production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities of inventories held by the Group exceed the quantities specified in sales contracts, the net realisable value of the excess portion of inventories is based on general selling prices.

12. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially.

III. Material accounting policies and significant estimates (continued)

12. Long-term equity investments (continued)

(1) Investment cost of long-term equity investments (continued)

(a) Long-term equity investments acquired through a business combination (continued)

For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

Where the initial investment cost of a long-term equity investment exceeds the investor's proportionate share of the investee's identifiable net assets at fair value at the time of investment, such excess shall be included in the initial investment cost. Where the initial investment cost is less than the investor's proportionate share of the investee's identifiable net assets at fair value at the time of investment, the difference shall be recognized in profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. For any additional investment or recovery of investment, adjust the cost of long-term equity investment. The Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement. An associate is an entity over which the Group has significant influence (see Note III.12(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.31).

III. Material accounting policies and significant estimates (continued)

12. Long-term equity investments (continued)

(2) Subsequent measurement of long-term equity investment (continued)

(b) Investment in joint ventures and associates (continued)

After acquiring the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. When recognizing its share of the net profit or loss of the investee, the Group calculates such share on the basis of the fair value of the investee's identifiable assets at the acquisition date, applying the Group's accounting policies and fiscal period. The recognition amount is determined after adjusting the investee's net profit to reflect the elimination, to the extent of the Group's proportionate interest, of intra-group transaction gains or losses arising from dealings with associates and joint ventures (except that losses from intra-group transactions that represent an impairment loss on assets are recognized in full). No such adjustment is made, however, where the investment involves the contribution or sale of assets that constitute a business. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), are recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's relevant activities unilaterally;
- Whether decisions relating to the investee's relevant activities require the unanimous consent of all participant parties that share control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but is not control or joint control of those policies.

III. Material accounting policies and significant estimates (continued)

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost. Subsequent expenditures related to an investment property are recognized as part of the cost of the investment property when it is probable that the economic benefits associated with the asset will flow to the Group and the cost can be reliably measured. Otherwise, such expenditures are recognized in profit or loss as incurred.

Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortised using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale (see Note III.31).

The estimated useful lives, residual value rates and depreciation rates of each class of investment properties are as follows:

	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Land use rights	32 - 50 years	0.0	2.0 - 3.1
Buildings	20 - 40 years	0.0 - 10.0	2.3 - 5.0

14. Fixed assets

(1) Recognition of fixed assets

Property, plant and equipment are recognized only if it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the face value of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.15.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

III. Material accounting policies and significant estimates (continued)

14. Fixed assets (continued)

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale (see Note III.31).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

<i>Class</i>	<i>Estimated useful life (years)</i>	<i>Residual value rate (%)</i>	<i>Depreciation rate (%)</i>
Plant and buildings	10 - 50 years	3.0 - 10.0	1.8 - 9.7
Equipment	2 - 25 years	0.0 - 10.0	3.6 - 50.0
Others	2 - 10 years	0.0 - 10.0	9.0 - 50.0

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end, and are adjusted if necessary.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed assets when it is ready for its intended use. No depreciation is recorded against construction in progress.

The criteria according to which, construction projects in progress are transferred to fixed assets:

<i>Class</i>	<i>Criteria for the transfers to fixed assets</i>
Plant and buildings	Satisfy the acceptance criteria and be available for its intended use
Machinery and equipment	Installation and commissioning are qualified, and be available for its intended use

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

III. Material accounting policies and significant estimates (continued)

16. Borrowing costs

Borrowing costs incurred that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before they are used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

Capitalisation of borrowing costs is suspended during abnormal interruptions in the acquisition or construction of a qualifying asset that last for a continuous period of more than three months, provided that such interruptions are not necessary to prepare the asset for its intended use or sale. Borrowing costs incurred during such interruptions are recognised as financial expenses in profit or loss until the acquisition or construction activities resume.

17. Intangible assets

(1) Useful life and amortisation methods

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note III.31).

III. Material accounting policies and significant estimates (continued)

17. Intangible assets (continued)

The estimated useful lives, basis for determination and amortisation methods of intangible assets are as follows:

<i>Item</i>	<i>Estimated useful life (years)</i>	<i>Basis for determination</i>	<i>Amortisation method</i>
Land use rights	20 - 50 years	Terms of land use rights	Straight-line method
Patent and proprietary technology	5 - 20 years	Terms of patents	Straight-line method
Computer software	3 - 10 years	Estimated useful life	Straight-line method
Others	5 - 20 years	Estimated useful life	Straight-line method

Useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(2) The scope of research and development expenditures

The Group classifies all expenses directly related to the R&D activities as research and development (R&D) expenditure, including the employee benefits of R&D personnel, direct investments, depreciation expenses and long-term deferred expenses, design expenses, equipment commissioning costs, amortisation expenses of intangible assets, development costs incurred by an entrusted external party as well as other expenses. Expenditures on internal research and development projects are classified into expenditures incurred during the research phase and expenditures incurred during the development phase.

(3) The basis for the classification of internal R&D projects under the research phase and the development phase

- The phase of planned investigations to acquire new techniques and knowledge should be identified as the research phase, which is characterised by, among other things, a planned and exploratory approach.
- The phase of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use, shall be identified as the development phase, which is characterised by its relevance and greater likelihood of generating results.

III. Material accounting policies and significant estimates (continued)

17. Intangible assets (continued)

(4) Expenditures on research and development

Expenditures on internal research and development projects are classified into expenditures incurred during the research phase and expenditures incurred during the development phase.

Expenditures during the research phase are expensed when incurred. Expenditures during the development phase are capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Other development expenditures are recognised as expenses in the period in which it is incurred.

When an enterprise sells products or by-products produced in the course of research and development, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

18. Goodwill

The initial cost of goodwill represents the excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.20).

19. Long-term deferred expenses

Long-term deferred expenses are amortised using the straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

<i>Item</i>	<i>Amortisation period (years)</i>
Payment for public facilities construction and use	10 - 15 years
Leasehold improvements	2 - 10 years
Others	2 - 12 years

III. Material accounting policies and significant estimates (continued)

20. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- investment properties measured using a cost model
- long-term equity investments
- goodwill
- long-term deferred expenses

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. For the purposes of impairment testing, goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the business combination.

The recoverable amount of an asset (or asset group or set of asset groups) is the higher of its fair value (see Note III.21) less costs of disposal and the present value of its expected future cash flows.

An asset group is composed of assets related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of an asset's expected future cash flows is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly to reduce the carrying amount to the recoverable amount. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocations would not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal (if measurable), the present value of its expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it should not be reversed in a subsequent period.

21. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

22. Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amounts of provisions at the balance sheet date and adjusts their carrying amounts to the current best estimates.

23. Share-based payments

(1) Classification of share-based payments

Share-based payment transactions in the Group are equity-settled share-based payments. Equity settled share-based payments refer to transactions in which the Group settles for services using shares or other equity instruments as consideration.

III. Material accounting policies and significant estimates (continued)

23. Share-based payments (continued)

(2) Accounting treatment of share-based payments

- Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from employees, the payment is measured at the fair value of the equity instruments granted to employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to newly obtained subsequent information regarding changes in the number of employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

24. Revenue generated from contracts with customers

Revenue is recognised when the Group satisfies the performance obligation in a contract by transferring control over relevant goods or services to the customers. Obtaining control over relevant goods or services refers to being able to dominate the use of the goods or services and obtain almost all economic benefits from them.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the Group and maximises the use of observable inputs to estimate the stand-alone selling price.

For a contract in which the Group grants a customer the option to acquire additional goods or services (such as loyalty points, discount coupons for future purchases.), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods or services are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

III. Material accounting policies and significant estimates (continued)

24. Revenue generated from contracts with customers (continued)

For a contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognises the promised warranty as a performance obligation. Otherwise, the Group will carry out accounting treatment in accordance with the provisions of Note III NO.22. For contracts with quality assurance clauses that are not included as individual services, the Group needs to provide for warranty expenses based on the actual amount incurred in previous years and the actual sales situation of the current period, estimated reasonably as considered by the management.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they are transferred to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group 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:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For a performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

III. Material accounting policies and significant estimates (continued)

24. Revenue generated from contracts with customers (continued)

For a performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of the relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred the legal ownership of the product to the customer;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified good or service before that the good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration or is determined according to the established amount or proportion.

For the sale of a product with a right of return, the Group recognises revenue when the customer obtains control of that product, in the amount of consideration to which the Group expects to be entitled in exchange for the product transferred (i.e. excluding the amount that is expected to be returned), and recognises a refund liability for the products expected to be returned. Meanwhile, an asset is recognised at an amount equal to the carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value of the returned products), and carry forward to cost in the amount of carrying amount of the transferred products less the above costs. At each balance sheet date, the Group updates its assessment of future sales return liability. If there is any change, it is accounted for as a change in accounting estimate.

The Group grants a licence of intellectual properties to a customer, and it determines whether the licence is transferred to the customer at a point in time or over time. If all of the following criteria are met, the licence revenue is recognised as a performance obligation satisfied over time. Otherwise, the licence revenue is recognised as a performance obligation satisfied at a point in time.

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

The Group recognises revenue for a sales-based or usage-based royalty promised in exchange for a licence to intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation has been satisfied (or partially satisfied)

III. Material accounting policies and significant estimates (continued)

24. Revenue generated from contracts with customers (continued)

For a change in the scope or price of a contract that is approved by the parties to the contract, the Group accounts for the contract modification as follows:

- In cases where the additional promised goods or services are distinct and the price of the contract increases by an amount of consideration that reflects the stand-alone selling prices of the additional promised goods or services, the Group should account for the contract modification as a separate contract.
- If the above criteria are not met, and the remaining goods or services are distinct from the goods or services transferred on or before the date of the contract modification, the Group accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract.
- If the above criteria are not met, and the remaining goods or services are not distinct from the goods or services transferred on or before the date of the contract modification, the Group accounts for the contract modification as if it were a part of the existing contract. The effect that the contract modification has on revenue is recognised as an adjustment to revenue in the reporting period.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (see Note III.10(6)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is a description of accounting policies regarding revenue from the Group's principal activities:

(1) Sale of goods

The sales contracts / orders signed between the Group and its customers usually contain various trading terms. Depending on the trading terms, customers obtain control of the goods when the goods are received, or when they are received by the carrier. Revenue of sale of goods is recognised at that point in time.

For the transfer of goods with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value of returned products). At each balance sheet date, the Group updates the measurement of the refund liability for changes in expectations about the amount of returns. The above assets and liabilities are adjusted accordingly.

III. Material accounting policies and significant estimates (continued)

24. Revenue generated from contracts with customers (continued)

(2) Rendering of services

The Group recognises the revenue from rendering of services within a certain period of time according to the progress of the performance as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Otherwise, for performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant services.

25. Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;
- the estimated costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

26. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, and social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

III. Material accounting policies and significant estimates (continued)

26. Employee benefits (continued)

(2) Post-employment benefits – defined contribution plans

The defined contribution plans in which the Group participates include: Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan and unemployment insurance plan in the social insurance system established and managed by government organisations, and annuity plan established by the Group in compliance with the national policy of the corporation annuity. The Group makes contributions to basic pension and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Annuity is accrued at a certain proportion of the total wages of employees who voluntarily participate in the annuity plan. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates an employee's employment before the employment contract expires, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits provided in an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

27. Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

Those related to daily activities of the Company are included in other income or used to write off related cost based on the nature of economic businesses, or included in non-operating income and expense in respect of those not related to daily activities of the Company.

III. Material accounting policies and significant estimates (continued)

27. Government grants (continued)

With respect to the government grants related to assets, if the Group first obtains government grants related to assets and then recognises the long-term assets purchased and constructed, deferred income is included in profit and loss based on a reasonable and systematic approach by stages when related assets are initially depreciated or amortised; or the deferred income is written off against the carrying amount of the asset when the asset becomes ready for its intended status or intended use. If the Group obtains government grants related to the assets after relevant long-term assets are put into use, deferred income is included in profit and loss based on a reasonable and systematic approach by stages within the remaining useful life of relevant assets, or the deferred income is written off against the carrying amount of relevant asset when the grants are obtained; the assets shall be depreciated or amortised based on the carrying amount after being offset and the remaining useful life of relevant assets. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the undistributed balance of related deferred income shall be transferred to the profit or loss of the current period of asset disposals.

A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in current income or offset against related expenses in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in current income or offset against the related expenses directly.

In respect of the policy-based preferential loan interest subsidy obtained by the Group, if the interest subsidy is appropriated to the lending bank which shall provide loans to the Group at the policy-based preferential interest rate, the actual loan amount is used as the entry value and relevant borrowing costs are calculated on the basis of the loan principal and the preferential interest rate. If the interest subsidy is directly appropriated to the Group, relevant borrowing costs shall be offset by corresponding interest subsidy. If borrowing costs are capitalised as part of the cost of the asset (see Note III.16), the interest subsidy shall be used to offset relevant asset costs.

28. Specific reserve

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. When the safety fund is subsequently used for the construction or acquisition of fixed assets, the Group recognises the capitalised expenditure incurred as the cost of the fixed assets when the related assets are ready for their intended use. In such cases, the specific reserve is reduced by the amount that corresponds to the cost of the fixed assets and the credit side is recognised in the accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

29. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

III. Material accounting policies and significant estimates (continued)

29. Income tax (continued)

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Various taxable temporary differences are recognized as deferred income tax liabilities, unless:

(1) Taxable temporary differences arise in the following transactions: the initial recognition of goodwill, or the initial recognition of assets or liabilities arising from a single transaction with the following characteristics: the transaction is not a business merger, and it does not affect accounting profits or taxable income or deductible losses at the time of the transaction And the initially recognized assets and liabilities did not result in equal taxable temporary differences and deductible temporary differences;

(2) For taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, the timing of the reversal of such temporary differences can be controlled and it is highly likely that they will not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses that can be carried forward to future years, and tax deductions, the Group recognizes deferred income tax assets arising from them to the extent that it is likely to obtain future taxable income to offset deductible temporary differences, deductible losses, and tax deductions, unless:

(1) Deductible temporary differences arise in the following individual transactions: the transaction is not a business merger, the transaction does not affect accounting profits or taxable income or deductible losses at the time of occurrence, and the initially recognized assets and liabilities do not result in equal taxable temporary differences and deductible temporary differences;

(2) For deductible temporary differences related to investments in subsidiaries, joint ventures, and associates, the temporary differences are likely to be reversed in the foreseeable future and taxable income used to offset the temporary differences is likely to be obtained in the future.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

On the balance sheet date, the Group reviews the book value of deferred income tax assets. If it is likely that sufficient taxable income will not be available in the future to offset the benefits of deferred income tax assets, the carrying amount of the deferred income tax assets will be written down. On the balance sheet date, the Group reassesses unrecognized deferred income tax assets and recognizes them to the extent that sufficient taxable income is likely to be available for the reversal of deferred income tax assets.

III. Material accounting policies and significant estimates (continued)

29. Income tax (continued)

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either the same taxable entity; or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

30. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains multiple separate lease components, the lessee and the lessor separate the lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate the lease components from the non-lease components.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, excluding short-term leases and low value asset leases.

The Group depreciates the right of use assets using the straight-line method. If the lessee is reasonably certain to obtain the ownership of the lease asset by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated over the shorter of the lease term or the remaining useful life of the lease asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

III. Material accounting policies and significant estimates (continued)

30. Leases (continued)

(1) As a lessee (continued)

Under the following circumstances after the lease commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- Changes in the substantial fixed payment amount;
- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the Group has exercised the extension or termination option in a different manner from the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (a leased asset is of low value individually when it is new). The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method or other systematic basis over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the asset under finance lease.

The Group recognises finance income over the lease term with a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are accounted for in accordance with the accounting policy in Note III.10. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases are recognised as income using the straight-line method or other systematic basis over the lease term. Variable lease payments not included in lease receipts are recognised as income as they are earned. The initial direct cost capitalization is amortized over the lease term on the same basis as the recognition of rental income, and is recognized in the current period's profit and loss in installments.

III. Material accounting policies and significant estimates (continued)

31. Assets held for sale and discontinued operations

Non-current assets or disposal groups held for sale

The Group classifies a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such assets or disposal groups in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition;
- The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding sales. The sale is expected to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.21) less costs to sell (except financial assets (see note III.10) and deferred tax assets (see note III.29)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.21) less costs to sell is recognised as an impairment loss in profit or loss.

Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- It represents a separate major line of business or a separate geographical area of operations;
- It is part of a single coordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. The comparative information for profit or loss from discontinued operations, which used to present as profit or loss from continuing operations in the prior period, is re-presented as profit or loss from discontinued operations in the comparative income statement.

32. Dividends distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

III. Material accounting policies and significant estimates (continued)

33. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of the Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

34. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are the same or similar in respect of the nature of products and services, the nature of production processes, the types of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the consolidated financial statements.

35. Significant accounting estimates and judgements

When preparing financial statements, the management of the Group needs to apply judgments, estimates, and assumptions, which will have an impact on the application of accounting policies and the amounts of assets, liabilities, income, and expenses. Estimates as well as the underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(1) Uncertainty of estimation

The following are key assumptions regarding the future and other key sources of estimation uncertainty at the balance sheet date:

- Impairment of financial instruments and contract assets: Note III, 10 (6); Notes V, 3, 4, 5, 7, and 9;
- Impairment of goodwill: Note V, 19;
- Impairment of non current assets other than financial assets and goodwill: Note III, 20; Note V, 15, 16, 17, 18;
- Fair value valuation of financial instruments: Note X
- Deferred income tax assets: Note III, 29; Note V, 21
- Product quality assurance: Note III, 24; Note V, 32
- Share-based payment: Note XII

III. Material accounting policies and significant estimates (continued)

35. Significant accounting estimates and judgements (continued)

(2) Judgments

In the process of applying the accounting policies of the Group, the management has made the following judgments that have a significant impact on the amounts recognized in the financial statements:

- Significant judgments and assumptions regarding control over other entities: Note VIII, 1 (1)
- Business Model and Contract Cash Flow Characteristics: Note 3, 10 (2)

IV. Taxation

1. Main types of taxes and corresponding tax rates

<i>Tax type</i>	<i>Tax basis</i>	<i>Tax rate</i>
Value-added tax (VAT)	According to tax laws, output VAT is calculated on product sales and taxable services revenue. VAT payable is determined by deducting input VAT from output VAT for the period	6%, 9%, 13%
Urban maintenance and construction tax	Based on VAT paid, VAT exemption and offset for the period	7%, 5%
Education surcharges and local education surcharges	Based on VAT paid, VAT exemption and offset for the period	3%, 2%
Corporate income tax	Based on taxable profits	15% - 30%

2. Corporate income tax

The income tax rate applicable to the Company for the year is 15% (2024: 15%).

Pursuant to the Corporate Income Tax Law of the People's Republic of China treatment No.28, corporate income tax for key advanced and high-tech enterprises supported by the State is applicable to a preferential tax rate of 15%.

On 30 November 2023, the Company renewed the High-tech Enterprise Certificate No. GR202311004505, which was entitled jointly by Beijing Municipal Science and Technology Commission, Beijing Municipal Financial Bureau, Beijing Municipal Tax Service, State Taxation Administration. The Company is subject to corporate income tax rate of 15% since the date of certification with the valid period of three years.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

IV. Taxation (continued)

2. Corporate income tax (continued)

Except that 32 subsidiaries such as Beijing BOE Optoelectronics Technology Co., Ltd. are applicable to high-tech enterprise tax preference, 7 subsidiaries such as Chongqing BOE Display Lighting Co., Ltd. are applicable to encouraged enterprises in the Western Development, and 15% corporate income tax rate is applicable, and overseas subsidiaries are applicable to local tax rate, the tax rate applicable to other enterprises of the Group is 25%.

V. Notes to key items of the consolidated financial statements

1. Cash at bank and on hand

	2025	2024
Cash on hand	1,355,467	1,528,764
Deposits with banks	71,281,904,007	72,723,894,478
Other monetary funds	<u>939,680,701</u>	<u>1,527,201,973</u>
Total	<u>72,222,940,175</u>	<u>74,252,625,215</u>

Including: Total overseas deposits were equivalent to RMB 7,892,050,802 (2024: RMB 6,539,879,671).

As at 31 December 2025, other monetary funds included deposits with securities companies by the Group amounting to RMB 27,859,235 (2024: RMB 85,440,549), used as refundable deposits for stock repurchase and payment for settlement with third party platform, which can be withdrew on demand. The rest was restricted monetary funds, of which, RMB 205,382,358 (2024: RMB 595,018,149) was pledged for issuance of bills payable, and an equivalent to RMB 706,439,108 (2024: RMB 846,743,275) was mainly deposits in commercial banks as security.

2. Financial assets held for trading

	2025	2024
Financial assets at fair value through profit or loss		
Structured deposit and wealth management products	736,987,067	2,779,828,500
Investment in equity instruments	<u>933,561,663</u>	<u>336,607,463</u>
Total	<u>1,670,548,730</u>	<u>3,116,435,963</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

3. Notes receivable

(1) Classification of Notes receivable

	2025	2024
Bank acceptance bills	503,795,854	324,870,516
Commercial acceptance bills	10,883,873	13,218,845
	<u>514,679,727</u>	<u>338,089,361</u>
Less: Impairment allowance	32,652	29,578
Total	<u>514,647,075</u>	<u>338,059,783</u>

(2) The pledged notes receivable of the Group at the end of the year

	2025
Bank acceptance bills	<u>31,919,605</u>

(3) Notes receivable endorsed or discounted but not yet matured on the balance sheet date

	Amount derecognized	Amount not derecognized
Bank acceptance bills	<u>-</u>	<u>360,019,857</u>

As at 31 December 2025, the carrying amount of notes receivable of the Group that had been endorsed to suppliers for settlement of accounts payable or discounted amounted to RMB 360,019,857 (2024: RMB 209,269,910). The Group considers that it retains substantially all the risks and rewards incidental to these notes receivable, including the related default risk, and therefore continues to recognise the notes receivable and the related settled accounts payable in full.

For the 31 December 2025, no notes receivable were reclassified to accounts receivable due to the issuers' inability to fulfill their obligations.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

4. Accounts receivable

(1) An ageing analysis of accounts receivable is as follows

	2025	2024
Within 1 year	31,510,471,400	35,533,315,993
1 to 2 years	499,559,227	493,435,884
2 to 3 years	258,297,769	228,715,579
Over 3 years	312,417,748	311,630,959
	<u>32,580,746,144</u>	<u>36,567,098,415</u>
Less: Provision for bad and doubtful debts	<u>287,743,521</u>	<u>228,899,211</u>
Total	<u>32,293,002,623</u>	<u>36,338,199,204</u>

The ageing is counted starting from the date when accounts receivable are recognised.

(2) Accounts receivable by provisioning method

2025

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Customers with high credit risk	109,174,696	0.34	105,473,656	96.61	3,701,040
- Customers with low credit risk	475,542,607	1.46	-	-	475,542,607
Collective assessment					
- Customers with medium credit risk	<u>31,996,028,841</u>	<u>98.20</u>	<u>182,269,865</u>	0.57	<u>31,813,758,976</u>
Total	<u>32,580,746,144</u>	<u>100.00</u>	<u>287,743,521</u>	0.88	<u>32,293,002,623</u>

2024

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Customers with high credit risk	57,435,774	0.16	33,528,866	58.38	23,906,908
- Customers with low credit risk	603,585,563	1.65	-	-	603,585,563
Collective assessment					
- Customers with medium credit risk	<u>35,906,077,078</u>	<u>98.19</u>	<u>195,370,345</u>	0.54	<u>35,710,706,733</u>
Total	<u>36,567,098,415</u>	<u>100.00</u>	<u>228,899,211</u>	0.63	<u>36,338,199,204</u>

V. Notes to key items of the consolidated financial statements (continued)

4. Accounts receivable (continued)

(2) Accounts receivable by provisioning method (continued)

(a) Criteria for collective assessment and details

Customer group	Basis
Customers with high credit risk	With special matters, litigations or the deterioration of customers' credit status
Customers with low credit risk	Banks, insurance companies, large state-owned enterprises and public institutions
Customers with medium credit risk	Customers not included in groups above

(b) Assessment of ECLs on accounts receivable

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the expected loss rate. According to the Group's historical experience, different loss models are applicable to different customer groups.

(3) Details of allowance for doubtful debts

Movements of provisions for bad and doubtful debts:

	Opening balance	Additions during the year	Recovery or reversal during the year	Others	Closing balance
Customers with high credit risk	33,528,866	11,308,876	(6,104,079)	66,739,993	105,473,656
Customers with medium credit risk	<u>195,370,345</u>	<u>89,622,479</u>	<u>(34,332,710)</u>	<u>(68,390,249)</u>	<u>182,269,865</u>
Total	<u>228,899,211</u>	<u>100,931,355</u>	<u>(40,436,789)</u>	<u>(1,650,256)</u>	<u>287,743,521</u>

(4) Five largest accounts receivable and contract assets by debtor at the end of the year

The subtotal of the five largest accounts receivable and contract assets of the Group at the end of the year is RMB12,591,208,802, representing 38% of the total accounts receivable and contract assets.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

5. Receivables financing

(1) Receivables financing by category

	2025	2024
Bank acceptance bills	<u>585,672,349</u>	<u>472,537,400</u>

(2) Receivables financing that are endorsed or discounted but have not matured at the end of the year:

	Amount derecognized	Amount not derecognized
Bank acceptance bills	<u>1,214,507,608</u>	<u>-</u>

As at the end of the year, the carrying amount of the Group's receivables financing assets endorsed to suppliers for settlement of accounts payable or discounted amounted to RMB 1,214,507,608 (2024: RMB 683,496,249). Since substantially all the risks and rewards of these instruments have been transferred to other parties, the Group has fully derecognized such instruments and the corresponding account payables in its books and recognized the related discount expenses accordingly.

For the 31 December 2025, no receivables financing were reclassified to accounts receivable due to the issuers' inability to fulfill their obligations.

6. Prepayments

(1) The ageing analysis of prepayments is as follows:

	2025		2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	733,396,737	90	561,764,216	89
1 to 2 years	43,028,675	5	15,640,256	2
2 to 3 years	5,809,491	1	3,945,077	1
Over 3 years	<u>28,466,561</u>	<u>4</u>	<u>53,132,675</u>	<u>8</u>
Total	<u>810,701,464</u>	<u>100</u>	<u>634,482,224</u>	<u>100</u>

The ageing is counted starting from the date when prepayments are recognized.

The total of the five largest prepayments of the Group at the end of the year is RMB 320,046,324, representing 39% of the total prepayments.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

7. Other receivables

	2025	2024
Dividends receivable	177,912,109	55,028,131
Other receivables	<u>644,881,791</u>	<u>757,843,390</u>
Total	<u>822,793,900</u>	<u>812,871,521</u>

Other receivables

(1) The ageing analysis of the Group's other receivables is as follows

	2025	2024
Within 1 year	225,200,020	357,915,532
1 to 2 years	124,947,335	118,793,438
2 to 3 years	16,658,899	19,227,857
Over 3 years	<u>299,932,879</u>	<u>280,771,308</u>
	666,739,133	776,708,135
Less: Provision for bad and doubtful debts	<u>21,857,342</u>	<u>18,864,745</u>
Total	<u>644,881,791</u>	<u>757,843,390</u>

The ageing is counted starting from the date when other receivables are recognised.

(2) The other receivables categorised by nature

	2025	2024
Margins and deposits	338,508,142	394,212,834
Others	<u>328,230,991</u>	<u>382,495,301</u>
Sub-total	666,739,133	776,708,135
Less: Provision for bad and doubtful debts	<u>21,857,342</u>	<u>18,864,745</u>
Total	<u>644,881,791</u>	<u>757,843,390</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

7. Other receivables (continued)

Others receivables (continued)

(3) Other receivables by provisioning method

2025

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Amounts with high credit risk	21,793,945	3.27	21,118,108	96.90	675,837
- Amounts with low credit risk	569,523,880	85.42	-	-	569,523,880
Collective assessment					
- Amounts with medium credit risk	75,421,308	11.31	739,234	0.98	74,682,074
Total	666,739,133	100.00	21,857,342	3.28	644,881,791

2024

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Amounts with high credit risk	18,297,151	2.36	18,297,151	100.00	-
- Amounts with low credit risk	689,364,770	88.75	-	-	689,364,770
Collective assessment					
- Amounts with medium credit risk	69,046,214	8.89	567,594	0.82	68,478,620
Total	776,708,135	100.00	18,864,745	2.43	757,843,390

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

7. Other receivables (continued)

Others receivables (continued)

(3) Other receivables by provisioning method(continued)

The movements of the provision for bad debts provided for other receivables based on 12-month ECL and lifetime ECL respectively are as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL (not yet credit- impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Balance at the beginning of the year	562,393	5,201	18,297,151	18,864,745
Stage transfer of beginning balance	(43,613)	1,402	42,211	-
Additions during the year	388,160	10,813	2,812,465	3,211,438
Reversals during the year	<u>(184,921)</u>	<u>(201)</u>	<u>(33,719)</u>	<u>(218,841)</u>
Balance at the end of the year	<u>722,019</u>	<u>17,215</u>	<u>21,118,108</u>	<u>21,857,342</u>

(4) Five largest other receivables by debtor at the end of the year

As of 31 December 2025, the top five balances of other receivables of the Group amounted to RMB 438,387,325 representing 65.75% of the total year-end balance of other receivables. These mainly comprise security deposits and receivables from equity transfers, and after assessment, no allowance for doubtful accounts is considered necessary.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

8. Inventories

(1) The Group's inventories by category

	2025			2024		
	Book value	Provision for impairment of inventories/ Provision for impairment of costs to fulfil a contract with a customer	Carrying amount	Book value	Provision for impairment of inventories/ Provision for impairment of costs to fulfil a contract with a customer	Carrying amount
Raw materials	10,127,483,636	1,491,552,605	8,635,931,031	8,973,042,046	1,763,382,653	7,209,659,393
Work in progress	7,441,707,138	1,625,004,821	5,816,702,317	5,803,359,611	1,104,535,176	4,698,824,435
Finished goods	15,780,958,702	2,878,956,689	12,902,002,013	15,066,294,957	3,954,314,368	11,111,980,589
Consumables	207,469,654	-	207,469,654	209,462,591	677,753	208,784,838
Costs to fulfil a contract with a customer	186,421,121	-	186,421,121	84,215,137	-	84,215,137
Total	33,744,040,251	5,995,514,115	27,748,526,136	30,136,374,342	6,822,909,950	23,313,464,392

The Group's year-end balance of inventories included no capitalised borrowing costs (2024: Nil).

At the year end, no inventories were pledged as security by the Group (2024: Nil).

(2) An analysis of provision for impairment of inventories of the Group is as follows

	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
Raw materials	1,763,382,653	750,500,225	(1,022,330,273)	1,491,552,605
Work in progress	1,104,535,176	1,749,909,698	(1,229,440,053)	1,625,004,821
Finished goods	3,954,314,368	3,197,964,847	(4,273,322,526)	2,878,956,689
Consumables	677,753	-	(677,753)	-
Total	6,822,909,950	5,698,374,770	(6,525,770,605)	5,995,514,115

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

9. Contract assets

	2025			2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Contract assets	<u>398,590,711</u>	<u>5,508,809</u>	<u>393,081,902</u>	<u>151,647,876</u>	<u>776,390</u>	<u>150,871,486</u>

Changes in provision for impairment of contract assets are as follows:

	Opening balance	Additions during the year	Reversals during the year	Written-off during the year	Closing balance
Provision for bad and doubtful debts	<u>776,390</u>	<u>5,505,272</u>	<u>(710,077)</u>	<u>(62,776)</u>	<u>5,508,809</u>

Based on the Group's historical experience, there are no significant differences in the incidence of losses among different customer groups. Accordingly, the Group treats all contract assets as a single portfolio and recognizes impairment provisions based on collective assessment of credit risk characteristics.

As at 31 December 2025, the carrying amount of contract assets subject to collective impairment based on credit risk characteristics amounted to RMB 398,590,711 (2024: RMB 151,647,876), with impairment provisions of RMB 5,508,809 (2024: RMB 776,390), representing an impairment ratio of 1.38% (December 31, 2024: 0.51%).

10. Other current assets

	2025	2024
VAT on tax credits	3,482,259,330	2,960,415,267
Input tax to be verified or deducted	614,835,747	503,287,770
Right to recover returned goods	193,068,473	166,513,664
Prepaid income taxes	144,329,925	112,183,664
Others	<u>375,328,391</u>	<u>211,607,620</u>
Total	<u>4,809,821,866</u>	<u>3,954,007,985</u>

V. Notes to key items of the consolidated financial statements (continued)

11. Long-term equity investments

	Balance at the beginning of the year Carrying amount	Balance at the beginning of the year Provision for impairment	Movements during the year								Balance at the end of the year Carrying amount	Balance at the end of the year Provision for impairment
			Additions during the year	Reductions during the year	Investment (loss) /income under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends	Provision for impairment	Others		
Joint ventures	404,709,071	-	-	-	(34,772,030)	-	-	-	-	-	369,937,041	-
Associates												
Vusion Group SA (formerly named "SES Imagotag SA Co., Ltd.")	4,890,298,637	-	-	(1,092,038,165)	118,386,682	55,898,192	216,894,790	-	-	129,175,962	4,318,616,098	-
Erdos BOE Energy Investment Co., Ltd.	1,027,841,294	777,858,312	-	-	(2,989,462)	-	-	-	-	-	1,024,851,832	777,858,312
Tianjin Xianzhilian Investment Centre (Limited Partnership)	1,689,914,532	-	-	(175,055,746)	64,525,979	-	-	(2,286,665)	-	-	1,577,098,100	-
Beijing Xindongneng Investment Fund (Limited Partnership)	922,008,650	-	-	-	8,470,345	(5,384,695)	-	(205,607,242)	-	-	719,487,058	-
Others	4,598,499,118	396,533,969	6,164,630,785	-	(72,446,227)	44,822,948	75,012,648	(184,299,836)	-	-	10,626,219,436	390,188,191
Sub-total	13,128,562,231	1,174,392,281	6,164,630,785	(1,267,093,911)	115,947,317	95,336,445	291,907,438	(392,193,743)	-	129,175,962	18,266,272,524	1,168,046,503
Total	13,533,271,302	1,174,392,281	6,164,630,785	(1,267,093,911)	81,175,287	95,336,445	291,907,438	(392,193,743)	-	129,175,962	18,636,209,565	1,168,046,503

As at 31 December 2025, certain associates invested by the Group suffered loss and the Group did not have an obligation to assume additional losses. Therefore, the Group discontinues recognising its share of further losses after the carrying amount of long-term equity investment is reduced to zero, the accumulated unrecognised investment losses amounted to RMB12,057,070 (2024: RMB11,456,900).

For the year ended 31 December 2025, foreign currency translation accounted for the change in the provision for impairment of the Group's long-term equity investments.

V. Notes to key items of the consolidated financial statements (continued)

12. Other equity investments

(1) Investments in other equity instruments

	Balance at the beginning of the year	Movements during the year		Foreign currency financial statement translation	Balance at the end of the year	Dividend income recognised for the year	Accumulated gains or losses recognised in other comprehensive income ("-" for losses)
		Decrease in investments	Gains or losses recognised in other comprehensive income during the year ("-" for losses)				
Listed equity instrument investment	257,558,368	(12,610,162)	93,589,635	(5,439,501)	333,098,340	10,925,263	(42,548,731)
Unlisted equity instruments investment	183,813,447	(1,746,310)	25,479,196	(4,427,481)	203,118,852	25,596,072	(81,388,212)
Total	441,371,815	(14,356,472)	119,068,831	(9,866,982)	536,217,192	36,521,335	(123,936,943)

(2) Investments derecognised during the year

	Fair value at derecognition	Accumulated gains transferred to retained earnings due to derecognition	Reason for derecognition
Listed equity instrument investment	12,610,162	5,209,080	Transfers out from disposal
Unlisted equity instruments investment	1,746,310	179,779	Transfers out from disposal
Total	14,356,472	5,388,859	

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

13. Other non-current financial assets

	2025	2024
Financial assets at fair value through profit or loss	<u>2,874,055,003</u>	<u>2,735,680,042</u>

14. Investment properties

Investment property measured using the cost model

	Plant and buildings	Land use rights	Total
Cost			
Balance at the beginning of the year	1,708,322,341	785,342,177	2,493,664,518
Transfers from construction in progress	503,728,513	-	503,728,513
Others	<u>(17,311,456)</u>	<u>-</u>	<u>(17,311,456)</u>
Balance at the end of the year	<u>2,194,739,398</u>	<u>785,342,177</u>	<u>2,980,081,575</u>
Accumulated depreciation			
Balance at the beginning of the year	530,220,566	212,254,212	742,474,778
Additions during the year	<u>74,402,092</u>	<u>16,587,801</u>	<u>90,989,893</u>
Balance at the end of the year	<u>604,622,658</u>	<u>228,842,013</u>	<u>833,464,671</u>
Carrying amount			
At the end of the year	<u>1,590,116,740</u>	<u>556,500,164</u>	<u>2,146,616,904</u>
At the beginning of the year	<u>1,178,101,775</u>	<u>573,087,965</u>	<u>1,751,189,740</u>

Information regarding the Group's investment properties pledged as collateral is set out in detail in Note V.23.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

15. Fixed assets

	Plant and buildings	Equipment	Others	Total
Cost				
Balance at the beginning of the year	79,261,118,702	345,389,359,918	17,406,622,698	442,057,101,318
Purchase	48,274,483	858,350,949	2,053,538,603	2,960,164,035
Transfers from construction in progress	2,907,865,561	11,864,792,911	1,294,194,748	16,066,853,220
Transfers to construction in progress	-	(362,361,927)	(11,078,561)	(373,440,488)
Disposals or written-offs during the year	(30,842,317)	(1,022,636,273)	(368,493,337)	(1,421,971,927)
Written-down against government interest discounts	-	(314,194)	(9,953)	(324,147)
Others	(7,354,931)	(10,091,426)	(4,556,323)	(22,002,680)
Balance at the end of the year	<u>82,179,061,498</u>	<u>356,717,099,958</u>	<u>20,370,217,875</u>	<u>459,266,379,331</u>
Accumulated depreciation				
Balance at the beginning of the year	14,105,527,564	209,021,095,996	11,970,845,588	235,097,469,148
Additions during the year	2,288,458,185	32,491,936,604	2,388,540,832	37,168,935,621
Transfers to construction in progress	-	(243,033,721)	(7,229,326)	(250,263,047)
Disposals or written-offs during the year	(18,683,051)	(855,594,471)	(328,608,331)	(1,202,885,853)
Others	(117,084)	659,494	(2,164,985)	(1,622,575)
Balance at the end of the year	<u>16,375,185,614</u>	<u>240,415,063,902</u>	<u>14,021,383,778</u>	<u>270,811,633,294</u>
Provision for impairment				
Balance at the beginning of the year	4,203,745	1,812,759,153	238,249,761	2,055,212,659
Additions during the year	2,154,807	195,778,949	10,413,384	208,347,140
Transfers to construction in progress	-	(29,555,828)	(455,427)	(30,011,255)
Disposals or written-offs during the year	-	(59,900,202)	(22,374,157)	(82,274,359)
Others	293,205	3,883,883	(4,378)	4,172,710
Balance at the end of the year	<u>6,651,757</u>	<u>1,922,965,955</u>	<u>225,829,183</u>	<u>2,155,446,895</u>
Carrying amount				
At the end of the year	<u>65,797,224,127</u>	<u>114,379,070,101</u>	<u>6,123,004,914</u>	<u>186,299,299,142</u>
At the beginning of the year	<u>65,151,387,393</u>	<u>134,555,504,769</u>	<u>5,197,527,349</u>	<u>204,904,419,511</u>

The Group's fixed assets held for operating leases include buildings and structures, machinery and equipment.

The recoverable amount of the relevant asset group is determined by reference to its fair value less costs of disposal and the present value of its expected future cash flows. The cash flow forecast period is determined based on the estimated remaining useful life of the asset, the cash flows over the estimated remaining useful life of the asset are determined based on projected market conditions, and the pre-tax discount rate is determined with reference to comparable companies and the relevant capital structure.

As at 31 December 2025, fixed assets pending certificates of ownership totalled RMB3,536,731,228 and certificates of ownership is still being processed.

V. Notes to key items of the consolidated financial statements (continued)

16. Construction in progress

(1) Analysis of the Group's construction in progress is as follows

	2025			2024		
	Book value	Provision for impairment	Face value	Book value	Provision for impairment	Face value
BOE 8.6th-Generation AMOLED Production Line Project	26,932,073,883	-	26,932,073,883	6,998,733,015	-	6,998,733,015
BOE's 6th generation new semiconductor display device production line project	16,275,532,815	-	16,275,532,815	10,629,806,006	-	10,629,806,006
Others	9,798,723,344	63,205,922	9,735,517,422	12,607,947,968	77,470,892	12,530,477,076
Total	<u>53,006,330,042</u>	<u>63,205,922</u>	<u>52,943,124,120</u>	<u>30,236,486,989</u>	<u>77,470,892</u>	<u>30,159,016,097</u>

Information regarding the Group's construction in progress pledged as collateral is set out in detail in Note V.23.

V. Notes to key items of the consolidated financial statements (continued)

16. Construction in progress (continued)

(2) Movements of major construction projects in progress during the year

	Budget	Balance at the beginning of the year	Additions during the year	Transfers to fixed assets	Balance at the end of the year	Sources of funding	Percentage of actual cost to budget (%)
BOE 8.6th-Generation AMOLED Production Line Project	63,000,000,000	6,998,733,015	20,880,757,234	(947,416,366)	26,932,073,883	Self-raised funds and borrowings	44.75
BOE's 6th generation new semiconductor display device production line project	29,000,000,000	10,629,806,006	5,646,297,606	(570,797)	16,275,532,815	Self-raised funds and borrowings	67.58
Total	92,000,000,000	17,628,539,021	26,527,054,840	(947,987,163)	43,207,606,698		
				Accumulated capitalised interest at the end of the year	Interest capitalised in the current year	Interest rate for capitalisation in the current year (%)	
BOE 8.6th-Generation AMOLED Production Line Project				107,255,000	107,255,000		2.85
BOE's 6th generation new semiconductor display device production line project				150,804,218	60,587,809		2.35
Total				258,059,218	167,842,809		

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

17. Right-of-use assets

	Plant and buildings	Equipment	Others	Total
Cost				
Balance at the beginning of the year	1,075,962,333	15,913,107	190,446,902	1,282,322,342
Additions during the year	189,445,223	23,544,055	3,321,873	216,311,151
Reductions during the year	(41,233,160)	(2,277,085)	-	(43,510,245)
Translation differences	<u>22,324,695</u>	<u>31,985</u>	<u>79,279</u>	<u>22,435,959</u>
Balance at the end of the year	<u>1,246,499,091</u>	<u>37,212,062</u>	<u>193,848,054</u>	<u>1,477,559,207</u>
Less: Accumulated depreciation				
Balance at the beginning of the year	477,999,532	10,683,598	39,230,932	527,914,062
Charge for the year	134,136,929	9,168,445	11,080,777	154,386,151
Reductions during the year	(16,562,393)	(2,009,172)	-	(18,571,565)
Translation differences	<u>6,482,642</u>	<u>29,039</u>	<u>28,769</u>	<u>6,540,450</u>
Balance at the end of the year	<u>602,056,710</u>	<u>17,871,910</u>	<u>50,340,478</u>	<u>670,269,098</u>
Carrying amount				
At the end of the year	<u>644,442,381</u>	<u>19,340,152</u>	<u>143,507,576</u>	<u>807,290,109</u>
At the beginning of the year	<u>597,962,801</u>	<u>5,229,509</u>	<u>151,215,970</u>	<u>754,408,280</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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V. Notes to key items of the consolidated financial statements (continued)

18. Intangible assets

	Land use rights	Patent and proprietary technology	Computer software	Others	Total
Cost					
Balance at the beginning of the year	8,330,914,335	6,386,074,855	2,540,120,486	816,647,150	18,073,756,826
Purchases	21,470,416	2,195,067,434	130,877,137	2,966,041	2,350,381,028
Transfers from construction in progress	711,755	-	225,562,667	-	226,274,422
Transfers from development costs	-	132,007,804	-	-	132,007,804
Disposals	-	-	(17,352,164)	(3,212,714)	(20,564,878)
Translation differences	(8,327,470)	115,219	(677,303)	(853,860)	(9,743,414)
Balance at the end of the year	<u>8,344,769,036</u>	<u>8,713,265,312</u>	<u>2,878,530,823</u>	<u>815,546,617</u>	<u>20,752,111,788</u>
Accumulated depreciation					
Balance at the beginning of the year	1,043,218,572	3,710,878,801	1,636,822,609	393,725,976	6,784,645,958
Charge for the year	215,593,052	629,445,715	249,811,013	55,819,936	1,150,669,716
Reductions during the year	-	-	(4,347,851)	(1,067,119)	(5,414,970)
Translation differences	(236,180)	115,219	(215,652)	(618,172)	(954,785)
Balance at the end of the year	<u>1,258,575,444</u>	<u>4,340,439,735</u>	<u>1,882,070,119</u>	<u>447,860,621</u>	<u>7,928,945,919</u>
Provision for impairment					
Balance at the beginning and end of the year	-	25,647,674	-	-	25,647,674
Carrying amount					
At the end of the year	<u>7,086,193,592</u>	<u>4,347,177,903</u>	<u>996,460,704</u>	<u>367,685,996</u>	<u>12,797,518,195</u>
At the beginning of the year	<u>7,287,695,763</u>	<u>2,649,548,380</u>	<u>903,297,877</u>	<u>422,921,174</u>	<u>11,263,463,194</u>

Information regarding the Group's Intangible assets pledged as collateral is set out in detail in Note V.23.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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V. Notes to key items of the consolidated financial statements (continued)

19. Goodwill

(1) Goodwill

	Opening and closing balances
Chengdu BOE Display Sci-tech Co., Ltd. (“Chengdu Display Sci-tech”)	537,038,971
Nanjing BOE Display Technology Co., Ltd. (“Nanjing Display Technology”)	155,714,415
BOE Healthcare Investment & Management Co., Ltd.	146,460,790
Beijing Yinghe Century Co., Ltd.	42,940,434
BOE HC SemiTek Corporation (“HC SemiTek”)	29,596,088
Beijing Zhonghe Ultra High Definition Collaborative Technology Center Co., Ltd	14,285,847
K-Tronics (Suzhou) technology Co., Ltd.	8,562,464
Beijing BOE Optoelectronics Technology Co., Ltd.	<u>4,423,876</u>
Total	<u>939,022,885</u>

(2) Provision for impairment

	Opening and closing balances
Chengdu Display Sci-tech	147,755,754
BOE Healthcare Investment & Management Co., Ltd.	133,268,233
Beijing BOE Optoelectronics Technology Co., Ltd.	<u>4,423,876</u>
Total	<u>285,447,863</u>

The recoverable amount of the above-mentioned goodwill related asset group is determined using the method of estimating the present value of future cash flows. When estimating the present value of cash flows, the cash flows for the next 5 years are predicted based on market conditions. After 5 years, the cash flows for all years remain stable, with a sustainable growth rate of zero; The pre tax discount rate is determined based on comparable companies and related capital structures, ranging from 8% to 12%.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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V. Notes to key items of the consolidated financial statements (continued)

20. Long-term prepaid expenses

	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
Technology royalty fees prepaid	288,093,493	25,556,202	(70,966,130)	242,683,565
Others	<u>310,351,430</u>	<u>146,506,848</u>	<u>(99,940,270)</u>	<u>356,918,008</u>
Total	<u>598,444,923</u>	<u>172,063,050</u>	<u>(170,906,400)</u>	<u>599,601,573</u>

21. Deferred tax assets and liabilities

(1) Un-offset deferred tax assets

	2025		2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Accumulated losses	3,858,464,946	592,660,713	3,787,640,423	586,142,140
Provision for impairment of assets	1,193,828,451	202,710,490	813,547,069	139,856,263
Lease liabilities	863,232,852	209,142,446	502,310,310	110,285,658
Others	<u>4,638,706,196</u>	<u>727,001,284</u>	<u>1,298,567,979</u>	<u>206,999,637</u>
Sub-total	<u>10,554,232,445</u>	<u>1,731,514,933</u>	<u>6,402,065,781</u>	<u>1,043,283,698</u>

(2) Un-offset deferred tax liabilities

	2025		2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Revaluation due to business combinations involving entities not under common control and Depreciation of fixed assets	6,405,953,955	1,125,382,911	6,973,869,010	1,143,270,888
Long-term equity investments	1,375,231,979	257,307,379	1,487,863,171	282,505,936
Right-of-use assets	832,344,471	201,781,949	503,216,511	101,062,209
Others	<u>2,205,665,653</u>	<u>427,904,353</u>	<u>511,688,145</u>	<u>112,355,137</u>
Sub-total	<u>10,819,196,058</u>	<u>2,012,376,592</u>	<u>9,476,636,837</u>	<u>1,639,194,170</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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V. Notes to key items of the consolidated financial statements (continued)

21. Deferred tax assets and liabilities (continued)

(3) Deferred tax assets or liabilities presented at the net amount after offsetting

	2025		2024	
	Amount offset	Balance after offsetting	Amount offset	Balance after offsetting
Deferred tax assets	877,481,895	854,033,038	348,395,423	694,888,275
Deferred tax liabilities	877,481,895	1,134,894,697	348,395,423	1,290,798,747

(4) Details of unrecognised deferred tax assets

	2025	2024
Deductible temporary differences	24,246,481,675	23,454,408,247
Deductible tax losses	<u>74,771,356,495</u>	<u>66,975,969,671</u>
Total	<u>99,017,838,170</u>	<u>90,430,377,918</u>

As at 31 December 2025, the accumulated deductible temporary differences are mainly subsidiaries' impairment provisions of assets and accrual of expenses. Due to the uncertainty that there will be sufficient taxable income to cover these deductible differences in future periods, the deferred income tax assets were not recognised in consideration of prudence.

(5) Expiration of deductible tax losses for unrecognised deferred tax assets

	2025	2024
2025	-	637,426,137
2026	998,653,613	1,070,157,082
2027	1,094,402,070	1,431,984,146
2028	3,275,814,153	3,433,591,756
2029	6,708,515,639	6,862,197,069
2030	6,136,610,664	4,250,636,379
2031 and subsequent years	56,054,666,567	48,528,565,336
Non-fixed term	<u>502,693,789</u>	<u>761,411,766</u>
Total	<u>74,771,356,495</u>	<u>66,975,969,671</u>

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V. Notes to key items of the consolidated financial statements (continued)

22. Other non-current assets

	2025			2024		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Certificates of deposits and time deposits	10,908,234,286	-	10,908,234,286	13,348,874,212	-	13,348,874,212
Delay in levying value-added tax on imported equipment	2,455,616,492	-	2,455,616,492	-	-	-
Prepayment for construction and purchase of fixed assets	828,430,843	-	828,430,843	4,518,996,586	-	4,518,996,586
Others	<u>1,038,977,292</u>	<u>-</u>	<u>1,038,977,292</u>	<u>1,123,351,747</u>	<u>-</u>	<u>1,123,351,747</u>
Total	<u>15,231,258,913</u>	<u>-</u>	<u>15,231,258,913</u>	<u>18,991,222,545</u>	<u>-</u>	<u>18,991,222,545</u>

23. Assets with restrictive ownership titles or right of use

2025

	Book value	Carrying amount	Restriction	Details of restriction
Cash at bank and on hand	911,821,466	911,821,466	Note V.1	Note V.1 Endorsed with resource and pledged for the issuance of bills payable
Notes receivable	391,939,462	391,939,462	Pledged	
Accounts receivable	473,936,004	467,691,850	Pledged	Pledged as borrowing
Investment properties	137,198,683	127,541,800	Mortgaged	As collateral for loans
Fixed assets	194,315,579,962	96,417,684,719	Mortgaged	As collateral for loans
Construction in progress	16,333,097,942	16,333,097,942	Mortgaged	As collateral for loans
Intangible assets	<u>1,869,141,730</u>	<u>1,581,562,962</u>	Mortgaged	As collateral for loans
Total	<u>214,432,715,249</u>	<u>116,231,340,201</u>		

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

23. Assets with restrictive ownership titles or right of use (continued)

2024

	Book value	Carrying amount	Restriction	Details of restriction
Cash at bank and on hand	1,441,761,424	1,441,761,424	Note V.1	Note V.1 Endorsed with resource and pledged for the issuance of bills payable
Notes receivable	246,112,676	246,112,676	Pledged	Mortgaged as borrowing
Investment properties	154,510,137	154,510,137	Mortgaged	Mortgaged as borrowing
Fixed assets	237,348,939,293	126,896,353,640	Mortgaged	Mortgaged as borrowing
Construction in progress	11,473,130,082	11,473,130,082	Mortgaged	Mortgaged as borrowing
Intangible assets	2,264,095,450	1,954,974,874	Mortgaged	Mortgaged as borrowing
Other non-current assets	157,708,950	157,708,950	Others	Others
Total	253,086,258,012	142,324,551,783		

The amortization amount of intangible assets pledged as collateral in 2025 is RMB 53,096,009 (2024: RMB 60,476,811).

24. Short-term borrowings

	2025	2024
Unsecured borrowings	2,820,827,279	292,172,026
Guaranteed borrowings	472,623,423	1,027,353,266
Pledge borrowings	361,570,735	243,791,874
Total	3,655,021,437	1,563,317,166

As at 31 December 2025, no short-term loan was past due (2024: Nil).

25. Notes payable

	2025	2024
Bank acceptance notes	1,380,128,604	1,390,526,726
Commercial acceptance notes	-	9,031,243
Total	1,380,128,604	1,399,557,969

There is no due but unpaid bill payable at the end of the year. The bills above are all due within one year.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

26. Accounts payable

	2025	2024
Sales payments payable	<u>37,242,292,283</u>	<u>36,713,498,406</u>

As at 31 December 2025, the Group had no significant accounts payable with ageing of more than one year.

As at December 2025, amounts received by suppliers from commercial banks through platform services included in the Group's accounts payable amounted to RMB 857,558,695.

Such platform services are provided under cooperation between the Group and commercial banks, under which suppliers may voluntarily choose to receive payment from commercial banks in advance. The payment terms of the Group's payables remain unchanged under this arrangement.

27. Contract liabilities

	2025	2024
Sale of goods	<u>2,223,451,538</u>	<u>2,083,836,158</u>

Contract liabilities primarily relate to the Group's advances from goods purchase and sale contracts. The Group receives a certain proportion of advances as agreed in contract when entering into the contract with customers. The revenue related to the contracts will be recognised when the Group satisfies its performance obligations

As at 31 December 2025, the Group had no significant contract liabilities with ageing of more than one year.

For the year 2025, the amount of revenue recognized by the Group that was derived from the beginning carrying amount of contract liabilities amounted to RMB 1,871,844,676 (2024: RMB 2,779,202,988).

28. Employee benefits payable

(1) Employee benefits payable

	Balance at the beginning of the year	Accrued during the year	Decrease during the year	Balance at the end of the year
Short-term employee benefits	4,028,727,032	19,514,838,498	(20,013,981,927)	3,529,583,603
Post-employment benefits (defined contribution plans)	45,247,997	2,020,695,949	(2,016,867,123)	49,076,823
Termination benefits	<u>2,033,359</u>	<u>33,794,507</u>	<u>(29,663,909)</u>	<u>6,163,957</u>
Total	<u>4,076,008,388</u>	<u>21,569,328,954</u>	<u>(22,060,512,959)</u>	<u>3,584,824,383</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

28. Employee benefits payable (continued)

(2) Short-term employee benefits

	Balance at the beginning of the year	Accrued during the year	Decrease during the year	Balance at the end of the year
Salaries, bonuses and allowances	2,710,530,885	15,586,552,008	(16,280,054,391)	2,017,028,502
Staff welfare	-	1,324,997,333	(1,324,997,333)	-
Social insurance	34,440,204	1,013,311,843	(1,010,362,928)	37,389,119
Medical and maternity insurance	32,300,536	945,719,302	(943,271,031)	34,748,807
Work-related injury insurance	2,139,668	67,592,541	(67,091,897)	2,640,312
Housing fund	24,714,192	1,163,370,130	(1,155,842,318)	32,242,004
Labour union fee, staff and workers' education fee	1,236,499,162	422,130,553	(240,633,251)	1,417,996,464
Other short-term employee benefits	<u>22,542,589</u>	<u>4,476,631</u>	<u>(2,091,706)</u>	<u>24,927,514</u>
Total	<u>4,028,727,032</u>	<u>19,514,838,498</u>	<u>(20,013,981,927)</u>	<u>3,529,583,603</u>

(3) Post-employment benefits – defined contribution plans

	Balance at the beginning of the year	Accrued during the year	Decrease during the year	Balance at the end of the year
Basic pension insurance	27,887,452	1,814,988,107	(1,812,632,971)	30,242,588
Unemployment insurance	928,073	61,389,090	(61,394,238)	922,925
Annuity	<u>16,432,472</u>	<u>144,318,752</u>	<u>(142,839,914)</u>	<u>17,911,310</u>
Total	<u>45,247,997</u>	<u>2,020,695,949</u>	<u>(2,016,867,123)</u>	<u>49,076,823</u>

29. Taxes and surcharges payable

	2025	2024
Corporate income tax	505,006,247	661,144,508
Urban construction tax	280,739,481	243,831,131
Education surcharges and local education surcharges	200,512,976	174,228,317
Value-added tax (VAT)	143,339,519	314,302,588
Individual income tax	48,931,710	42,608,326
Others	<u>140,685,599</u>	<u>140,491,726</u>
Total	<u>1,319,215,532</u>	<u>1,576,606,596</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

30. Other payables

	2025	2024
Dividends payable	40,884,271	42,861,753
Other payables	<u>20,848,554,111</u>	<u>20,785,100,817</u>
Total	<u>20,889,438,382</u>	<u>20,827,962,570</u>

Dividends payable

	2025	2024
Dividends payable on ordinary shares	<u>40,884,271</u>	<u>42,861,753</u>

Other payables

	2025	2024
Projects and equipment	15,453,753,037	15,590,702,070
Fund transaction (Note)	3,288,656,028	3,236,033,067
Margins and deposits	640,983,384	581,371,160
Equity transfer consideration	492,419,483	-
Repurchase obligation of restricted shares	16,947,000	228,786,210
Others	<u>955,795,179</u>	<u>1,148,208,310</u>
Total	<u>20,848,554,111</u>	<u>20,785,100,817</u>

The Group's significant other payables aged over one year are payables of projects and equipment.

Note: The Group's fund transaction payables as at 31 December 2025 were amounts and interest due to original controlling shareholders of Nanjing Display Technology and Chengdu Display Technology, with the interest rates of 2.175% and 0%, respectively.

31. Current portion of non-current liabilities

	2025	2024
Long-term borrowings due within one year(V.33)	25,492,734,175	42,892,065,934
Bonds payable due within one year(V.34)	103,778,356	-
Lease liabilities due within one year(V.35)	156,696,306	147,060,968
Long-term payables due within one year(V.36)	917,104,082	22,944,576
Other non-current liabilities due within one year(V.39)	<u>-</u>	<u>444,468,133</u>
Total	<u>26,670,312,919</u>	<u>43,506,539,611</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

32. Other current liabilities

	2025	2024
Warranty provisions	3,064,852,352	2,508,912,990
Others	<u>1,284,294,548</u>	<u>886,058,150</u>
Total	<u><u>4,349,146,900</u></u>	<u><u>3,394,971,140</u></u>

The other current liabilities of the Group were warranty provisions. The warranty provisions mainly relate to the expected after-sales repair warranty to the customers. The provision is estimated by the management, based on historical claim experience and current actual sales outcomes.

33. Long-term borrowings

	2025	2024
Unsecured borrowings	67,800,359,549	79,443,787,211
Mortgage borrowings	55,206,407,133	60,149,714,863
Guaranteed borrowings	3,472,916,043	3,528,124,014
Pledged borrowings	<u>589,624,923</u>	<u>702,831,586</u>
Sub-total	127,069,307,648	143,824,457,674
Less: Long-term borrowings due within one year (V.31)	<u>25,492,734,175</u>	<u>42,892,065,934</u>
Total	<u><u>101,576,573,473</u></u>	<u><u>100,932,391,740</u></u>

As at 31 December 2025, The annual interest rate of the above borrowings is 1.20% to 5.50% (December 31, 2024: 1.20% to 6.37%).

34. Bonds payable

	2025	2024
Bonds payable	11,072,546,408	-
Less: Bonds payable due within one year (V.31)	<u>103,778,356</u>	<u>-</u>
Total	<u><u>10,968,768,052</u></u>	<u><u>-</u></u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

34. Bonds payable (continued)

(1) Analysis of the Group's Bonds payable is as follows

	Par value	Coupon rate(%)	Issue date	Bond term	Issued amount	December 31, 2024	Issued in current period	Accrued interest as per par value	Discount premium	December 31, 2025	Default or not
25 BOE MTN001	2,000,000,000	2.23	2025/4/23	10 years	2,000,000,000	-	2,000,000,000	30,792,329	(5,617,377)	2,025,174,952	NO
25 BOE MTN002	1,000,000,000	2.23	2025/5/13	10 years	1,000,000,000	-	1,000,000,000	14,174,247	(2,895,537)	1,011,278,710	NO
25 BOE MTN003	1,000,000,000	1.77	2025/6/24	3 years	1,000,000,000	-	1,000,000,000	9,213,699	(2,470,296)	1,006,743,403	NO
25 BOE MTN004	1,000,000,000	1.70	2025/7/10	5 years	1,000,000,000	-	1,000,000,000	8,104,109	(2,617,655)	1,005,486,454	NO
25 BOE MTN005	1,000,000,000	1.70	2025/7/24	3 years	1,000,000,000	-	1,000,000,000	7,452,055	(2,469,247)	1,004,982,808	NO
25 BOE MTN006	1,000,000,000	1.79	2025/8/8	3 years	1,000,000,000	-	1,000,000,000	7,012,876	(2,513,541)	1,004,499,335	NO
25BOEK1	2,000,000,000	1.94	2025/6/13	5 years	2,000,000,000	-	2,000,000,000	21,472,876	(6,913,542)	2,014,559,334	NO
25BOEK2	1,000,000,000	1.95	2025/11/6	5 years	1,000,000,000	-	1,000,000,000	2,991,781	(2,884,110)	1,000,107,671	NO
25BOEK3	1,000,000,000	1.95	2025/11/14	5 years	1,000,000,000	-	1,000,000,000	2,564,384	(2,850,643)	999,713,741	NO
Total					<u>11,000,000,000</u>	<u>-</u>	<u>11,000,000,000</u>	<u>103,778,356</u>	<u>(31,231,948)</u>	<u>11,072,546,408</u>	

35. Lease liabilities

	2025	2024
Long-term lease liabilities	<u>844,458,972</u>	<u>778,479,954</u>
Less: Lease liabilities due within one year(V.31)	<u>156,696,306</u>	<u>147,060,968</u>
Total	<u>687,762,666</u>	<u>631,418,986</u>

In 2025, as a lessee, the Group elected the practical expedient for short-term leases, leases of low-value assets and sub-leased right-of-use assets, and the related income and expenses were immaterial.

36. Long-term payables

	2025	2024
Long-term payables	<u>3,265,140,355</u>	<u>144,022,447</u>
Less: Long-term payables due within one year(V.31)	<u>917,104,082</u>	<u>22,944,576</u>
Total	<u>2,348,036,273</u>	<u>121,077,871</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

37. Provisions

	Balance at the beginning of the year	Accrued during the year	Decrease during the year	Balance at the end of the year
Outstanding litigation	<u>1,652,566</u>	<u>-</u>	<u>1,652,566</u>	<u>-</u>

38. Deferred income

	Balance at the beginning of the year	Additions during the year	Amounts recognised in other income	Other changes	Balance at the end of the year
Related to assets	3,579,152,245	3,920,678,415	(1,254,718,699)	(103,249,206)	6,141,862,755
Related to income	<u>965,465,686</u>	<u>293,699,530</u>	<u>(602,234,294)</u>	<u>(760,467)</u>	<u>656,170,455</u>
Total	<u>4,544,617,931</u>	<u>4,214,377,945</u>	<u>(1,856,952,993)</u>	<u>(104,009,673)</u>	<u>6,798,033,210</u>

39. Other non-current liabilities

	2025	2024
Contribution of non-controlling interests with redemption provisions	2,083,780,538	2,491,844,290
Deferred VAT on imported equipment	1,555,616,492	-
Others	<u>357,505,637</u>	<u>601,446,602</u>
Sub-total	3,996,902,667	3,093,290,892
Less: Other non-current liabilities due within one year(V.31)	<u>-</u>	<u>444,468,133</u>
Total	<u>3,996,902,667</u>	<u>2,648,822,759</u>

The contribution of non-controlling interests with redemption provisions is mainly due to the redemption obligation of the Company to the non-controlling interests of Fuzhou BOE. The Company recognises the above non-controlling interests contribution as a financial liability which is subsequently measured at the cost of amortisation and will be repurchased according to the agreed price and time.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

40. Share capital

	Balance at the beginning of the year	Cancellation of treasury shares	Balance at the end of the year
Total shares	<u>37,645,016,203</u>	<u>(231,135,739)</u>	<u>37,413,880,464</u>

During the year ended 31 December 2025, the Company cancelled 231,135,739 shares of treasury shares at China Securities Depository and Clearing Corporation Limited Shenzhen Branch. After the completion of the cancellation procedures, the total shares will be changed from 37,645,016,203 shares to 37,413,880,464 shares.

41. Other equity instruments

Financial instruments (including perpetual bonds) that remain outstanding are set out as follows:

	Balance at the beginning of the year		Decrease during the year		Changes in interest		Balance at the end of the year	
	Quantity	Carrying amount	Quantity	Carrying amount	Additions during the year	Paid during the year	Quantity	Carrying amount
22BOEY1	20,000,000	<u>2,043,402,946</u>	(20,000,000)	<u>(1,989,320,755)</u>	<u>15,917,809</u>	<u>(70,000,000)</u>	-	<u>-</u>

42. Capital reserves

	Balance at the beginning of the year	Additions during the year	Decrease during the year	Balance at the end of the year
Share premium	50,268,947,500	-	(715,417,371)	49,553,530,129
Other capital reserves	<u>1,938,626,206</u>	<u>367,805,387</u>	-	<u>2,306,431,593</u>
Total	<u>52,207,573,706</u>	<u>367,805,387</u>	<u>(715,417,371)</u>	<u>51,859,961,722</u>

43. Treasury shares

<u>Item</u>	Balance at the beginning of the year	Accrued during the year	Decrease during the year	Balance at the end of the year
Treasury shares	<u>1,216,490,683</u>	<u>1,499,835,264</u>	<u>(1,216,490,683)</u>	<u>1,499,835,264</u>

In 2025, pursuant to the resolutions of the Company's 11th Board of Directors' 4th meeting and 11th Supervisory Committee's 2nd meeting held on 18 April 2025, the Company approved the Proposals on Changing the Purpose and Cancellation of Repurchased Shares, the Proposal of Repurchase and Cancellation of Certain Restricted Shares, and the Proposal on the Fulfilment of the Conditions for the Release of Restricted Shares Granted under the 2020 Share Option and Restricted Share Incentive Plan during the Third Release Period of the Restricted Shares and the Fulfilment of the Conditions for the Third Exercise Period of the First Exercise Period of the Initial Grant of Share Options. Accordingly, the Company retired 228,882,900 treasury shares held at the beginning of the year and completed the vesting and retirement of restricted shares totaling 91,349,379 shares.

V. Notes to key items of the consolidated financial statements (continued)

44. Other comprehensive income

	Balance at the end of previous year attributable to shareholders of the Company	Movements during the year					Balance at the end of the year attributable to shareholders of the Company	
		Before-tax amount	Less: Income tax expenses	Less: Amount transferred from other comprehensive income to profit or loss	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests		Less: Transfer of other comprehensive income to retained earnings
Items that will not be reclassified to profit or loss	(372,167,398)	158,507,084	2,865,856	-	133,910,381	21,730,847	2,857,173	(241,114,190)
Including: Other comprehensive income recognised under equity method	(136,978,893)	39,438,253	576,931	-	38,861,322	-	-	(98,117,571)
Changes in fair value of investments in other equity instruments	(235,188,505)	119,068,831	2,288,925	-	95,049,059	21,730,847	2,857,173	(142,996,619)
Items that may be reclassified to profit or loss	(799,656,466)	268,975,640	-	8,533,319	274,200,620	(13,758,299)	-	(525,455,846)
Including: Other comprehensive income recognised under equity method	(118,842)	55,898,192	-	8,533,319	47,364,873	-	-	47,246,031
Translation differences arising from translation of foreign currency financial statements	(799,537,624)	213,077,448	-	-	226,835,747	(13,758,299)	-	(572,701,877)
Total	(1,171,823,864)	427,482,724	2,865,856	8,533,319	408,111,001	7,972,548	2,857,173	(766,570,036)

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

45. Surplus reserves

	Balance at the beginning of the year	Additions during the year	Balance at the end of the year
Statutory surplus reserve	3,590,083,170	156,075,845	3,746,159,015
Discretionary surplus reserve	<u>289,671,309</u>	<u>-</u>	<u>289,671,309</u>
Total	<u>3,879,754,479</u>	<u>156,075,845</u>	<u>4,035,830,324</u>

According to the provisions of the *Company Law* and the Company's Articles of Association, the Company appropriates 10% of the profit to the statutory surplus reserves. Where the accumulated amount of the surplus reserves reaches 50% or more of the Company's registered capital, further appropriation is not required.

46. Retained earnings

	2025	2024
Retained earnings at the beginning of the year	39,410,894,857	35,579,576,607
Net profits for the year attributable to shareholders of the Company	5,856,966,754	5,323,248,974
Less: Appropriation for statutory surplus reserve	156,075,845	307,923,188
Interest on holders of other equity instruments	15,917,809	70,000,000
Dividends to ordinary shares	1,870,694,023	1,129,073,743
Transfer of other comprehensive income to retained earnings	<u>(2,857,173)</u>	<u>(15,066,207)</u>
Retained earnings at the end of the year	<u>43,228,031,107</u>	<u>39,410,894,857</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

47. Operating income and operating costs

(1) Operating income and operating costs

	2025		2024	
	Income	Cost	Income	Cost
Principal activities	198,939,422,844	167,864,572,106	193,576,127,325	164,101,410,809
Other operating activities	<u>5,650,800,044</u>	<u>4,737,471,905</u>	<u>4,804,478,336</u>	<u>4,120,538,764</u>
Total	<u>204,590,222,888</u>	<u>172,602,044,011</u>	<u>198,380,605,661</u>	<u>168,221,949,573</u>
Including: Revenue from contracts with customers	203,856,384,395	172,481,660,922	197,588,200,093	168,118,876,665
Other income	733,838,493	120,383,089	792,405,568	103,072,908

(2) Breakdown information of operating income

Information on income of principal activities has been included in Note XV.

(3) Performance obligations

The main activity for the Group to generate revenue is the sale of goods, which is a performance obligation fulfilled at a certain point in time. The sales contracts / orders signed between the Group and its customers usually contain various trading terms. Depending on the trading terms, customers obtain control of the goods when the goods are received, or when they are received by the carrier. Revenue of sale of goods is recognised at that point in time.

For the transfer of goods with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value of returned products). At each balance sheet date, the Group updates the measurement of the refund liability for changes in expectations about the amount of returns. The above assets and liabilities are adjusted accordingly.

(4) Relating to ordinary activities

Revenue and the related costs of the Group's sales before intended use are as follows:

	2025	2024
Operating income	888,691,487	852,474,207
Operating costs	950,313,161	820,315,992

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

48. Taxes and surcharges

	2025	2024
Property tax	702,521,703	653,423,403
Urban maintenance and construction tax	250,665,161	214,651,232
Stamp duty	198,094,378	180,996,591
Education surcharges and local education surcharges	179,388,273	153,632,475
Land use tax	73,499,453	70,077,226
Others	<u>21,383,377</u>	<u>23,365,969</u>
Total	<u>1,425,552,345</u>	<u>1,296,146,896</u>

49. Selling expenses

	2025	2024
Staff costs and daily expenses	1,624,822,483	1,524,547,555
Others	<u>547,800,436</u>	<u>470,747,097</u>
Total	<u>2,172,622,919</u>	<u>1,995,294,652</u>

50. Administrative expenses

	2025	2024
Staff costs and daily expenses	3,512,116,851	3,781,534,288
Depreciation and amortisation	1,217,805,235	1,062,279,681
Others	<u>1,166,419,750</u>	<u>1,374,858,161</u>
Total	<u>5,896,341,836</u>	<u>6,218,672,130</u>

51. Research and development expenses

	2025	2024
Staff costs and daily expenses	5,710,005,753	5,570,963,161
Material and test expenses	3,586,849,188	3,331,371,532
Depreciation and amortisation	2,187,062,573	2,201,837,134
Others	<u>2,352,753,364</u>	<u>2,019,137,404</u>
Total	<u>13,836,670,878</u>	<u>13,123,309,231</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

52. Finance expenses

	2025	2024
Interest expense from loans and lease liabilities	3,501,308,472	4,335,040,880
Less: Interest income from bank deposits	1,828,272,699	2,285,948,395
Borrowing costs capitalised	209,166,239	301,781,000
Other financial expenses	<u>372,777,268</u>	<u>(522,924,115)</u>
Total	<u><u>1,836,646,802</u></u>	<u><u>1,224,387,370</u></u>

The interest rates per annum at which borrowing costs were capitalised by the Group was 2.35% ~ 3.46% for the year.

The capitalized amount of borrowing costs has been included in the construction in progress.

53. Other income

	2025	2024
Government grants related to assets	1,254,718,699	576,945,669
Government grants related to income	1,154,981,122	1,220,232,805
Weighted deduction of input VAT	485,021,852	462,974,895
Others	<u>20,707,574</u>	<u>28,324,197</u>
Total	<u><u>2,915,429,247</u></u>	<u><u>2,288,477,566</u></u>

The amount of government subsidies related to income received by the Group in 2025 and directly included in other income was RMB552,746,828.

54. Investment income/loss

	2025	2024
Income/(loss) from long-term equity investments accounted for using the equity method	81,175,287	(752,455,175)
Investment income from disposal of long-term equity investments	457,415,008	52,696,519
Investment income from disposal of financial assets held for trading	58,724,731	48,676,748
Dividend income from investments in other equity instruments	36,521,335	33,201,155
Including: Dividend income from investments in other equity instruments held at the balance sheet date	36,521,335	33,201,155
Others	<u>20,130,316</u>	<u>76,980,100</u>
Total	<u><u>653,966,677</u></u>	<u><u>(540,900,653)</u></u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

55. Fair value gains

	2025	2024
Financial assets at fair value through profit or loss	<u>431,722,966</u>	<u>522,447,744</u>

56. Credit impairment losses

	2025	2024
Accounts receivable	60,494,566	106,324,987
Other receivables	2,992,597	5,790,193
Notes receivable	<u>3,074</u>	<u>9,934</u>
Total	<u>63,490,237</u>	<u>112,125,114</u>

57. Impairment losses of assets

	2025	2024
Impairment losses of inventories	3,792,398,952	3,270,730,264
Impairment losses of fixed assets	208,347,140	155,630,720
Impairment losses of contract assets	4,795,195	(41,265)
Impairment losses of construction in progress	-	10,445,089
Impairment losses of long-term equity investments	-	110,719,534
Impairment losses of intangible assets	-	25,647,674
Impairment losses of goodwill	<u>-</u>	<u>51,130,564</u>
Total	<u>4,005,541,287</u>	<u>3,624,262,580</u>

58. Gains on disposal of non-current assets (expressed with negative value for losses)

	2025	2024
Gains from disposal of fixed assets	29,963,580	96,788,213
Gains / (Losses) from disposal of right-of-use assets	597,789	(612,949)
Losses from disposal of intangible assets	<u>(132,765)</u>	<u>-</u>
Total	<u>30,428,604</u>	<u>96,175,264</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

59. Non-operating income

	2025	2024	Amount recognised in non-recurring gains and losses in 2025
Income arising from the excess of the acquirer's interest in the fair value of the acquiree's identifiable net assets over the cost of the investment	242,086,567	-	242,086,567
Gains from disposal of non-current assets	4,897,377	10,758,866	4,897,377
Others	<u>67,996,895</u>	<u>205,527,406</u>	<u>67,996,895</u>
Total	<u><u>314,980,839</u></u>	<u><u>216,286,272</u></u>	<u><u>314,980,839</u></u>

60. Non-operating expenses

	2025	2024	Amount recognised in non-recurring gains and losses in 2025
Donations provided	5,788,145	22,799,573	5,788,145
Losses from scrapping of non-current assets	25,716,740	9,315,968	25,716,740
Others	<u>32,134,891</u>	<u>29,175,134</u>	<u>32,134,891</u>
Total	<u><u>63,639,776</u></u>	<u><u>61,290,675</u></u>	<u><u>63,639,776</u></u>

61. Income tax expenses

	2025	2024
Current tax expense based on tax law and regulations	2,325,515,225	1,636,979,210
Changes in deferred tax assets/liabilities	<u>(318,687,664)</u>	<u>(696,599,459)</u>
Total	<u><u>2,006,827,561</u></u>	<u><u>940,379,751</u></u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

61. Income tax expenses (continued)

The reconciliation between income tax expenses and profit before income tax is as follows:

	2025	2024
Profit before income tax	7,034,201,130	5,085,653,633
Income tax expense calculated at statutory tax rate	1,055,130,170	762,848,045
Effect of different tax rates applied by subsidiaries	(73,198,251)	(23,588,496)
Effect of non-deductible costs, expense, losses, etc	53,933,856	12,976,976
Tax effect of weighted deduction and tax preference	(1,400,551,871)	(1,344,141,676)
Utilisation of prior year tax losses	(891,615,988)	(634,192,216)
Tax effect of deductible temporary differences or deductible losses on unrecognized deferred income tax assets in the current period	<u>3,263,129,645</u>	<u>2,166,477,118</u>
Income tax expenses	<u><u>2,006,827,561</u></u>	<u><u>940,379,751</u></u>

Note: Income tax expenses in mainland China are calculated based on profits and tax rates in mainland China, while income tax expenses in other regions are calculated based on profits and tax rates in the country or region where the business is located.

62. Earnings per share

	2025	2024
	RMB/share	RMB/share
Basic earnings per share		
Going concern	0.16	0.14
Termination of operations	-	-
Diluted earnings per share		
Going concern	0.16	0.14
Termination of operations	-	-

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The Group does not have any potential dilutive ordinary shares for the listed years.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

62. Earnings per share (continued)

The specific calculations for basic earnings per share and diluted earnings per share are as follows:

	2025	2024
Consolidated net profit attributable to shareholders of the company	<u>5,856,966,754</u>	<u>5,323,248,974</u>
Less: Current interest of other equity instruments	15,917,809	70,000,000
Less: Current dividends of restricted shareholders	<u>-</u>	<u>2,744,966</u>
Adjusted net profit attributable to ordinary shareholders of the Company	<u>5,841,048,945</u>	<u>5,250,504,008</u>
Weighted average number of ordinary shares outstanding (shares)	37,304,502,790	37,519,930,241
Basic earnings per share (RMB/share)	<u>0.16</u>	<u>0.14</u>

Weighted average number of ordinary shares is calculated as follows:

	2025	2024
Issued ordinary shares at the beginning of the year	37,324,783,924	37,457,807,349
Add: Weighted average of restricted shares released from sale restrictions during the period	60,048,627	69,144,539
Less: Weighted average number of ordinary shares repurchased in current period	<u>80,329,761</u>	<u>7,021,647</u>
Weighted average number of ordinary shares at 31 December	<u>37,304,502,790</u>	<u>37,519,930,241</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

63. Cash Flow Statement Line Item Notes

(1) Cash relating to operating activities

	2025	2024
Proceeds relating to other operating activities		
Government grants received	5,332,887,604	2,262,269,718
Restricted cash at bank and on hand as well as others related to operating activities	<u>2,561,034,754</u>	<u>339,696,656</u>
Total	<u>7,893,922,358</u>	<u>2,601,966,374</u>
Payments relating to other operating activities		
Period expenses paid, etc.	<u>5,276,712,758</u>	<u>7,349,209,291</u>

(2) Cash relating to investing activities

	2025	2024
Proceeds relating to other investing activities		
Restricted cash at bank and on hand as well as others related to investing activities	<u>325,253,271</u>	<u>2,485,332,205</u>
Payments relating to other investing activities		
Accrued interest on matured large-denomination certificates of deposit not yet collected	<u>189,207,236</u>	<u>-</u>

(3) Cash relating to financing activities

	2025	2024
Proceeds relating to other financing activities		
Restricted cash at bank and on hand as well as others related to financing activities	<u>293,613,208</u>	<u>-</u>
Payments for other financing activities		
Acquisition of non-controlling interests of subsidiaries	5,390,488,477	241,418,106
Repurchase of treasury shares	1,533,424,027	999,872,378
Repurchase of minority shareholder contributions with redemption clauses	435,063,753	-
Principal and interest related to leases and others	<u>278,482,232</u>	<u>614,027,613</u>
Total	<u>7,637,458,489</u>	<u>1,855,318,097</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

63. Cash Flow Statement Line Item Notes (continued)

(3) Cash relating to financing activities (continued)

Changes in liabilities arising from financing activities:

	Balance at the beginning of the year	Additions during the year		Reductions during the year		Balance at the end of the year
		Cash	Non-cash	Cash	Non-cash	
Short-term loans	1,563,317,166	4,396,812,258	35,557,524	(2,340,665,511)	-	3,655,021,437
Other payables	3,464,819,277	-	52,622,961	(5,224,334)	(206,614,876)	3,305,603,028
Dividends payable	42,861,753	-	2,029,424,933	(2,031,402,415)	-	40,884,271
Long-term loans (including non-current liabilities due within one year)	143,824,457,674	40,272,054,900	3,881,053,442	(60,908,258,368)	-	127,069,307,648
Bonds payable (including non-current liabilities due within one year)	-	11,000,000,000	103,778,356	-	(31,231,948)	11,072,546,408
Lease liabilities (including non-current liabilities due within one year)	778,479,954	-	272,911,463	(206,932,445)	-	844,458,972
Long-term payables (including non-current liabilities due within one year)	144,022,447	-	3,885,196	(26,715,125)	-	121,192,518
Other non-current liabilities (including non-current liabilities due within one year)	3,093,290,892	-	27,000,001	(435,063,753)	(601,446,602)	2,083,780,538
Total	152,911,249,163	55,668,867,158	6,406,233,876	(65,954,261,951)	(839,293,426)	148,192,794,820

V. Notes to key items of the consolidated financial statements (continued)

64. Supplementary Information to the Cash Flow Statement

(1) Supplementary information for the cash flow statement

Reconciliation of net profit / (loss) to cash flows from operating activities:

	2025	2024
Net profit / (loss)	5,027,373,569	4,145,273,882
Add: impairment losses	4,005,541,287	3,624,262,580
Credit impairment losses	63,490,237	112,125,114
Depreciation of fixed assets, investment properties and right-of-use assets	37,378,926,183	37,154,186,708
Amortisation of intangible assets	1,121,074,682	1,097,857,402
Amortisation of long-term deferred expenses	168,973,551	169,655,830
Gains from disposal of fixed assets, intangible assets, and other long-term assets	(30,428,604)	(96,175,264)
Losses from scrapping of fixed assets and intangible assets /(gains)	20,819,363	(1,442,898)
Gains from changes in fair value	(431,722,966)	(522,447,744)
Financial expenses	2,929,596,217	1,910,873,352
Investment (gains)/ losses	(653,966,677)	581,941,421
Share-based payments	70,261,151	125,524,945
Increase /(decrease) in deferred income	2,253,415,279	(218,434,024)
Increase in deferred tax assets	(162,783,614)	(298,011,255)
Decrease in deferred tax liabilities	(155,904,050)	(404,560,340)
Increase in inventories	(8,218,887,542)	(2,464,527,331)
Decrease /(increase) in operating receivables	3,652,273,004	(3,667,418,533)
Increase in operating payables	1,701,901,454	6,399,187,934
Others	84,603,150	89,705,600
Net cash flows generated from operating activities	<u>48,824,555,674</u>	<u>47,737,577,379</u>

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

V. Notes to key items of the consolidated financial statements (continued)

64. Supplementary Information to the Cash Flow Statement

(1) Supplementary information for the cash flow statement (continued)

Change in cash and cash equivalents:

	2025	2024
Cash and cash equivalents at the end of the year	58,211,295,777	62,005,252,511
Less: Cash and cash equivalents at the beginning of the year	<u>62,005,252,511</u>	<u>52,092,981,748</u>
Net decrease/(increase) in cash and cash equivalents	<u>(3,793,956,734)</u>	<u>9,912,270,763</u>

(2) Details of cash and cash equivalents

	2025	2024
Cash and cash equivalents	<u>58,211,295,777</u>	<u>62,005,252,511</u>
Including: Cash on hand	1,355,467	1,528,764
Bank deposits available on demand	58,182,081,075	61,918,283,198
Other monetary funds available on demand	27,859,235	85,440,549
Closing balance of cash and cash equivalents	<u>58,211,295,777</u>	<u>62,005,252,511</u>

Note: The cash and cash equivalents disclosed above do not include bank deposits held for investment purpose, the interest accrued on bank deposits at the end of the period and the use of other Cash at bank and on hand subject to restrictions.

(3) Monetary funds other than cash and cash equivalents

	2025	2024	Reasons
Principal and interest on large certificates of deposit and fixed-term deposits for more than three months	13,099,822,932	10,805,611,280	Held for investment purposes
Restricted cash	<u>911,821,466</u>	<u>1,441,761,424</u>	Restricted in use or ownership
Total	<u>14,011,644,398</u>	<u>12,247,372,704</u>	

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

VI. Research and Development Expenses

1. Presentation by nature

	2025	2024
Staff costs and daily expenses	5,774,920,078	5,625,237,778
Material and test expenses	3,632,702,182	3,339,102,808
Depreciation and amortisation	2,204,236,151	2,213,563,118
Others	<u>2,371,203,164</u>	<u>2,027,370,403</u>
Total	<u>13,983,061,575</u>	<u>13,205,274,107</u>
Including: Research and development expenditures that are expensed	13,836,670,878	13,123,309,231
Research and development expenditures that are capitalised	146,390,697	81,964,876

2. Expenditures on research and development projects which are eligible for capitalisation

	Balance at the beginning of the year	Internal development	Recognised as intangible assets	Balance at the end of the year
HC SemiTek technology development project	<u>109,323,354</u>	<u>146,390,697</u>	<u>(132,007,804)</u>	<u>123,706,247</u>

VII. Changes in the scope of consolidation

Increases in the consolidation scope during the year were new subsidiaries established during the year, and the decreases in the consolidation scope were cancellations of subsidiaries during the year.

VIII. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of the Group

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Founded by establishment or investment					
Ordos Yuansheng Optoelectronics Co., Ltd.	Ordos, China	Ordos, China	The production and operation of AMOLED and relevant products	100.00	-
Beijing BOE Vision-electronic Technology Co., Ltd.	Beijing, China	Beijing, China	Investment platform, sales of LCD	100.00	-
Beijing BOE Vacuum Electronics Co., Ltd.	Beijing, China	Beijing, China	Manufacture and sales of vacuum electronic products	57.89	-
Beijing Yinghe Century Co., Ltd.	Beijing, China	Beijing, China	Management of engineering projects; property management services; lease of commercial buildings; lease of office space; enterprise management consulting	100.00	-
BOE Optical Science and technology Co., Ltd.	Suzhou, China	Suzhou, China	R&D, production and sales of LCD, back light for display and related components	94.70	-
BOE Hyundai LCD (Beijing) Display Technology Co., Ltd.	Beijing, China	Beijing, China	Development, manufacture and sale of liquid display for mobile termination	75.00	-
BOE (Hebei) Mobile Technology Co., Ltd.	Langfang, China	Langfang, China	Manufacture and sale of mobile flat screen display technical products and related services	100.00	-
			Provide comprehensive zero carbon comprehensive energy services, covering multiple dimensions such as comprehensive energy services, comprehensive energy utilization and zero carbon services	68.40	-
Beijing BOE Energy Technology Co., Ltd.	Beijing, China	Beijing, China	Technology promotion services, property management, sales of electronic products	100.00	-
Beijing BOE Life Technology Co., Ltd.	Beijing, China	Beijing, China	Technology promotion services, property management, sales of electronic products	70.09	-
Beijing Zhongxiangying Technology Co., Ltd.	Beijing, China	Beijing, China	Technology promotion services, property management, sales of electronic products	70.09	-
BOE Semi-conductor Co., Ltd.	Beijing, China	Beijing, China	Glass thinning processing and metal parts processing	84.00	-
	Hong Kong,				
BOE Optoelectronics Holding Co.,Ltd	China	British Virgin Islands	Investment holding	100.00	-
BOE (Korea) Co.,Ltd.	Korea	Korea	Wholesale and retail trade	100.00	-
BOE Wisdom IOT Technology Co., Ltd.	Beijing, China	Beijing, China	Development, transfer, consulting and service of technology	100.00	-

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of Registered place business		Nature of business	Shareholding (or similar equity interest)	
				percentage	
				Direct	Indirect
Founded by establishment or investment (continued)					
Hefei BOE Zhuoyin Technology Co., Ltd.	Hefei, China	Hefei, China	Investment, construction, R&D, production and sales of products related to OLED display device and auxiliary products	100.00	-
Beijing BOE Land Co., Ltd.	Beijing, China	Beijing, China	Development, construction, property management and supporting service of industrial plants and supporting facilities; information consulting of real estate; lease of commercial facilities, commercial attendants and the supporting service facilities; motor vehicles public parking service	70.00	-
Beijing Shiyao Technology Co., Ltd.	Beijing, China	Beijing, China	General items: technical service, technical development, technical consultation, technical exchange, technology transfer and technology promotion; Computer software, hardware and peripheral equipment manufacturing; Wholesale of computer software, hardware and auxiliary equipment; Retail of computer software, hardware and auxiliary equipment; Manufacturing of electronic components; Optoelectronic device manufacturing; Display device manufacturing; Mobile terminal equipment manufacturing; Virtual reality equipment manufacturing; TV manufacturing; Internet of Things equipment manufacturing; Sales of electronic products; Display device sales; Sales of mobile terminal equipment; Sales of communication equipment; Sales of IoT equipment; Computer and communication equipment leasing; Integrated circuit manufacturing; Integrated circuit design; IC sales; Integrated circuit chip and product manufacturing; Software development; Software sales; Import and export of goods; Technology import and export; Sales of Class I medical devices; Class I medical device production; Class I medical device leasing; Sales of Class II medical devices; Class II medical device leasing	73.01	-

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Founded by establishment or investment (continued)					
Beijing BOE Marketing Co., Ltd.	Beijing, China	Beijing, China	Sales of communication equipment, hardware & software of computer and peripheral units, electronic products, equipment maintenance; development, transfer, consulting and service providing of technologies; import & export of goods and technologies, agency of import & export; manufacturing consignment of electronic products and LCD devices	100.00	-
Yunnan Invensight Optoelectronics Technology Co., Ltd.	Kunming, China	Kunming, China	Development, promotion, transfer, consultation and services of display technology; computer software, hardware and network system services; the construction, operations and management of e-commerce platform; product design; conference services; undertaking exhibitions and presentation activities; computer animation design; production, R&D and sales of OLED microdisplays and AR/VR whole widget; warehousing services; Project investments and management of the invested projects; import and export of goods and technologies; property leases, machinery and equipment leases	78.32	-
Beijing BOE Sensing Technology Co., Ltd.	Beijing, China	Beijing, China	Formation of X-ray sensors, microfluidic chips, biochemical chips, gene chips, security sensors, microwave antennas, biosensors, logistics network technology and other semiconductor sensors, technology testing, technical consulting, technical services, technology transfer	100.00	-
Hefei BOE Xingyu Technology Co., Ltd.	Hefei, China	Hefei, China	R&D, production and sales of Mini LED backlight components and Mini LED display module components	65.00	-
Dongfang Chengqi (Beijing) Technology Co., Ltd.	Business Beijing, China	Beijing, China	Intelligent administrative service solutions integrating property, business travel, procurement and consumption	100.00	-

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Founded by establishment or investment (continued)					
BOE Smart Technology Co., Ltd. Technology ("Smart Technology")	Beijing, China	Beijing, China	Provision of hardware and software integrated system solutions for the IoT market segment; intelligent city, intelligent transport, intelligent finance, intelligent park and the display terminal products such as the intelligent all-in-one machines	100.00	-
BOE Innovation Investment Co., Ltd.	Beijing, China	Beijing, China	Project investment and investment management	100.00	-
BOE Mled Technology Co., Ltd.	Beijing, China	Beijing, China	Mainly engaged in technology development, technology consultation, technology transfer and technical services; Software development; Basic software services; Application software services; Computer system services; Internet data services (data centers in Internet data services, except cloud computing data centers with PUE values above 1.4); Information processing and storage support services; General construction contracting, professional contracting and labor subcontracting; Equipment installation, maintenance and leases; Literary and artistic creation; Computer animation design; Product design; business management; Enterprise management consulting; Sales of computers, software and auxiliary equipment, electronic products	100.00	-
Beijing BOE Solar Energy Technology Co., Ltd.	Beijing, China	Beijing, China	Technical services, technology development, technology consulting, technical exchange, technology transfer, technology promotion; manufacture of photovoltaic equipment and components; sales of photovoltaic equipment and components	100.00	-

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Founded by establishment or investment (continued)					
Chengdu BOE Display Techlogy Co., Ltd. (Chengdu Display Technology)	Chengdu, China	Chengdu, China	Technical services, technology development, technology consulting, technical exchange, technology transfer, technology promotion; manufacturing of display devices [operations of branches]; sale of display devices; manufacturing of electronic components [operations of branches]; wholesale of electronic components; manufacturing of others electronic devices [operations of branches]; import and export of goods; import and export of technology; business management consulting; property management; non-residential real estate leasing; machinery and equipment leasing	52.63	-
Beijing BOE Chuangyuan Technology Co., Ltd. ("Chuangyuan Technology")	Beijing, China	Beijing, China	Manufacturing of display devices; sale of display devices; manufacturing of electronic components; wholesale of electronic components; technical services, technology development, technology consulting, technical exchange, technology transfer, technology promotion; import and export of goods; import and export of technology; business management consulting; property management; machinery and equipment leasing; manufacturing of other electronic devices	79.31	-
Mianyang BOE Electronic Technology Co., Ltd. ("Mianyang Electronic Technology")	Mianyang, China	Mianyang, China	Manufacturing of display devices; display device sales; manufacturing of electronic components; technical service, technical development, technical consultation, technical exchange, technology transfer and technology promotion; machinery and equipment leasing; intelligent control system integration; information system integration services; industrial control computer and system manufacturing; Internet of Things technical services; data processing service; sales of electronic products; sales of digital cultural creative technology and equipment; sales of semiconductor lighting devices; AI industry application system integration services; cloud computing equipment technology services; industrial Internet data service; Internet data service; semiconductor lighting device manufacturing; sales of new energy prime mover equipment; technology import and export	100.00	-
Beijing BOE Display Technology Co., Ltd.	Beijing, China	Beijing, China	Development of TFT-LCD, manufacture and sale of LCD	97.17	2.83

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Founded by establishment or investment (continued)					
Beijing BOE Materials Technology Co., Ltd.	Beijing, China	Beijing, China	Sales of chemical products (excluding those requiring special licenses); sales of specialized electronic materials	100.00	-
Beijing BOE Robotics Co., Ltd.	Beijing, China	Beijing, China	Industrial design services; information system integration services; manufacturing of smart basic manufacturing equipment	100.00	-
Business combination involving entities not under common control					
Chengdu BOE Optoelectronics Technology Co., Ltd.	Chengdu, China	Chengdu, China	Research and development, design, manufacture, and sale of new display devices and components	100.00	-
Hefei BOE Optoelectronics Technology Co., Ltd.	Hefei, China	Hefei, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	100.00	-
Hefei Xinsheng Optoelectronics Technology Co., Ltd.	Hefei, China	Hefei, China	Investing, researching, manufacturing and promoting TFT-LCD products and accessory products	99.97	0.03
Chongqing BOE Optoelectronics Technology Co., Ltd.	Chongqing, China	Chongqing, China	Research, development, manufacture and sales of semiconductor display devices, machine and relevant products, import and export of goods and technical consulting	100.00	-
Fuzhou BOE Optoelectronics Technology Co., Ltd.	Fuzhou, China	Fuzhou, China	Investment, construction, R&D, production and sales of the relevant products of thin film transistor LCD and its auxiliary products (separate business site); self-support and agency for the import and export of various goods and technologies, except those goods and technologies that are restricted by the country or prohibited from import and export; business management consulting and services; property leases; machinery and equipment leases; technology development, transfer, consulting and services related to LCD products	88.35	-

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Business combination involving entities not under common control (continued)					
BOE Healthcare Investment & Management Co., Ltd.	Beijing, China	Beijing, China	Investment management and project investment	100.00	-
Beijing Matsushita Colour Innovation Co., Ltd.	Beijing, China	Beijing, China	Property management, parking services, lease of commercial buildings, etc	88.80	-
Hefei BOE Display Technology Co., Ltd.	Hefei, China	Hefei, China	Investment, R&D and production of products related to TFT-LCD and the supporting facility	36.67	-
Mianyang BOE Optoelectronics Technology Co., Ltd.	Mianyang, China	Mianyang, China	R&D, production and sales of flexible AMOLED, the products are mainly used in smart phones, wearable devices, car display, AR/VR, etc	83.46	-
Wuhan BOE Optoelectronics Technology Co., Ltd. ("Wuhan BOE")	Wuhan, China	Wuhan, China	Investment and construction, research and development, production, sales, technology development, transfer, consult and services of thin-film transistor LCD devices and related products and supporting products	58.36	-
Chongqing BOE Display Technology Co., Ltd. ("Chongqing BOE Display")	Chongqing, China	Chongqing, China	R&D, manufacture and sales of semiconductor display devices, whole widget and relevant products, import and export of goods and technical consulting	38.46	-
Fuzhou BOE Display Technology Co., Ltd. ("Fuzhou BOE Display")	Fuzhou, China	Fuzhou, China	R&D, production and sales of semiconductor display device-related products and related products; import or export of goods or technology; display device and component, other electronic components, and technology development, technology transfer, technical consulting, related fields related to display devices and electronic products, technical services; business management consulting; property management; house rental; machinery and equipment rental	43.46	-
Nanjing Display Technology	Nanjing, China	Nanjing, China	R&D, production and sales of TFT-LCD panels, color filters and LCD machine modules; Providing services related to products and businesses, and other business activities related to the above; Self support and agency of import and export business of various commodities and technologies	80.83	-

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(1) Composition of the Group (continued)

	Principal place of business	Registered place	Nature of business	Shareholding (or similar equity interest) percentage	
				Direct	Indirect
Business combination involving entities not under common control (continued)					
Chengdu Display Sci-tech	Chengdu, China	Chengdu, China	Mainly engaged in research and development, production, sales and technical services of TFT-LCD panels and modules, LCD displays, televisions, instruments, mechanical equipment and accessories; Engaged in the import and export of goods and technology	35.03	-
BOE HC SemiTek Corporation ("HC SemiTek")	Wuhan, China	Wuhan, China	Design, manufacturing, sales and business leasing of semiconductor materials and devices, electronic materials and devices, semiconductor lighting equipment, sapphire crystal growth and sapphire deep processing products; research and development, processing and manufacturing of integrated circuits and sensors, and providing technical services; import and export of self owned products and raw materials	22.92	-

As the Company has signed agreements of concerted action and other relevant agreements with other shareholders of Hefei Display Technology, Wuhan BOE, Chongqing BOE Display, Fuzhou BOE Display, Chengdu Display Sci-tech and HC SemiTek.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

VIII. Interests in Other Entities (continued)

1. Interests in subsidiaries (continued)

(2) Material non-wholly owned subsidiaries

As of 31 December 2025, the Group had five subsidiaries with significant minority interests, and the total amount attributable to minority interests of the aforementioned companies was RMB 41,664,159,425; In 2025, the total amount of income attributable to minority shareholders of the aforementioned company was RMB 500,553,054, and the total amount of dividends paid to minority shareholders was RMB 57,454,123.

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made for the fair value adjustment at the acquisition date and any differences in accounting policies:

	2025	2024
Current assets	51,902,634,415	52,256,598,898
Non-current assets	<u>98,799,305,507</u>	<u>116,061,033,390</u>
Total assets	<u><u>150,701,939,922</u></u>	<u><u>168,317,632,288</u></u>
Current liabilities	31,436,137,204	40,120,432,015
Non-current liabilities	<u>31,819,248,223</u>	<u>34,537,198,899</u>
Total liabilities	<u><u>63,255,385,427</u></u>	<u><u>74,657,630,914</u></u>
Operating income	73,173,566,526	72,036,599,379
Net loss	(983,244,564)	(1,218,649,957)
Total comprehensive income	(1,076,903,724)	(1,195,869,163)
Cash inflows in operating activities	21,645,916,840	13,923,092,833

VIII. Interests in Other Entities (continued)

2. Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control

(1) Changes in the Group's interests in subsidiaries:

	Before changes of interests	After changes of interests
Beijing Shiyao Technology	80.00%	73.01%
Chengdu Display Technology	50.25%	52.63%
Wuhan BOE	47.14%	58.36%
Hefei BOE Zhuoyin Technology	75.00%	100.00%
Beijing Zhongxiangying Technology	91.10%	70.09%
Yunnan Invensight Optoelectronics Technology	79.10%	78.32%

(2) Impact of transactions on non-controlling interests and equity attributable to the shareholders of the Company:

The changes in the shareholding of the Company in the owners of above-mentioned other subsidiaries were caused by the non-proportional capital increase of shareholders and the acquisition of non-controlling interests, which results in the increase of capital reserves by RMB 56,866,309.

3. Interests in joint ventures and associates

No material restrictions on transfers of funds from investees to the Group. The judgement basis of the Company and its subsidiaries to hold lower than 20% of the voting rights of other entities but have significant influence on the entity is due to the fact that the Company and its subsidiaries have seats in the board of directors of the entity, and the Company and subsidiaries of the Company may have significant influence on the entity through the representation of the directors in the process of formulating financial and operating policies.

The Group has no material joint ventures or associates. Please see Note V.11 for details of the summarised financial information of the joint ventures and associates.

IX. Financial instruments and related risks

1. Risks of financial instruments

The Group's activities expose it to a variety of financial risks: mainly include credit risk, liquidity risk and market risk. The risk management policy of this group is outlined below.

(1) 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. The Group's credit risk is primarily attributable to receivables. Exposure to these credit risks is monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and the record of previous transactions. Receivables are due within 7 to 180 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. As at the balance sheet date, 38% (2024: 45%) of total accounts receivable and contract assets were due from the Group's five largest customers. In addition, the debtors of the Group that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of arrearage.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As at 31 December 2025, the Group did not provide any other guarantees which would expose the Group to credit risk.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

IX. Financial instruments and related risks (continued)

1. Risks of financial instruments (continued)

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The tables below summaries the maturity profile of the Group's financial liabilities and lease liabilities based on the undiscounted contractual cash flows:

2025

	Within 1 year or on demand (inclusive)	1 to 10 years (inclusive)	Over 10 years	Total
Short-term borrowings	3,710,310,846	-	-	3,710,310,846
Notes payable	1,380,128,604	-	-	1,380,128,604
Account payable	37,242,292,283	-	-	37,242,292,283
Other payable	20,889,438,382	-	-	20,889,438,382
Bonds payable (including the portion due within one year)	321,054,745	11,997,111,945	-	12,318,166,690
Long-term borrowings (including the portion due within one year)	28,674,780,710	108,541,547,318	1,304,955,124	138,521,283,152
Lease liabilities (including the portion due within one year)	202,102,808	755,396,243	-	957,499,051
Other non-current liabilities (including the portion due within one year)	-	2,247,628,813	-	2,247,628,813
Long-term payable (including the portion due within one year)	1,010,590,571	2,638,985,304	-	3,649,575,875
Total	93,430,698,949	126,180,669,623	1,304,955,124	220,916,323,696

IX. Financial instruments and related risks (continued)

1. Risks of financial instruments (continued)

(3) Market risk

Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings for fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates of variable rate instrument, with all other variables held constant, would decrease/increase the Group's net profit and shareholders' equity by RMB537,676,118 (2024: RMB502,550,533).

For non-derivative instruments at floating interest rates held at the balance sheet date that expose the Group to cash flow interest rate risk, the impact on net profit and owner's equity in the sensitivity analysis above reflects the effect of interest rate changes on interest expenses or income estimated on an annual basis. The analysis for the prior year was based on the same assumptions and methodologies.

Currency risk

In respect of cash at bank and on hand, accounts receivable and payable, and short-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) The Group's exposure as at 31 December to currency risk arising from recognised currency assets or liabilities is mainly denominated in US dollar. The amount of the USD exposure is net assets exposure USD3,037,027,933 (2024: net liabilities exposure: USD 2,564,028,518), translated into RMB 21,346,661,935 (2024: RMB 18,431,262,599), using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.
- (b) Assuming all other risk variables remained constant, a 5% strengthening/weakening of the Renminbi against the US dollar at 31 December would have decreased/increased both the Group's shareholders' equity and net profit by the amount RMB 939,351,220 (2024: decreased/increased RMB 792,219,870).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of currency financial statements. The analysis is performed on the same basis for the previous year.

IX. Financial instruments and related risks (continued)

2. Capital management

The Group's primary objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risks and by securing access to financing at a reasonable cost.

The Group defines "capital" as including all components of equity, less unaccrued proposed dividends. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. In this regard, factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio (total liabilities divided by total assets). The capital management strategies exerted by the Group remained unchanged from 2024. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, request new loans, issue new shares, or sell assets to reduce debt.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and to maintain an optimal capital structure to reduce the cost of capital.

X. Fair value disclosure

The following table presents the fair value information and fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level at which fair value measurement is categorised is determined by the lowest level input in the fair value hierarchy that is significant to the entire fair value measurement. The levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;
- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;
- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

X. Fair value disclosure (continued)

1. Assets and liabilities measured at fair value

2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
Financial assets held for trading	228,365,875	115,225,380	1,326,957,475	1,670,548,730
Including: Structured deposit and wealth management products	-	115,225,380	621,761,687	736,987,067
Investment in equity instruments	228,365,875	-	705,195,788	933,561,663
Receivable financing	-	-	585,672,349	585,672,349
Investments in other equity instruments	333,098,340	-	203,118,852	536,217,192
Other non-current financial assets	-	-	2,874,055,003	2,874,055,003
Including: Investment in equity instruments	-	-	2,874,055,003	2,874,055,003
Total	561,464,215	115,225,380	4,989,803,679	5,666,493,274

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

X. Fair value disclosure (continued)

1. Assets and liabilities measured at fair value (continued)

2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
Financial assets held for trading	316,768,188	100,126,575	2,699,541,200	3,116,435,963
Including: Structured deposit and wealth management products	-	100,126,575	2,679,701,925	2,779,828,500
Investment in equity instruments	316,768,188	-	19,839,275	336,607,463
Receivable financing	-	-	472,537,400	472,537,400
Investments in other equity instruments	257,558,368	-	183,813,447	441,371,815
Other non-current financial assets	-	-	2,735,680,042	2,735,680,042
Including: Investment in equity instruments	-	-	2,735,680,042	2,735,680,042
Total	<u>574,326,556</u>	<u>100,126,575</u>	<u>6,091,572,089</u>	<u>6,766,025,220</u>

2. Level 1 fair value measurement

The Group uses the active market quote as the fair value of financial assets within Level 1.

The fair value of listed equity instrument investment and debt investment is determined at the market price.

3. Level 2 fair value measurement

Interest rate swaps included in derivative financial instruments are measured using valuation techniques consistent with swap models and present value methods. The model incorporates multiple market-observable inputs, including the counterparty's credit quality, spot and forward exchange rates, and interest rate curves. The carrying amount of interest rate swaps equals their fair value. The mark-to-market value of derivative financial assets represents the net amount after adjusting for credit valuation adjustments attributable to counterparty default risk associated with derivative instruments. Changes in counterparty credit risk do not have a material effect on the assessment of hedge effectiveness for derivatives designated in hedging relationships, nor on other financial instruments measured at fair value.

X. Fair value disclosure (continued)

4. Level 3 fair value measurement

For wealth management products measured at fair value, the fair value is determined based on the discounted cash flow method.

Receivables financing are notes receivable with short remaining maturities, for which the fair value determined is equal to the original carrying amount.

For unlisted equity instrument investments, the Group measures their fair value by applying valuation techniques that are appropriate in the current circumstances and supported by sufficient available data and other information. The objective of using valuation techniques is to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Valuation techniques generally include the market approach, income approach and cost approach. The Group selects one or more of these valuation techniques based on actual circumstances to estimate the fair value of the relevant assets or liabilities. However, in limited circumstances, where recent information to determine fair value is insufficient, or where the range of reasonable fair value estimates is significant, and cost represents the best estimate of fair value within that range, cost may constitute an appropriate estimate of fair value within such range.

5. Fair value of assets and liabilities that are not measured at fair values

Fair value of long-term loans and bonds payable is determined by discounted future cash flow method with market yield of other financial instruments with similar contractual terms, credit risk and remaining period, which used as the discount rate. As at 31 December 2025, its own default risk of long-term loans was evaluated as insignificant.

XI. Related party relationships and transactions

1. Information about the parent of the Company

Name of the parent	Registered address	Nature of business	Registered capital	Proportion of ownership interest in the Company (%)	Proportion of voting power in the Company (%)
Beijing Electronics Holding Co., Ltd.	Area A, No.6, West 6th Street, Sanlitun, Chaoyang District, Beijing	Operation and management of state-owned assets within authorization, etc	7,007,391,319	0.73	12.45

The Company's ultimate controlling party is Beijing Electronics Holding Co., Ltd.

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VIII.1.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

XI. Related party relationships and transactions (continued)

3. Joint ventures and associates of the Company

Associates and joint ventures that have related party transactions with the Group during this year or the previous year are as follows:

Name of entity	Relationship with the Company
Genewise Bio Co., Ltd. (Note 1)	Associates of the Group
Chongqing Maite Optoelectronics Co., Ltd.	Associates of the Group
Anxian Technology (Suzhou) Co., Ltd.	Associates of the Group
Ziyang Shuzhi Health Technology Co., Ltd.	Associates of the Group
Hefei Xinjingyuan Electronic Materials Co., Ltd	Associates of the Group
Hefei Jiangcheng Technology Co.,Ltd	Associates of the Group
Beijing Nittan Electronics Co.,Ltd.	Associates of the Group
Beijing Xindongneng Investment Management Co., Ltd.	Associates of the Group
Beijing Nissin Electronics Precision Component Co., Ltd.	Associates of the Group
TPV Display Technology (China) Limited	Associates of the Group
Xianyang Rainbow Optoelectronics Technology Co., Ltd	Associates of the Group
Dongfang Juzhi (Beijing) Technology Innovation Co., Ltd. and its subsidiaries	Associates of the Group and its subsidiaries
Biochain (Beijing) Science & Technology, Inc. and its subsidiaries	Associates of the Group and its subsidiaries
VusionGroup SA and its subsidiaries	Associates of the Group and its subsidiaries
Cnoga Medical Ltd. and its subsidiaries	Associates of the Group and its subsidiaries
Dongfang Yiyun Technology Group Co., Ltd. and its subsidiaries(Note 2)	Associates of the Group and its subsidiaries

Note 1: In 2025, Beijing BOE Microbiology Technology Co., Ltd. changed its name to Genewise Bio Co., Ltd.

Note 2: In 2025, Beijing BOE Art Cloud Technology Co., Ltd. changed its name to Dongfang Yiyun Technology Group Co., Ltd.

4. Other related parties

	Related party relationships
Beijing Electronics Holding Co., Ltd. and its subsidiaries	Controlling shareholder of the Company and under the same control of the ultimate holding company
Shanghai National Engineering Research Center of Digital Television Co., Ltd.	Associate of enterprise that is under the same control of the ultimate holding company
Shanghai New Vision Microelectronics Co., Ltd. and its subsidiaries	Associate of enterprise that is under the same control of the ultimate holding company
Beijing Jiaxun Feihong Electric Co., Ltd. and its subsidiaries	Others
Beijing DeHeng Law Office	Others
Hua Xia Bank Co., Ltd.	Others
China Minsheng Banking Corporation Limited	Others

Note: Hua Xia Bank Co., Ltd. was no longer a related party of the Company on 29 October 2025. China Minsheng Banking Corporation Limited was no longer a related party of the Company on 31 October 2024.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

XI. Related party relationships and transactions (continued)

5. Related party transactions

The transactions below with related parties were conducted under normal commercial terms or relevant agreements.

(1) Purchases of goods and receiving of services from related parties

	2025	2024
Purchase of goods	821,964,710	1,036,110,867
Procurement of equipment	843,776,423	342,397,862
Receiving services	53,164,555	22,275,482
Payment of interest expenses	<u>4,398,172</u>	<u>29,228,902</u>
Total	<u><u>1,723,303,860</u></u>	<u><u>1,430,013,113</u></u>

(2) Sale of goods/rendering of services from related parties

	2025	2024
Sale of goods	2,210,762,312	3,276,078,507
Rendering of services	13,586,849	21,374,733
Interest income received	<u>20,661,288</u>	<u>38,696,473</u>
Total	<u><u>2,245,010,449</u></u>	<u><u>3,336,149,713</u></u>

(3) Leases

As the lessor

Type of assets leased	Lease income recognised in 2025	Lease income recognised in 2024
Investment properties	7,285,922	12,234,810

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

XI. Related party relationships and transactions (continued)

5. Related party transactions (continued)

(3) Leases (continued)

As a lessee

2025

	Type of assets leased	Rental expenses for practical expedient of short-term leases and the leases of low-value assets	Variable lease payments not included in the measurement of the lease liability	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
Beijing Electric Control Subsidiary	Fixed assets	2,113,959	4,258,747	66,601	3,864	1,545,796

2024

	Type of assets leased	Rental expenses for practical expedient of short-term leases and the leases of low-value assets	Variable lease payments not included in the measurement of the lease liability	Rental payments	Assumed interest expenses from lease liabilities	Increased right-of-use assets
Beijing Electric Control Subsidiary	Fixed assets	1,156,657	-	1,625,411	9,049	-
Associated enterprises of the Group	Fixed assets	341,135	-	-	-	-

(4) Remuneration of key management personnel

	2025	2024
Remuneration of key management personnel	48.48 million yuan	62.88 million yuan

The remuneration of key management personnel above does not include the one with respect to share-based payments scheme.

BOE Technology Group Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 December 2025

XI. Related party relationships and transactions (continued)

6. Receivables from and payables to related parties

(1) Receivables from related parties

	2025		2024	
	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Cash at bank and on hand	-	-	612,658,442	-
Accounts receivable	653,340,278	5,343,349	765,108,795	5,276,893
Prepayments	6,734,257	-	6,032,969	-
Other receivables	174,498,869	-	1,521,951	-
Contract assets	356,204	-	439,180	-
Other non-current assets	29,267,926	-	55,227,648	-

(2) Payables to related parties

	2025	2024
Accounts payable	233,053,726	314,617,966
Receipts in advance	204,018	202,505
Contract liabilities	17,414,743	15,549,505
Other payables	484,395,610	254,993,110
Current portion of non-current liabilities	-	6,358,950
Short-term borrowings	-	50,043,389
Long-term borrowings	-	98,608,350

7. Commitments of the related parties

As at balance sheet date, the commitments of the related parties, which are signed but not listed in financial statement are as following:

	2025	2024
Procurement of equipment	<u>264,512,396</u>	<u>237,948,651</u>

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XII. Share-based payments

1. Equity instruments

Equity instrument are as follows:

	Granted during the year	Exercised during the year	Unlocked during the year	Forfeited during the year
	Quantity	Quantity	Quantity	Quantity
Senior management appointed by the Board of Directors	-	-	3,608,715	-
Technical experts, middle management and above level	-	-	85,487,825	2,252,839
Manager, senior technical cadre	-	-	-	179,807,865
Total	-	-	89,096,540	182,060,704

Equity instruments outstanding at the end of the year:

	Share options outstanding at the end of the year		Other equity instruments	
	Range of exercise prices	Remaining contractual life	Range of exercise prices	Remaining contractual life
Manager, senior technical cadre	RMB 5.479 /share	0.5 year	/	/

2. Equity-settled share-based payments

On 17 November 2020, the Board of Directors of the Company approved the implementation of share options and restricted share incentive plans from 2020. The shares for the share options and restricted share incentive plans are from the Company's Renminbi A-share ordinary shares repurchased from secondary market. Among them, the first-phase stock option and restricted share incentive plan has met all the exercisable conditions in 2024 and prior years. The details of the second-phase stock option incentive plan are as follows:

Grant date was 27 August 2021, the actual number of grantees was 110, and the number of grants is 33,000,000 shares, this grant was completed on 22 October 2021.

The share options are exercised in three phases after 24 months from the grant date. The exercise ratios for each phase are 34%, 33%, and 33%, respectively. The corresponding exercise dates are 2 years, 3 years, and 4 years from the grant date.

When the Company's performance meets the corresponding criteria, the proportion of exercisable rights of the above-mentioned share options is determined based on the business performance of the incentive object's operation and the contribution value of the incentive object. In accordance with the plan, the Company will deregister the current exercisable shares of the options obtained by the incentive objects if the exercise criteria stipulated in this plan are not met.

The costs of equity-settled share-based payments recognised for the 2025 year were RMB1,472,291, and the accumulated amount of equity-settled share-based payments recognised in the capital reserve amounted to RMB1,706,903,200.

XII. Share-based payments (continued)

2. Equity-settled share-based payments (continued)

The fair value of equity instruments at the grant date is determined based on the assessed fair value of the exercisable share options at each grant date;

At each balance sheet date during the vesting period, the best estimation is made according to the latest information, such as the number of employees who are granted options and the completion of performance indicators, and the number of equity instruments expected to vest is revised accordingly. On the vesting date, the estimated number is equal to the number of equity instruments that are ultimately vested.

XIII. Commitments

1. Significant commitments

	2025	2024
Contracts entered into but not performed or partially performed	13,708,563,799	28,280,123,927
Contracts authorised but not entered into	<u>69,745,879,437</u>	<u>85,050,646,514</u>
Total	<u>83,454,443,236</u>	<u>113,330,770,441</u>

The Group's contracts authorised but not entered into mainly included fixed assets and project equipment planned to purchase in subsequent years.

2. Contingencies

As of 31 December 2025, the Group has no material contingent liabilities requiring disclosure.

XIV. Events after the balance sheet date

On March 30, 2026, the Board of Directors of the Company held a meeting and proposed the profit distribution plan for the year 2025, recommending a cash dividend distribution of RMB 2,074,482,372 (i.e., a cash dividend of RMB 0.56 per 10 shares).

XV. Other significant events

1. Segment reporting considerations

The Group management reviews the operation performance and allocates resources according to the business segments below.

- (a) Display business — The display business integrates design and manufacturing of display devices and strives to offer TFT-LCD, AMOLED and other intelligent interface devices. This business focuses on providing high-quality smartphones, tablet PCs, laptops, monitors, TVs, vehicles and other display devices for customers.
- (b) IoT Innovation Business - Design integrated manufacturing models for system solutions, provide customers with highly competitive smart terminal products in fields such as tablets, laptops, displays, televisions, low-power consumption, IoT, 3D displays, etc., and create innovative IoT products and services that integrate software and hardware by integrating AI and big data functions.
- (c) Sensing Business - Design integrated manufacturing models for system solutions, focusing on FPXD, smart windows, industrial sensing, MEMS, and glass based sealing loading plate businesses. We provide customers with products and services including X-ray flat panel detector backboards, intelligent dimming windows and dimming system solutions, consumer electronics and industrial application solutions, advanced packaging carriers, and more.
- (d) MLED business - integrated model for research, development, manufacturing, sales, and integration of LED display solutions, focusing on devices and solutions, providing high-quality and highly reliable LED backlight products for TV, display, laptop, car, and other fields; besides, it provides Mini/Micro-LED display products with high brightness, strong reliability and high contrast for use in outdoor display, commercial display, transparent display, special display and other scenarios.
- (e) Smart medicine and engineering business - The smart medicine and engineering business is a professional service model, providing services and solutions in healthcare, intelligent rehabilitation, and medical-engineering integration products. Meanwhile, the smart medicine and engineering business is committed to building a closed loop of full-cycle health services with health management as the core, medical-engineering terminals as the traction, digital hospitals and rehabilitation communities as the support, to create an intelligent health management ecosystem, to connect testing equipment, healthcare personnel and customers, and to provide customers with the "prevision-treatment-nursing" full-chained health services.
- (f) Others - In addition to the above businesses, the Group provides software-hardware fusion and system integration solutions for different industries. Specifically, it includes multiple sub areas such as smart car connectivity, smart energy, industrial connectivity, and ultra high definition displays, providing customers with multifunctional and intelligent IoT sub scenarios and new experiences.

The main reason to separate the segments is that the Group independently manages the display business, IoT innovation business, sensor and application solutions, MLED and smart medicine and engineering and other businesses. As these business segments manufacture and sale different products, apply different manufacturing processes and specifies in gross profit, the business segments are managed independently. The management evaluates the performance and allocates resources according to the profit of each business segment and does not take financing cost and investment income into account.

XV. Other significant events (continued)

2. Accounting policies for the measurements of reporting segments

For the purposes of assessing segment performance, the Group's management regularly reviews the revenue and costs attributable to each reportable segment. Inter-segment sales are determined with reference to prices charged to external parties for similar orders.

	2025						Total
	Display business	IoT innovation business	Sensor business	MLED business	Smart medicine & engineering business	Others and offsetting	
Revenue	166,417,015,418	38,949,236,781	587,444,558	9,316,052,632	1,902,021,967	(12,581,548,468)	204,590,222,888
Cost of sales	144,918,410,654	34,398,776,981	429,092,455	8,755,995,359	1,918,849,507	(17,819,080,945)	172,602,044,011
	2024						Total
	Display business	IoT innovation business	Sensor business	MLED business	Smart medicine & engineering business	Others and offsetting	
Revenue	165,003,592,549	33,828,880,608	386,471,446	8,483,421,034	1,839,415,166	(11,161,175,142)	198,380,605,661
Cost of sales	143,955,472,188	30,247,926,452	304,425,278	7,993,316,575	1,899,758,297	(16,178,949,217)	168,221,949,573

The Group develops various businesses by using common assets and liabilities and therefore, it could not analyse assets and liabilities of each reportable segment respectively by business

XV. Other significant events (continued)

3. Secondary segment reporting (regional segments)

External revenue

The following table sets out information about the geographical location of the Group's operating income from external customers:

	<u>Operating income from external customers</u>	
	2025	2024
Mainland China	102,754,305,370	99,522,213,629
Other regions	<u>101,835,917,518</u>	<u>98,858,392,032</u>
Total	<u>204,590,222,888</u>	<u>198,380,605,661</u>

The geographical information is based on the location of customers receiving the services or goods.

Non-current assets

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and joint ventures. Most of the non-current assets in the Group are located in the Mainland China.

4. Major customers

The Group has 1 customer (2024: 1), the operating income from which is over 10% of the Group's total operating income. Revenue from this customer amounted to RMB 27,361,878,462 yuan (2024: RMB 29,896,086,331 yuan).

XVI. Notes to key items of the company financial statements

1. Accounts receivable

(1) An ageing analysis of accounts receivable is as follows:

	2025	2024
Within 1 year	1,757,974,878	3,217,732,115
1 to 2 years	102,626,142	1,322,026
2 to 3 years	1,028,594	785,947
Over 3 years	<u>340,611,524</u>	<u>340,575,549</u>
	2,202,241,138	3,560,415,637
Less: Provision for bad and doubtful debts	<u>3,248,761</u>	<u>3,248,761</u>
Total	<u>2,198,992,377</u>	<u>3,557,166,876</u>

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XVIII. Notes to key items of the company financial statements (continued)

1. Accounts receivable (continued)

(2) Accounts receivable by provisioning method

2025

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Customers with high credit risk	3,248,761	0.15	3,248,761	100.00	-
- Customers with low credit risk	2,198,784,663	99.84	-	-	2,198,784,663
Collective assessment					
- Customers with medium credit risk	207,714	0.01	-	-	207,714
Total	2,202,241,138	100.00	3,248,761	0.15	2,198,992,377

2024

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Customers with high credit risk	3,248,761	0.09	3,248,761	100.00	-
- Customers with low credit risk	3,556,844,804	99.90	-	-	3,556,844,804
Collective assessment					
- Customers with medium credit risk	322,072	0.01	-	-	322,072
Total	3,560,415,637	100.00	3,248,761	0.09	3,557,166,876

(a) Criteria for collective assessment and details

Customer group	Basis
Customers with high credit risk	With special matters, litigations or the deterioration of customers' credit status
Customers with low credit risk	Banks, insurance companies, large state-owned enterprises and public institutions
Customers with medium credit risk	Customers not included in groups above

XVIII. Notes to key items of the company financial statements (continued)

1. Accounts receivable (continued)

(2) Accounts receivable by provisioning method (continued)

(b) Assessment of ECLs on accounts receivable

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the expected loss rate. According to the Group's historical experience, different loss models are applicable to different customer groups.

(3) Details of allowance for doubtful debts

Movements of provisions for bad and doubtful debts:

	Balance at the beginning and end of the year
Customers with high credit risk	3,248,761

(4) Five largest accounts receivable and contract assets by debtor at the end of the year

As at 31 December 2025, the company of the five largest accounts receivable and contract assets of the Group at the end of the year is RMB1,831,932,830, representing 83% of the total accounts receivable and contract assets.

2. Other receivables

	2025	2024
Dividends receivable	457,514,291	1,625,667,171
Others	<u>21,793,810,012</u>	<u>30,450,047,947</u>
Total	<u>22,251,324,303</u>	<u>32,075,715,118</u>

Others

(1) The ageing analysis of the Group's other receivables is as follows

	2025	2024
Within 1 year	4,273,657,247	14,613,008,207
1 to 2 years	6,491,909,842	15,566,224,475
2 to 3 years	10,831,614,742	133,433,055
Over 3 years	<u>200,586,721</u>	<u>141,331,367</u>
	21,797,768,552	30,453,997,104
Less: Provision for bad and doubtful debts	<u>3,958,540</u>	<u>3,949,157</u>
Total	<u>21,793,810,012</u>	<u>30,450,047,947</u>

The ageing is counted starting from the date when other receivables are recognised.

XVIII. Notes to key items of the company financial statements (continued)

2. Other receivables (continued)

(2) The other receivables categorised by nature

	2025	2024
Current accounts (Note)	21,548,637,554	30,195,532,432
Others	249,130,998	258,464,672
	<u>21,797,768,552</u>	<u>30,453,997,104</u>
Less: Provision for bad and doubtful debts	<u>3,958,540</u>	<u>3,949,157</u>
Total	<u><u>21,793,810,012</u></u>	<u><u>30,450,047,947</u></u>

Note : As of 31 December 2025 and 31 December 2024, the company's current accounts mainly consisted of loans receivable from subsidiaries.

(3) Other receivables by provisioning method

2025

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Amounts with high credit risk	3,958,540	0.02	3,958,540	100.00	-
- Amounts with low credit risk	<u>21,793,810,012</u>	<u>99.98</u>	<u>-</u>	<u>-</u>	<u>21,793,810,012</u>
Total	<u><u>21,797,768,552</u></u>	<u><u>100.00</u></u>	<u><u>3,958,540</u></u>	<u><u>0.02</u></u>	<u><u>21,793,810,012</u></u>

2024

	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment					
- Amounts with high credit risk	3,949,157	0.01	3,949,157	100.00	-
- Amounts with low credit risk	<u>30,450,047,947</u>	<u>99.99</u>	<u>-</u>	<u>-</u>	<u>30,450,047,947</u>
Total	<u><u>30,453,997,104</u></u>	<u><u>100.00</u></u>	<u><u>3,949,157</u></u>	<u><u>0.01</u></u>	<u><u>30,450,047,947</u></u>

XVIII. Notes to key items of the company financial statements (continued)

2. Other receivables (continued)

(3) Other receivables by provisioning method (continued)

The movements of the provision for bad debts provided for other receivables based on 12-month ECL and lifetime ECL respectively are as follows :

	Stage 3 Lifetime ECL (credit-impaired)
Balance at the beginning of the year	3,949,157
Additions during the year	<u>9,383</u>
Balance at the end of the year	<u><u>3,958,540</u></u>

(4) Five largest other receivables by debtor at the end of the year

As of 31 December 2025, the top five other accounts receivable in the company's book balance amounted to RMB17,171,574,287, accounting for 79% of the total year-end balance of other accounts receivable. The nature of the accounts receivable is mainly loans from subsidiaries, and after evaluation, no provision for bad debts is required.

3. Long-term equity investments

	2025	2024
Investments in subsidiaries	215,951,719,233	200,829,541,576
Investments in associates and joint ventures	<u>7,167,349,953</u>	<u>2,362,000,389</u>
Total	<u><u>223,119,069,186</u></u>	<u><u>203,191,541,965</u></u>

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XVIII. Notes to key items of the company financial statements (continued)

3. Long-term equity investments (continued)

Investments in subsidiaries

Name of entity	Movements during the year					Balance of provision for impairment at the beginning of the year	Balance of provision for impairment at the end of the year
	Balance at the beginning of the year	Increase in investments	Share-based payments	Reductions during the year	Balance at the end of the year		
Chengdu BOE Optoelectronics Technology Co., Ltd.	25,144,351,769	-	122,344	-	25,144,474,113	-	-
Mianyang BOE Optoelectronics Technology Co., Ltd.	22,349,926,566	-	(170,241)	-	22,349,756,325	-	-
Fuzhou BOE Optoelectronics Technology Co., Ltd.	15,245,602,817	444,468,133	40,579	-	15,690,111,529	-	-
Wuhan BOE	12,533,302,733	-	-	-	12,533,302,733	-	-
Ordos Yuansheng Optoelectronics Co., Ltd.	11,817,053,346	-	-	-	11,817,053,346	-	-
Hefei Xinsheng Optoelectronics Technology Co., Ltd.	10,430,796,372	-	284,661	-	10,431,081,033	-	-
BOE Healthcare Investment & Management Co., Ltd.	10,136,833,696	1,030,000,000	-	-	11,166,833,696	-	-
Chongqing BOE Display	10,019,599,110	-	41,186	-	10,019,640,296	-	-
Beijing BOE Display Technology Co., Ltd.	9,049,663,743	-	324,964	-	9,049,988,707	-	-
Hefei Display Technology	8,984,024,522	-	-	-	8,984,024,522	-	-
Chengdu BOE Display Sci-tech	7,562,546,220	-	(48,503)	-	7,562,497,717	-	-
Chuangyuan Technology	7,427,158,963	4,075,108,700	(47,897)	-	11,502,219,766	-	-
Nanjing Display Technology	5,604,272,903	-	(48,503)	-	5,604,224,400	-	-
Beijing BOE Vision-electronic Technology Co., Ltd.	5,157,858,263	250,000,000	-	-	5,407,858,263	-	-
BOE Innovation Investment Co., Ltd.	4,777,308,507	1,032,500,000	-	-	5,809,808,507	-	-
Beijing BOE Sensing Technology Co., Ltd.	4,589,006,285	206,000,000	(129,662)	-	4,794,876,623	-	-
Chengdu Display Technology	4,499,865,000	6,999,535,000	40,579	-	11,499,440,579	-	-
Chongqing BOE Optoelectronics Technology Co., Ltd.	4,228,393,682	-	40,579	-	4,228,434,261	-	-
BOE Optoelectronics Holding Co., Ltd.	3,487,684,762	-	-	-	3,487,684,762	-	-
Smart Technology	2,936,444,400	72,210,000	-	-	3,008,654,400	-	-
Hefei BOE Optoelectronics Technology Co., Ltd.	2,779,559,286	-	-	-	2,779,559,286	-	-
BOE HC SemiTek Corporation	2,083,597,236	-	-	-	2,083,597,236	-	-
BOE Mled Technology Co., Ltd.	1,640,914,551	417,000,000	81,158	-	2,057,995,709	-	-
Yunnan Invensight Optoelectronics Technology Co., Ltd.	1,522,715,006	-	(170,241)	-	1,522,544,765	-	-
Mianyang Electronics Technology	1,467,000,000	113,000,000	-	-	1,580,000,000	-	-
BOE (Hebei) Mobile Technology Co., Ltd.	1,356,796,294	-	-	-	1,356,796,294	-	-
Beijing BOE Energy Technology Co., Ltd.	858,892,813	-	-	-	858,892,813	-	-
BOE Optical Science and technology Co., Ltd.	670,638,292	-	40,579	-	670,678,871	-	-
Hefei BOE Zhuyin Technology Co., Ltd.	606,269,816	276,401,977	-	-	882,671,793	-	-
Hefei BOE Xingyu Technology Co., Ltd.	507,153,667	-	-	-	507,153,667	-	-
Beijing Yinghe Century Co., Ltd.	360,643,405	-	40,579	-	360,683,984	-	-
Beijing BOE Solar Energy Technology Co., Ltd.	221,274,084	30,000,000	-	-	251,274,084	-	-
Beijing Shiyao Technology Co., Ltd.	168,899,524	-	-	-	168,899,524	-	-
Beijing Zhongxiangying Technologies Co., Ltd.	102,547,815	-	-	-	102,547,815	-	-
BOE Hyundai LCD (Beijing) Display Technology Co., Ltd.	42,614,481	-	-	-	42,614,481	-	-
Beijing BOE Marketing Co., Ltd.	32,139,650	-	-	-	32,139,650	-	-
Fuzhou BOE Display	23,060,520	-	-	-	23,060,520	-	-
Beijing BOE Vacuum Electronics Co., Ltd.	20,211,313	-	-	-	20,211,313	-	-
Dongfang Chengqi (Beijing) Business Technology Co., Ltd.	16,614,833	-	-	-	16,614,833	-	-
Beijing BOE Technology Development Co., Ltd.	13,156,190	-	-	-	13,156,190	-	-
Beijing BOE Land Co., Ltd.	10,236,970	-	-	-	10,236,970	-	-
Beijing BOE Life Technology Co., Ltd.	10,000,000	-	-	-	10,000,000	-	-
BOE KOREA Co., Ltd.	9,638,256	-	-	-	9,638,256	-	-
Beijing BOE Semi-conductor Co., Ltd.	9,450,000	-	-	-	9,450,000	-	-
Beijing Matsushita Colour Innovation Co., Ltd.	6,797,248	-	-	-	6,797,248	-	-
Beijing BOE Materials Technology Co., Ltd.	-	175,000,000	-	-	175,000,000	-	-
Others (note)	307,026,667	-	511,686	-	307,538,353	-	-
Total	200,829,541,576	15,121,223,810	953,847	-	215,951,719,233	-	-

Note: Others represented equity-settled share-based payments granted by the Company to employees of other subsidiaries.

For information about the major subsidiaries of the Company, refer to Note VIII.1.

XVIII. Notes to key items of the company financial statements (continued)

3. Long-term equity investments (continued)

Investment in joint ventures and associates

	Balance at the beginning of the year Book value	Balance at the beginning of the year Provision for impairment	Movements during the year						Balance at the end of the year Book value	Balance at the end of the year Provision for impairment
			Additions during the year	Reductions during the year	Investment (loss) /income under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends		
Associates										
Beijing Xindongneng Investment Fund (Limited Partnership)	922,008,650	-	-	-	8,470,345	(5,384,695)	-	(205,607,242)	719,487,058	-
Erdos BOE Energy Investment Co., Ltd.	135,677,369	-	-	-	(448,410)	-	-	-	135,228,959	-
Others	1,304,314,370	-	5,090,723,466	-	80,102,410	43,732,762	(21,939,236)	(184,299,836)	6,312,633,936	-
Total	2,362,000,389	-	5,090,723,466	-	88,124,345	38,348,067	(21,939,236)	(389,907,078)	7,167,349,953	-

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XVIII. Notes to key items of the company financial statements (continued)

4. Other payables

	2025	2024
Dividends payable	6,451,170	6,451,170
Other payables	<u>3,541,040,003</u>	<u>3,464,889,503</u>
Total	<u><u>3,547,491,173</u></u>	<u><u>3,471,340,673</u></u>

Other payables

(1) The Company's other payables by category are as follows

	2025	2024
Amounts due to / from subsidiaries	2,829,255,955	3,075,540,118
Equity transfer consideration	492,419,483	-
Repurchase obligation of restricted shares	-	211,839,210
Purchase of projects, equipment and intangible assets	136,799,852	94,897,198
Others	<u>82,564,713</u>	<u>82,612,977</u>
Total	<u><u>3,541,040,003</u></u>	<u><u>3,464,889,503</u></u>

5. Long-term borrowings

	2025	2024
Unsecured borrowings	47,002,821,293	52,243,655,504
Less: Long-term borrowings due within one year	<u>7,337,560,293</u>	<u>10,986,055,504</u>
Total	<u><u>39,665,261,000</u></u>	<u><u>41,257,600,000</u></u>

The interest rate of RMB long-term loans for the Company ranged from 1.20% to 2.90% in 2025 (2024: 1.20% to 3.10%).

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6. Operating income and operating costs

(1) Operating income and operating costs

	2025		2024	
	Income	Cost	Income	Cost
Principal activities	4,861,848,847	24,566,651	5,514,699,140	9,430,925
Other operating activities	<u>98,818,512</u>	<u>13,273,953</u>	<u>43,411,212</u>	<u>2,028,596</u>
Total	<u>4,960,667,359</u>	<u>37,840,604</u>	<u>5,558,110,352</u>	<u>11,459,521</u>
Including: Revenue from contracts with customers	4,850,735,213	24,045,224	5,452,693,863	1,788,997
Other income	109,932,146	13,795,380	105,416,489	9,670,524

7. Investment income

	2025	2024
Income from long-term equity investments accounted for using the cost method	1,233,764,543	2,113,201,157
Income/(loss) from long-term equity investments accounted for using the equity method	88,124,345	(476,270,739)
Investment income from disposal of long-term equity investments	4,462,440	-
Others	<u>12,053,375</u>	<u>71,214,434</u>
Total	<u>1,338,404,703</u>	<u>1,708,144,852</u>

1. Non-recurring Gains and Losses: Items and Amounts

	2025
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	467,024,249
Public subsidies charged to current profits and losses (exclusive of public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses)	1,156,541,377
The profits or losses generated from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and the profits or losses from the disposal of such financial assets and financial liabilities, except for the effective hedging business related to the company's normal business operations	490,447,697
Reversal of provision for impairment of receivables that have been individually tested for impairment	6,137,798
The income generated when the investment cost of acquiring subsidiaries, associates, and joint ventures is less than the fair value of the identifiable net assets of the invested entity that the enterprise should enjoy when obtaining the investment	242,086,567
Non-operating income and expenses other than the above	28,513,604
Sub-total	<u>2,390,751,292</u>
Income tax effects	<u>450,136,684</u>
Non-controlling interests effects after taxation	<u>313,987,379</u>
Total	<u><u>1,626,627,229</u></u>

2. Return on net assets and earnings per share

	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	4.39	0.16	0.16
Net profits attributable to ordinary shareholders of the Company before non-recurring gains and losses	3.17	0.11	0.11