

Audit Report

Type of audit opinion	Standard unqualified opinion
Date of audit report	April 1, 2026
Name of audit firm	Pan-China Certified Public Accountants
Audit report reference number	T.J.S. [2026] No. 11-338
Name of certified public accountant	Li Yuanliang and Peng Yahui

Audit Report

To all shareholders of Changhong Meiling Co., Ltd.:

(I) Audit opinion

We have audited the financial statements of Changhong Meiling Co., Ltd. (hereinafter referred to as “Changhong Meiling”), including the consolidated and parent company balance sheets as of December 31, 2025, the consolidated and parent company income statements, consolidated and parent company cash flow statements, consolidated and parent company statements of changes in equity for the year ended December 31, 2025, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of Changhong Meiling as of December 31, 2025, and its consolidated and parent company operating results and cash flows for the year then ended, in accordance with the accounting standards for enterprises.

(II) Basis for forming the audit opinion

We conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. The section “Responsibilities of certified public accountants for the audit of financial statements” in the audit report further explains our responsibilities under these standards. In accordance with the *Code of*

Independence for Certified Public Accountants No. 1 — Requirements for Independence in Financial Statement Audit and Review Engagements and the Code of Ethics for Certified Public Accountants in China, we are independent of Changhong Meiling and have fulfilled our other ethical responsibilities. We have complied with the independence requirements for audits of entities of public interest. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(III) Key audit matters

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

(I) Operating revenue recognition

1. Matter description

For related disclosures, see Notes 3(30) and 5(2)1 to the financial statements.

Changhong Meiling's sales revenue primarily derives from sales of refrigerators (cabinets), air conditioners, washing machines, small home appliances, and kitchen and bathroom appliances to domestic and overseas customers. For the year 2025, operating revenue amounted to RMB 3,040,792.65 million, of which revenue from refrigerators (cabinets), air conditioners, and washing machines amounted to RMB 2,853,390.02 million, representing 93.84% of total operating revenue.

As operating revenue is one of Changhong Meiling's key performance indicators, there is an inherent risk that management might recognize revenue inappropriately to achieve specific targets or expectations. Therefore, we identified revenue recognition as a key audit matter.

2. Audit response

Regarding operating revenue recognition, our audit procedures mainly included:

(1) Understanding the key internal controls related to revenue recognition, evaluating their design, determining whether they were implemented, and testing the operating effectiveness of relevant internal controls;

(2) Examining sales contracts to understand key terms or conditions, and evaluating whether the revenue recognition method is appropriate;

(3) Performing analytical procedures on operating revenue and gross margin by month, product, and customer to identify significant or unusual fluctuations and investigating the causes;

(4) For domestic sales revenue, selecting samples to inspect supporting documents including sales contracts, orders, sales invoices, delivery notes, customer account statements, and delivery receipts; for export revenue, obtaining electronic port data and reconciling with accounting records, and selecting samples to inspect supporting documents including sales contracts, export customs declarations, bills of lading, and sales invoices;

(5) Performing accounts receivable confirmations by selecting specific samples and sending confirmation letters to major customers regarding current period sales;

(6) Performing cut-off tests to verify that revenue was recognized in the appropriate period;

(7) Checking whether operating revenue-related information has been properly disclosed in the financial statements.

(II) Capitalization of research and development expenditures

1. Matter description

For related disclosures, see Notes 3(21), 5(1)19, and 6 to the financial statements.

As of December 31, 2025, the Company's R&D was focused on refrigerator,

washing machine, and air conditioner projects. In 2025, the Company capitalized a total of RMB 244,860,276.26 of expenditures incurred in the process of developing patented and non-patented technologies as development costs.

R&D expenditures can only be capitalized when all capitalization criteria listed in Note 3(21) are simultaneously met. Determining whether R&D expenditures meet all capitalization criteria requires significant accounting estimates and judgments by management; therefore, we identified capitalization of R&D expenditures as a key audit matter.

2. Audit response

Our audit procedures regarding capitalization of R&D expenditures mainly included:

(1) Understanding the scope and accounting treatment of R&D expenditures, understanding key controls over R&D capitalization, and testing the operating effectiveness of relevant internal controls;

(2) Understanding the Company's accounting policies for R&D capitalization and evaluating their compliance with the relevant provisions of the accounting standards for enterprises;

(3) Obtaining detailed R&D expenditure schedules, performing analytical procedures, selecting specific samples to inspect supporting documents for R&D expenditures, evaluating whether the aggregation of R&D costs is appropriate and whether the expenditures are genuine;

(4) Obtaining and examining project initiation reports, small-batch trial production evaluation reports, trial production review reports, and acceptance reports for projects in the development stage, and interviewing management to evaluate the appropriateness of management's judgments on project feasibility and the reasonableness of capitalization timing;

(5) Checking whether capitalization-related information has been appropriately

disclosed in the financial statements.

(IV) Other information

The management of Changhong Meiling (hereinafter referred to as “management”) is responsible for other information. Other information includes information presented in the annual report, but does not include the financial statements or our audit report.

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

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

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

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

Management is responsible for the preparation of the financial statements in accordance with accounting standards for enterprises so that they fairly present the financial position and operating results, and for designing, implementing, and maintaining internal control as management determines necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Changhong Meiling’s ability to continue as a going concern, disclosing matters related to going concern (as applicable), and using the going concern assumption unless management intends to liquidate, cease operations, or has no realistic

alternative.

The board of directors and supervisory committee of Changhong Meiling (hereinafter referred to as “those charged with governance”) are responsible for overseeing the Company’s financial reporting process.

(VI) Responsibilities of certified public accountants for the audit of financial statements

Our objective is 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably influence the economic decisions of users taken on the basis of the financial statements.

In performing an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following procedures:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and implement audit procedures to respond to those risks, and obtain sufficient and appropriate audit evidence as the basis for our audit opinion. Because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls, the risk of not detecting a material misstatement due to fraud is higher than that due to error.

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

(III) Evaluate the appropriateness of accounting policies selected by management and the reasonableness of accounting estimates and related disclosures.

(IV) Conclude on the appropriateness of management’s use of the going concern

assumption. At the same time, based on the audit evidence obtained, conclude whether there are any significant uncertainties related to events or conditions that may cast significant doubt on the ability of Changhong Meiling to continue as a going concern. If we conclude that there is a significant uncertainty, auditing standards require us to draw attention in the audit report to the related disclosures in the financial statements; if such disclosures are inadequate, we should express a modified opinion. Our conclusions are based on information available as of the date of the audit report. However, future events or conditions may cause Changhong Meiling to be unable to continue as a going concern.

(V) 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 fairly.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Changhong Meiling to express an audit opinion on the financial statements. We are responsible for directing, supervising, and performing the group audit, and bear full responsibility for the audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control identified during the audit.

We also provide statements to those charged with governance regarding compliance with ethical requirements related to independence, and communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, as well as related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine which matters were of most significance in the audit of the current period financial statements, and thus constitute key audit matters. We describe these matters in the audit report unless law or regulation prohibits public disclosure of the matter, or

in the rare circumstances where the adverse consequences of communicating a matter in the audit report would reasonably be expected to outweigh the public interest benefits of such communication, we determine that the matter should not be communicated in the audit report.

Pan-China Certified Public Accountants LLP Chinese Certified Public Accountants:
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Chinese Certified Public Accountants:

Peng Yahui

April 1, 2026