



Guangdong Dongfang Precision Science & Technology Co., Ltd.

Annual Report 2025

【Date of Disclosure】 24 March 2026

Message to Our Shareholders

Another year has passed, marked by solid progress and tangible achievements. In 2025, industrial transformation advanced relentlessly across the globe, and new quality productive forces showed the way forward for those with the courage to explore.

The year marked the 30th anniversary of Dongfang Precision, a significant milestone. Over three decades, we have weathered challenges and advanced with perseverance. In the year, we stood at a pivotal juncture bridging the previous and forthcoming 15th Five-Year Plan period. While maintaining our foundation of sound operations, we also took decisive action to initiate the most profound strategic focus and self-transformation since our cross-border acquisition in 2014.

First and foremost, this is a testament to “stability”.

Over the past year, despite a complex external environment, all employees of Dongfang Precision upheld a long-term perspective, ensuring strong resilience in our core business. In 2025, the Company recorded operating revenue of RMB5,229 million; and net profit attributable to owners of the parent company reached RMB725 million, representing a year-on-year increase of 44.88%. This growth was driven not only by our refined cost management and efficient supply chain coordination, but also by our deep-rooted presence in global markets. From mature markets in Europe and the United States to emerging regions such as Southeast Asia and Latin America, Dongfang Precision’s intelligent equipment and services continued to serve customers in over 100 countries and regions worldwide with enhanced efficiency.

However, the true theme of 2025 was “change”.

This year, we undertook a profound process of “subtraction”, which in essence enabled a greater “addition”.

On 28 November 2025, we announced a strategic decision: to propose the sale of 100% equity in three companies, namely the Fosber Group, Fosber Asia, and Tiruña Asia. This marked a significant asset restructuring in the Company’s history and reflected our original aspiration in making strategic trade-offs. Drawing on decades of accumulated capabilities in high-end equipment manufacturing and industrial integration, we are firmly committed to shifting our strategic focus towards technological upgrading.

1. Advancing “In Depth” to Strengthen and Expand “Parsun Power”

The water powersports equipment business has long been Dongfang Precision’s “hidden champion”. From 2020 to 2025, Parsun Power achieved a compound annual growth rate of 24% in both operating revenue and net profit. In 2025, with the commissioning of a new plant and the release of production capacity, Parsun Power entered a phase of accelerated growth. We are pleased to see that, with the mass production of gasoline outboard motors ranging from 115 to 300 horsepower, Parsun Power has successfully broken the long-standing monopoly of manufacturers from the United States and Japan, making China the third country globally to master the core technology of 300-horsepower gasoline outboard motors. In addition, Parsun Power became the first domestic outboard motor enterprise to obtain CNAS laboratory accreditation, and has established a strong technological moat supported by a comprehensive “gasoline–diesel–electric” product portfolio and a national-level R&D platform. Meanwhile, as a leading enterprise in the domestic industry, its products have obtained multiple international certifications, its brand enjoys global recognition, and its sales network covers over 100 countries. Looking ahead, we will take Parsun Power as our core platform and continue to increase investment in frontier fields such as high-horsepower, electric

outboard motors and unmanned vessels, enabling Chinese intelligent manufacturing to expand its presence in international waters and capture a broader market worth hundreds of billions.

2. Reaching “Higher” by Deepening our Presence in “Strategic Emerging Industries”

In 2025, Dongfang Precision made a significant mark in the landscape of emerging industries.

In the manufacturing sector of strategic emerging industries, we have taken a decade-long perspective to build a well-structured presence. In 2025, we entered into a strategic cooperation agreement with Leju Robot, a leading domestic enterprise, to carry out comprehensive collaboration in the large-scale manufacturing, skill training and scenario-based applications of humanoid robots. In September 2025, both parties jointly established DongFang Primo Robotic (Guangdong) Co., Ltd., focusing on the R&D and production of intelligent control systems for humanoid robots.

Our clustered strategic investments in the “AI + robotics” field are centred on “building a full-industry-chain ecosystem for embodied intelligent robots and empowering the intelligent upgrading of traditional industries”. We have focused on developing a model of “strategic investment + industrial collaboration”, integrating Dongfang Precision’s resource endowment and accumulated capabilities in equipment manufacturing with the industry-leading technologies, products and application experience of target enterprises in robotics and AI large models, thereby achieving efficient synergy and fostering collaboration in manufacturing, application scenarios and market development to facilitate the co-creation and win-win development of industrial chain value. From industrial mobile robots to multimodal large-model “intelligent brains”, and from strategic cooperation to joint ventures, we have gradually established a systematic presence in the “AI + robotics” landscape.

With long journeys ahead, we press on without pause; having reached the midway point, we must strive even harder.

Over the past 14 years, we have consistently believed that creating long-term value is far more important than pursuing short-term gains. The strategic transformation in 2025 represents our latest commitment to this philosophy. We have fully seized the “golden window of opportunity”, focusing on key national strategic sectors and creating a new hallmark of high-quality development.

We extend our sincere gratitude to all shareholders for your trust and support during this period of transformation. The future of Dongfang Precision will be both “lighter” and “heavier”—more focused on core businesses while bearing greater responsibilities. We are confident in the “golden era” of China’s high-end equipment manufacturing industry, and will take this strategic transformation as an opportunity to deliver a clearer and more sustainable second growth curve for our investors.

With longstanding and new partners alike, we move forward together. Let us look forward to Dongfang Precision forging ahead on new tracks in 2026 and beyond, advancing steadily and achieving long-term success.

Chairman of the Board: Tang Zhuolin

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”) as well as the directors and senior management of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.

Tang Zhuolin, the Company’s legal representative, Shao Yongfeng, the Company’s Financial Controller, and Chen Lin, the Company’s Accounting Supervisor: hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

All directors of the Company attended in person the board meeting for the approval of this Report.

The future development strategies, business plans, and other forward-looking statements mentioned in this Report shall be deemed as uncertain plans instead of promises to investors. Therefore, investors are reminded to exercise caution when making investment decisions.

For possible risks with respect to the Company, please refer to “(III) Possible Risks and Countermeasures” in “XI Prospects” of “Part III Management Discussion and Analysis” herein. And investors are kindly advised to read through the aforesaid contents.

The Company planned not to distribute cash dividends, give away bonus shares, or capitalize from public reserve.

This Report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Documents Available for Reference

1. The financial statements signed and sealed by the Company's legal representative, Chief Financial Officer, and the person-in-charge of the financial organ.
2. The original of the Auditor's Report sealed by the CPA firm as well as signed and sealed by the certified public accounts.
3. All the originals of the Company's announcements and documents that were disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.
4. The 2025 Annual Report carrying the signature of the legal representative.
5. The documents above are lodged in the Securities Department of the Company, 18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China.

Definitions

Term	Definition
Dongfang Precision, or the “Company”	Guangdong Dongfang Precision Science & Technology Co., Ltd., and its consolidated subsidiaries, except where the context otherwise requires
Dongfang Precision (China)	The corrugated box packaging machinery division of Guangdong Dongfang Precision Science & Technology Co., Ltd.
Fosber Italy	Fosber S.p.A.
Fosber Asia	Guangdong Fosber Intelligent Equipment Co., Ltd.
Fosber America	Fosber America, Inc.
Fosber Tianjin	Fosber Machinery (Tianjin) Co., Ltd.
Fosber Group	The business group including subsidiaries Fosber Italy, Fosber America, Qcorr, Tiruña Group, etc.
Tiruña Group	Tiruña Slu
Tiruña America	Tiruña America Inc.
Tiruña Asia	Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd
QCorr	QuantumCorrugated S.r.l.
Dongfang Precision (Europe)/EDF	EDF Europe S.r.l.
Dongfang Precision (Netherland)	Dong Fang Precision (Netherland) Cooperatief U.A.
Dongfang Precision (HK)	Dong Fang Precision (HK) Limited
Wonder Digital	Shenzhen Wonder Digital Technology Co., Ltd.
Parsun Power	Suzhou Parsun Power Machine Co., Ltd.
Shunyi Investment	Suzhou Shunyi Investment Co., Ltd.
Jaten Robot	Guangdong Jaten Robot & Automation Co., Ltd.
Yineng Investment	Hainan Yineng Investment Co., Ltd.
Yineng International	Dongfang Yineng International Holding Co., Ltd.
Dongfang Digicom	Dongfang Digicom Technology Co., Ltd.
Dongfang Digicom (Guangdong)	Dongfang Digicom Technology (Guangdong) Co., Ltd.
DF Primo Robotic	DongFang Primo Robotic (Guangdong) Co., Ltd
Leju Robotics	Leju (Shenzhen) Robotics Co.Ltd.
Corrugated cardboard	Corrugated cardboard is a multi-layer paper-bonding object composed of at least one sandwich layer of wavy medium (commonly known as "corrugated paper", "corrugated medium paper", "corrugated paper medium" and "corrugated base paper") and one layer of cardboard (also known as "liner board").
Corrugated box	Corrugated box is a rigid paper container made of corrugated boards through die cutting, indenting, nailing, or gluing. Corrugated box is one of the most widely used packaging containers in modern business and trade.
Corrugated box printing and packaging production line equipment	Corrugated box printing and packaging production line equipment include corrugated box printing and packaging line and stand-alone products that

	<p>integrates pre-feeding, printing, grooving, die cutting, forming and packaging functions in whole or in part, which is highly functionally integrated, highly automated and highly technical, can save the capital and manpower investment, reduce workers' workload and improve the production efficiency of box manufacturers, and requires equipment manufacturers to be highly competent in design, technological innovation, assembly and finishing of parts.</p>
Corrugated cardboard production lines	<p>Corrugated cardboard production lines are assembly lines comprising corrugating, gluing, agglutinating, bundle breaking, dimension board cutting and output processes, which are used to produce and process corrugated boards.</p> <p>A corrugated cardboard production line has two independent process sections as the wet section and the dry section. The wet section, composed of the base paper stand, auto splicer, preheat pre-regulator, single-face corrugator, feeding bridge, glue machine and double facer, is used to make corrugated based paper into three-layer, five-layer, and seven-layer corrugated boards of different corrugated combinations. The dry section, composed of the rotary shear, slitter indenter, cut-off knife and stacker, is used to slit, indent, cut off and stack corrugated boards as ordered.</p> <p>Corrugated cardboard production lines are key production equipment for corrugated board and box manufacturers.</p>
Outboard motors	<p>Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail.</p>
General utility small gasoline motors	<p>General utility small gasoline motors are a kind of thermo-dynamic machinery of 20kW power or less with a wide range of applicability. It is characterized by small size, light weight, and easy operation, and is usually used as a power engine for a variety of terminal products. By the structure of engine and principle of work, general utility small gasoline motors can be divided into two-stroke general utility small gasoline motors and four-stroke general utility small gasoline motors.</p>
CSRC	China Securities Regulatory Commission
SZSE, or the "Stock Exchange"	Shenzhen Stock Exchange
RMB yuan, RMB'0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
The "Reporting Period" or "Current Period"	The period from 1 January 2025 to 31 December 2025

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Dongfang Precision	Stock code	002611
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	广东东方精工科技股份有限公司		
Short-name in Chinese	东方精工		
Company name in English	Guangdong Dongfang Precision Science & Technology Co., Ltd		
Short-name in English	Dongfang Precision		
Legal representative	Tang Zhuolin		
Registered address	(Office Building, Plant A, Plant B) 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province, China		
Previous registered address	N/A		
Zip code	528225		
Office address	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China		
Zip code	518000		
Company website	http://www.df-global.cn/		
Email address	ir@vmtdf.com		

II Contact Information

	Board Secretary	Securities Representative
Name	Feng Jia	Zhu Hongyu
Office address	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China
Tel.	0755-36889712	0755-36889712
Fax	0755-36889822	0755-36889822
Email address	ir@vmtdf.com	ir@vmtdf.com

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, and Securities Times
Website designated by the CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	Securities Department of the Company, 18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China

IV Change to Company Registered Information

Unified social credit code	914406002318313119
Change to the principal activities of the Company since its listing (if any)	Unchanged
Every change of controlling shareholder since incorporation (if any)	Unchanged

V Other Information

The independent auditor hired by the Company:

Name of independent auditor	Ernst & Young Hua Ming LLP
Office address	18/F, Ernst & Young Tower, 13 Pearl River East Road, Tianhe District, Guangzhou City, China (the Headquarters: Rooms 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China)
Accountants writing signatures	Fu Jun and Lin Longqian

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

VI Key Financial Information

Indicate whether there is any retrospectively restated datum in the table below.

Yes No

	2025	2024	2025-over-2024 change (%)	2023
Operating revenue (RMB)	5,228,536,554.75	4,777,855,602.69	9.43%	4,745,737,321.83
Net profit attributable to the listed	725,259,219.97	500,578,449.68	44.88%	433,240,237.44

company's shareholders (RMB)				
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	518,913,600.40	526,741,293.29	-1.49%	364,739,306.60
Net cash generated from/used in operating activities (RMB)	874,214,350.60	702,555,380.22	24.43%	487,180,738.66
Basic earnings per share (RMB/share)	0.61	0.43	41.86%	0.36
Diluted earnings per share (RMB/share)	0.60	0.43	39.53%	0.36
Weighted average return on equity (%)	13.39%	10.55%	2.84%	10.14%
	31 December 2025	31 December 2024	Change of 31 December 2025 over 31 December 2024 (%)	31 December 2023
Total assets (RMB)	8,723,974,411.66	7,528,576,996.98	15.88%	7,538,222,570.02
Equity attributable to the listed company's shareholders (RMB)	5,773,817,881.00	4,977,379,483.29	16.00%	4,511,690,693.97

Indicate whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

During the reporting period, the lowest of the Gross Profit, Net Profit, and Net profit before exceptional gains and losses (RMB) was negative.

Yes No

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

No difference for the Reporting Period.

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	988,738,120.45	1,170,218,737.43	1,230,355,511.66	1,839,224,185.21
Net profit attributable to the listed company's shareholders	275,689,175.48	121,751,814.38	112,951,930.77	214,866,299.34
Net profit attributable to the listed company's shareholders before exceptional gains and losses	129,885,861.19	127,000,464.61	91,920,596.09	170,106,678.51
Net cash generated from/used in operating activities	148,518,430.29	206,766,041.06	150,981,191.22	367,948,688.03

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2025	2024	2023	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-1,629,657.69	5,493,843.53	694,491.43	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	13,298,788.58	14,576,461.93	15,747,293.82	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	256,775,110.29	-48,502,462.17	60,354,587.25	
Reversal of provision for impairment of receivables individually tested for impairment		7,396.90	516,000.00	
Non-operating income and expenses other	11,693,581.35	5,438,396.45	-10,155,229.58	

than the above				
Other profit/loss items that meet the definition of non-recurring gains and losses.	-33,683,634.10			
Less: Income tax effects	38,453,892.24	2,057,293.09	-3,743,887.17	
Non-controlling interests effects (net of tax)	1,654,676.62	1,119,187.16	2,400,099.25	
Total	206,345,619.57	-26,162,843.61	68,500,930.84	--

Details of other profit and loss items that meet the definition of non-recurring profit or loss.

Applicable Not applicable

No such cases in the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases in the Reporting Period

Part III Management Discussion and Analysis

I Industry Overview in the Reporting Period

(I) Industries in which the Company principally operates

According to the Classification of Strategic Emerging Industries (2018) and the Industrial Classification for National Economic Activities (GB/T 4754-2017), the industries in which the Company principally operates are shown below:

The Company's Principal Business Divisions and Their Industries

Strategic emerging industry	Industry	Principal business division	Primary products and their applications
Intelligent manufacturing equipment	Specialised equipment manufacturing	Smart corrugated packaging equipment	<p>1. Corrugated cardboard production lines: The corrugated cardboard production lines are used for the production of corrugated cardboards of different specifications, are the core machinery for corrugated packaging production, and are widely used by medium and large enterprises (cardboard plants) that produce corrugated cardboards.</p> <p>2. Corrugated box printing and packaging production lines : The corrugated box printing and packaging production line equipment is used to produce and process corrugated cardboards into corrugated boxes of different specifications. The corrugated box printing and packaging production line equipment is widely used by various enterprises (box plants) that produce corrugated boxes in the corrugated packaging industry.</p>
		Digital printers	Digital printers generate graphic images from digital information. With the help of print head ink, digital printing enables the formation of the image directly on the printing stocks and can indirectly transmit the colour and auxiliary substances to the print stocks to form the presswork. Digital printing can meet the requirement for industrial production.
Industrial Internet and supporting services	Software and information services	Industrial Internet industry solutions	Specific Industrial Internet Platform, the intelligent production management system matched with the corrugated box printing and packaging production lines, and equipment after-sales service management system

Strategic emerging industry	Industry	Principal business division	Primary products and their applications
Manufacturing of ship auxiliary equipment	Railway, shipping, aviation and other transport equipment manufacturing industries	Water powersports equipment	Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail and can be applied to boats shorter than 24m. They are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol.

(II) Industry overview

1. The Industries to which the Company's Intelligent Packaging Equipment Business Segment Belongs

1.1 Demand side—customers

The intelligent packaging equipment division of the Company primarily serves B-end customers such as corrugated cardboard and corrugated box manufacturers. The Company provides various single machine and complete production line products for cardboard and box production.

End demand for corrugated packaging is growing: Corrugated packaging products are used in a vast number of fields, including food and beverage, household chemicals, electronic products, and e-commerce express delivery, and are inelastically demanded by consumers. Electronic products, food, beverage, and express delivery take up 26%, 20%, 21%, and 13% respectively of the downstream application market of paper packaging. China's express market and the relevant fields such as e-commerce and logistics show an increasing demand for corrugated box and board packaging, which will drive the expansion of the capacity of corrugated packaging enterprises and thus increase the demand for corrugated packaging machinery.

Digital and intelligent upgrading brings new development opportunities. The “strategy of robot assembling line” and “smart factory” are increasingly recognized by the industry. Additionally, leading packaging enterprises, including Xiamen Hexing Packaging Printing Co., Ltd. (HXPP), MYS Group Co. Ltd. (MYS), Shenzhen YUTO Packaging Technology Co., Ltd., and Shenzhen Jinjia Group Co., Ltd., have successively entered markets such as intelligent manufacturing one after another. The capacity upgrade in the paper packaging and printing industry continues to deepen. Against the backdrop of intelligent manufacturing, leading enterprises in the corrugated paper packaging equipment industry are also expected to embrace new opportunities for development.

Overseas demand is growing steadily: In recent years when environmental pollution becomes more and more serious, growing environmental awareness has led to “plastic bans and restrictions” across the world, providing a major boost to paper as an alternative to plastic. The global green packaging market is projected to grow from USD262.27 billion in 2023 to USD381.98 billion in 2028, with a compound annual growth rate of 7.81% during the forecast period (2023-2028).

The corrugated cardboard produced by corrugated cardboard production lines is used to make various corrugated boxes, corrugated cartons and other corrugated packaging materials, which are rigid consumer

products in European and American countries. The philosophy of “sustainability” is gaining ground in the European and US consumer goods packaging markets. With the growing trend of "replacing plastics with paper" in the packaging industry, demand for corrugated packaging materials in the European and US consumer goods markets continues to grow steadily, helping to drive demand for corrugated packaging production line equipment.

The rapid development of digital printing brings more development opportunities for the industry. According to the latest report by Smithers Pira, during the period from 2024 to 2029, the compound annual growth rate of digital inkjet printing in the packaging field will be approximately 15%. It is estimated that the global market size of digital inkjet printing in the packaging field will reach 18.08 billion US dollars by 2029. In the Chinese market, with the continuous growth of demand for "small-batch + multi-variety + personalized + customized" packaging in the packaging field, digital inkjet printing is rapidly penetrating the packaging sector. According to the forecast of Qianzhan Research Institute, the compound annual growth rate of digital inkjet printing in China's packaging field will be about 18.0% from 2024 to 2029.

1.2 Supply side—the Company’s presence in the industry

In the field of intelligent packaging equipment, Dongfang Precision has a complete layout and has formed a multi-segment business system covering corrugated cardboard production lines, core components of corrugated board production lines, carton printing and packaging lines as well as digital printing equipment. Relying on its comprehensive industrial chain layout and strong technological strength, the company, with its wide range of products and advanced technologies, provides global customers with one-stop and all-round intelligent packaging equipment solutions.

Corrugated cardboard production lines: Major manufacturers of corrugated cardboard production lines around the world include Fosber Group, BHS, Marquip , and J.S. Machine. The Fosber Group, along with its major competitor BHS from Germany, ranks in the first tier. Fosber Group holds 30% of the global middle- and high-end corrugated cardboard production line market and more than 50% of the North American market.

Corrugated & pressure rollers, key components of corrugated cardboard production lines: The subsidiary Tiruña Group has more than 40 years of experience in the corrugated and pressure roller segment and is renowned in Europe as a world-leading specialist in this segment.

Corrugated box printing and packaging production line equipment: Major manufacturers in this field include Dongfang Precision, Bobst, Gopfert, Ward , Ding Long (Shanghai), and Guangzhou Keshenglong. With an advantage in global resource coordination, leading design concept, excellent overall R&D strength, and a product system featuring complete categories and rich specifications, Dongfang Precision is an industry leader in China and is competitive with the global industry leader, Bobst, from Switzerland.

Digital printers: Major manufacturers include HP, EFI, Koenig & Bauer Durst, Wonder Digital, Hanhua Gongye, and Atexco, among others. Wonder Digital, a majority-owned subsidiary of Dongfang Precision, is a leader in the domestic digital printer industry, and has been committed to extending digital printing technology to such fields as paper packaging (colour printing & pre-printing), advertising, home furnishing, building materials, and label printing.

Dongfang Precision leads the world in terms of its comprehensive strength in smart corrugated packaging equipment business and can provide downstream customers such as cardboard plants and box plants with “one-

stop” machinery and service support that covers each production process, including corrugated cardboard production, corrugated box production, and pre-printing and post-printing production processes, and different technology roadmaps, including flexographic printing and digital printing.

The value of the global corrugated packaging equipment market is estimated to be about RMB30-40 billion. In terms of operating revenue, Dongfang Precision accounts for approximately 15% of the global corrugated packaging equipment market, ranking first among domestic enterprises of the same type and second in the global market.

2. The industry to which the company's industrial Internet industry solutions business belongs

Policy side: For eight consecutive years from 2018 to 2025, "Industrial Internet" has appeared in the government work report every year. The government work report in 2025 put forward the idea of "vigorously promoting new industrialization and accelerating the innovative development of the Industrial Internet". The "14th Five-Year Plan for the In-depth Integration of Informatization and Industrialization Development" proposed that by 2025, informatization and industrialization would achieve integrated development on a broader scale, at a deeper level and at a higher level. Under the guidance and support of a series of policies, the Industrial Internet and smart factories have always been important directions for the transformation and upgrading of the manufacturing industry.

Market side: For the current manufacturing industry of China, digital transformation is no longer an “option” but a “compulsory course” that is critical to its survival and long-term development. According to the Bluebook on the Digital Transformation of Enterprises--Empowering the Low-carbon and Green Transformation of the Real Economy with New IT released by the China Academy of Information and Communications Technology, after relevant manufacturing enterprises complete digital transformation, on average, their production efficiency will be boosted, their operating expenses will be lowered, and their energy utilisation rate will be improved. Concurrently, with the rapid development and continuous iteration of the new-generation information technology, the cost of digital transformation of enterprises is gradually decreasing.

Supply side: The key technologies and industries that the industrial Internet involves are extensive and complex and can hardly be fully covered by enterprises. Thus, developing the industrial Internet by relying on industrial manufacturing enterprises becomes a typical development path of industrial Internet enterprises, such as Root Cloud, Midea Cloud. In the packaging field, major manufacturers that provide industrial Internet-related products and solutions services include Yunyin, Dongfang Digicom, and Shanghai Wantit. With the vision “to become a world-leading provider of industrial Internet industry solutions”, Dongfang Digicom is engaged in building industrial Internet platforms for industries using new-generation information technologies, such as the IoT, cloud computing, big data, and artificial intelligence to facilitate digital and intelligent upgrading.

3. The Industries to which the company's water power equipment segment belongs



3.1 Demand side——customers

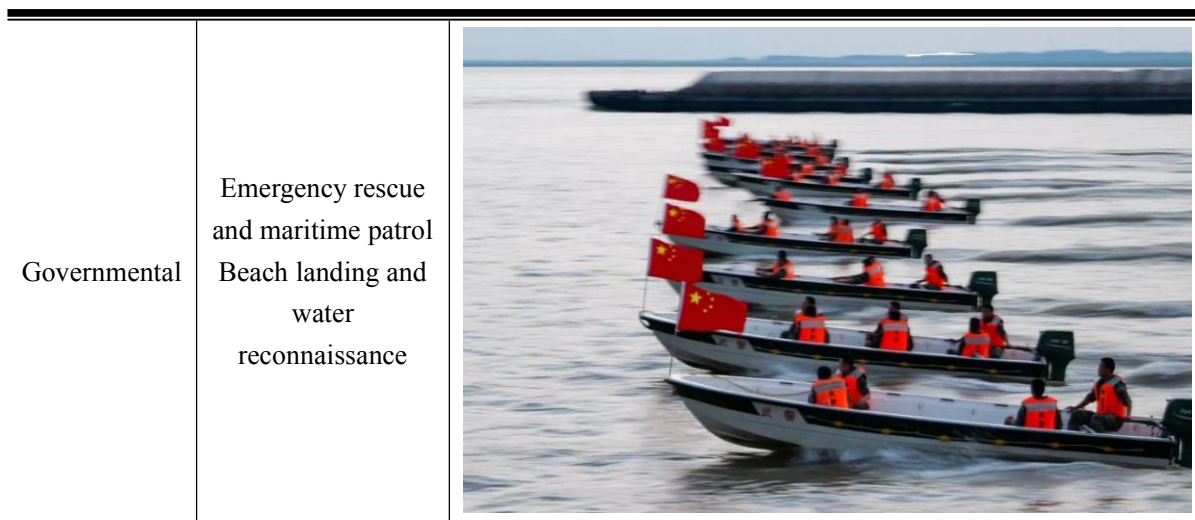
The company's marine power equipment segment operates through its controlled subsidiary, Parsun Power, whose primary business focuses on the water sports sector, with its main products being outboard motors—core power equipment for small and medium-sized vessels. By expanding its product line to include trolling motors and other marine power equipment, it is evolving into a comprehensive provider of marine power solutions for

vessels.

Outboard motors are the key auxiliary equipment for small- and medium-sized ships and are characterized by their compact structures, light weights, convenient installation and maintenance, easy operations, and low noise. The downstream of the outboard motor industry involves the shipbuilding industry, primarily applied in areas such as yachts, sailboats, and other vessels, encompassing applications including leisure and sports, commercial operations, and governmental maritime administration.

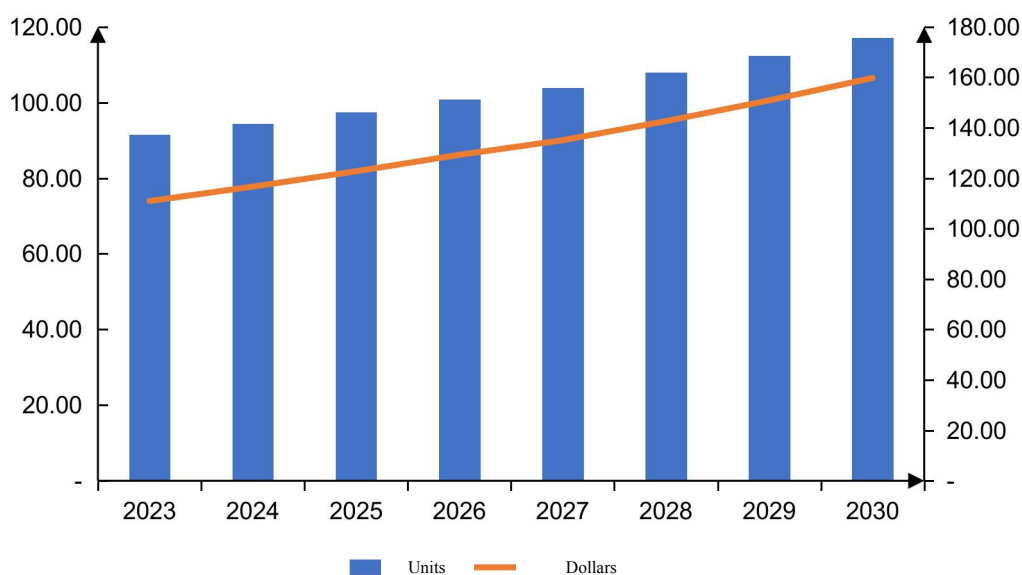
Applications of Parsun Power’s Outboard Motors

Field	Scenario	Example
Recreational	Recreational fishing, sailing and water sports	
Commercial	Fishing, water traffic and waterway maintenance	



Global Market: According to a report by the international market research agency GMI, the global market sales for outboard motors are expected to reach USD15,975 million by 2030, with a compound annual growth rate (CAGR) of 5.35% from 2023 to 2030.

Figure: Global Outboard Motor Sales Volume and Market Size, 2023–2030 (in ten thousands of units, in hundreds of millions of US dollars)

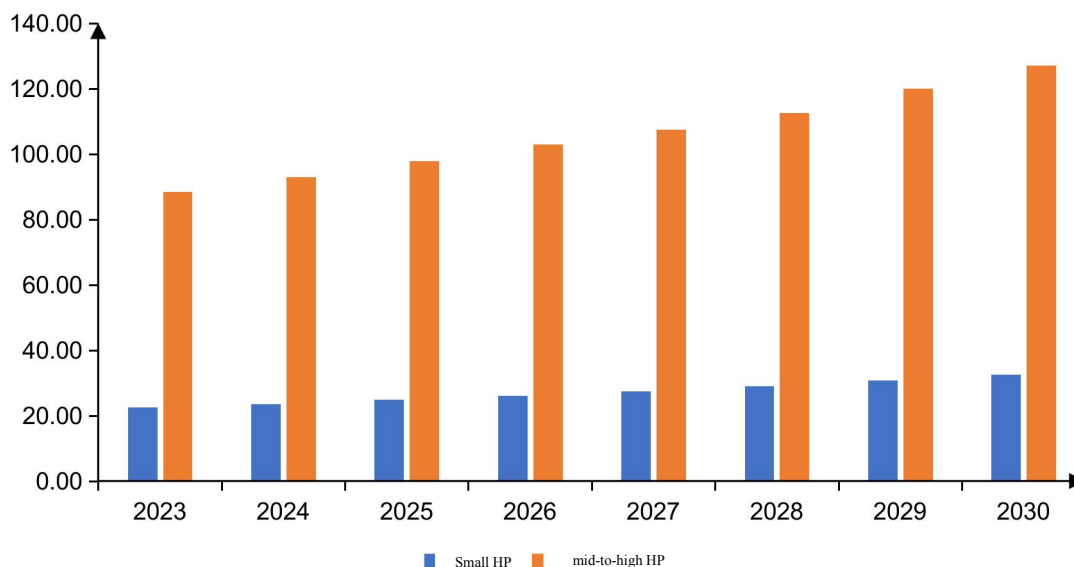


By Application Field: The recreational boating sector is the largest downstream application market for outboard motors. By 2030, it is expected that the market share of outboard motors used in water-based leisure sports will account for 73.22% globally. Yachts are one of the main downstream products equipped with outboard motors. In recent years, the global yacht industry has shown a trend of expanding scale. According to a report by the China Association of the National Shipbuilding Industry, the global leisure boat market size is expected to grow from USD16.4 billion in 2021 to USD23.6 billion in 2027, with a CAGR of approximately 6.20%. Benefiting from the rapid growth of the downstream yacht market, the global outboard motor market for water leisure sports is expected to grow steadily.

By Power Size: The global outboard motor market exhibits a distinct horsepower segmentation pattern. Lowhorsepower outboard motors are mainly used in scenarios such as recreational fishing, small yachts, and

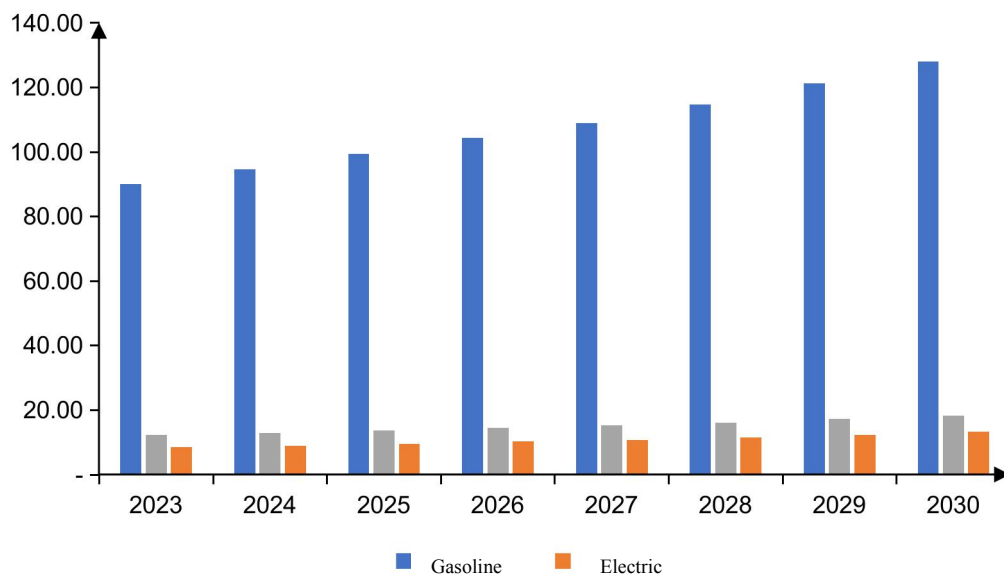
short-distance water transportation. Med-to-high horsepower outboard motors carry higher unit prices and account for a large share of the overall market scale. They are primarily applied in high-performance yachts, commercial operations, and governmental and maritime sectors. The market share of mid-to-high horsepower outboard motors accounts for more than three-quarters of the total market. In 2023, the mid-to-high power outboard motor market share in the global outboard motor market was 79.72%. North America and Europe are the main markets for mid-to-high power outboard motors. From 2023 to 2030, the compound annual growth rate (CAGR) of the mid-to-high power outboard motor market in the Asia-Pacific region is expected to reach 8.97%.

Figure: Market Size and Forecast of Outboard Motors by HP, 2023–2030 (in hundreds of millions of US dollars)



By Power Type: Gasoline outboard motors are the mainstream model in the global outboard motor consumption market. By 2030, it is expected that the market share of gasoline, diesel, and electric outboard motors globally will be 80.21%, 11.49%, and 8.30%, respectively. Diesel engines have certain market space in specific fields. Electric outboard motors are primarily used for low horsepower, with a higher price but features such as greater environmental friendliness and easier maintenance. With increasingly stringent environmental regulations in various countries and continuous advancements in battery technology, the application of electric outboard motors is becoming more widespread.

Figure: Market Size and Forecast of Outboard Motors by Fuel Type, 2023–2030 (in hundreds of millions of US dollars)



Chinese Market: By 2030, the market size of outboard motors in China is expected to reach USD588 million, with a compound annual growth rate (CAGR) of 9.79% from 2022 to 2030, significantly higher than the global CAGR. Benefiting from the rapid growth of China's economy and changes in residents' recreational habits, China has become one of the fastest-growing countries in the global outboard motor market.

In recent years, considering the development of China's water tourism and recreational industry and the emphasis of the government on maritime rights, the Chinese government agencies at all levels have granted vigorous policy support to ship-related industries. For example, the National Development and Reform Commission has included high-performance ships, such as superyachts, luxury cruise ships, marine surveillance vessels, and small-waterplane-area twin hulls, among items for encouragement. The Ministry of Industry and Information Technology has proposed developing brand products, such as luxury superyachts, sightseeing boats, and official boats. The State Council has also proposed vigorously developing marine tourism, manufacturing localised tourism equipment such as cruises and cruise yachts, and vigorously developing cruise yacht tourism. China's yacht industry will usher in rapid development.

Jointly issued by the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Ecology and Environment, and the Ministry of Transport, the "Action Plan for the Green Development of the Shipbuilding Industry (2024—2030)" states: "Actively and steadily promote the research and development and demonstration application of battery-powered ship types that meet the necessary conditions; actively and steadily expand the scope of application of traction batteries in ships." The "Action Plan for Promoting the High-Quality Development of the Marine Economy in Guangdong Province (2025 — 2027)" points out: "Strengthen the research, development and manufacturing of new types of special ships such as new energy ships, intelligent ships, and advanced cruise ships and ferries; accelerate the research and development of unmanned ship and boat technologies." And, the "Action Plan for the Development of the Electric Ship Industry in Fujian Province (2026—2028)" proposes: "Vigorously promote the application of electric ships in inland rivers, lakes, and other water areas; accelerate the mass construction of electric cruise ships and electric cargo ships; support the construction and commissioning of

coastal electric sightseeing ships, ferries, and yachts; promote the electrified upgrading and renewal of official ships used by departments such as transportation, water conservancy, cultural tourism, marine fisheries, environmental protection, and natural resources."

Domestic substitution has become the mainstream trend in the development of the domestic outboard motor industry. According to China's customs import and export data, the import value of outboard motors into China reached RMB1,283 million in 2023. In the public service and military fields, China's governmental outboard motors in the mid-to-high power range primarily use overseas brands. Against the backdrop of the national policy encouraging domestic equipment to replace imports, with the rise of domestic outboard motor companies, China is expected to enter a new stage of prosperous development for the rise of domestic outboard motor companies. Leading domestic outboard motor companies will benefit from both the industry's rapid growth and domestic substitution.

The electric trolling motor (also known as the "marine electric propeller" or "electronic anchor") is an auxiliary power device installed on fishing ships. Its primary function is to achieve ship positioning and stability. Through GPS/Beidou satellite positioning combined with power compensation technology, a ship can remain in the predetermined location without the need for traditional anchoring. Even in the face of wind, waves, and currents, the motor can automatically adjust the thrust direction to maintain the ship's orientation. The electric trolling motor is mainly used in recreational fishing and competitive fishing events, and can also serve as an auxiliary electric propulsion device for position holding or course adjustment.

According to the Fact.MR report, the global market size for electric trolling motors is expected to grow from approximately USD583 million in 2023 to around USD851 million by 2034. Among them, bow-mounted models will account for over 60% of the total electric trolling motor market. In a global context, North America and Europe are currently the main markets for electric trolling motors, with regions such as East Asia and Southeast Asia developing at a faster pace. Domestically, the use of electric trolling motors is concentrated in areas where recreational fishing culture is popular, such as coastal provinces in China and locations where fishing enthusiasts gather.

The Chinese electric trolling motor market is in its growth phase. Due to the continuous increase in the number of participants in water-based recreational sports, greater product awareness, and more affordable pricing, electric trolling motors are gradually penetrating from the professional sea fishing tackle market into the broader mass-market water recreation sector. With ongoing trends like technological innovations (such as multi-mode satellite navigation, high-precision positioning control systems, energy system optimization brought by motor and battery technology advancements, and the introduction of AI technology) and domestic substitution, the Chinese electric trolling motor market has substantial potential for development.

3.2 Supply side—the Company's presence in the industry

The major participants in the global outboard motor market are Japanese and American brands, including Yamaha and Suzuki from Japan, and Mercury from the United States. Compared to international competitors, Parsun Power, relying on its product performance that is close to the competitors' and its clear price advantage, competes globally with American and Japanese manufacturers by offering high cost-performance products.

Parsun Power, a holding subsidiary, is a leading company in the domestic outboard motor industry. The

company is a national “Little Giant” enterprise specializing in innovation, a national high-tech enterprise, the Jiangsu Province Outboard Motor Engineering Technology Research Center, a recognized enterprise technology center in Jiangsu Province, a leading enterprise in the Chinese internal combustion engine industry, and a member unit of the Small Gasoline Engine Branch of the China Internal Combustion Engine Industry Association. At the same time, its outboard motor products have also received various honors, including the National Torch Program Industrialization Demonstration Project Certificate, China Machinery Industry Innovative Products, Jiangsu Province Famous Brand Products, and Suzhou City Famous Brand Products.

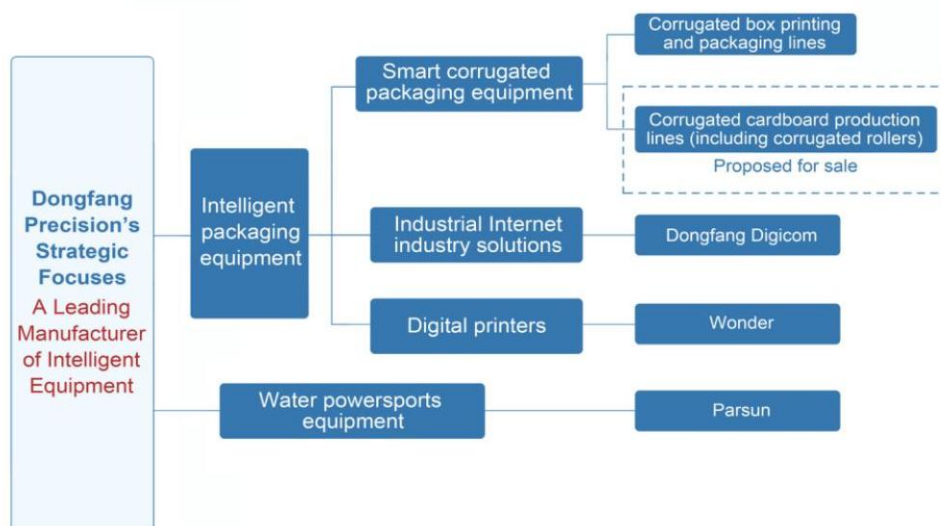
In the outboard motor sector: Parsun Power has maintained a leading position in the domestic industry in terms of comprehensive R&D and innovation capacities for many years. In 2021 and 2023, Parsun Power successfully mass-produced 115-horsepower and 130-horsepower gasoline outboard motors, respectively. In 2024, Parsun Power released its first domestically produced 300-horsepower gasoline outboard motor. In the first half of 2025, Parsun Power successfully achieved mass production and delivery of the 300-horsepower gasoline outboard motor, becoming the first company in China to mass-produce this model. This makes China the third country in the world, after the United States and Japan, capable of successfully mass-producing a 300-horsepower gasoline outboard motor. The core technology of the 300-horsepower gasoline outboard motor is independently controlled, with production, manufacturing and supply chain localization, marking a milestone in China’s autonomous high-end equipment manufacturing in the outboard motor sector. It successfully breaks the monopoly of U.S. and Japanese manufacturers in the high-horsepower and high-power segment of outboard motors, signaling China’s leap from a “follower” to a “competitor” in the field of high-end high-horsepower outboard motors. It also announces that domestic outboard motors will fully enter the global high-end mainstream market to compete on the same stage with international brands worldwide.

In March 2025, Parsun Power released its first electric trolling motor product at the 28th China Shanghai International Boat Show & Shanghai International Workboat Show 2025 (“CIBS2025”). The development of this product follows the “high-end positioning, positive R&D” philosophy, having undergone over 40 rounds of shape optimization, 70 structural adjustments, more than 100 software version iterations, and nearly a thousand water tests. It fully demonstrates Parsun Power’s years of accumulated technical expertise. Parsun Power will use the launch of its first electric trolling motor product as a starting point to continuously expand its comprehensive layout in the water powersports equipment field and create a new performance growth curve.

II Principal operations of the Company in the Reporting Period

With “intelligent equipment manufacturing” as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include “intelligent packaging equipment” and “water powersports equipment”. The “intelligent packaging equipment business” consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions.

Business Divisions and Entities of Dongfang Precision



(I) Intelligent Packaging Equipment Business Division

The “intelligent packaging equipment business” consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions, covering the core links in the production and processing value chain of corrugated paper packaging.

A. Smart corrugated packaging equipment business

Dongfang Precision’s smart packaging equipment segment includes intelligent corrugated packaging equipment, digital printing equipment and industrial Internet industry solutions, covering the most critical links in the corrugated packaging production and processing value chain.

(1) Corrugated cardboard production lines (including corrugated rollers)

The corrugated cardboard production lines business of the company is engaged in corrugated cardboard production lines (under the brands of Fosber and Quantum) as well as corrugated and pressure rollers (under the Tiriña brand), which are key components of corrugated cardboard production lines. With the overseas Fosber Group (under it, Fosber Italy, Fosber America, QCorr, and Tiriña Group) as well as the domestic Fosber Asia and Tiriña Asia, Dongfang Precision is able to provide products and services for customers around the world.

Overseas, Fosber Group primarily serves large- and medium-sized manufacturers in Europe, North America, Latin America and other countries and regions. All the business units and profit centres of Fosber Group have their business, assets and staff located in Europe and North America. They adopt a local management and operation model, and design, develop and manufacture their products locally. Fosber Group has established stable partnerships with major manufacturers in the corrugated packaging industry in Europe and the US.

Domestically, supported by China’s most complete supply chain across all industrial sectors globally, as well as the competitive edge of manufacturing, Fosber Asia’s corrugated lines have been designed and adapted to the needs of customers in the Chinese market. Over 90% of the components of the corrugated lines are manufactured domestically. These products, which are high-tech, high-performance and cost-efficient for they are made in China, are provided for corrugated packaging manufacturers in China, Asia (East Asia, Southeast Asia, South Asia), Africa, Russia, and Latin America.

In 2025, Tiruña Asia achieved localized mass production and delivery of Tiruña-brand corrugating rolls in China. While supporting Fosber-brand corrugator lines and supplying corrugating rolls and pressure rolls, it will also rely on the advantages of domestic manufacturing to expand the market for Tiruña-brand corrugating rolls and pressure rolls in China and Asia, so as to meet the supporting requirements of multi-brand corrugated board production lines for relevant products.

(2) Corrugated box printing and packaging production lines

Domestically, Dongfang Precision (China) is responsible for business operations associated with corrugated box printing and packaging equipment, while in the overseas market, it is Dongfang Precision (Europe).

The product matrix of Dongfang Precision (China) includes corrugated converting line and single machine products that are of dozens of specifications and different market positioning, featuring fixed type/open-close type, top printing/bottom printing, and other technologies. These products mainly include “Dongfang Star” Quickset Top Printing FFG and Top Printing Open-Close Type FFG Inline, as well as “Asia Star” Bottom Printing Die Cutter Stripper Vacuum Stacker Converting Line, Bottom Printing Open-Close Type FFG Inline and Bottom Printing Open-Closed Type/FFG & Stitcher. Dongfang Precision (China) is a professional manufacturer with an early start and a strong foundation among domestic fellow companies, enjoying high brand awareness and customer recognition in the industry. The products are highly popular not only in the domestic market but also exported to over 60 countries and regions worldwide.

Dongfang Precision (Europe) specializes in high-end corrugated converting line products. Its primary products include “FD” Quickset Top Printing FFG, “HGL” Quickset Bottom Printing FFG, and Quickset Bottom Printing/Die Cutter Stripper Vacuum Line. These products are designed with noncrush feeder design, full servo control, and fully automatic control features, making them more suitable for high-definition printing.

B. Digital Printer business




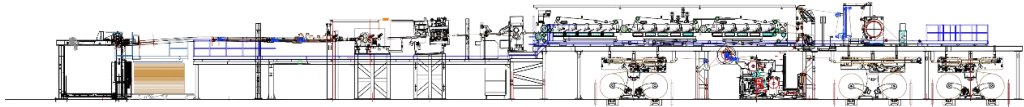


The business is primarily led by the subsidiary Shenzhen Wonder Digital Technology Co., Ltd., which provides solutions for customers in the digital printing industry, including digital printers, ink, accessories, and professional services. Wonder Digital has introduced a variety of digital printers to meet the diverse needs of different market segments and customer levels, including Multi Pass digital printer series applicable for small-batch paper packaging printing, Single Pass digital printer series applicable for large/medium/small batch paper packaging printing, Single Pass digital series applicable for pre-printing on raw paper and Hybrid printer series that combines Multi Pass high-precision printing and Single Pass high speed printing into one.



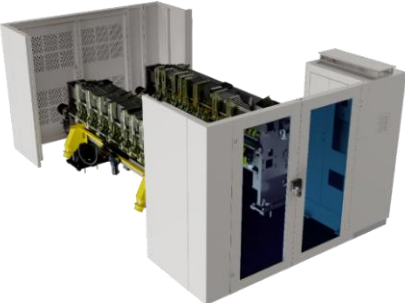
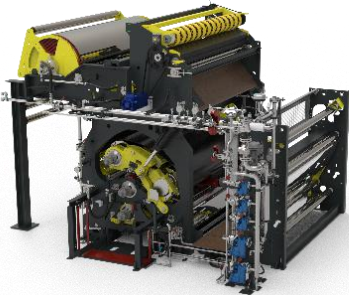


Wonder Digital offers a diverse range of products that cover various types and specifications, from postprinting to pre-printing, from water-based dye/pigment, water-based ink to spot colour UV ink, from boxes, offset cartons to sheet metal. The products also support a range of application modes and scenarios, from single-sheet printing to exchange orders seamlessly with variable data printing, and from single machine printing to integration with ERP systems.

Apart from digital printers, Wonder Digital also sells supporting units after printing section including slotting and varnish coating units, as well as special ink products that are compatible with its own-brand equipment. These special ink products, including water-based dye ink, water-based pigment ink, and UV ink. Wonder Digital’s high cost-performance digital printing solution provides customers with cost-effective configuration plans for digital inkjet printing equipment and ink formulation plans.




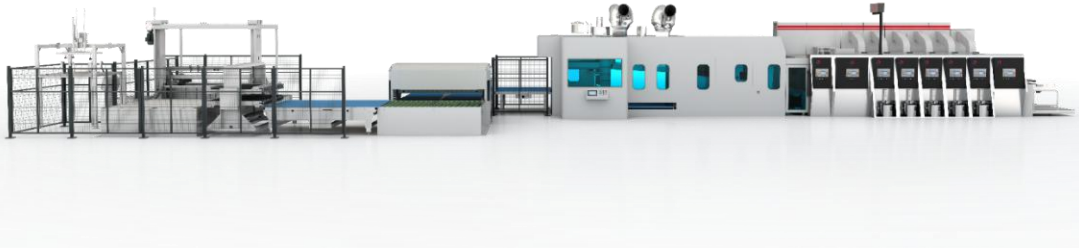
With its comprehensive product matrix, Wonder Digital provides paper packaging digital printers that meet the diverse needs of industry customers with different market positions and levels. Wonder Digital's digital printers have been exported to countries and regions such as Europe, America, Asia, Latin America, and Southeast Asia..






Primary Product Portfolio of Dongfang Precision's intelligent packaging Equipment Business - Corrugated Cardboard Production Lines

Product type	Brand	Product image	Main characteristics
<p><i>Corrugated Cardboard Production Lines</i></p>			<p>Fosber Brand S/Line Width: 2.5m~2.8m Production speed: 370~470 meters/minute Designed for large corrugated board manufacturers Beltless Technology Caddy oil-free technology Gapless changeover with no speed reduction of the cadre Industry leading changeover times Optimum board quality and low operating costs Industry leading Syncro system control Process Control Supervision (PCS) Data Tracking Supervision (DTS)</p>
			<p>Quantum Line: Widths from 1.8m to 2.5m A new concept in corrugated board production Better suited for lightweight corrugated board production Innovative design, compact and flexible Optimum appearance and print surface quality Lower energy consumption and less labor</p>
			<p>Domestic Line: Width: 2.2m~3.35m Design speed: 270-370 meters/minute Single tile, double tile, triple tile wet section Wet section without belt technology</p>

			<p>Cadre without lubrication technology High board quality Industry-leading Syncro system control Process Control Supervision (PCS) Data Tracking Supervision (DTS)</p>
			<p>Instant Set: Dual Module Slitting Machine Gapless order change speed of 250 meters/minute Positioning accuracy of +/-0.5mm, Within 3 seconds to change the order and line up the knives</p>
			<p>Belt Single-Facer: Maximum design speed: 450 meters per minute Patented Teflon composite belt Classic large-small roller design Vacuum negative pressure technology Suitable for low-grammage and pre-printing</p>
<p><i>Corrugated & pressure rollers</i></p>			<p>The world's leading supplier of corrugating rolls and pressure rolls with industry-leading machining and tungsten carbide treatment</p>





Primary Product Portfolio of Dongfang Precision's Smart Corrugated Packaging Equipment Business - Corrugated Box Printing and Packaging Production Line Equipment

Product type	Brand	Product image	Main characteristics
<p><i>Integrated corrugated box printing and packaging lines</i></p>		<p>DONGFANG STAR I QUICKSET TOP PRINTING FFG</p> 	<p>Fixed type Full servo control No downtime for plate change 2 minutes quick order change Vacuum adsorption large belt, high precision cardboard transfer, long service life Energy saving up to 30 Only 2 people are needed to operate the whole line</p>
		<p>DONGFANG STAR II TOP PRINTING OPEN-CLOSE TYPE FFG</p> 	<p>Vacuum adsorption roller transfer; Computerized adjustment, easy to operate; High speed and stable operation; Patented folding structure; Improve carton molding effect Only 2-3 persons are needed to operate the whole line</p>
		<p>Asia-Pacific STAR I BOTTOM PRINTING DIE CUTTER STRIPPER VACUUM STACKER CONVERTING LINE</p> 	<p>Suitable for shaped box, machine box and pre-printed box, etc., with one point and multiple die-cutting. Mature down-printing die-cutting technology; Clean chip removal and accurate counting Efficient production; Uninterrupted feeding; No-speed down output of bundles, flexible palletizing methods Configurable for double-sided printing; 2-3</p>

Product type	Brand	Product image	Main characteristics
<p><i>Integrated corrugated box printing and packaging lines</i></p>		<p>Asia-Pacific STAR II BOTTOM PRINTING OPEN-CLOSE TYPE FFG INLINE</p> 	<p>person operation</p> <p>Vacuum adsorption roller transfer</p> <p>Computerized adjustment of the whole machine, easy to operate</p> <p>Good effect of clearing waste, can realize one opening and two die-cutting line gluing carton.</p> <p>Patented folding structure improves carton molding effect.</p> <p>The whole line is operated by 2-3 persons</p>
		<p>Asia-Pacific STAR III BOTTOM PRINTING OPEN-CLOSED TYPE/FFG & STITCHER</p> 	<p>Design concept of down-printing type gluing and nailing as a whole</p> <p>Multi-purpose machine, to meet the production needs of different orders</p> <p>Saving space, reducing process, greatly reducing labor cost.</p> <p>Multiple pre-pressure to enhance folding and molding effect, precise control of molding accuracy.</p>
			<p>High-end down-printing fixed in-line</p> <p>Spindle servo drive</p> <p>Quick order change</p> <p>Complete pre-press and post-press supporting units</p>

Primary Product Portfolio of Dongfang Precision’s intelligent packaging Equipment Business – Digital Printers

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<p><i>Digital Printers</i></p>		<p>WONDER INNO PRO SINGLE PASS</p>   <p>WD250++ Series Scanning Wide Format High Quality Carton Digital Printer</p>	<ul style="list-style-type: none"> - Print reference accuracy: 1200 NPI - Speed: up to 150 m/min - Printing thickness: 1.2 mm - 20 mm - Maximum printing width: 2500 mm - Printing materials: yellow/white kraft liner, honeycomb panel, coated paper - Modular freely combinable linked production line - Adaptable to diverse customer requirements <p>A cost-effective tool for bulk orders Adopts Epson's latest HD industrial printheads. Printing width up to 2500mm Speed up to 700 m²/h - 1400 m²/h Printing thickness 1.2mm-35mm Coated paper and honeycomb board can also be easily printed. Base accuracy 1200dpi.</p>

Product type	Brand	Product image	Main characteristics
Digital Printers		 <p>WD250 PRINT MASTER MULTI PASS Digital inkjet color printing equipment</p>	<ul style="list-style-type: none"> - Fully automatic feeder and material handling system - Exquisite, vivid and realistic printing quality - Color effect comparable to offset printing - Printing thickness: 0.2 mm - 20 mm - Printing materials: card paper / art paper, coated paper, yellow/white kraft liner
		 <p>Industrial SINGLE PASS Roll-To-Roll high-speed digital pre-printing machine</p>	<ul style="list-style-type: none"> - Print reference accuracy: 1200 NPI - 1800 NPI - Maximum printing line speed: 150 meters per minute - 4-color or 6-color configuration available - Suitable for digital pre-printing of corrugated base paper, vehicle wraps, light box fabric, PVC color film and decorative paper, thin aluminum sheets, etc. - Printing quality surpasses flexography and is comparable to offset printing
		 <p>MULTI PASS-SINGLE PASS All-in-One Digital Printing Machine</p>	<ul style="list-style-type: none"> - Print reference accuracy: 360 NPI - Maximum printing speed: 700 m²/h - Equipped with 18 industrial-grade print heads - Accurately reproduces design colors even on non-white base materials such as yellow board and gray board - "White + color" combined printing delivers an effect approximating 80% of traditional spot colors - Dedicated water-based pigment ink

and enterprise ERP, achieving closed-loop management from order creation, scheduling, production issuance to reporting. It enhances the digitalization level of production process control. “InterLink” is an intelligent production management system designed for Dongfang Precision’s corrugated box printing and packaging equipment. It fully utilizes the ecological resource advantages of Dongfang Precision’s corrugated packaging equipment, improving machine operation efficiency, order processing capacity, reducing order management costs, and enhancing the market competitiveness of machine products. The “Equipment After-Sales Service Management System” focuses on the after-sales service of packaging printing equipment. It enables the reuse of underlying technologies and realizes the digitalization of equipment “points, rounds, inspections,” and maintenance through systematic after-sales services, online spare parts management, full lifecycle management of equipment records, and remote maintenance.

Dongfang Digicom also provides digital diagnostic consulting services for large packaging industry clients. Through digital transformation consulting, it drives product sales, creating a “service solution-driven product sales” closed loop.

In the context of the rapid development of new-quality productive forces represented by technologies such as AI and robotics, Dongfang Digicom proactively captures and responds to new demands in the industry market—namely, tapping into new market growth space, restructuring production processes, and integrating supply chain collaboration mechanisms by virtue of AI, robotics and other technologies. It actively promotes the in-depth integration of AI, algorithms, robotic hardware and digital systems, deepens the AI capabilities of its solutions and products, and relies on the implementation of a series of projects to polish and continuously improve the standardization and modularization level of digital products.

D. The operational model of the intelligent packaging equipment business

R&D model: The Company has industry-leading independent design and R&D capabilities, continually establishing high-level R&D innovation management mechanisms. The R&D team, spearheaded by industry experts, employs a blend of long and short-term product R&D planning, supported by a market-oriented R&D mechanism. Additionally, a robust R&D talent incentive mechanism enhances the Company’s overall technical proficiency, cementing its leadership position in the industry.

Procurement and production model: The Company procures raw materials, such as steel plates, metal components, and electrical parts (such as motors and PLCs), from external suppliers, while producing some core components and corrugated rollers in-house. The majority of the Company’s equipment products adhere to a “made-to-order production” model. Upon receiving orders and partial deposits from customers, the Company purchases raw materials from suppliers based on specific customer requirements and inventory levels, and develops production plans and schedules. The Company advocates a “lean production” model for production and operational management, ensuring precise control over BOM costs and manufacturing expenses, while continuously enhancing operational efficiency.

The delivery period for orders of corrugated board production lines under the Fosber Group was around 6 months. The delivery period for orders of corrugated box printing and packaging complete machine equipment under the Dongfang Precision brand was 3 to 6 months, and the delivery period for orders of digital printing equipment under the Wonder Digital brand was 1 to 3 months.

Marketing Model: The Company employs a “direct selling + distribution” marketing model. It utilizes a direct sales approach for the domestic market and a combination of direct sales and agent distribution for overseas markets, tailoring the strategy to suit the unique needs of different countries and regions. This approach not only widens the scope of sales channels and increases sales volume but also reduces market expansion and sales costs.

The Company’s complete production line and single machine products are typically one-time sales, with more significant transaction amounts. However, accessories, software, and services can be sold multiple times throughout the life-cycle of complete production line or single machine products. The growing number of existing equipment sold in the downstream industry market presents a steady stream of sales opportunities for accessories, software, and services. Additionally, providing high-quality technical support and services helps to promote the sales of complete production line products. In terms of the settlement of orders, the Company collects down payment in advance and payment by stages for the sales of corrugated cardboard production lines and corrugated box printing and packaging equipment.

(II) The Water Powersports Equipment Business Division

The main products of Parsun Power, a subsidiary, are outboard motors of various specifications and series. The product power range is broad, covering from 2 horsepower to 300 horsepower. The products are of stable quality and reliable performance, with some products offering comprehensive performance comparable to internationally renowned brands, and emissions meeting European and American standards. Most models have passed the China Classification Society (CCS) certification, European CE certification, and U.S. EPA certification. These products are widely used in water leisure sports, fisheries, water transportation, emergency rescue, coastal landing, maritime patrol, and other fields, and are exported globally.

(1) Outboard motors

Parsun Power has achieved a complete product line layout of “gasoline — diesel — electric” outboard motors. Leveraging its years of experience and leading market share in the gasoline outboard motor sector, the company is now advancing towards high-power diesel and electric outboard motors. In the future, Parsun Power's outboard motor products will gradually focus on mid-to-high power, while expanding the electric outboard motor product line to continue solidifying its position as a leading domestic outboard motor brand.

Gasoline outboard motors are the most diverse product range in Parsun Power’s portfolio, covering from 2 horsepower to 300 horsepower, including two-stroke and four-stroke models. Parsun Power has accumulated extensive experience in this field over many years, developing proprietary technologies that are applied to its products. In 2021, Parsun Power achieved mass production and sales of a 115-horsepower gasoline outboard motor, successfully breaking the long-standing monopoly of internationally renowned brands in this power segment. In 2023, it achieved mass production and sales of a 130-horsepower gasoline outboard motor. In 2024, it released a 300-horsepower gasoline outboard motor, and mass production and delivery of 300-horsepower gasoline outboard motors were achieved in the first half of 2025.

The 300-horsepower outboard motor belongs to the high-power segment, with application scenarios covering recreational, commercial, and other professional fields, including sea fishing, surfing, marine cruising, fisheries, water transportation, as well as maritime law enforcement patrols, maritime search and rescue, etc. It employs a range of advanced technologies, such as four-stroke engines, electronic fuel injection (EFI), lightweight materials,

and integrated electronic control systems. It is the representative of high-end positioning and high-value-added products in the global outboard motor market.

As a Chinese manufacturer, Parsun Power's breakthrough in the large-horsepower model allows it to directly target high-value markets, competing globally with the core advantages of Chinese manufacturing. Parsun Power is poised to become one of the core competitors in the global high-end outboard motor market, laying the foundation for its entry into the global high-end leisure yacht market and becoming a key driver of future revenue growth. In recent years, Parsun Power has continuously broken through the ceiling of domestic gasoline outboard motors. On the premise of maintaining independent control over core technologies and localizing production, manufacturing, and supply chains, it has been committed to building milestones for China's high-end manufacturing in the outboard motor sector. This marks the official entry of Chinese enterprises into the global high-end mainstream market for outboard motors.

Electric outboard motors use rechargeable batteries as an energy source and convert electrical energy into kinetic energy via an electric motor. Compared with fuel-powered outboard motors, they feature zero emissions, lower noise, and are easier to operate. Parsun Power's electric outboard motors primarily focus on small to medium horsepower, mainly used in environmentally sensitive areas such as tourist resorts.

Diesel outboard motors retain the advantages of gasoline outboard motors, such as ease of installation, maintenance, and operation, while also offering greater fuel efficiency, lower emissions, higher torque, enhanced safety, and easier maintenance, mainly used in commercial transport, offshore oil extraction, and public law enforcement fields. The development of Parsun Power's own-brand diesel outboard motors is advancing rapidly.

(2) Electric trolling motors

In March 2025, Parsun Power officially launched its first intelligent electric trolling motor product at the CIBS2025. This product is Parsun Power's first electric trolling motor and also China's first electric trolling motor product with a folding structure. During the development process of this product, Parsun Power has adhered to the "high-end positioning, positive R&D" philosophy and performed over 40 rounds of shape optimization, more than 70 structural adjustments, over 100 software version iterations, and nearly a thousand water tests, achieving core technology and production manufacturing independence and control. The product has now entered the mass production and delivery phase.

(3) General machines

General machines refer to versatile power solutions and associated end-user items, featuring primarily general utility small gasoline motors, general utility small diesel motors and generator sets using them as supporting power (like emergency power kits, and field operation power supplies), agricultural equipment (e.g., water pumps, cultivators), gardening machinery (e.g., lawnmowers, chainsaws), compact construction tools (e.g., cutters, tampers, concrete mixers, and levelers), among other miscellaneous applications. These products find extensive usage across various sectors.

Parsun Power's general machine products mainly include gasoline motors, gasoline generator sets and gasoline water pump sets. Gasoline motors, primarily single-cylinder four-stroke units, utilize gasoline as fuel and are adaptable for use in agricultural machinery, gardening equipment, and other small machinery applications. Gasoline generator sets combine these motors with generators, functioning as standby power sources. The

gasoline water pump sets feature centrifugal pumps driven by gasoline motors and are extensively utilized in agricultural irrigation, livestock watering, and similar domains.




Parsun Power's general machine products are mainly sold to Africa and Western Asia. With a leading market layout and relying on excellent product quality and stable performance, Parsun Power has established a significant brand advantage and a good market reputation in these regions.




(4) Operational model



The operational model of the water powersports equipment business: In terms of sales, Parsun Power follows a global industry-standard sales model that primarily relies on distribution, supplemented by direct selling. The demand for outboard motors, which are the company's main product, is mainly distributed overseas, with end customers scattered throughout the world. Adopting a distribution-centric sales model enables Parsun Power to reach end customers to the fullest extent possible. In terms of production, Parsun Power produces outboard motor products independently, utilizing sales demand forecasts, customer orders, product inventory status, material delivery progress, and product production cycles to formulate production plans. The company then organizes the production of components in accordance with specialized processes and procedures. In procurement, following the principle of "sales determine production, production determines procurement", Parsun Power determines the procurement requirements for its outboard motor business, while also taking into account reasonable safety stock.

The operational model of the general machine business: Based on its strategic positioning of "becoming a world-class provider of comprehensive water powersports equipment", Parsun Power has adjusted its general machine business from the early independent production model to an OEM outsourcing model, to focus its resources on water powersports equipment. According to the principle of "sales determine procurement", while also taking into account reasonable safety stock, Parsun Power provides design drawings, technical specifications, and quality requirements to the OEM manufacturers. These manufacturers directly purchase raw materials, carry out customized production, and deliver finished products for Parsun Power's confirmation before shipment.

Primary Product Portfolio of Parsun Power

Brand	Product type	Product image	Main characteristics
	<p>mid-to-high power outboard motors</p>	<p>300-hp(four-stroke) gasoline outboard motor</p> 	<p>High-Efficiency Power System 4.2L, V6, DOHC engine delivers powerful power output, Electronic Fuel Injection (EFI) technology precisely controls the fuel-air mixture, enabling more complete combustion and reducing fuel consumption, and Variable Valve Timing (VVT) technology enhances mid-to-low speed torque and improves acceleration performance.</p> <p>Enhanced Structural Strength Hydrodynamic exterior design reduces water resistance, delivering more stable and efficient power transmission. High-flow water pump impeller design increases cooling water pressure to ensure reliable operation.</p>
	<p>Intelligent control system</p>	<p>130/115-hp(four-stroke) gasoline outboard motor</p> 	<p>High-grade marine-grade materials improve corrosion resistance and durability of components, lowering maintenance and replacement costs. Multi-layer anti-corrosion coatings and anode protection further upgrade the corrosion protection level.</p> <p>Reliable Power Transmission The classic 1.8L L4 DOHC engine provides stable power output with high reliability. Electronic Fuel Injection (EFI) technology precisely controls the fuel-air mixture for more complete combustion, reducing fuel consumption and emissions. Mature and robust throttle and shift mechanisms with low maintenance costs.</p>

Brand	Product type	Product image	Main characteristics
	<p><i>Electric outboard motors</i></p>	<p>Electronic control system Marine-grade touch screen</p> 	<p>Electronic Control System: One-button start/stop, cruise control, berthing, and automatic tilt, enabling seamless switching between multiple working conditions and human-machine interaction; Electronic throttle/shift with extreme response control, low maintenance costs, and improved handling feel and safety ;</p> <p>Marine-grade Touch Screen:Real-time display of engine speed, tilt angle, steering angle, water temperature, oil pressure, fault alarms, etc., to ensure navigation safety.</p>
	<p><i>Electric trolling motors</i></p>		<p>High-Efficiency Power System:Sensor-less&brush-less motor technology, featuring anti-interference, high efficiency, low noise, and long service life. It provides instantaneous torque output with fast response.</p> <p>Intelligent Energy Management: High-density lithium battery pack ensures long endurance aand supports multiple charging modes.</p> <p>The BMS (Battery Management System) monitors temperature, voltage, and current in real time and is equipped with multiple protection mechanisms.</p> <p>Precise Control Experience:Electronic throttle and direct-drive transmission structure enable millisecond-level power response.</p>

<i>Brand</i>	<i>Product type</i>	<i>Product image</i>	<i>Main characteristics</i>
			<p>Efficient Powertrain Sensorless brushless motor technology offers strong anti-interference performance, high efficiency, low noise and long service life. It provides instantaneous torque output for faster response.</p> <p>Intelligent Energy Management High-density lithium battery packs ensure reliable endurance and support multiple charging modes. The BMS system monitors temperature, voltage and current in real time, with multiple built-in protection mechanisms.</p> <p>Precise Handling Experience Electronic throttle and direct-drive transmission structure enable millisecond-level power response.</p>
	<p><i>General Machines</i></p>		<p>High rotation speed, simple structure, and stable operation. Portable, cost-effective, lightweight, and easy to use and maintain.</p> <p>Widely used in agriculture, landscaping, engineering operations and other scenarios.</p>

III Core Competitiveness Analysis

(I) Industry-leading technology and strong capabilities of R&D and innovation

1. The water powersports equipment business

Parsun Power is a national-level “Little Giant” with specialties, refined management, unique technologies and innovation and a high-tech enterprise. It has long focused on the research and development of domestic outboard motors, accumulating rich innovative achievements. By the end of 2025, Parsun Power had accumulated 165 intellectual property rights and participated in the formulation of several industry standards. It has also won the second prize of the China Machinery Industry Science and Technology Award twice. In 2021 and 2023, Parsun Power successfully achieved mass production of 115-horsepower and 130-horsepower gasoline outboard motors. In March 2024, Parsun Power released its first domestically produced 300-horsepower gasoline outboard motor, and in 2025, Parsun Power released its first domestically produced electric trolling motors. The core technologies of the aforementioned new products are independently controllable, and their manufacturing supply chains have been localized. This has become an important milestone for China's high-end manufacturing in the field of water powersports equipment.

In 2025, Parsun Power’s High-power Outboard Motor Emission Testing Center Laboratory received the CNAS Laboratory Accreditation Certificate from the China National Accreditation Service for Conformity Assessment (CNAS). This made Parsun Power the first company in the Chinese outboard motor industry to obtain CNAS certification for a professional laboratory, filling the gap in China’s specialized testing platform for high-horsepower gasoline outboard motors. This certification has further solidified Parsun Power’s position as an industry benchmark in the domestic gasoline outboard motor field. It also signifies that Parsun Power’s professional testing in this specialized field is now on par with international top-level standards, and the testing reports will be globally recognized.

The CNAS laboratory accreditation received by Parsun Power in the domestic gasoline outboard motor field helps shorten R&D cycles and reduce R&D costs for Parsun Power in the development and testing of high-horsepower outboard motors, thus creating a more competitive core advantage. It also provides strong localized support for other domestic companies in the same field for the R&D, production, and certification of high-performance, large-power outboard motors. This contributes to the green transformation of China’s shipbuilding industry and the achievement of the “dual carbon” goals.

In 2025, Parsun Power was awarded the “National Postdoctoral Research Workstation” certificate by the Ministry of Human Resources and Social Security and the National Postdoctoral Affairs Management Committee, which means Parsun Power’s research capabilities in the frontier field of water powersports equipment and its ability to nurture top talent and foster industry-academia-research collaboration has gained national recognition, and marks a new milestone in the company’s scientific research strength and talent development, as well as further enhancement of the company’s technological image and brand influence.

2. The smart corrugated packaging equipment business

The high-end corrugated cardboard production lines under the Fosber Group, a subsidiary, is industry-leading in terms of speed, width, accuracy, reliability, and level of intelligence. It has earned global recognition from customers for its high quality, reliability, and intelligent software systems. Based on Industry 4.0 technology, Fosber Group has launched a corrugated cardboard production line control system, which includes modules such as Pro/Syncro, Pro/Care, and Pro/Quality. Using sensors, AR, AI analytics, big data, and cloud computing technologies, it enables high precision and intelligent management of production lines. Among them, Pro/Syncro achieves high-speed, high-quality, and low-energy consumption production; Pro/Care provides intelligent diagnostics to reduce equipment downtime; and Pro/Quality performs real-time defect detection and quality traceability. Fosber also offers remote services such as Pro/Visionair and Remote Control, significantly reducing after-sales costs and improving customer efficiency. Fosber Asia, a subsidiary, has introduced and applied the “Instant Set” dual-module slitter in corrugated cardboard production lines. By independently controlling the cutting blades and creasers with servo motors, it reduces the order changeover time from the industry average of 8-15 seconds to under 3 seconds, making it particularly suitable for China’s “small batch, diverse product” order characteristics.

Wonder Digital, a holding subsidiary, is a national high-tech enterprise and a “Little Giant” Enterprise with specialties, refined management, unique technologies and innovation. It connects the physical and digital worlds through a complete digital printing matrix, offering comprehensive solutions. Wonder Digital’s brand UV digital color printers and high-speed digital printers achieve a printing accuracy of 1800 NPI, with color printing quality comparable to traditional offset printing. The new product WONDER INNO PRO SINGLE PASS launched in 2024 represents a technological breakthrough in digital printing, extending from color to high-definition colors. Its large-width, roll-to-roll high-speed digital printing machine is leading in China, offering advantages in size, energy consumption, and cost-effectiveness.

(II) Complete layout in the corrugated packaging machinery industry chain and the most complete and richest product portfolio in the industry

Among domestic companies in the corrugated packaging equipment sector, Dongfang Precision is the enterprise with the most complete and comprehensive industrial chain layout. Its products cover the fields of corrugated cardboard production, carton printing and packaging, and digital printers. The company's business encompasses all key links in the corrugated packaging production and processing value chain, and it possesses the most comprehensive and diverse product portfolio of corrugated packaging production line equipment in the industry. This enables the company to meet the needs of different market segments and various types of customers, offering dozens of different specifications and models of full-line and standalone products, making it the leader in the domestic market.

1. Corrugated cardboard production lines

In the field of “High-End Intelligent Corrugated cardboard production lines “: Fosber Group, a subsidiary, offers three major series of products of corrugated cardboard production lines: S/Line, Pro/Line, and Quantum Line, along with key components for corrugated cardboard production lines, such as corrugating rolls and pressure rolls. These products are designed for medium to large-sized enterprises in the global corrugated cardboard

production and processing industry, providing mid-to-high-end corrugated cardboard production lines in various specifications, types, and different positioning levels.

The S/Line and Pro/Line are primarily suitable for the production of corrugated cardboard with a thickness of 2mm to 13mm. This type of corrugated cardboard is known for its strong load-bearing capacity, excellent shock resistance, high plasticity, and environmental friendliness. It is widely used in logistics and express delivery, furniture and home appliances, and electronics packaging. The Quantum Line is mainly suitable for the production of solid fiberboard under 2mm thick and micro-corrugated cardboard. This type of cardboard is lightweight, high in strength, moisture-resistant, and environmentally friendly. It is widely used in packaging for color boxes, high-end products, electronics, and cultural and artistic items. The Tiruña brand's corrugating rolls and pressure rolls are compatible with various brands and different specifications of corrugated cardboard production lines. They can be customized based on the type of corrugated line, coating requirements, and applicable paper types.

2. Corrugated box printing and packaging production lines

Dongfang Precision (China) and Dongfang Precision (Europe) offer high-quality corrugated box printing and packaging production lines and standalone equipment for both the Chinese and overseas markets. They offer dozens of different specifications and market positioning products, covering fixed/open-close type, top-print/bottom-print, full-line (line)/standalone models, making them the most comprehensive and diverse suppliers of products in this field globally.

3. Digital printers

Wonder Digital offers four major series of digital printing machines, covering a wide range of types and specifications, from post-printing to pre-printing, from water-based inks to dyes and pigments, from water-based spot colors to UV spot colors, and from cartons and color boxes to coiled materials. The machines support various application modes and scenarios, including single-sheet printing to variable data seamless job changeover, standalone printing to ERP integration, among others. Wonder Digital positions itself as a “digital printer supermarket,” meeting the needs of different markets and industry customers at various levels for digital printing production.

(III) Profound Know-How experience and experienced team in the industry

Dongfang Precision has a team with deep industry Know-how and extensive experience. With over 20 years of experience in both domestic and international markets, the team has a profound understanding of the industry layout, development planning, R&D roadmap, production operations, marketing, and team management in the field; The core management team has a broad vision and is able to deeply grasp the overall development trends of the smart corrugated packaging equipment manufacturing industry. Through forward-looking strategic planning and layout, the steady and sustainable development of the Company is achieved. Furthermore, the Company practices a professional manager management model, continuously improving organizational structure, management authority, incentive systems, and cultural development. These measures help the Company attract talent and enhance the team's combat effectiveness.

(IV) High brand popularity and customer recognition worldwide

Water Powersports Equipment Sector: Parsun Power, a subsidiary, is a leading company in the domestic outboard motor industry. The Parsun Power brand has received numerous honors, including “Jiangsu Province Famous Brand Product” and “Suzhou Famous Brand Product”. Overseas, Parsun Power’s sales network covers more than 100 countries and regions, establishing business partnerships with numerous customers worldwide.

Intelligent Packaging Equipment Sector: Dongfang Precision brand corrugated box printing and packaging lines, and Wonder Digital brand digital printers, are well-known and influential both domestically and internationally. Dongfang Precision brand’s corrugated box printing and packaging lines are sold in more than 60 countries and regions. The holding subsidiary Wonder Digital is in the top tier of the domestic digital printer field, with its products sold in over 80 countries and regions and a market stock of over 1,600 units.

(V) Strong capabilities of strategic control and integration

Since going public, Dongfang Precision has continuously expanded upstream and downstream in its core industries. Over many years of practice, the Company has developed strong strategic control and deep integration capabilities across its business segments, accumulating rich experience and practical knowledge. Strategic management capabilities have become the Company's core strength in successfully managing its various business entities.

In practice, the Company has developed a set of effective post-investment integration management methods by deeply understanding the industry, forecasting industry trends, and focusing on strategic goals. These methods include corporate governance standardization policy, the “Board of Directors-Supervisory Committee-General Meeting” operation mechanism, the strategic and financial control system, decentralized authorization management, complete audits, and management incentives, forming a set of measures for effective controls for post-investment integration with the Company’s own characteristics to secure the effective implementation of the strategic plan.

- Water powersports equipment: Parsun Power’s compound annual growth rate (CAGR) of operating revenue and net profit achieved 24% over the past six years

Since acquiring the controlling stake in Parsun Power in 2015, Dongfang Precision has helped Parsun Power enhance its R&D, marketing, supply chain, and manufacturing through strategic adjustments and the introduction of outstanding talent. Between 2020 and 2025, Parsun Power achieved a compound annual growth rate of 24% in both revenue and net profit.

- Corrugated cardboard production lines: Fosber Group recorded a double-digit CAGR of operating revenue and net profit over the past decade.

Since acquiring the controlling stake in Fosber Italy in 2014, Dongfang Precision and its management team have implemented a series of effective integration measures, including optimizing strategic planning, business strategies, standardizing the management system, establishing management incentive mechanism, and strengthening financial control, which have effectively revitalized the operational performance of the Fosber Group. From 2015 to 2025, Fosber Group delivered a CAGR of approximately 12% in total operating revenue and a 25% CAGR in overall net profit.

IV Analysis of Principal Operations

(I) Overview

In 2025, China's economy progressed steadily, with new achievements in high-quality development. The intelligent upgrading of the manufacturing sector continued to deepen, and new quality productive forces developed actively. Under the strong leadership of the Board of Directors and the management team, all employees worked diligently and strove for progress in 2025, achieving steady growth in the Company's operating performance.

In 2025, the Company recorded total operating revenue of RMB5,229 million, representing a year-on-year increase of 9.43%; and net profit attributable to its shareholders was approximately RMB725 million, representing a year-on-year increase of 44.88%.

(II) Performance of principal operations during the Reporting Period

1. The business division of water powersports equipment

In 2025, Parsun Power, a controlled subsidiary, recorded total operating revenue of RMB1,016 million, exceeding RMB1 billion for the first time, representing a year-on-year increase of 34%; net profit reached RMB108 million, representing a year-on-year increase of 33%. Both annual operating revenue and net profit reached record highs, while the year-on-year growth rates of revenue and net profit (YOY) also marked the best performance in the past three years. Since 2021, Parsun Power has entered a phase of accelerated growth, with operating revenue in 2025 increasing by more than 110% compared with 2021.

Breaking into the High-End Outboard Motor Market, Domestic 300-Horsepower Gasoline Outboard Motors Achieves Mass Production and Delivery: Following the launch of China's first 300-horsepower gasoline outboard motor, the F300, in 2024, Parsun Power undertook extensive work to enable mass production. In 2025, the product completed market validation and design optimisation, officially entered mass production, and achieved sales and delivery of over 200 units throughout the year. This marked a critical leap for domestically produced outboard motors in the 300-horsepower high-power segment, transitioning from "technological breakthrough" to "market delivery". Parsun Power became the first Chinese enterprise to mass-produce 300-horsepower gasoline outboard motors, breaking the long-standing dominance of American and Japanese brands in the high-end market. This positioned China as the third country globally, after the United States and Japan, to successfully mass-produce such motors, supporting the domestic outboard motor industry's transition from a "follower" to a "co-runner" in the manufacturing and sales of high-horsepower gasoline outboard motors. With the ramp-up in mass production and delivery of the F300, high-horsepower outboard motors are becoming a key driver for Parsun Power to enter the global mainstream outboard motor market and drive performance growth.

"Gasoline-diesel-electric" Outboard Motor Product Matrix Continues to be Upgraded, with Product Competitiveness Across All Application Scenarios Steadily Improving: Parsun Power is committed to developing a "gasoline-diesel-electric" outboard motor product matrix, covering a wide range of end-use applications and spanning low-, medium- and high-power segments, to meet diverse customer needs. Parsun Power continued to drive the overall upgrade of its outboard motor product matrix, steadily advancing towards higher horsepower, multi-fuel capability and electrification. In 2025, alongside the mass production and delivery of its flagship F300 high-horsepower gasoline outboard motor, Parsun Power achieved a significant milestone in the R&D of its proprietary 200-horsepower diesel outboard motor, which has entered the small-batch production stage. Once officially launched, this product will become China's first 200-horsepower diesel outboard motor, filling the gap in the domestic industry for high-horsepower diesel products. High-horsepower diesel outboard motors will form an important part of Parsun Power's product portfolio in commercial and governmental application scenarios. A new intelligent control system, designed to complement high-end and electric outboard motors, was successfully launched and delivered in mass production, enhancing the intelligent operation of ships. In end-use applications such as water leisure sports and consumer-grade gasoline outboard motors, Parsun Power optimised and enhanced the performance of multiple outboard motor products, further consolidating its competitive advantage in terms of cost-effectiveness within this segment.

Building a Second Growth Curve, with the Mass Production of the First Electric Trolling Motor

Leading Category Expansion: While consolidating its competitive advantages in the outboard motor sector, Parsun Power leveraged its years of accumulated expertise in this field to expand towards becoming “a supplier of comprehensive water powersports solutions”. By developing new product lines, it has established a new growth curve. In March 2025, Parsun Power officially launched its first electric trolling motor at the 2025 Shanghai International Boat Show. This product represents both Parsun Power’s first electric trolling motor and the first domestically developed electric trolling motor featuring a foldable structure. During the R&D process of the electric trolling motor, Parsun Power adhered to a “high-end positioning and forward development” philosophy, undergoing more than 40 design optimisations, over 70 structural adjustments, more than 100 software iterations, and nearly 1,000 on-water tests, thereby achieving independent control over core technologies and manufacturing. The product has now entered the stage of mass production and delivery. The first electric trolling motor marks a significant milestone for Parsun Power, leveraging its R&D and manufacturing expertise in outboard motors to expand into new application areas such as auxiliary marine power and precise positioning control.

Approved as the First CNAS-accredited Laboratory in the Domestic Industry, Further Strengthening the Technological Foundation: In June 2025, the high-power outboard motor emissions testing centre laboratory of Parsun Power obtained CNAS laboratory accreditation from the China National Accreditation Service for Conformity Assessment (CNAS), becoming the first specialised laboratory in China’s outboard motor industry to receive such certification and filling the gap in professional testing platforms for high-horsepower gasoline outboard motors in China. The acquisition of this accreditation signifies that Parsun Power has established a domestically leading, nationally accredited independent R&D verification system, providing strong assurance for performance, emissions and reliability testing of high-horsepower and various new products. In addition, during the Reporting Period, Parsun Power was approved to establish a national-level postdoctoral research workstation, receiving national recognition in terms of research capability, high-end talent cultivation and industry–academia–research collaboration, further enhancing its corporate technological image and brand influence.

New Headquarters Put into Operation, Ushering in the “2.0 Era”: Parsun Power’s new headquarters in Suzhou, Jiangsu Province, was officially put into operation in May 2025. The newly constructed production workshops for high-horsepower outboard motors and electric outboard motors have been put into operation, laying a solid foundation for Parsun Power’s future performance growth. According to the project plan, once the new workshops reach their target production capacity in the future, Parsun Power will increase its annual production capacity by over 76,000 outboard motors. From 2021 to 2025, Parsun Power achieved leapfrog growth in operating revenue and net profit, successively launching 115-horsepower, 130-horsepower and 300-horsepower gasoline outboard motors, filling numerous gaps in China’s gasoline outboard motor sector and achieving remarkable results. Building on the rapid development of the past five years, the completion and commissioning of Parsun Power’s new headquarters marks the beginning of Parsun Power’s “2.0 era”. Going forward, Parsun Power will continue to focus on the development trends of “high horsepower, electrification and intelligence” in the shipping power sector, providing comprehensive water powersports solutions and products for customers across multiple industries and application scenarios. Building on its position as a domestic industry benchmark, it will benchmark against leading international enterprises, driven by innovation and supported by full industrial chain collaboration, striving to become a world-class comprehensive service provider in the water powersports sector and achieve high-quality development.

Digital and Intelligent Operations Driving Efficiency Improvements, Enhancing Both Operational Efficiency and Quality: In 2025, Parsun Power completed the full deployment and integration of the U9 ERP system and CRM system, achieving full-process digital connectivity from “sales order → production planning → manufacturing execution → product delivery”. This enabled the automatic conversion of sales orders into production orders, significantly improved process automation, substantially reduced work order processing time, and enhanced delivery efficiency for both machines and components. Through budget management and cost optimisation, period expenses in 2025 decreased by 3.3% compared with 2024, achieving a relative reduction in costs alongside rapid overall revenue growth. Meanwhile, the capacity utilisation rate of high-horsepower fuel-powered model production lines continued to improve, with production capacity steadily ramping up.

Innovating Diversified Marketing Approaches, with Parallel Progress in Domestic and International

Markets: During the Reporting Period, Parsun Power participated in major domestic exhibitions, including the 2025 Shanghai International Boat Show, the 2025 China Import and Export Fair (Canton Fair), and the 2025 Shanghai International Emergency and Rescue Expo. In overseas markets, the Company focused on Asia, Africa and Latin America, while continuously strengthening expansion in the European market and further developing markets in Latin America and Africa. In 2025, sales of Parsun Power's outboard motor products in Asia, Africa and Latin America increased by more than 60% compared with 2024, while sales in Europe (excluding the Commonwealth of Independent States) increased by over 30% year on year. In 2025, Parsun Power launched live-streaming e-commerce, collaborating with business partners to host multiple live-streaming sessions on the Douyin platform. This enabled more direct engagement with end consumers and gradually established a marketing closed loop of "online traffic acquisition, offline experience and full-channel conversion". The number of followers on Douyin platform exceeded 6,000, and user community building progressed steadily, gradually taking shape. Parsun Power also promoted its top-tier engine products by sponsoring lure fishing competitions, precisely targeting high-end water sports and angling customer segments, thereby enhancing brand awareness and reputation in the leisure fishing sector.

In addition, revenue from the General Machine business increased by 80% year on year in 2025, becoming a strong support for the growth and expansion of Parsun Power's core water powersports equipment business.

2. The business division of intelligent packaging equipment

A. The segment of corrugated cardboard production lines

■ Overseas business unit: Under overall pressure in overseas markets, both revenue and order intake achieved growth, demonstrating strong resilience

In 2025, Fosber Group, a subsidiary, recorded total operating revenue of RMB3,144 million, representing an increase of approximately 5.66% compared with 2024. During the Reporting Period, orders for corrugated line machinery of Fosber Group also achieved notable growth compared with 2024. Fosber Group, whose core market spans Europe and North America, has achieved counter-cyclical growth despite industry-wide pressures of overall production lines for high-end corrugated cardboard in Europe and America. These pressures stem from the consolidation of leading downstream paper packaging conglomerates and slowing capital expenditure trends in the sector since 2024. By leveraging superior product capabilities, strong team execution, a solid customer base, high brand recognition, industry-leading machine intelligence control systems, and exceptional product upgrade and technical support services, Fosber has demonstrated remarkable market resilience and robust competitiveness in the global mid-to-high-end corrugated cardboard production line industry. In 2025, Fosber America, a subsidiary, achieved growth in both revenue and profit, reaching record highs and further consolidating its leading position in the North American market.

Industrial Synergy and Operational Efficiency Enhancement: During the Reporting Period, Fosber Group continued to deepen collaboration among its three major product line series—Fosber-branded corrugated lines, Quantum-branded corrugated lines, and domestically manufactured corrugated lines of Fosber Asia. Fosber Group made progress in collaboration with its subsidiary Qcorr in areas such as operations and after-sales services. In 2025, both the overall inventory level and inventory turnover rate of Fosber Group improved compared with 2024.

■ Domestic business unit: Strong growth in orders and revenue, alongside simultaneous capacity expansion and operational optimisation

Fosber Asia, a subsidiary, is positioned as a specialised domestic supplier of mid-to-high-end corrugated cardboard production lines, focusing on China and radiating across Asia. In 2025, Fosber Asia delivered outstanding performance in the domestic mid-to-high-end corrugated paperboard production line market, with strong sales of complete line machinery orders and substantial order intake in the domestic market. Annual operating revenue and net profit both increased by more than 50% year on year, achieving the best annual performance since 2021.

In 2025, Fosber Asia further optimised the average delivery cycle of complete line machinery orders, continuing the trend of shortened delivery cycles from 2024. The total production man-hours for complete line machinery were optimised compared with 2024, resulting in a significant improvement in operational efficiency. The expense ratio decreased by nearly 5%, maintaining strong management efficiency alongside revenue growth.

In June 2025, Fosber Asia's new plant was officially put into operation, with a designed annual capacity of 40 production lines, providing strong support for future development.

B. The segment of corrugated box printing and packaging line equipment

Overseas markets: Against the backdrop of domestic peer enterprises expanding overseas, Dongfang Precision's corrugated box printing and packaging equipment has continued to achieve progress in overseas market expansion, supported by its long-established reputation, advanced technological capabilities, reliable product quality, and well-developed sales and service system. Dongfang Precision (China) adopted a combined model of "distribution + direct sales" for its overseas business. In 2025, the proportion of direct sales overseas increased significantly, with a focus on expanding direct sales in countries along the "Belt and Road Initiative" and strengthening localised customer service support. The Company achieved multipoint breakthroughs across several countries in Asia and Africa, secured dozens of printing and packaging integrated line orders in overseas markets during the year, and made notable progress in the Indian market.

Operation management: Dongfang Precision (China) has continuously promoted energy conservation, consumption and cost reduction, and efficiency improvement. Through the construction of "digital workshops" and the implementation of intelligent logistics projects, the level of production intelligence, automation and standardisation was enhanced. In 2025, both overall procurement costs and order delivery cycles were optimised. In 2025, multiple intelligent logistics projects were successfully delivered and accepted, providing customers with integrated smart factory solutions.

Digital printer business: Wonder Digital, a controlled subsidiary, launched an upgraded "MULTI PASS-SINGLE PASS Digital Hybrid Printer" in 2025. Leveraging its innovative "dual-mode integration technology", the product meets diversified size printing requirements, helping customers reduce costs and improve efficiency. With stable product performance and quality, it secured a substantial number of orders and became a new growth driver for digital printer sales. Sales of inks, consumables and spare parts compatible with the company's own brand of digital printers also achieved strong growth during the Reporting Period, with the complementary product effect continuing to materialise. The Company further strengthened overseas market expansion, exploring new opportunities in countries along the "Belt and Road Initiative" and in emerging markets. In 2025, revenue from overseas markets accounted for more than 50% of Wonder Digital's annual revenue, with notable breakthroughs achieved in multiple markets across Asia and Latin America.

C. Industrial Internet industry solution business

In 2025, Dongfang Digicom, a subsidiary, achieved a turnaround from loss to profit for the first time. Benefiting from the effective implementation of its digital transformation strategy and the accurate capture of external market opportunities, Dongfang Digicom launched a range of digital products in 2025, including Equipment After-sales Service Management System, Micro Mes and InterLink. Leveraging their precise alignment with the equipment manufacturing industry and differentiated functional design, these solutions made positive progress in the market, with overall revenue increasing significantly compared with 2024. The "Digitalisation +" business also achieved breakthroughs and was applied across relevant industry sectors. Driven by high workforce efficiency, operational input costs were reduced, resulting in a year-on-year decrease in operating expenses.

3. The business division of strategic emerging industries

In July 2025, the Company entered into a *Strategic Cooperation Agreement* with Leju Robot. Both parties will initiate cooperation through project collaboration and complementary advantages, leveraging Leju Robot's strengths in technology R&D and application, as well as Dongfang Precision's advantages in intelligent manufacturing and resources, to carry out in-depth collaboration. The scope of cooperation includes, but is not limited to, the manufacturing and services of intelligent equipment products, application expansion, and market development and promotion.

In September 2025, Dongfang Precision and Leju Robot jointly established DF Primo Robotic, in which Dongfang Precision holds an 80% equity interest. DF Primo Robotic will serve as the primary platform for the listed company to develop strategic emerging industries, leveraging Dongfang Precision's accumulated experience and resource advantages in high-end equipment manufacturing, together with Leju Robot's strengths in technology

R&D and application, to advance the large-scale development of intelligent equipment products.

As at the disclosure date of this report, DF Primo Robotic has completed the establishment of its team and production lines, and is expected to complete final commissioning and acceptance of the production lines and commence mass production in the first quarter of 2026. As at present, DF Primo Robotic has secured orders on hand amounting to approximately RMB35 million, has completed trial production and commenced small-batch supply of core component products, and has generated operating revenue of RMB1.9 million (data as at February 2026).

(III) Analysis of key financial indicators

1. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2025		2024		Change (%)
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	5,228,536,554.75	100%	4,777,855,602.69	100%	9.43%
By operating division					
Intelligent manufacturing	5,228,536,554.75	100%	4,777,855,602.69	100%	9.43%
By product category					
Corrugated cardboard production lines	3,521,133,520.49	67.34%	3,210,447,782.10	67.19%	9.68%
Corrugated box printing and packaging production line equipment	691,697,924.87	13.23%	810,207,423.62	16.96%	-14.63%
Water powersports products and General Machines	1,015,705,109.39	19.43%	757,200,396.97	15.85%	34.14%
By region					
Mainland China	1,091,961,375.03	20.88%	551,722,648.45	11.55%	97.92%
Other countries and regions	4,136,575,179.72	79.12%	4,226,132,954.24	88.45%	-2.12%
By sales channel					
Direct selling	4,165,834,673.76	79.67%	3,900,868,714.41	81.64%	6.79%

A combination of distribution and consignment sales	1,062,701,880.99	20.33%	876,986,888.28	18.36%	21.18%
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(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

Applicable Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Intelligent manufacturing	5,228,536,554.75	3,797,940,497.42	27.36%	9.43%	13.69%	-2.72%
By product category						
Corrugated cardboard production lines	3,521,133,520.49	2,477,823,019.91	29.63%	9.68%	11.46%	-1.12%
Corrugated box printing and packaging production line equipment	691,697,924.87	498,786,414.03	27.89%	-14.63%	-5.51%	-6.95%
Water powersports products and general machines	1,015,705,109.39	821,331,063.48	19.14%	34.14%	39.32%	-3.01%
By operating segment						
Mainland China	1,091,961,375.03	889,541,829.20	18.54%	97.92%	101.37%	-1.40%
Other countries and regions	4,136,575,179.72	2,908,398,668.22	29.69%	-2.12%	0.33%	-1.72%
By sales mode						
Direct selling	4,165,834,673.76	2,979,271,648.33	28.48%	6.79%	9.57%	-1.81%
A combination of distribution and consignment sales	1,062,701,880.99	818,668,849.09	22.96%	21.18%	31.75%	-6.18%

Under the circumstances that the statistical caliber of the Company's main business data is adjusted in the Reporting Period, the Company's main business data that adjusted according to the caliber at the end of the Reporting Period

Applicable Not applicable

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2025	2024	Change (%)
Corrugated cardboard production line	Unit sales	Unit	194.00	191.00	1.57%
	Output	Unit	197.00	192.00	2.60%
	Inventory	Unit	8.00	5.00	60.00%
Corrugated Box Printing and Packaging Equipment	Unit sales	Unit	261.00	393.00	-33.59%
	Output	Unit	249.00	393.00	-36.64%
	Inventory	Unit	37.00	49.00	-24.49%
Water power-sports product_General Machine	Unit sales	Unit 10,000	95.62	52.84	80.96%
	Output	Unit 10,000	95.53	52.84	80.79%
	Inventory	Unit 10,000	0.02	0.11	-81.82%
Water power-sports product_Outboard Motor	Unit sales	Unit 10,000	6.51	7.41	-12.15%
	Output	Unit 10,000	6.66	6.53	1.99%
	Inventory	Unit 10,000	0.72	0.57	26.32%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

1. Inventory of corrugated board production lines increased by 60% year on year, mainly due to higher inventory stocking during the reporting period.
2. Sales, production and inventory of corrugated board printing and packaging equipment decreased year on year. This was mainly because in 2025, the production and sales of high-end digital printing equipment models increased compared with 2024, while those of low-end models decreased.
3. Production and sales of General Machinery products under the Water Power-sports product line rose year on year, mainly driven by increased market expansion for such products in 2025.

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

Unit: RMB

Industry Category	Item	2025		2024		Change (%)
		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Intelligent manufacturing	Raw materials	2,472,296,182.92	65.10%	2,176,929,041.06	65.17%	13.57%
	Labor cost	608,573,451.95	16.02%	526,866,025.31	15.77%	15.51%

	Other	717,070,862.55	18.88%	636,700,760.57	19.06%	12.62%
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Unit: RMB

Product category	Item	2025		2024		Change (%)
		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Corrugated cardboard production lines	Raw materials	1,340,677,262.49	35.28%	1,239,323,918.09	37.10%	8.18%
	Labor cost	508,374,180.18	13.39%	430,426,579.74	12.89%	18.11%
	Other	628,771,577.28	16.56%	553,326,549.36	16.56%	13.63%
Corrugated box printing and packaging production line equipment	Raw materials	367,142,992.92	9.67%	402,926,438.37	12.06%	-8.88%
	Labor cost	63,291,531.98	1.67%	64,773,023.81	1.94%	-2.29%
	Other	68,351,889.09	1.80%	60,198,136.68	1.80%	13.54%
Water power sports products and General machines	Raw materials	764,475,927.51	20.13%	534,678,684.60	16.01%	42.98%
	Labor cost	36,907,739.79	0.97%	31,666,421.76	0.95%	16.55%
	Other	19,947,396.18	0.53%	23,176,074.53	0.69%	-13.93%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

☑ Yes ☐ No

1. During the year, the Company newly established the following subsidiaries: Suzhou Chaoju International Trading Co., Ltd., Suzhou Xuanliu International Trading Co., Ltd., Suzhou Yuanqi International Trading Co., Ltd., Suzhou Cangshu International Trading Co., Ltd., Suzhou Xunce International Trading Co., Ltd., Beijing Lanfengyin Trading Co., Ltd., Dongfang Primo Robotics (Guangdong) Co., Ltd., Grandvoyage Holdings (Singapore) Pte. Ltd., and Starlight Precision Technology (Singapore) Co., Ltd. All these entities have been included in the consolidation scope from their respective dates of establishment.

During the reporting period, the Company participated in the capital contribution to Changzhou Xincheng No.2 Venture Capital Partnership (Limited Partnership), which has been included in the consolidated financial statements from the date of completion of the capital contribution.

2. Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) completed its liquidation and deregistration procedures during the reporting period, and has therefore been excluded from the consolidation scope as of its liquidation base date.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

☐ Applicable ☑ Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,415,745,329.31
Total sales to top five customers as a % of total sales of the	27.08%

Reporting Period (%)	
Total sales to related parties among top five customers as a % of total sales of the Reporting Period (%)	0.00%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As a % of total sales revenue (%)
1	Customer A	533,253,398.00	10.20%
2	Customer B	305,734,589.44	5.85%
3	Customer C	230,315,951.74	4.40%
4	Customer D	189,753,546.28	3.63%
5	Customer E	156,687,843.85	3.00%
Total	--	1,415,745,329.31	27.08%

Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	580,820,321.91
Total purchases from top five suppliers as a % of total purchases of the Reporting Period (%)	21.79%
Total purchases from related parties among top five suppliers as a % of total purchases of the Reporting Period (%)	0.00%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As a % of total purchases (%)
1	Supplier A	419,645,344.05	15.74%
2	Supplier B	52,746,718.78	1.98%
3	Supplier C	38,187,565.05	1.43%
4	Supplier D	35,594,692.76	1.34%
5	Supplier E	34,646,001.27	1.30%
Total	--	580,820,321.91	21.79%

Other information about major suppliers:

Applicable Not applicable

During the reporting period, revenue from the Company's trading business accounted for more than 10% of its total operating revenue.

Applicable Not applicable

2. Expenses

Unit: RMB

	2025	2024	Change (%)	Reason for any significant change
Selling expenses	179,857,242.48	192,404,149.61	-6.52%	No significant change.
Administrative expenses	390,410,185.18	360,042,388.32	8.43%	No significant change.
Finance costs	-13,225,605.47	-24,492,820.88	-46.00%	Mainly due to the impact of exchange rate fluctuations during the reporting period.
R&D expenses	98,382,572.86	105,524,488.70	-6.77%	No significant change.

3. R&D Investments

√ Applicable □ Not applicable

Main R&D projects	Purpose	Project progress	Objectives to be achieved	Expected impact on the Company
High-horsepower outboard motors	To make up the blank market of high-horsepower outboard motors, and further enhance the competitiveness of products.	The 300HP gasoline outboard motor has completed development and entered mass production and sales. Significant milestone progress has been achieved in the development of the 200HP diesel outboard motor, which has entered small-batch production.	Internationally advanced, with independent and controllable core technologies and supply chain. Mass production and sales in the global industry market.	Meet the demand for high-horsepower outboard motors in domestic and international markets, becoming a new profit growth point for the Company.
Electric outboard motors	To develop a battery-powered outboard motor to further enhance product competitiveness in the new energy outboard motor market.	The electric outboard motor has been developed and put into mass production for sales.	Mass production and sales in the global industry market.	Meet market demand and become a new profit growth point for the Company.

Details about R&D personnel:

	2025	2024	Change (%)
Number of R&D personnel	337	314	7.32%
R&D personnel as a % of total employees	14.01%	13.90%	0.11%
Educational background of R&D personnel			
Bachelor's degree	141	124	13.71%
Master's degree	50	58	-13.79%
Other	146	132	10.61%
Age structure of R&D personnel			

Under 30	89	80	11.25%
30-40	136	130	4.62%
Other	112	104	7.69%

Details about R&D investments:

	2025	2024	Change (%)
R&D investments (RMB)	98,382,572.86	105,524,488.70	-6.77%
R&D investments as a % of operating revenue	1.88%	2.21%	-0.33%
Capitalized R&D investments as a % of total R&D investments	0.00	0.00	0.00%

Reasons for any significant change to the composition of R&D personnel and the impact:

Applicable 穀 Not applicable

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

Applicable 穀 Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale:

Applicable 穀 Not applicable

4. Cash Flows

Unit: RMB

Item	2025	2024	Change (%)
Subtotal of cash generated from operating activities	5,378,576,600.73	4,762,527,101.99	12.94%
Subtotal of cash used in operating activities	4,504,362,250.13	4,059,971,721.77	10.95%
Net cash generated from/used in operating activities	874,214,350.60	702,555,380.22	24.43%
Subtotal of cash generated from investing activities	2,852,888,560.32	1,623,611,915.96	75.71%
Subtotal of cash used in investing activities	3,236,113,495.79	2,165,113,284.38	49.47%
Net cash generated from/used in investing activities	-383,224,935.47	-541,501,368.42	-29.23%
Subtotal of cash generated from financing activities	230,890,005.96	262,788,352.77	-12.14%
Subtotal of cash used in financing activities	389,054,999.99	418,138,867.37	-6.96%
Net cash generated from/used in financing activities	-158,164,994.03	-155,350,514.60	1.81%

Net increase in cash and cash equivalents	342,008,329.60	-20,224,063.29	1,791.10%
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Explanation of why any of the data above varies significantly on a year-on-year basis:

Applicable Not applicable

(1) Net cash flow generated from operating activities was a net inflow of RMB 874,214,350.60, mainly due to increased collection from sales in operating activities during the reporting period.

(2) Net cash flow used in investing activities was a net outflow of RMB 383,224,935.47, mainly as a result of the Company's investment in financial assets during the reporting period.

(3) Net cash flow used in financing activities was a net outflow of RMB 158,164,994.03, mainly attributable to loan repayments and dividend distributions made by the Company during the reporting period.

(4) Net increase in cash and cash equivalents was a net inflow of RMB 342,008,329.60, mainly driven by higher net inflow from operating activities and lower net outflow from investing activities during the reporting period.

Explanation of why the net cash generated from/used in operating activities varies significantly from the net profit of the reporting Period:

Applicable Not applicable

V Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As a % of gross profit	Primary source/reason	Recurrent or not
Return on investment	147,146,138.79	15.38%	Mainly due to the change in investment income recognized from the implementation of securities investment during the reporting period.	Yes
Gain/loss on changes in fair value	101,564,872.39	10.62%	Mainly due to the fluctuation in the fair value of the held trading financial assets during the reporting period.	Yes
Asset impairment loss	-67,514,458.14	-7.06%	Mainly due to the provision for inventory write-downs and impairment of Goodwill during the reporting period.	No
Non-operating income	13,023,560.07	1.36%	No significant impact.	No
Non-operating expenses	1,850,678.81	0.19%	No significant impact.	No

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2025		1 January 2025		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		
Cash and bank balances	2,078,919,027.45	23.83%	1,729,050,383.34	22.97%	0.86%	No significant change.
Accounts receivable	952,021,236.78	10.91%	745,862,825.71	9.91%	1.00%	Mainly due to the increase in sales proceed collection..
Contract assets	64,541,120.93	0.74%	52,151,171.92	0.69%	0.05%	No significant change.
Inventories	1,119,277,121.91	12.83%	1,031,899,593.02	13.71%	-0.88%	No significant change
Long-term equity investments	302,857,592.30	3.47%	113,469,148.58	1.51%	1.96%	Mainly due to the increase in equity investment.
Fixed assets	1,084,142,895.08	12.43%	681,980,621.79	9.06%	3.37%	Mainly due to the increased investment in long-term assets during the reporting period.
Construction in progress	195,841,811.75	2.24%	404,826,595.02	5.38%	-3.14%	Mainly due to the transfer to fixed assets during the reporting period.
Right-of-use assets	69,324,297.36	0.79%	64,147,198.31	0.85%	-0.06%	No significant change.
Short-term borrowings	185,516,009.83	2.13%	85,390,128.99	1.13%	1.00%	Mainly due to the increase in short-term borrowings during the reporting period.
Contract liability	458,557,878.31	5.26%	373,931,068.16	4.97%	0.29%	Mainly due to the increase in sales shipments.
Long-term borrowings	110,985,297.60	1.27%	125,482,485.31	1.67%	-0.40%	No significant change.
Lease liabilities	53,367,241.87	0.61%	47,666,801.96	0.63%	-0.02%	No significant change.

Overseas assets that take up a large percentage of the Company's net asset value:

√ Applicable □ Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return	As a % of the Company's net asset value	Any material impairment risk or not
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Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return	As a % of the Company's net asset value	Any material impairment risk or not
100% interest of Fosber S.p.A.	M&A	1,638,134,659.45	Italy	Producing and marketing by itself	Operation management	Good	27.15%	Not
100% interest of EDF S.R. L	M&A	27,256,952.57	Italy	Producing and marketing by itself	Operation management	Good	0.45%	Not

2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Impairment allowance for the period	Purchased in the period	Sold in the period	Other changes	Closing amount
Financial assets								
1. Financial assets held for trading (exclusive of derivative financial assets)	788,649,332.18	16,299,739.97			2,335,683,282.18	2,374,077,876.84		766,554,477.49
2. Derivative financial assets	2,755,081.17	1,384,678.15				4,038,758.57		101,000.75
3. Other non-current financial assets	539,449,588.63	76,849,471.25			370,411,675.58	169,362,857.36		817,347,878.10
Subtotal of financial assets	1,330,854,001.98	94,533,889.37			2,706,094,957.76	2,547,479,492.77		1,584,003,356.34
Non-current assets due within one year	10,579,534.25	330,000.00						10,909,534.25
Total of the above	1,341,433,536.23	94,863,889.37			2,706,094,957.76	2,547,479,492.77		1,594,912,890.59
Financial liabilities	213,789,778.20	431,238.73				115,947,971.68		98,273,045.24

Particulars about other changes: Other changes are mainly exchange movements.

Indicate whether any significant change occurred to the measurement attributes of the major assets in the Reporting Period. Yes No

3. Assets to which the Company's Rights Were Restricted as at the Period-End

Unit: RMB

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	84,620,149.30	Deposits used for obtaining bank acceptance bills and guarantees, etc.
Fixed assets	63,466,811.34	For bank loans obtained by subsidiaries
Total	148,086,960.64	

VII Investments Made

1. Total Investment Amount

Applicable Not applicable

Total investment amount in 2025(RMB)	Total investment amount in 2024 (RMB)	Change (%)
789,003,153.13	1,002,404,107.56	-21.29%

2. Significant Equity Investments Acquired in the Reporting Period

Applicable Not applicable

3. Significant Non-Equity Investments of which the Acquisition Was Uncompleted in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Opening carrying amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the period	Sold in the period	Gain/loss in the period	Closing carrying amount	Accounting title	Funding source
Domestically/overseas listed stocks	600522	Triumph Science&Technology	0.00	Fair value	0.00	5,421,583.79		244,990,884.61	7,360,800.00	5,828,181.79	243,051,668.40	Financial assets held for trading	Self-funded
Domestically/overseas listed stocks	600835	Shanghai Mechanical &Electrical	0.00	Fair value	0.00	1,246,871.44		28,763,128.56		1,446,871.44	30,010,000.00	Financial assets held for trading	Self-funded
Domestically/overseas listed stocks		Others	187,638,899.00	Fair value	187,638,899.00	-3,782,285.00		318,016,652.64	646,869,622.75	150,915,311.85	9,701,240.74	Financial assets held for trading	Self-funded
Trust products			20,153,767.72	Fair value	20,153,767.72	231,050.90		35,080,000.00	40,251,027.10	231,050.90	15,214,791.52	Financial assets held for trading	Self-funded
Funds			347,067,239.36	Fair value	347,067,239.36	12,617,741.0		326,272,850.0	565,183,840.0	7,696,211.99	115,852,461.3	Financial	Self-

					36	3		67	64		8	assets held for trading	funded
Others			233,788,426.10	Fair value	233,788,426.10	564,777.81		1,382,559,765.70	1,266,431,831.69	2,807,955.34	352,724,315.45	Financial assets held for trading	Self-funded
Other securities investments held at the end of the period			0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Total			788,648,332.18		788,648,332.18	16,299,739.97	0.00	2,335,683,282.18	2,526,097,122.18	168,925,583.31	766,554,477.49	--	--
Disclosure date of the board announcement approving the securities investments			March 18, 2025										
Disclosure date of the general meeting announcement approving the securities investments			April 8, 2025										

(2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

1) Derivative Investments for Hedging Purposes in the Reporting Period

√ Applicable □ Not applicable

Unit: RMB'0,000

Type of derivative	Initial investment amount	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Closing amount	Closing amount as % of the Company's closing equity
Forward Foreign Exchange	0.00	20,337.25	-284.21	0.00	15,150.24	8,995.97	26,495.57	4.39%
Total	0.00	20,337.25	-284.21	0.00	15,150.24	8,995.97	26,495.57	4.39%
Description of significant changes in	No significant change							

accounting policies and specific financial accounting principles in respect of the Company's hedges for the Reporting Period as compared to the prior reporting period	
Actual gains/losses in the Reporting Period	During the Reporting Period, the actual Profit on derivative contracts for hedging purposes stood at RMB 2,842.1 thousand.
Results of hedges	During the reporting period, the Company conducted derivative investments for hedging purposes and achieved favorable hedging results.
Funding source	Self-funded
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The above-mentioned hedging transactions are mainly intended to avert and prevent risks arising from fluctuations in exchange rates. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardize business operation as well as prevent and control related risks. The Company will strengthen the understanding and mastering of national policies and requirements of relevant governing bodies to avoid related credit and legal risks.
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used, and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	Undue forward forex settlement and sale contracts are measured at fair value, i.e., the difference between the signing price of an undue forward forex settlement and sale contract held at the period-end and the bank's forward forex rates at the period-end.
Legal matter (if applicable)	N/A
Disclosure date of the announcement about the board's consent for the derivative investment (if any)	March 18, 2025
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	April 8, 2025

2) Derivative Investments for Speculative Purposes in the Reporting Period

√ Applicable □ Not applicable

Unit: RMB'0,000

Counterparty	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Closing investment amount	Closing investment amount as % of the Company's closing equity	Actual gain/loss in the Reporting Period

China Merchants Bank	N/A	No	Foreign Exchange Options	8,479.74	1st Jan 2025	24th July 2025	710.00	10,721.00	11,589.46	0	0.00	0.00%	158.46
Total				8,479.74	--	--	710.00	10,721.00	11,589.46	0	0.00	0.00%	158.46
Funding source				Self-funded									
Legal matter (if applicable)				N/A									
Disclosure date of the announcement about the board's consent for the derivative investment (if any)				March 18, 2025									
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)				April 8, 2025									
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>Risk analysis:</p> <ol style="list-style-type: none"> 1. Decision-making risk: The Company's involvement in derivatives trading is influenced by a variety of factors, including international and domestic economic policies, economic conditions, fluctuations in exchange rates and interest rates. Furthermore, this type of trading is inherently complex and requires a high level of specialisation, thus carrying a certain degree of risk in trading decision-making processes. 2. Market risk: Financial markets are susceptible to macroeconomic conditions, industry cycles, and numerous other influences. Exchange rate movements are bi-directional; in the context of forward exchange rates, there's a possibility that locked-in forward exchange transactions may lead to settlement exchange rates below the company's book rate on the delivery date, potentially generating foreign exchange losses. 3. Liquidity risk: A sudden and extreme shift in the relevant price index, or managing excessively large positions, could potentially result in untimely margin calls and force the liquidation of positions, thereby exposing the Company to liquidity risks. 4. Policy and legal risks: The Company may suffer losses due to alterations in the legal framework, non-compliance with relevant laws, regulations, or contractual breaches by counterparties, leading to improper execution of contracts. 5. Other risks: During transaction execution, failing to adhere to standard procedures for derivatives trading or inadequate comprehension of derivative product information can introduce operational risks, potentially leading to losses stemming from non-compliant actions or unforeseen legal contingencies. <p>Description of control measures:</p> <ol style="list-style-type: none"> 1. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardise business operation as well as prevent and control related risks. 2. The Company will diligently select qualified financial institutions for partnership and may engage experienced external professionals when needed to offer advisory services. This ensures thorough and methodical research and analysis prior to investments, thereby minimising operational risks and performance uncertainties. 3. Throughout its business operations, the Company and its associates rigorously comply with applicable national laws and regulations to avert legal hazards. They conduct regular supervision and inspections to ensure the derivatives business's standardisation, internal control efficacy, and information disclosure accuracy. They closely monitor shifts in domestic and international regulatory policies and changes to relevant rules, proactively adjusting hedging strategies accordingly to mitigate potential policy risks well ahead of time. 4. The Company will steadfastly uphold cautious investment principles, consistently enhancing its analysis and research on economic policies, market conditions, and environmental shifts, promptly adjusting its investment strategies and scales as needed. Moreover, it will 									

	<p>continuously fortify the professional education of its team members, elevating the proficiency of its practitioners.</p> <p>5. The Company's Board of Directors has authorized the Audit Committee of the Board to review the necessity, feasibility and risk control measures of derivative transactions. The internal audit department of the Company is responsible for supervising and verifying the implementation of derivative transactions, and reports to the Audit Committee of the Board of Directors.</p>
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used, and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	Based on market value changes
Description of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Reporting Period as compared to the prior reporting period	No significant change

VIII Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Investments

Applicable Not applicable

No such cases in the Reporting Period.

3.Explanation of the implementation of the Company' s major asset sale project in 2025

On 28 November 2025, the Company convened a Board meeting and approved the Proposal for Major Asset Sale and related matters, and on 29 November disclosed the major asset sale for the first time. The Company intends to sell, by way of cash consideration, its 100% equity interest in Guangdong Fosber Intelligent Equipment Co., Ltd. (Fosber Asia) and 100% equity interest in Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd. (Tiruña Asia) to Foresight US BidCo, Inc. (hereinafter referred to as Foresight US). Meanwhile, its wholly-owned subsidiary, Dong Fang Precision (Netherland) Coöperatief U.A. (hereinafter referred to as Dongfang Precision (Netherlands)), intends to sell, by way of cash consideration, its 100% equity interest in Fosber S.p.A. and its subsidiaries (Fosber Group) to Foresight Italy BidCo S.p.A. (hereinafter referred to as Foresight Italy).

On 30 January 2026, the Company convened a Board meeting and approved the Major Asset Sale Report (Draft), prepared based on the audit report and valuation report relating to this transaction, along with other relevant matters, and disclosed the corresponding announcements.

On 12 March 2026, the Company completed its response to the Letter of Inquiry Regarding the Major Asset Sale of the Guangdong Dongfang Precision Science & Technology Co., Ltd., and disclosed the written reply, verification opinions from relevant intermediary institutions, and the updated and revised Major Asset Sale Report (Draft) (Revised Version). The Company will convene a general meeting of shareholders on 27 March 2026 to consider matters related to this major asset sale.

As at the disclosure date of this report, the major asset sale has not yet been completed. The target companies involved are operating normally, with all business activities proceeding in an orderly manner. The Company and relevant parties are proceeding with the major asset sale in an orderly manner.

IX Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the consolidated net profit:

Unit: RMB

Name	Relations	Principal	Register	Total assets	Net assets	Operating	Operating	Net profit
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	hip with the Company	activities	ed capital			revenue	profit	
Fosber Group	Subsidiary	R&D, processing, manufacturing, and marketing of corrugated cardboard production lines and parts, as well as provision of after-sales services	EUR1.56 million	2,914,774,595.12	1,638,134,659.45	3,143,661,441.09	552,468,613.43	443,511,352.14
Shunyi Investment	Subsidiary	Shunyi Investment is principally engaged in business entity and project investments, etc. It is the direct controlling shareholder of Parsun Power.	RMB10 million	927,369,576.57	454,124,976.42	1,015,705,109.39	124,801,994.80	105,566,372.72

Changes in subsidiaries acquired or disposed of during the reporting period:

Applicable Not applicable

Information regarding major holding and affiliated companies:

Applicable Not applicable

X Structured Bodies Controlled by the Company

Applicable Not applicable

1. In March 2022, Hainan Yinen Investment Co., Ltd., a wholly-owned subsidiary of the Company, participated in the capital contribution to Changzhou Xinchen Venture Capital Partnership (Limited Partnership), for the purpose of indirectly investing in Sinoscience Fullcryo Technology Co., Ltd. (referred to as "Fullcryo" in this Report) and Sinoscience Fullcryo (Zhongshan) Equipment Manufacturing Co., Ltd. by making a capital contribution to a limited partnership and obtained non-controlling interests of the two companies.

2. In December 2025, Hainan Yinen Investment Co., Ltd., a wholly-owned subsidiary of the Company, participated in the capital contribution to Changzhou Xinchen No.2 Venture Capital Partnership (Limited Partnership). The purpose of this partnership is to make equity investments in Sinoscience Fullcryo Technology Co., Ltd. through investing in a

special fund.

As the limited partners of the above-mentioned 2 partnership, Yineng Investment accounts for 94.86% of the total capital contributions in both of the 2 partnership. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the above-mentioned 2 partnership is included in the consolidated statements of Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the professional opinions of the independent auditor.

XI Prospects

(1) The Company's development strategy

Business purposes of the Company: To become an industrial group with high influence in its areas, trust from customers and shareholders, and respect from employees; uphold the business philosophies of "Integrity, Innovation and Excellence", and achieve mutual benefits with customers, shareholders, employees and the society.

1. Corporate strategy

- **Technology transformation and upgrading strategy:**

The State attaches great importance to the development of new quality productive forces. In September 2023, General Secretary Xi Jinping firstly proposed the concept of "new quality productive forces" during an inspection in Heilongjiang, and emphasised during a collective study session of the Political Bureau of the CPC Central Committee that "developing new quality productive forces is an intrinsic requirement and a key focus for promoting high-quality development". In July 2024, the Third Plenary Session of the 20th CPC Central Committee adopted the Decision of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernisation, which clarified the need to improve institutional mechanisms for developing new quality productive forces in accordance with local conditions. In October 2025, the Fourth Plenary Session of the 20th CPC Central Committee deliberated and adopted the Proposal of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development, establishing the cultivation and development of new quality productive forces as a strategic priority and promoting the transition of the economy from traditional factor-driven growth to an innovation-led advanced productive system.

Since 2020, Dongfang Precision has proposed and actively advanced its "technology transformation and upgrading strategy". Through continuous technological innovation and industrial upgrading, the Company has, in recent years, continuously broken through the limitations of domestically produced high-horsepower gasoline outboard motors, and has now become the first enterprise in China to mass-produce 300-horsepower gasoline outboard motors, filling a gap in China's manufacturing of high-horsepower gasoline outboard motors. In addition, the Company has proactively laid out and cultivated strategic emerging industries that represent the future direction of manufacturing and possess significant growth potential, positioning them as a strategic driver for its long-term sustainable development. It remains firmly committed to the national strategy for developing new quality productive forces, and proactively carries out forward-looking strategic transformation and resource restructuring.

- **"1+N" strategic development model**

(2) Boundary-breaking ecosystem co-creation: strategic investment to jointly build "new quality productive forces clusters" in strategic emerging industries

The Company focuses on “new quality productive forces” as the core theme of national strategic emerging industries and future industries, closely aligning with the national strategic direction for developing new quality productive forces. Centring on the main front and two key directions for building new quality productive forces—strategic emerging industries and future industries—the Company has defined two focal areas for its external development strategy: “AI + robotics” and “key structural materials for controllable nuclear fusion + nuclear power equipment”, establishing an industrial chain investment layout in these priority areas. In 2025, the Company’s external business development was primarily centred on “strategic investment”, as detailed below:

■ “AI + robotics” sector

In the 2025 Government Work Report, China included “embodied intelligence” and “intelligent robots” for the first time as key directions for cultivating future industries, presenting new opportunities for the intelligent upgrading of China’s manufacturing sector. Dongfang Precision has deepened its industrial layout in robotics and embodied intelligence by implementing a “clustered strategic investment” approach in this field.

From 2025 to the disclosure date of submission and disclosure of this report, the Company’s strategic investments have focused on the “AI + robotics” track. Multiple equity investments have been made in this field, forming a clustered strategic investment portfolio and establishing an ecosystem layout across the embodied intelligence industrial chain, including intelligent brains, core components, body manufacturing and application scenarios, as detailed in the table below:

Industrial Chain Segment	No.	Name of Invested Enterprise	Principal Products of the Invested Enterprise
Intelligent brain	1	Shenzhen Ruoyu Technology Co., Ltd.	Large Multi-modal models artificial intelligence system
	2	Shanghai Junao Panshi Technology Co., Ltd.	Brain-inspired embodied brain system
	3	X-Era AI (Shenzhen) Technology Co., Ltd.	Physical space intelligence engine
Core components	4	Hangzhou Heiman Technology Co., Ltd.	Waterproof dexterous hand
	5	Beijing Huixi Intelligent Information Technology Co., Ltd.	High-computing-power AI chips
	6	Linkerbot (Beijing) Technology Co., Ltd.	High-degree-of-freedom dexterous hand
	7	Shenzhen Heju Intelligent Control Technology Co., Ltd.	Intelligent controllers
Body manufacturing	8	Leju (Shenzhen) Robotics Co., Ltd.	Humanoid robots
	9	DongFang Primo Robotic (Guangdong) Co., Ltd	Humanoid robots and components
Application scenarios	10	Guangdong Jaten Robot & Automation Co., Ltd.	Automated guided vehicles (AGV)

Note: Dongfang Precision strictly complies with the *Accounting Standards for Business Enterprises* in accounting for equity investments in the above-mentioned enterprises within the Company’s consolidated financial statements. In accordance with the relevant provisions of the *Accounting Standards for Business Enterprises*, except for DF Primo Robotic (in which Dongfang Precision holds an 80% equity interest), the other enterprises listed above were not included in the scope of consolidation for the Reporting Period.

Dongfang Precision’s clustered strategic investments in the “AI + robotics” field are centred on “building a full-industry-chain ecosystem for embodied intelligent robots and empowering the intelligent upgrading of traditional industries”. The Company focuses on developing a “strategic investment + industrial collaboration” model, integrating its own resource endowment and accumulated capabilities in equipment manufacturing with the industry-leading technologies, products and application experience of target enterprises in robotics and AI large models, thereby achieving efficient integration. It seeks collaboration in manufacturing, application scenarios and market expansion, promoting co-creation of value and win-win outcomes across the industrial chain.

In 2025, Dongfang Precision made an equity investment in Leju Robot, holding a 6.3165% equity interest (Note: The shareholding ratio is based on the latest industrial and commercial registration information of the invested enterprises. Any differences in decimal places are due to rounding to four decimal places). Leju Robot focuses on core robotics technology research and the R&D and manufacturing of intelligent robot products. It is a national-level specialised and sophisticated “little giant” enterprise, possessing fully independent intellectual property rights in both hardware and control systems. It has mastered a series of advanced technologies, ranging from overall robot structural design and core component manufacturing to AI algorithm development. And it has successively launched multiple intelligent robot products and derivatives, and continues to focus on the application of robotics across diverse scenarios, including industrial intelligent manufacturing, commercial services, scientific research and education, and household services.

In July 2025, Dongfang Precision and Leju Robot entered into a *Strategic Cooperation Agreement*, under which both parties carried out in-depth collaboration in areas including the manufacturing and services of intelligent equipment products, application expansion, and market development and promotion. In September 2025, Dongfang Precision and Leju Robot jointly established DF Primo Robotic, in which Dongfang Precision holds an 80% equity interest. DF Primo Robotic will serve as the primary platform for Dongfang Precision, as a listed company, to develop strategic emerging industries, leveraging Dongfang Precision’s accumulated experience and resource advantages in high-end equipment manufacturing, together with Leju Robot’s strengths in technology R&D and application, to advance the large-scale development of intelligent equipment products.

(II) The Company’s main business plan for 2026

1. Promoting the successful completion of the Company’s major asset sale project

On 28 November 2025, the Company convened a Board meeting and approved the *Proposal for Major Asset Sale* and related matters, and on 29 November disclosed the major asset sale for the first time. The Company intends to sell, by way of cash consideration, its 100% equity interest in Guangdong Fosber Intelligent Equipment Co., Ltd. (Fosber Asia) and 100% equity interest in Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd. (Tiruña Asia) to Foresight US BidCo, Inc. Meanwhile, its wholly-owned subsidiary, Dong Fang Precision (Netherland) Coöperatief U.A. (hereinafter referred to as Dongfang Precision (Netherlands)), intends to sell, by way of cash consideration, its 100% equity interest in Fosber S.p.A. and its subsidiaries (Fosber Group) to Foresight Italy BidCo S.p.A.

On 30 January 2026, the Company convened a Board meeting and approved the *Major Asset Sale Report (Draft)*, prepared based on the audit report and valuation report relating to this transaction, along with other relevant matters, and disclosed the corresponding announcements.

On 12 March 2026, the Company completed its response to the *Letter of Inquiry Regarding the Major Asset Sale of the Guangdong Dongfang Precision Science & Technology Co., Ltd.*, and disclosed the written reply, verification opinions from relevant intermediary institutions, and the updated and revised *Major Asset Sale Report (Draft) (Revised Version)*. The Company will convene a general meeting of shareholders on 27 March 2026 to consider matters related to this major asset sale.

As at the disclosure date of this report, the target companies involved in this major asset restructuring are operating normally, with all business activities proceeding in an orderly manner. The Company and relevant parties are proceeding with the major asset restructuring in an orderly manner.

In 2014, based on its development strategy of “high-end intelligent equipment manufacturing”, Dongfang Precision extended and integrated the upstream and downstream of its industrial chain, and obtained a controlling interest in Fosber Group through cross-border acquisitions. Over the past decade, Dongfang Precision has fully unlocked the operational potential of Fosber Group, contributing considerable profits to the Company. However, in recent years, the international geopolitical environment has undergone profound changes. Amid increasingly complex global conditions, the difficulty and complexity of maintaining the current market scale of the corrugated line business or achieving further breakthroughs will increase significantly, while geopolitical risks and uncertainties associated with the related business have also risen rapidly.

With the continuous expansion of Fosber Group’s business scale, and under the overall strategic deployment of continuously consolidating the existing water powersports equipment business while prioritising the

implementation and commercialisation of strategic emerging industries, the Company has faced increasing cross-border management pressure. Dispersed resource allocation and management focus have objectively constrained the Company's strategic focus on transformation and upgrading, as well as its operational efficiency. In light of this, in order to optimise and focus resource allocation, strengthen development foundations, and closely align with the national strategic direction of new quality productive forces, the Company has prudently decided to reduce its international management radius, sell the target assets, and shift its strategic focus towards more sustainable and higher-growth strategic emerging industries, thereby promoting high-quality development of the listed company.

This transaction represents a market-oriented asset sale by Dongfang Precision. Following multiple rounds of negotiations with the counterparty, the transaction consideration was ultimately agreed at a price significantly higher than the carrying amount of the target company's net assets, which will generate substantial investment returns for the Company. Upon completion of this transaction, the Company's current assets, total assets, and net assets in the consolidated financial statements will increase significantly, while the asset-liability ratio will decrease markedly and risk resilience will be substantially enhanced, laying a solid foundation for accelerating industrial transformation and upgrading and achieving high-quality development. Taking into full consideration future strategic development plans, investment returns and other factors, the Company has, after prudent deliberation, determined that the timing for selling the target companies is appropriate and will help safeguard the interests of the Company and all shareholders.

Upon completion of this transaction, the Company will no longer operate the corrugated cardboard production line (including corrugated rollers) business. However, corrugated box printing and packaging lines, digital printers, and industrial Internet industry solutions within the intelligent packaging equipment business will remain important components of the listed company's business. This transaction will not have a material impact on the industrial chain synergies or production and operations of the Company's other intelligent packaging equipment businesses in terms of intellectual property, customer resources, sales channels or procurement costs. It will not result in restrictions on technology, qualifications or market access for intelligent packaging equipment businesses, nor will it affect the Company's competitive position in its industry.

2. Water powersports equipment business: Breakthroughs in global markets and enhancement of R&D and production capacity

Parsun Power, a controlled subsidiary, will focus on three key areas—market expansion, product R&D and capacity building—to enhance its core competitiveness in the global outboard motor market.

Market side: a) aligning with leisure and entertainment consumption demand such as the yacht economy, further deepening presence in and strengthening the domestic market, while reinforcing a dual-driven model of distribution and direct sales; b) further improving the global sales and service network, strengthening penetration of mid-to-high horsepower and electric products in mature markets such as Europe and North America, and continuously developing emerging markets including Africa, Southeast Asia and countries along the “Belt and Road Initiative.”

Product side: further increasing Parsun Power's global market share and supporting its growth into a world-class water powersports equipment supplier. Following the completion of the aforementioned major asset sale, Dongfang Precision intends to allocate more resources to the water powersports equipment industrial chain, focusing on the R&D, production and sales of new products such as high-horsepower gasoline outboard motors, electric outboard motors, mixed-fuel outboard motors and related products. By applying advanced production management models and intelligent manufacturing technologies, the Company will build core capabilities and achieve continuous improvement of equipment. Parsun Power will build a strong technological moat through its “fuel + electric” dual-track technologies and its “gasoline–diesel–electric” outboard motor product matrix. It will horizontally expand its product lines through breakthroughs in high-horsepower fuel-powered models, and vertically enhance its product portfolio through R&D breakthroughs in electric models, strengthening the application of self-developed core technologies and increasing the technological premium of its products.

Capacity side: In May 2025, Parsun Power's new headquarters in Suzhou, Jiangsu Province, was officially put into operation. According to the project plan, once the new workshops reach their target production capacity

in the future, Parsun Power will increase its annual production capacity by over 76,000 outboard motors. As market demand increases, Parsun Power will focus on building an ecosystem for the water powersports equipment industry, further enhancing the market share and influence of Chinese brands in this field in the international market.

3. Fully advancing the strategic emerging industries segment

DF Primo Robotic, a controlled subsidiary jointly established by Dongfang Precision and Leju Robot with Dongfang Precision holding an 80% equity interest, will serve as the primary platform for the listed company to develop strategic emerging industries. Leveraging Dongfang Precision's accumulated experience and resource advantages in high-end equipment manufacturing, together with Leju Robot's strengths in technology R&D and application, it will advance the large-scale development of intelligent equipment products.

Following the completion of the aforementioned major asset sale, Dongfang Precision will take DF Primo Robotic as the development platform for strategic emerging industries, with a focus on investment in product iterative R&D and manufacturing capability development (including plant construction, procurement of production equipment, inventory funding and working capital). Meanwhile, the listed company will actively expand the intelligent equipment industrial chain ecosystem, making key breakthroughs in software, core components, and complete machine manufacturing, strengthening industrial chain collaboration, and ensuring supply chain security and autonomy.

4. Deeply exploring "AI + smart factories"

Product side: As the transformation and upgrading of domestic industrial enterprises continues to deepen, and AI and robotics are progressively applied in industrial enterprises, Dongfang Digicom will continue to upgrade its "factory-wide intelligent logistics system", specifically by: a) introducing robotic inspection and robotic return-and-labelling functions into the logistics system to further increase the level of automation; b) embedding vertical large models for the packaging industry into the Interlink Micro Mes system of printing machines, leveraging AI technologies to achieve intelligent and automated printing machine set-up; c) further enhancing the intelligence level of the plant-wide Mes system to gradually realise fully unmanned, intelligent and digital management across the entire process from production to delivery for packaging industry customers; d) further developing after-sales service management systems, remote diagnostics platforms, and predictive maintenance platforms to support robotics-related business; e) planning the establishment of a "data training ground" to address industry data bottlenecks, forming effective datasets through data collection of training ground, training industry-specific scenario models, and embedding them into existing digital platforms to extend the AI capabilities of traditional digital platforms.

Market side: Industrial Internet industry solutions will not be limited to Dongfang Precision's intelligent packaging equipment products, but will also be applicable to packaging equipment of other companies within the industry. The Company will provide a broader range of industry customers with products and services covering production line intelligence, integrated production and operations, and intelligent business decision-making. Through digital transformation consulting, it will drive product sales, enabling synergy between product sales and consulting services and forming a closed loop in which "service solutions drive product sales".

5. Intelligent packaging equipment business: Deepening core technologies and developing new growth drivers

(1) Corrugated box printing and packaging lines

Product side: The Company will continue to strengthen collaboration in R&D design, manufacturing and supply chain coordination, maintaining an integrated model covering R&D, production, procurement, sales and services. It will continue to optimise and upgrade mature products such as GT/GTS, HBL and FD, advance the R&D and technological breakthroughs of new products such as HS, and improve supporting equipment including pre-feeding systems and vacuum stacking systems.

Market side: The Company will continue to consolidate its market share in mature markets while focusing on expanding into Latin America, South America and countries along the "Belt and Road Initiative": a) In Latin America and South America, Dongfang Precision (China) will collaborate with Dongfang Precision (Europe) for

market development; b) In the “Belt and Road Initiative” markets, the Company will establish local sales and service teams and gradually transition from an agency-based model to a direct sales model.

(2) Digital printers

Product side: The Company will continuously optimise mature products such as the Multi Pass series and Single Pass, increase investment in proprietary inkjet control systems, strengthen the ink consumables business, optimise pre-press, in-press and post-press processes, and advance iterative upgrades of white ink and colour printing technologies, enabling environmentally friendly printing to benefit more box packaging enterprises and users.

Market side: a) The Company will continue to strengthen market expansion in high-definition colour printing, while optimising sales models and after-sales services to further increase market share; b) The Company will maintain a dual approach of domestic direct sales and overseas agency partnerships, completing UL/CE certification, and meeting the requirements for large-scale entry into European and North American markets.

(III) Possible risks and countermeasures

1. Risk of operational performance fluctuations arising from the major asset sale

Upon completion of the aforementioned major asset sale, the listed company Dongfang Precision will divest its corrugated cardboard production line (including corrugated rollers) business. The revenue and net profit of the target companies proposed for sale account for a relatively high proportion of the corresponding financial indicators in the listed company’s consolidated financial statements. Although the listed company’s remaining existing businesses (excluding those of the target companies) still maintain a certain scale, and the strategic emerging industries in manufacturing it has laid out are gradually being implemented, a short-term decline in the scale of operating revenue and net profit following the completion of the transaction cannot be avoided. In addition, although the listed company will obtain substantial cash and investment income from this transaction, such investment income from the transaction constitutes non-recurring gains or losses. Investors are advised to pay attention to the risk of a decline or fluctuation in the listed company’s operating performance resulting from the asset sale. Upon completion of this transaction, there is a possibility that the Company’s earnings per share for the current period may be diluted as a result of the transaction. Investors are hereby reminded to pay attention to the risk of dilution of immediate returns resulting from this transaction.

Countermeasures:

(1) Effectively utilising the cash proceeds recovered from the transaction, increasing investment in the water powersports equipment business, and further focusing on strategic emerging industries in manufacturing to achieve high-quality development of the listed company.

Dongfang Precision will fully utilise the cash proceeds recovered from the transaction to provide stronger financial support for the development of its existing businesses. Upon completion of this transaction, the listed company will concentrate its efforts on developing the water powersports equipment business, further focusing on strategic emerging industries in manufacturing, achieving high-quality development and enhancing its market competitiveness and profitability.

(2) Adhering to standardized operations, improving corporate governance, and providing institutional safeguards for the company’s development. Dongfang Precision will strictly comply with the *Company Law*, the *Securities Law*, and the *Code of Corporate Governance for Listed Companies*, as well as other relevant laws, regulations and normative documents. It will continuously improve corporate governance to ensure that shareholders can fully exercise their rights, that the Company operates in a standardised manner with scientific decision-making, strong execution, effective supervision and efficient operations, safeguarding the overall interests of the Company, particularly the legitimate rights and interests of minority shareholders, and providing institutional guarantees for the company’s development.

(3) Further improving the company’s profit distribution system and strengthening investor returns. In accordance with the *Articles of Associations* and the *Guidelines for the Regulation of Listed Companies No. 3—Cash Dividends of Listed Companies*, as well as other relevant laws, regulations and normative documents, the Company has further clarified the specific conditions, ratios, distribution forms and conditions for stock dividends

in its profit distribution, particularly cash dividends. It has also improved the decision-making procedures and mechanisms for profit distribution and the principles for adjusting profit distribution policies, thereby strengthening the protection mechanism of the rights and interests of minority investors. Upon completion of the transaction, the Company will continue to strictly implement its existing dividend policy and, where conditions for profit distribution are met, actively promote profit distribution to shareholders and strive to enhance shareholder returns.

2. Potential risks of financial investment business

In recent years, the Company has arranged some of its idle owned funds to carry out financial investment business such as securities investment and entrusted wealth management in an appropriate manner, based on the actual and development needs. There are certain risks of carrying out the above business due to fluctuations in the financial market and uncertainty of income; and the risk that the Company may suffer certain investment losses in case of risk events in the process of wealth management activities in terms of investment strategies and use of funds.

Countermeasures:

On the premise that the funds required for the daily operation of the main business will not be affected, the Company reasonably controls the capital scale for financial investment; it establishes and improves the internal control system and mechanism standards for securities investment and entrusted financial management, and strengthens the risk control management of securities investment business, safeguard the safety of investment funds, and strictly control the risk exposure. In accordance with the economic situation and changes in the financial market, it continuously tracks and analyses the progress of securities investment and the investment of funds, the progress of project investment and the performance of the capital market, and timely takes corresponding preservation measures to control investment risks.

3. Risk that the development of the strategic emerging industries business division may fall short of expectations

As a frontier field, “AI + robotics” continues to attract widespread attention from the market, industry, society, and the media. DF Primo Robotic, a controlled subsidiary of the Company established in September 2025, is positioned as Dongfang Precision’s platform for developing strategic emerging industries, with a core focus on advancing the large-scale development and industrial application of “AI + robotics” products.

However, the “AI + robotics” field remains in a stage of continuous technological breakthroughs, exploration of commercial application scenarios and rapid iteration. The large-scale commercialisation of such technologies requires overcoming multiple barriers, including technological reliability, product quality stability, market acceptance cultivation, and adaptation to legal and regulatory frameworks. If future progress in key technological breakthroughs, product quality stability and practical application scenarios falls short of expectations, it may slow the overall development of the sector. If the cultivation of downstream application market demand lags behind, it will directly affect the overall development of the industry and, in turn, adversely impact the Company’s business expansion and revenue realisation in the strategic emerging industries segment. Meanwhile, external factors such as industry regulatory policies, the development of industry standard systems and public acceptance may also constrain the commercialisation of related products. If the overall progress in core technological breakthroughs, product quality and market cultivation falls short of expectations, the commercial promotion of relevant products may face a risk of material delay.

Countermeasures:

The Company will dynamically adjust capital expenditure and the pace of industrialisation in line with technological development, application implementation and commercialisation progress, and will reasonably control the scale of investment in the strategic emerging industries segment to avoid operational risks arising from blind and excessive investment. It will also conduct regular comprehensive assessments of factors such as the industry development environment, technological iteration, market demand and policy changes, adjust its business development strategies in a timely manner, optimise its business layout where necessary, and mitigate the impact of overall industry risks on the Company’s operations and development.

XII Communications with the Investment Community such as Researches, Inquiries and Interviews

√ Applicable □ Not applicable

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
13 Feb 2025	Company Conference Room	Field Research	Institutes	HSK Asset Management, Zhongyi Capital, Constant Surplus Fund, Yunxi Fund, FE Horizon, Plum Ventures, Guoling Asset, Zhiyuan Investment, Dianrun Investment, Huishang Bank, Tebon Securities, China Galaxy, Zhongtai Securities, CBN	Introduction of the Company's operation, competitive advantages, and future strategic planning and answering questions	cninfo.com http://www.cninfo.com.cn
18 Mar 2025	Company Conference Room	Online communication	Institutes	GF Fund, Lion Fund, Bosera Fund, Hongyi Asset Management, CITIC Securities, AIA Life, Guoxin Securities, Juzhou Investment, Dacheng Fund, ChinaAMC, Duoxin Investment, China Universal, CCB Pension, Hony Yuanfang Fund, BY Fund	Introduction of the financial results of FY2024, and the Company's operation, competitive advantages, and future strategic planning and answering questions	cninfo.com http://www.cninfo.com.cn
28 Mar 2025	Company Conference Room	Field Research	Institutes	New Fortune Private Equity (Shenzhen), Blue Ocean Private Fund (Guangzhou), Hongzhou Investment Management (Shenzhen), Runyuan Private Fund (Shenzhen), Hexin Private Fund (Shenzhen), Lianrun Oriental Equity Investment Fund, Shanyue Private Fund (Guangzhou), Qingping Private Fund (Hainan), China Guangfa Bank, Chaoshang Investment, Ruisheng International Capital, Yuemin Investment Private Fund, Northeast Securities	Introduction of the Company's operation, competitive advantages, and future strategic planning and answering questions	cninfo.com http://www.cninfo.com.cn
30 Nov 2025	Company Conference Room	Online communication	Institutes	Founder Securities, SDIC Securities, CICC, CSC, CITIC Securities, BOC Securities, Guohai Securities, Kaiyuan Securities, SW Securities, East Money Securities, Cinda Securities, Zheshang Securities, TF Securities, Western Securities, Industrial Securities, Yongxing Securities, BofA	Introduction of the background and objectives of the Company's major asset disposal projects, the Company's future	cninfo.com http://www.cninfo.com.cn

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
				Securities; Penghua Fund, Xinhua Fund, Fullgoal Fund, Fortune SG Fund, Xiangcai Fund; Great Wall Fortune Insurance, Guofu Life, Bohai Life; Dingtian Investment (Shanghai), Deyuan Investment (Shenzhen), Chengshi Asset Management (Shanghai), Xuanbu Investment (Shanghai), Qingli Investment (Shanghai), Gentai Investment (Shenzhen), Lianjun Asset Management, Rongguo Investment (Dongguan), Gao Teng International Asset Management, Zhengyuan Investment, Duncheng Investment (Xi'an), Juzhou Investment (Guangdong), Honghua Capital Management (Shenzhen), Binghe Asset Management (Shanghai), Deruo Private Fund (Zhuhai), Fengyi Investment (Shanghai), Rongguang Private Fund (Beijing), Junrong Asset Management (Suzhou), Jinxi Investment, Everbright Pramerica, Hongluo Private Fund	development plans, and other relevant matters, as well as answering questions.	

XIII Implementation of the “Quality and Earnings Dual Improvement” Action Plan

Indicate whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

Yes No

XIV. Implementation of the “Quality and Earnings Dual Improvement” Action Plan

whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

Yes No

Part IV Corporate Governance, Environmental and Social Responsibilities

I General Information of Corporate Governance

During the Reporting Period, the Company strictly abided by laws and regulations and rules and normative documents of regulatory authorities, including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules for Stock Listing of Shenzhen Stock Exchange and the Shenzhen Stock Exchange Guideline No. 1 for the Self-regulation of Listed Companies - Standardized Operation of Listed Companies on the Main Board, continued to improve the Company's corporate governance structure, refine internal management and control policies, and further strengthen the Company's capability of governance.

(I) Shareholders and general meeting

During the Reporting Period, the Company convened and held general meetings in a standard manner in strict accordance with laws and regulations. The convening and holding procedures of general meetings, the qualifications of attendants to the meetings and the voting procedures of the meetings met the provisions of the Company Law, Rules for the Shareholders' Meetings of Listed Companies, Articles of Associations and Rules of Procedure for General Meeting. Lawyers were engaged to witness the general meetings of shareholders and issued legal opinions on their legitimacy to ensure fair treatment toward and fully execution of rights of all shareholders, especially minority shareholders.

(II) The Company and controlling shareholders

During the Reporting Period, the Company properly handled the relationship between it and the controlling shareholders in accordance with the Company Law, Securities Law, Articles of Association and relevant provisions of the securities regulatory authority. The controlling shareholders of the Company acted in a normative manner, could exercise their rights and assume their obligations according to law, did not directly or indirectly interfere with the decision-making and business activities of the Company beyond the general meeting of shareholders. The Company was independent of the controlling shareholders in terms of business, staffing, assets, organization and finance, and had an independent and complete business system and capability to operate independently. The Board of Directors and internal organs of the Company operated independently.

(III) Directors and the Board of Directors

During the Reporting Period, directors of the Company were elected in strict accordance with the director election procedure specified in the Articles of Association. The Board of Directors of the Company was composed of seven directors, including three independent directors, and the number of members and composition of it met legal and regulatory requirements. During the Reporting Period, all directors of the Company actively and strictly complied with the Company Law, Articles of Association and Rules of Procedure for the Board of Directors, earnestly attended meetings of the Board of Directors and general meetings of shareholders, and took an active part in relevant training to improve their business skill, and were diligent and responsible. The convening, holding and voting procedure and daily operation of the meetings of the Board of Directors of the Company complied with relevant regulations.

(IV) Independent directors and committees of the Board of Directors

During the Reporting Period, independent directors of the Company honestly, diligently and independently performed their duties in accordance with the Company Law and regulations, normative documents and implementation rules of other departments, actively attended relevant meetings, earnestly deliberated Proposals of the Board of Directors, gave independent advice about the major issues of the Company, effectively protected the interests of the Company and shareholders, especially small and medium shareholders, and well played their role to supervise as independent directors. During the reporting period, the Company strictly implemented the latest version of the Measures for the Administration of Independent Directors of Listed Companies issued and effective by the China Securities Regulatory Commission (CSRC) during the period. It further standardized the functions and authorities of the special committees of the Board of Directors, revised the Detailed Implementing Rules of the Audit Committee of the Board of Directors, the Detailed Implementing Rules of the Nomination Committee of the Board of Directors and the Detailed

Implementing Rules of the Remuneration and Appraisal Committee of the Board of Directors, which were reviewed and adopted by the Board of Directors..

(V) Adjustments to the governance structure, the removal of the Supervisory Committee, the establishment of employee representative directors, and revisions to related governance policies

During the Reporting Period, in accordance with the *Company Law*, the CSRC's *Transitional Arrangements for the Implementation of Supporting Institutional Rules for the New Company Law* and the *Guidelines for Articles of Association of Listed Companies*, and other relevant regulations, to further enhance corporate governance efficiency and streamline management processes, the Company convened general meetings of shareholders and Board meetings, approved matters including the “discontinuation of the Supervisory Committee and supervisory positions”, and simultaneously amended the *Articles of Association*. In accordance with the *Company Law*, statutory powers previously exercised by the Supervisory Committee shall be undertaken by the Audit Committee of the Board of Directors.

During the Reporting Period, in accordance with the *Company Law*, the CSRC's *Guidelines for Articles of Association of Listed Companies and other relevant regulations*, to further enhance standardised operations and improve and optimise the corporate governance structure, the Company convened general meetings of shareholders and Board meetings, approved the “establishment of one employee representative director on the Board of Directors”, and simultaneously amended the *Articles of Association*. The employee representative director shall be democratically elected by employees of the Company through the employee representatives' congress, the general employee meeting or other forms.

Following approval of the above matters by the general meeting of shareholders, the Company, in accordance with the latest laws, regulations, guidelines and the revised *Articles of Association*, made corresponding amendments to certain governance policies, including the *Rules of Procedure for the General Meeting*, the *Rules of Procedure for the Board of Directors*, the *Rules for Independent Directors*, and the *Rules of the Audit Committee of the Board of Directors*.

(VI) Information disclosure and transparency

During the Reporting Period, the Company performed its obligation of information disclosure in strict accordance with laws and regulations and the Management Measures for Information Disclosure, and disclosed information in a true, accurate, complete and timely manner and made no false records, misleading statements or major omissions, by which it ensured that all investors and stakeholders had equal opportunities to obtain the Company's information, increased the Company's information transparency, and effectively played its role in protecting the right to know of small and medium investors.

During the reporting period, in order to enhance the Company's ability to respond to various public opinions, establish a rapid response and emergency disposal mechanism, timely and properly address the impacts of various public opinions on the Company's stock price, commercial reputation and normal production and operation activities, and effectively protect the legitimate rights and interests of investors, the Company formulated the *Public Opinion Management System* in accordance with the *Stock Listing Rules of Shenzhen Stock Exchange*, the *Self-Regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Listed Companies* and other rules, guidelines and regulatory documents. The system took effect upon approval by the Board of Directors.

During the reporting period, to further regulate the suspension and exemption of information disclosure by the Company and relevant information disclosure obligors and protect the legitimate rights and interests of investors, the Company formulated the *Management System for the Suspension and Exemption of Information Disclosure* in accordance with the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Provisions on the Administration of Suspension and Exemption of Information Disclosure by Listed Companies* and other measures and provisions. The system took effect upon approval by the Board of Directors.

Were there any significant differences between the actual situation of the corporate governance and the applicable laws and regulations, as well as rules published by China Securities Regulatory Commission on the governance of listed companies?

Yes No

There were not significant differences between the actual situation of the corporate governance and the applicable laws and regulations, as well as rules published by China Securities Regulatory Commission on the governance of listed companies.

II The Independence of the Company from Controlling Shareholders and Actual Controller on Assets, Personnel, Finance, Structure, and Business

Since establishment, the Company has been operating in strict accordance with the Company Law, Securities Law and Articles of Association, and has established and improved its corporate governance structure. The Company is completely independent of its controlling shareholders and actual controller in terms of business, staffing, assets, organization and finance, and has an independent and complete business system and capability to operate independently in the market. All production operations and major issues of the Company were discussed and determined by the Management, the Board of Directors and the general meetings of shareholders in accordance with the Articles of Association and relevant policies, and none of them was controlled by any controlling shareholder or the actual controller.

1. Asset independence

The Company was founded on the overall change of a limited liability company. All its assets and personnel before the share restructuring joined the joint stock company. The Company has independent and complete operating assets. After the overall change, the Company owns all the production and operational assets needed for production and operation, and there is no dispute over property rights. The Company owns production systems, auxiliary production systems and supporting facilities related to its production and operation, and has independent raw material procurement and product selling systems. Assets of the Company are strictly separated from those of shareholders and the actual controller, and no assets of the Company are being occupied by shareholders or the actual controller.

2. Personnel independence

The Company has completely independent labour, personnel and salary management systems and independent staff teams, and has signed labour contracts with its employees in accordance with the Labour Law and the Company's policies on labour management. Directors and senior managers of the Company were elected in strict accordance with the Company Law and Articles of Association, and senior managers, including general managers, deputy general managers, financial directors, and secretaries to the Board of Directors are working full time in the Company and getting paid by the Company. Mr Tang Zhuolin, the actual controller of the Company, is serving as the Chairman of the Board of Directors, and has been legally exercising its functions and powers according to the Company Law and Articles of Association in engaging in the Company's management.

3. Finance independence

The Company has an independent financial department and full-time financial personnel, and has established an independent and fine financial accounting system and standardized financial policies. It has implemented an effective financial supervision and management system and an internal control system, and it is capable of making independent financial decisions, carrying out independent accounting and assuming sole responsibility for its profits and losses according to the Articles of Association and its own situation. The Company has an independent bank account and is not sharing any account of controlling shareholders or the actual controller and, as an independent taxpayer, declares taxes and fulfils tax payment obligations independently according to law, and has never paid taxes together with shareholders' companies.

4. Organization independence

The Company, in accordance with the Company Law and Articles of Association, has set up the General Meeting of Shareholders as the highest authority, the Board of Directors as the decision-making body, and the Audit Committee of the Board of Directors as the supervisory body, and has a complete corporate governance structure. The Company has a complete internal management system and corresponding offices and operating departments. The functional departments work according to respective duties and cooperate with each other, making the Company an organic and independent operating entity free from the intervention of

controlling shareholders and the actual controller.

5. Business independence

The Company has its business independent of controlling shareholders, has independent and complete supply, production and sales systems, and is capable of independent decision-making on business policies and business plans, independent allocation and use of personnel, money and materials, and successful organization and implementation of production and business activities. The Company is completely independent in business and is not relying on the first majority shareholder and the actual controller. The controlling shareholders are not conducting business of horizontal competition with that of the Company, and have undertaken not to conduct any business that may be of horizontal competition with that of the Company.

III Horizontal Competition

Applicable Not applicable

IV Directors and Senior Management

1. General Information

Name	Gender	Age	Office title	Incumbent /Former	Start of tenure	End of tenure	Opening shareholding (share)	Increase in the period (share)	Decrease in the period (share)	Other increase/decrease (share)	Closing shareholding (share)	Reason for share change
Tang Zhuolin	Male	63	Chairman of the Board	Incumbent	22 July 2010	15 November 2026	261,424,368		-2,586,800		258,837,568	dispose of shares
Qiu Yezhi	Female	54	Director and General Manager	Incumbent	22 July 2010	15 November 2026	23,382,388				23,382,388	
Xie Weiwei	Male	52	Director and Deputy General Manager	Incumbent	16 June 2016	15 November 2026	564,000				564,000	
Feng Jia	Female	40	Director, Board Secretary and Vice President	Incumbent	12 August 2022	15 November 2026	700,000			-560,000	140,000	Repurchase and Cancellation
Shao Yongfeng	Male	51	Chief Financial Officer and Vice President	Incumbent	29 December 2020	15 November 2026	800,000				800,000	
Li Ketian	Male	69	Independent Director	Incumbent	12 August 2022	15 November 2026	0				0	
Tu Haichuan	Male	46	Independent Director	Incumbent	12 August 2022	15 November 2026	0				0	
Feng Zhidong	Male	53	Independent Director	Incumbent	2 September 2024	15 November 2026	0				0	
Chen Huiyi	Female	41	Employee Representative Director	Incumbent	29 September 2025	15 November 2026	480				480	
Total	--	--	--	--	--	--	286,871,236	0	-2,586,800	-560,000	283,724,436	--

Indicate whether any director or senior management resigned before the end of their tenure during the Reporting Period.

☑ Yes ☐ No

On September 30, 2025, the Company disclosed the Announcement on Resignation of a Director and Election of an Employee Representative Director. Due to internal work adjustment of the Company, Mr. Xie Weiwei resigned from his positions as Director of the 5th Board of Directors and Deputy General Manager of the Company. His resignation took effect upon the delivery of his resignation letter to the Board of Directors of the Company. Mr. Xie Weiwei remains in his positions as Vice President of DF Group and General Manager of Dongfang Digicom, a subsidiary of the Company.

Changes in the Company's Directors and Senior Management

☑ Applicable ☐ Not applicable

Name	Office Title	Types of Change	Date of Change	Reason
Xie Weiwei	Director and Deputy General Manager	Resigned	29 September 2025	Resigned due to internal work adjustment of the Company. Mr. Xie Weiwei remains in his positions as Vice President of DF Group and General Manager of Dongfang Digicom, a subsidiary of the Company
Chen Huiyi	Employee Representative Director	Resigned, and be elected	29 September 2025	Resigned from the position of supervisor due to the adjustment of the Company's corporate governance structure and the abolition of the board of supervisors. Elected as an Employee Representative Director of the 5th Board of Directors of the Company by the Employee Representative Congress.

2. Biographical Information

Professional backgrounds, major work experience and current posts in the Company of the incumbent directors and senior management:

1. Members of the Board of Directors

Mr. Tang Zhuolin, Chinese, has no right of permanent residence abroad. He is a member of the 12th People's Political Consultative Conference of Nanhai District, Foshan City, Guangdong Province, Managing Director of the 9th Council of China Packaging Federation, Managing Director of Guangdong Food and Packaging Machinery Association, Vice President of Foshan Machinery Equipment Industry Association, Honorary President of Foshan Nanhai District Machinery Equipment Trade Association, Vice President of Foshan High-tech Zone Chamber of Commerce, and Vice President of Foshan Nanhai District Listed Company Association. He once was Head of Nanhai Guichengdong Plastic and Textile Factory No. 2, Head of Nanhai Guichengdong Printing Machinery Factory No. 2, and Supervisor of Shenzhen Zhiqian Venture Capital Co., Ltd. He used to serve as Dongfang Precision's

General Manager and Chief Engineer since 1996, and is currently Chairman of the Board of Dongfang Precision, Director of Dong Fang Precision (HK) Limited, Director of Guangdong Fosber Intelligent Equipment Co., Ltd., Director of Suzhou Parsun Power Machine Co., Ltd., Executive Director and General Manager of Suzhou Shunyi Investment Co., Ltd., Executive Director and General Manager of Hainan Yineng Investment Co., Ltd., Supervisor of Dongfang Digicom Technology Co., Ltd., Supervisor of Dongfang Digicom Technology (Guangdong) Co., Ltd., Executive Director and Manager of Dongfang Yineng International Holding Co., Ltd., Chairman of the Board of Shenzhen Wonder Digital Technology Co., Ltd., Chairman of the Board of Fosber S.p.A., Chairman of the Board of EDF Europe S.r.l., Director of Fosber America, Inc., Director of Tiriña S.L.U., Director of QuantumCorrugated S.r.l., Executive Director and General Manager of Shenzhen Xianglin Venture Capital Co., Ltd., Supervisor of Shenzhen Shenghui Venture Capital Co., Ltd., and Supervisor of Foshan Hengbao Taisheng Trade Co., Ltd.

Ms. Qiu Yezhi, Chinese, has no right of permanent residence abroad, MBA, National Model Worker, Member of the 12th People's Political Consultative Conference of Foshan City, Guangdong Province, and Deputy to the 17th People's Congress of Nanhai District, Foshan City, Guangdong Province. She served successively as Dongfang Precision's Director of the General Manager's Office, General Manager of Operations and General Manager since 1996, and as Dongfang Precision's General Manager and Board Secretary from July 2010 to October 2013. Currently, she is Dongfang Precision's Director and General Manager, Chairman of the Board of DongFang Primo Robotic (Guangdong) Co., Ltd., as well as its General Manager, Director of Shenzhen Wonder Digital Technology Co., Ltd., Supervisor of Hainan Yineng Investment Co., Ltd., Supervisor of Dongfang Yineng International Holding Co., Ltd., Chairman of the Board of Guangdong Fosber Intelligent Equipment Co., Ltd., Vice Chairman of the Board of Fosber S.p.A., Director of Fosber America, Inc., Director of Tiriña S.L.U., Director of Tiriña America inc., Director of Dong Fang Precision (Netherlands) Cooperatief U.A., Director of EDF Europe S.r.l., Director of Dongfang Precision Lanke (HK) Co., Limited, Director of Grandvoyage Holdings (Singapore) Pte. Ltd, and Director of Starlight Precision Technology (Singapore) Pte. Ltd, Executive Director and General Manager of Shenzhen Shenghui Venture Capital Co., Ltd., and Supervisor of Shenzhen Xianglin Venture Capital Co., Ltd.

Ms. Feng Jia, Chinese, has no right of permanent residence abroad. She is Doctor of Engineering of Zhejiang University, Postdoctoral Fellow of Guangzhou Institute of Energy Conversion of Chinese Academy of Sciences, and Intermediate Engineer. She used to work as Associate Researcher at Guangzhou Institute of Energy Conversion of Chinese Academy of Sciences from 2014 to 2018, Senior Manager in the Research and Development Department of China Securities Co., Ltd. from 2018 to 2019, and Assistant to President & Board Secretary of Tianjin LVYIN Landscape and Ecology Construction Co., Ltd. from 2019 to 2021. Joining the Company in September 2021, she is now Director, Vice President and Board Secretary of the Company, the supervisor of Shenzhen Wonder Digital Technology Co. and the joint-stock company Guangdong Jaten Robot & Automation Co., Ltd.

Mr. Li Ketian, Chinese, has no right of permanent residence abroad. Graduated from South China University of Technology with a doctoral degree and a professional title of professor of mechanical engineering. Once served as a worker, technician and engineer at the Wuhan Camera Factory from 1974 to 1989 and as a lecturer, associate professor and professor at Guangdong University of Technology from 1992 to 2020. Currently the Independent Director of Dongfang Precision.

Mr. Feng Zhidong, Chinese, has no right of permanent residence abroad. Graduated from Renmin University of China with bachelor of international accounting & economics, and from South China University of Technology with master of business administration, holding an intermediate - level professional accounting qualification certificate. Once served as the deputy general manager of the Capital Operation Department of Yuexiu Enterprises (Group) Co., Ltd from 2009 to 2016, the general manager of the Investor Relations Department of Yuexiu Property Co., Ltd. (Stock Code: 123.HK). from 2012 to 2016. Currently the chairman of Guangzhou Airparking Network Technology Co., Ltd, and the Independent Director of Dongfang Precision since 2 September 2024. In the last five years, he has served as the Independent Non Executive Director of Societe Generale IoT Services Group Co., Ltd. (Stock Code: 9916.HK) and the Independent Non Executive Director of Jianhong Group Holdings Co., Ltd. (Stock Code: 1557.HK), and and the Independent Non Executive Director of Xinda Investment Holdings Co., Ltd. (Stock Code: 1281.HK).

Mr. Tu Haichuan, Chinese, has no right of permanent residence abroad. Graduated from Shanghai University of Finance and Economics. Bachelor degree. A certified public accountant. Once served as the Audit Manager of Guangdong Dahua Delv Certified Public Accountants from 2004 to 2009, Investment Director of Guangxi Saifu Investment Co., Ltd. in 2010, Financial Manager, Chief Financial Officer and Assistant to the Chairman of Guangdong Dongfang Precision Science & Technology Co., Ltd. from December 2010 to September 2016. Currently the Executive Director and General Manager of Shenzhen Changhe Capital Management Co., Ltd. In the last five years, he has been the Director of Guangzhou Shoulian Environment Group Co., Ltd. and Shenzhen Aiwen Culture Development Co., Ltd., and Independent Director of Dongfang Precision.

Ms. Chen Huiyi, Chinese, with a university degree, has no right of permanent residence abroad. Once served as the assistant of the Quality Control Department of Dongfang Plastic Products Co., Ltd. from September 2008 to December 2009, currently the Employee Representative Director and Secretary to General Manager of Dongfang Precision, as well as its Employee Representative Director.

2. Senior management

Ms. Qiu Yezhi, currently the Company's General Manager. Her resume is detailed in "1. Members of the Board of Directors".

Ms. Feng Jia, currently the Company's Board Secretary and Vice President. Her resume is detailed in "1. Members of the Board of Directors".

Mr. Shao Yongfeng, Chinese, has no right of permanent residence abroad. Graduated with a bachelor's degree from Zhongnan University of Economics and Law, a PRC certified public accountant and PRC certified public assets estimator. Served as Financial Manager and Financial Director of TCL Multimedia Technology Holdings Limited from 2001 to 2010, joined Haier Europe in 2015 and served successively as the company's Financial Director and CFO of Europe, joined Shenzhen Smoore Technology Limited and served as Financial Director from 2016 to 2017, served as Vice President Finance in Shenzhen CIMC Tianda from 2017 to 2020, and joined Guangdong Dongfang Precision Science & Technology Co., Ltd. in April 2020. Currently the Company's Chief Financial Officer and Vice President, and the CFO of the subsidiaries including Dongfang Digicom Technology Co., Ltd., Dongfang Digicom Technology (Guangdong) Co., Ltd, Hainan Yineng Investment Co., Ltd., Dongfang Yineng International Holding Co., Ltd, Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd., and DongFang Primo Robotic (Guangdong) Co., Ltd.

whether the controlling shareholder and actual controller concurrently serve as the chairman of the board and general manager of the listed company

Applicable Not applicable

Mr. Tang Zhuolin, the controlling shareholder and actual controller of the Company, serves as the Chairman of the Board of the Company.

Offices held concurrently in shareholding entities:

Applicable Not applicable

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Tang Zhuolin	Dongfang Precision (HK)	Director	05 Feb 2013		No
Tang Zhuolin	Fosber Italy	Chairman of the Board	19 May 2023		Yes
Tang Zhuolin	Dongfang Precision (Europe)	Director	31 Jan 2024		Yes
Tang Zhuolin	Fosber America	Director	26 Jul 2022		Yes
Tang Zhuolin	Tiruña S.L.U.	Director	03 Aug 2022		Yes

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Tang Zhuolin	QCorr	Director	26 Jun 2023		Yes
Tang Zhuolin	EDF	Chairman of the Board	30 Dec 2025		Yes
Tang Zhuolin	Fosber Asia	Director	18 Apr 2016		Yes
Tang Zhuolin	Parsun Power	Director	24 May 2015		No
Tang Zhuolin	Shunyi Investment	Executive Director,General Manager	26 Oct 2020		No
Tang Zhuolin	Yineng Investment	Executive Director,General Manager	10 Oct 2020		Yes
Tang Zhuolin	Dongfang Digicom	Supervisor	26 Oct 2020		No
Tang Zhuolin	Dongfang Digicom (Guangdong)	Supervisor	26 Feb 2021		No
Tang Zhuolin	Wonder Digital	Chairman of the Board	01 Jun 2022		Yes
Tang Zhuolin	Dongfang Yineng International Holding Co., Ltd.	Executive Director,General Manager	15 Feb 2022		No
Tang Zhuolin	Shenzhen Xianglin Venture Capital Co., Ltd.	Executive Director,General Manager	26 May 2016		No
Tang Zhuolin	Shenzhen Shenghui Venture Capital Co., Ltd.	Supervisor	18 May 2016		No
Tang Zhuolin	Foshan Hengbao Taisheng Trade Co., Ltd.	Supervisor	06 Sep 2023		No
Qiu Yezhi	Fosber Italy	Vice Chairman of the Board	26 Mar 2014		Yes
Qiu Yezhi	Fosber America	Director	14 Dec 2017		Yes
Qiu Yezhi	Tiruña America	Director	26 Jul 2022		Yes
Qiu Yezhi	Tiruña S.L.U.	Director	30 May 2019		Yes
Qiu Yezhi	EDF	Director	Dec 30 2025		Yes
Qiu Yezhi	Fosber Asia	Chairman of the Board	18 Apr 2016		Yes
Qiu Yezhi	Dongfang Precision (Europe)	Director	15 Jun 2016		Yes
Qiu Yezhi	Yineng Investment	Supervisor	10 Oct 2020		No
Qiu Yezhi	Wonder Digital	Director	31 Dec 2024		Yes
Qiu Yezhi	Dongfang Yineng International Holding Co., Ltd.	Supervisor	15 Feb 2022		No

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Qiu Yezhi	Shenzhen Xianglin Venture Capital Co., Ltd.	Supervisor	26 May 2016		No
Qiu Yezhi	Shenzhen Shenghui Venture Capital Co., Ltd.	Executive Director, General Manager	18 May 2016		No
Qiu Yezhi	Dongfang Precision (Netherland)	Director	08 Nov 2023		Yes
Qiu Yezhi	DongFang Primo Robotic (Guangdong) Co., Ltd,	Chairman of the Board, and General Manager	19 Sep 2025		No
Qiu Yezhi	Dongfang Precision Lanke (HK) Co., Limited,	Director	25 Oct 2024		No
Qiu Yezhi	Grandvoyage Holdings (Singapore) Pte. Ltd	Director	25 Apr 2025		No
Qiu Yezhi	Starlight Precision Technology (Singapore) Pte. Ltd	Director	30 Apr 2025		No
Feng Jia	Wonder Digital	Supervisor	21 Dec 2023		Yes
Feng Jia	Jaten Robot	Supervisor	11 Jul 2024		No
Tu Haichuan	Shenzhen Longriver Capital Management Co., Ltd.	Executive Director	06 Jan 2016		Yes
Tu Haichuan	Shenzhen Ivan Culture Development Co., Ltd.	Director	02 Mar 2018		No
Feng Zhidong	Guangzhou Airparking Network Technology Co., Ltd.	Chairman of the Board	10 Jul 2015		Yes
Feng Zhidong	Societe Generale IoT Services Group Co., Ltd.	Independent Non Executive Director	17 Sep 2019		Yes
Feng Zhidong	Jianhong Group Holdings Co., Ltd.	Independent Non Executive Director	01 June 2022		Yes
Feng Zhidong	Xinda Investment Holdings Co., Ltd.	Independent Non Executive Director	07 Oct 2022		Yes
Shao Yongfeng	Dongfang Digicom	Financial Controller	26 Oct 2020		Yes
Shao Yongfeng	Yineng Investment	Financial Controller	10 Oct 2020		Yes
Shao Yongfeng	Dongfang Yineng International Holding Co., Ltd.	Financial Controller	15 Feb 2025		No
Shao Yongfeng	Dongfang Digicom(Guangdong)	Financial Controller	17 Jan 2025		No
Shao Yongfeng	Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd	Financial Controller	27 Feb 2025		No
Shao Yongfeng	DongFang Primo Robotic (Guangdong) Co., Ltd,	Financial Controller	19 Sep 2025		No
Note	Not applicable				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors and senior management as well

as those who left in the Reporting Period:

Applicable Not applicable

3. Remuneration of Directors and Senior Management

Following the approval of the Remuneration and Appraisal Committee, the remunerations for directors and senior management are submitted to the Board of Directors for further approval. The remunerations of directors and supervisors are subject to final approval by the general meeting, and those of senior management are subject to the Board of Directors. The decision-making procedures are in compliance with the Company Law, the Company's Articles of Association, and the Company's Specific Implementation Rules for the Remuneration and Appraisal Committee under the Board of Directors.

Remuneration of directors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Office title	Incumbent/Former	Total before-tax remuneration from the Company	Remuneration from any related party or not
Tang Zhuolin	Male	63	Chairman of the Board	Incumbent	624.34	Yes
Qiu Yezhi	Female	54	Director and General Manager	Incumbent	334.27	Yes
Xie Weiwei	Male	52	Director and Deputy General Manager	Incumbent	73.83 ^注	Yes
Feng Jia	Female	40	Director, Board Secretary and Vice President	Incumbent	74.41	No
Shao Yongfeng	Male	51	Chief Financial Officer and Vice President	Incumbent	62.68	No
Li Ketian	Male	69	Independent Director	Incumbent	20.00	No
Tu Haichuan	Male	46	Independent Director	Former	20.00	No
Feng Zhidong	Male	53	Independent Director	Incumbent	20.00	No
Chen Huiyi	Female	41	Employee Representative Director	Incumbent	24.07	No
Total	--	--	--	--	1,253.60	--

Note: Mr. Xie Weiwei resigned from his positions as Director of the Board of Directors and Deputy General Manager of the listed company in September 2025. The total pre-tax remuneration received by Mr. Xie Weiwei from the Company during the reporting period as stated in the table above covers the period from January to September 2025. Mr. Xie Weiwei remains in his positions as Vice President of DF Group and General Manager of Dongfang Digicom, a subsidiary of the Company.

Basis for assessment of actual remuneration received by all directors and senior management at the end of the reporting period	Remuneration of directors and senior management shall be reviewed and adopted by the Remuneration and Appraisal Committee before being submitted to the Board of Directors for deliberation. Remuneration of directors shall be subject to
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	approval by the shareholders' meeting, and remuneration of senior management shall be approved by the Board of Directors.
Completion status of assessment for actual remuneration received by all directors and senior management at the end of the reporting period	Completed.
Deferred payment arrangements for actual remuneration received by all directors and senior management at the end of the reporting period	Not applicable
Suspension and recovery of actual remuneration received by all directors and senior management at the end of the reporting period	Not applicable

V Performance of Duty by Directors in the Reporting Period

1. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings or not	General meetings attended
Tang Zhuolin	9	3	6	0	0	Not	3
Qiu Yezhi	9	3	6	0	0	Not	3
Xie Weiwei	6	2	4	0	0	Not	3
Feng Jia	9	3	6	0	0	Not	3
Li Ketian	9	3	6	0	0	Not	3
Tu Haichuan	9	3	6	0	0	Not	3
Feng Zhidong	9	3	6	0	0	Not	3
Chen Huiyi	3	1	2	0	0	Not	0

Whether any director failed to attend two consecutive board meetings: Not Applicable

2. Objections Raised by Directors on Matters of the Company

Indicate whether any directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Directors

Indicate whether any suggestions from directors were adopted by the Company.

Yes No

Suggestions from directors adopted or not adopted by the Company:

During the Reporting Period, the directors and independent directors of the Company worked in strict accordance with the requirements of the Company Law, the Securities Law, Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Main Board Listed Companies, the Articles of Association, the Rules of Procedure for the Board of Directors, the Rules for Independent Directors and other relevant laws and regulations, earnestly attended the Board meetings and the General Meetings, and were diligent and responsible. They have made relevant suggestions on the major governance and operation decisions of the Company. The independent directors actively got to know the operation of the Company and delivered different opinions on major matters of the Company, giving better play to their supervisory role and effectively maintaining the interests of the Company and its shareholders.

VI Performance of Duty by Special Committees under the Board in the Reporting Period

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	17-Mar-25	<ol style="list-style-type: none"> 1. Proposal on the 2024 Auditor's Report of Guangdong Dongfang Precision Science & Technology Co., Ltd. was approved. 2. Proposal on the 2024 Internal Control Self-Assessment Report was approved. 3. Proposal on the Summary Report of the Audit Committee of the Board of Directors on the 2024 Annual Audit of Ernst & Young Hua Ming LLP was approved. 4. Proposal on the Proposed Appointment of an Audit Institution for 2025 was approved. 5. Proposal on 2025 Estimated Quota of Futures and Derivatives Transactions was approved. 	Not Applicable	Not Applicable	Not Applicable
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	17-Mar-25	<ol style="list-style-type: none"> 1. Proposal on the Work Report of the Audit Department for Q4 2024 was approved. 2. Proposal on the Work Report of the Audit Committee for Q4 2024 was approved. 3. Proposal on the Work Report of the Audit Department for 2024 was approved. 4. Proposal on the Work Report of the Audit Committee for 2024 was approved. 5. Proposal on the Work Plan of the Audit Department for 2025 was approved. 	Not Applicable	Not Applicable	Not Applicable
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	25-Apr-25	<ol style="list-style-type: none"> 1. Proposal on the Work Report of the Audit Department for Q1 2025 was approved. 2. Proposal on the Work Report of the Audit Committee for Q1 2025 was approved. 3. Proposal on the Work Plan of the Audit Department for Q2 2025 was approved. 4. Proposal on the Audit Report for the Q1 2025 Financial Statements was approved. 	Not Applicable	Not Applicable	Not Applicable

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	25-Apr-25	Proposal on the Financial Report of the Company for the Q1 of 2025	Not Applicable	Not Applicable	Not Applicable
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	13-Aug-25	1. Proposal on the Work Report of the Audit Department for Q2 2025 was approved. 2. Proposal on the Work Report of the Audit Committee for Q2 2025 was approved. 3. Proposal on the Work Plan of the Audit Department for Q3 2025 was approved. 4. Proposal on the Audit Report for the Q2 2025 Financial Statements was approved.	Not Applicable	Not Applicable	Not Applicable
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	13-Aug-25	Proposal on the Semi-Annual Financial Report of the Company for 2025	Not Applicable	Not Applicable	Not Applicable
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	22-Oct-25	1. Proposal on the Work Report of the Audit Department for Q3 2025 was approved. 2. Proposal on the Work Report of the Audit Committee for Q3 2025 was approved. 3. Proposal on the Work Plan of the Audit Department for Q4 2025 was approved. 4. Proposal on the Audit Report for the Q3 2025 Financial Statements was approved.	Not Applicable	Not Applicable	Not Applicable
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	22-Oct-25	Proposal on the Financial Report of the Company for the Q3 of 2025	Not Applicable	Not Applicable	Not Applicable

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	28-Nov-25	<ol style="list-style-type: none"> 1. Proposal on the Transaction Meeting the Conditions for Material Assets Restructuring 2. Proposal on the Completeness and Compliance of Legal Procedures Performed for the Transaction and the Validity of Submitted Legal Documents 3. Proposal on the Plan for Material Assets Disposal by the Listed Company (reviewed and adopted item by item) 4. Proposal on Signing the Material Assets Disposal Transaction Agreement 5. Proposal on the Pre-plan for Material Assets Disposal of Guangdong Orient Precision Technology Co., Ltd. and Its Summary 6. Proposal on the Explanation of Fluctuations in the Company's Stock Price Prior to the Disclosure of Information Regarding the Transaction 7. Proposal on the Purchase and Sale of Assets in the Twelve Months Prior to the Material Assets Disposal 8. Proposal on the Explanation of Confidentiality Measures and Confidentiality System Adopted for the Transaction 9. Proposal on the Transaction Complying with the Provisions of Article 11 of the Measures for the Administration of Material Assets Restructuring of Listed Companies 10. Proposal on the Transaction Complying with the Provisions of Article 4 of the Regulatory Guidelines for Listed Companies No. 9 - Regulatory Requirements for Listed Companies in Planning and Implementing Material Assets Restructuring 11. Proposal on the Absence of Circumstances Prohibiting Participation in Material Assets Restructuring of Listed Companies as Specified in Article 12 of the Regulatory Guidelines for Listed Companies No. 7 - Supervision over Abnormal Stock Trading Related to Material Assets Restructuring of Listed Companies and Article 30 of the Self-Regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 8 - Material Assets Restructuring 12. Proposal on the Transaction Constituting Material Assets Restructuring but Not Constituting a Backdoor Listing as Specified in Article 13 of the 	Not Applicable	Not Applicable	Not Applicable

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
				Measures for the Administration of Material Assets Restructuring of Listed Companies			
Remuneration and Appraisal Committee	Feng Zhidong, Qiu Yezhi, and Li Ketian	1	25-Apr-25	Proposal on the Failure to Meet the Conditions for the Unlocking of the Third Unlocking Period of the Initial Grant Portion of the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks	Not Applicable	Not Applicable	Not Applicable
Remuneration and Appraisal Committee	Feng Zhidong, Qiu Yezhi, and Li Ketian	1	17-Oct-25	Proposal on the Upcoming Expiration of the First Lock-up Period of the 2024 Employee Stock Ownership Plan and the Achievement of Unlocking Conditions	Not Applicable	Not Applicable	Not Applicable

VII Performance of Duty by the Audit Committee of the Board of Directors

Indicate whether the Audit Committee of the Board of Directors found any risk to the Company during its supervision in the Reporting Period.

Yes No

No such cases in the Reporting Period.

VIII Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	484
Number of in-service employees of principal subsidiaries at the period-end	1922
Total number of in-service employees at the period-end	2406
Total number of paid employees in the Reporting Period	2797
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	9
Functions	
Function	Employees
Production&Operation	1468
Marketing	283
R&D and technical	337
Financial	83
Comprehensive	235
Total	2406
Educational backgrounds	
Educational background	Employees
Below junior college	786
Junior college	999
Bachelor's degree	461
Master's degree and above	160
Total	2406

2. Employee Remuneration Policy

The Company remuneration policy in 2025 continued to be based on posts and performance and subject to total control. A comprehensive remuneration system was established and further improved to retain and attract

talents needed for the Company's sustainable development.

1. Paid remuneration based on posts: The relative value of a post was determined based on its duties, and the remuneration range of the post was determined based on the relative value and according to the Company's value orientation.

2. Paid remuneration based on performance: The Company determined the basic remuneration based on the relative value of a post and personal competence, determined the performance bonus in an employee's remuneration based on his/her performance, and adjusted the remuneration based on his/her personal competence and overall performance.

3. Changed remuneration with the change in post: The remuneration was strictly fitted to the post, and if the post changed, the remuneration changed, so that the remuneration system can support the career development of employees.

4. Total control: The total amount of remuneration was controlled within the scope recognized by the Company, and the growth rate of remuneration should be lower than that of sales revenue and profit. The Company's affordability was taken into account so that the Company's business performance can support the growth of the total labour cost.

5. The remuneration system of payment by piece is applied to first-line workers of domestic business entities, so that they could be paid more by being more profession and working harder, so as to reflect an internally fair remuneration policy based on differential skill scoring.

6. Overseas business entities strictly comply with the labor laws and other relevant laws of the country/region where it is located, abide by the provisions of the collective labor agreements of the country/region, and gradually improve and form a competitive comprehensive compensation system.

3. Training Plan

1. Actively introduce diversified training resources and innovative training organization forms, such as sand table simulations and workshops, to empower core employees and share the group's training resources. Strengthen the follow-up of the early communication, return visits, and feedback for key training projects to continuously improve the implementation effect of training. The Company has established an online learning platform to create a convenient and efficient learning environment and empower the career growth of employees. In 2025, the Company completed the development of a tiered AI training system, launched and operated training resources including the AI Smart Sharing Workshop and AI Knowledge Sharing Platform, to systematically enhance employees' practical AI skills. It also planned and implemented the first "AI-Enabled Office" application case collection campaign, encouraging employees to actively explore and apply AI tools, share practical experiences, and promote the transformation of individual experience into organizational intelligence.

2. Optimize the internal training management system of the group, make full use of the internal resources of the group, take inventory of and sort out the internal trainer teams of the group headquarters and its subsidiaries, and promote the accumulation and precipitation of the group's internal knowledge resources.

3. Implement customized individual training programs for employees to improve their professional skills and comprehensive quality in a targeted manner.

4. Facilitate knowledge sharing and technical exchanges within the group, and improve the overall technical level and innovation ability of the group.

5. Overseas subsidiaries always attach great importance to employees' career development and personal growth, and actively carry out training programs including professional and technical training, leadership training,

safety and health training, language training, and soft skills training.

4. Labor Outsourcing

Applicable Not applicable

Total hours of labor outsourced	45,608.5
Total payment for labor outsourcing (RMB'0,000)	121.32

IX Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

The profit distribution policy for shareholders, especially the formulation, implementation and amendments to the cash dividend policy, in the Reporting Period:

Applicable Not applicable

The Articles of Association of Guangdong Dongfang Precision Science & Technology Co., Ltd. has specified the method of profit distribution and the conditions, schedule and proportion of cash dividend, as well as the procedures to decide and adjust or change profit distribution, in order to fully protect the legitimate rights and interests of investors.

The profit distribution policy of the Company remained unchanged in the Reporting Period.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
If the Company has no dividend plan, it should disclose the specific reasons and the next steps it intends to take to enhance investor returns	Not applicable
Non-controlling shareholders are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Not applicable

During the reporting period, it was profitable and the profit available for distribution to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

Applicable Not applicable

Explanation on the Implementation of the 2025 First Quarter Dividend

On 12 May 2025, the Company held the First Extraordinary General Meeting of 2025 and considered and approved the profit distribution plan for the first quarter of 2025. Based on 1,217,285,908 shares (total share capital of 1,217,286,340 shares less 432 shares held in the repurchase special account), the Company distributed a cash dividend of RMB 1.30 per ten shares (tax inclusive) to

all shareholders, with an aggregate cash dividend of RMB 158,247,168.04 (tax inclusive). The record date for the 2025 first quarter equity distribution is 4 June 2025, and the ex-rights and ex-dividend date is 5 June 2025. The aforementioned cash dividend has been fully implemented during the reporting period.

Whether the board of directors reviews and approves the profit distribution plan (including no dividend distribution and no share capital conversion from reserve).

Applicable Not applicable

The situation of profit distribution and conversion of capital reserve into share capital during this reporting period.

Applicable Not applicable

The company plans to do not distribute cash dividends, issue bonus shares, or convert capital reserve into share capital in the planned year.

X Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

1. Equity Incentives

1. The company held the 1st (Interim) shareholders' meeting of 2024 on May 27, 2024, which reviewed and approved the "Proposal on the Failure to Meet the Unlocking Conditions for the Second Unlocking Period of the First Grant under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks". On December 30, 2024, the company held the 5th (Interim) shareholders' meeting of 2024, which reviewed and approved the "Proposal on the Repurchase and Cancellation of Some Restricted Stocks". In accordance with the relevant provisions of the Measures for the Administration of Equity Incentives of Listed Companies, the company's 2022 Restricted Stock Incentive Plan and the Measures for the Assessment and Administration of the Implementation of the 2022 Restricted Stock Incentive Plan, the company decided to repurchase and cancel 1,280,000 restricted shares, accounting for approximately 0.10% of the company's total share capital before the repurchase and cancellation, at a repurchase price of RMB 1 per share.

On January 15, 2025, the company disclosed the Announcement on the Completion of Repurchase and Cancellation of Some Restricted Stocks. China Securities Depository and Clearing Corporation Limited Shenzhen Branch confirmed that the procedures for the repurchase and cancellation of 1,280,000 restricted shares have been completed.

2. On April 25, 2025, the company held the 14th (Interim) Meeting of the Fifth Board of Directors and the 12th (Interim) Meeting of the Fifth Supervisory Board, which reviewed and approved the "Proposal on the Failure to Meet the Unlocking Conditions for the Third Unlocking Period of the First Grant under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks". In view of the failure to achieve the company-level performance assessment target for the third unlocking period, resulting in the failure to meet the unlocking conditions for the third unlocking period, in accordance with the incentive plan, the company shall repurchase and cancel 480,000 restricted shares held by 5 incentive recipients corresponding to the third unlocking period of the first grant under the 2022 Restricted Stock Incentive Plan at the grant price. On May 12, 2025, the company held the 1st (Interim) shareholders' meeting of 2025, which reviewed and approved the aforesaid proposal.

On May 28, 2025, the company disclosed the Announcement on the Completion of Repurchase and Cancellation of Some

Restricted Stocks. China Securities Depository and Clearing Corporation Limited Shenzhen Branch confirmed that the procedures for the repurchase and cancellation of 480,000 restricted shares have been completed.

Name	Office title	Opening share options	Share options newly granted in the Reporting Period	Exercisable shares in the Reporting Period	Exercised shares in the Reporting Period	Exercise price for exercised shares in the Reporting Period (RMB yuan/share)	Closing share options	Market price at the period-end (RMB yuan/share)	Opening restricted shares	Unlocked shares in the Reporting Period	Number of shares repurchased and cancelled in the current period	Restricted shares newly granted in the Reporting Period	Grant price (RMB yuan/share)	Closing restricted shares
Feng Jia	Director, Board Secretary and Vice President								560,000	0	-560,000	0	1	0
Total	--					--		--	560,000	0	-560,000	0	--	0

Evaluation Mechanism and Incentive Status of Senior Management

The Company has established a sound performance evaluation system and compensation system for senior management, and formulated key performance indicators (KPIs) corresponding to respective positions. The remuneration of the Company's management and staff at all levels is linked to their job performance.

During the reporting period, the Company assessed and evaluated the senior management in respect of their professional competence, performance of duties and completion of objectives in accordance with the key performance indicators. Their compensation levels are closely linked to the Company's operating results.

2. Implementation of Employee Stock Ownership Plans

Applicable Not applicable

The situation of all effective employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total number of shares held (shares)	Change situation	Proportion of the total share capital of the listed company	Source of funds
Company directors (excluding independent directors), senior managers who play important roles and have significant impacts on the overall performance and medium to long-term development of the company, as well as core managers and core business (technical) personnel who are employed by the company or its controlled subsidiaries	51	21,330,000	NA	1.75%	The long-term incentive award fund withdrawn by the company in accordance with the systems regarding salary management and performance management.

The shareholding of directors and senior management personnel in the employee stock ownership plan during the reporting period

Name	Office title	Opening shareholding (share)	Closing shareholding (share)	The proportion of the total share capital of the listed company.
Qiu Yezhi	Director and General Manager	4,090,000	4,090,000	0.34%
Xie Weiwei	Director and Deputy General Manager	900,000	900,000	0.07%
Feng Jia	Director, Board Secretary and Vice President	700,000	700,000	0.06%
Shao Yongfeng	Chief Financial Officer and Vice President	700,000	700,000	0.06%

Changes in asset management institutions during the reporting period

Applicable Not applicable

Changes in equity caused by holders' disposal of shares, etc. during the reporting period

Applicable Not applicable

The situation of the exercise of shareholders' rights during the reporting period.

During the reporting period, the company implemented the equity distribution for the first quarter of 2025. In accordance with the company's "2024 Employee Stock Ownership Plan Scheme", holders are entitled to the rights and interests of this employee stock ownership plan in proportion to the share of the employee stock ownership plan they hold.

During the reporting period, the board of directors of the Company reviewed and approved the Proposal on the Expiration of the First Lockup Period of the 2024 Employee Stock Ownership Plan and the Satisfaction of Vesting Conditions. The first lockup period of the Company's 2024 Employee Stock Ownership Plan expired on October 25, 2025, and the vesting conditions for such period have been satisfied. The number of shares eligible for vesting is 8,532,000 shares, accounting for 0.70% of the Company's current total share capital.

Other relevant matters regarding the employee stock ownership plan during the reporting period

Applicable Not applicable

Changes in the members of the management committee of the employee stock ownership plan

Applicable Not applicable

The financial impact of the employee stock ownership plan on the listed company during the reporting period and relevant accounting treatments

Applicable Not applicable

According to "Accounting Standards for Business Enterprises No. 11 - Share-based Payments", for equity-settled share-based payments in exchange for employees' services that can only be exercised when the services during the waiting period are completed or the stipulated performance conditions are met, on each balance sheet date during the waiting period, the services obtained in the current period should be included in relevant costs or expenses and capital reserve based on the best estimate of the number of exercisable equity instruments and in accordance with the fair value of the equity instruments on the grant date. The amortization expense of the company's employee stock ownership plan in 2025 was 28.4391 million yuan, which was included in relevant expense accounts and capital reserve.

The situation of the termination of the employee stock ownership plan during the reporting period.

Applicable Not applicable

3. Other Incentive Measures for Employees

Applicable Not applicable

XI Formulation and Implementation of Internal Control System during the Reporting Period

1. Internal Control Formulation and Implementation

In accordance with the provisions of the Basic Code for Internal Control of Enterprises and its supporting guidelines and other regulatory requirements for internal control, the Company has set up a relatively complete corporate governance structure and internal control management system in line with its actual operation, which is in line with the needs of the Company's operation and management. The Company has established internal control over the businesses and matters included in the scope of evaluation for effective implementation. The objective of internal control has been basically achieved with no material weakness.

The Board of Directors of the Company is responsible for establishing sound and effective internal controls and evaluating their effectiveness in accordance with the provisions of the standard system for enterprise internal control. The Audit Committee of the Board of Directors supervised the establishment and implementation of internal controls by the Board of Directors.

The Company would ensure legal compliance in operation and management, assets safety, truthfulness and integrity of financial reports and related information through the sound and effective implementation of internal controls to improve operational efficiency and effect, and promote the development strategy.

2. Significant Defects in Internal Control Identified during the Reporting Period

Yes No

XII Subsidiary Management during the Reporting Period

Subsidiary	Management plan	Progress	Problems	Solutions	Solution progress	Subsequent plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XIII Self-Assessment Report and Independent Auditor's Report on Internal Control

1. Internal Control Self-Assessment Report

Date of disclosure of the full internal control assessment report	24 March 2026
Index to the full internal control assessment report disclosed	Published on www.cninfo.com.cn
Ratio of the total assets of the organizations included in the assessment to the total	100.00%

assets in the Company's consolidated financial report		
Ratio of the revenue of the organizations included in the assessment to the revenue in the Company's consolidated financial report	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	<p>1) Indications of significant defects in financial reports include:</p> <p>a. Fraudulent conduct by directors and senior management of the Company; b. Correction of a published financial report by the Company; c. Significant misstatement in the current financial report identified by a certified public account but not identified during the Company's internal control audit; d. Invalid supervision of the Audit Committee and audit department over the Company's external financial reports and internal control of financial reports.</p> <p>2) Indications of important defects in financial reports included:</p> <p>a. Failure to select or apply accounting policies in accordance with GAAP; b. Failure to implement anti-fraud procedures and take control measures; c. Lack of corresponding control mechanism for accounting treatment of unconventional or special transactions or lack of corresponding compensatory control; d. One or more defects in the control of the period-end financial reporting process and failure to reasonably ensure true and complete financial reports.</p> <p>3) General defects refer to the control defects other than significant and important defects mentioned above.</p>	<p>The identification of defects in non-financial reports is mainly based on the degree of impact of the defects on the effectiveness of business procedures and the possibility of their occurrence.</p> <p>1) Significant defect</p> <p>If the possibility of the defect is high, it will seriously reduce the work efficiency or effectiveness, seriously increase the uncertainty of the effectiveness, or make the work result seriously deviate from the expected goal, the defect is a significant defect. The following usually indicates a significant defect in the internal control of non-financial reports:</p> <p>a. Violation of national laws and regulations; b. Outflow of managers or key technicians; c. Frequent negative news from media; d. Failure to correct the results, especially significant or important defects, in internal control assessment; e. Lack of system control or systematic failure of system in important business.</p> <p>2) Important defect</p> <p>If the possibility of the defect is relatively high, it will significantly reduce the work efficiency or effectiveness, significantly increase the uncertainty of the effectiveness, or make the work result significantly deviate from the expected goal, the defect is an important defect. The following usually indicates an important defect in the internal control of non-financial reports:</p> <p>a. Defects in important business policies or systems; b. Important mistakes in the decision-making process; c. Serious outflow of business personnel in</p>

		key posts; d. Failure to timely remedy the important defects identified in internal supervision of internal control; e. Other circumstances that have a negative impact on the Company. 3) General defects referred to the control defects other than significant and important defects mentioned above.
Quantitative criteria	A quantitative judgment was made based on the pretax profit of the Company. The misstatement exceeding 5% of the total pretax profit was determined as a significant misstatement, that exceeding 3% of the total pretax profit was determined as an important misstatement, and others were determined as general misstatements.	The revenue and total assets were the measuring indicators for the quantitative criteria. If the loss that may result from or results from an internal control defect is related to the profit report, it was measured by the revenue indicator. If the amount of misstatement in the financial report that may result from the defect alone or it together with other defects is less than 0.5% of the revenue, the defect was determined as a general defect. If it exceeds 0.5% and is less than 1% of the revenue, it was determined as an important defect. If it exceeds 1% of the revenue, it was determined as a significant defect. If the loss that may result from or results from an internal control defect is related to asset management, it was measured by the total asset indicator. If the amount of misstatement in the financial report that may result from the defect alone or it together with other defects is less than 0.5% of the total assets, the defect was determined as a general defect. If it exceeds 0.5% and is less than 1% of the total assets, it was determined as an important defect. If it exceeds 1% of the total assets, it was determined as a significant defect.
Number of significant defects in financial reports		0
Number of significant defects in non-financial reports		0
Number of important defects in financial reports		0
Number of important defects in non-financial reports		0

2. Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
In the opinion of Ernst & Young Hua Ming LLP, Guangdong Dongfang Precision Science & Technology Co., Ltd. maintained, in all material respects, effective internal control over financial reporting as at 31 December 2025, based on the Basic Rules on Enterprise Internal Control and other applicable rules.	
Independent auditor's report on internal control disclosed or not	Yes
Disclosure date	24 March 2026
Index to such report disclosed	www.cninfo.com.cn
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Indicate whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board of Directors.

Yes No

XIV Rectifications of Problems Identified by Self-inspection in the Special Action for Listed Company Governance

Not applicable

XV Disclosure of Environment Information

Applicable Not applicable

Whether the listed company and its major subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with the law

Yes No

Number of companies included in the list of enterprises required to disclose environmental information in accordance with the law (unit: enterprise)		1
No.	Name	Query index for reports on environmental information disclosure in accordance with the
1	Parsun Power	Jiangsu Provincial Department of Ecology and Environment - "Environmental Protection Facemask" for Jiangsu Enterprises (One Enterprise, One File) https://sthjt.jiangsu.gov.cn/col/col83817/index.html

XVI Social Responsibilities

The Company attached importance to fulfilling social responsibility in daily operations, intending to promote harmony and co-prosperity between it and parties related to its interests. The Company also took active measures in the protection of the rights and interests of shareholders, creditors, employees, suppliers, customers, and consumers, environmental protection, sustainable development, public relations, and social public welfare undertakings, and strived to maximize comprehensive social benefits including the sustainable development of itself.

(1) Corporate governance: During the Reporting Period, the Company strictly abided by the Company Law, the Securities Law and Code of Corporate Governance for Listed Companies, continued to refine the corporate governance structure, improve the internal control system, formed the decision-making system comprising the Shareholders' General Meeting, the Board of Directors and the Management, and timely fulfilled its obligation of information disclosure according to laws and regulations and effectively safeguarded the rights and interests of all shareholders.

(2) Rights and interests of employees: The Company provided employees with welfare and care by providing holiday gifts and holding employee birthday parties, annual meetings, and team-building activities, improved employees' professional competence by offering regular or irregular training to employees in the headquarters and domestic and foreign branches and subsidiaries, and continued to improve the competitive comprehensive remuneration system to retain and attract talents needed for the Company's sustainable development.

(3) Relationship with customers and suppliers: Long adhering to the principle of "honest business" and "mutual benefit and win-win", the Company took the initiative to construct and develop a strategic partnership with suppliers and customers and jointly built a platform of trust and cooperation, and earnestly fulfilled its social responsibilities to suppliers, customers and consumers. The Company has been well-performing contracts with suppliers and customers and ensuring that the rights and interests of all parties are highly valued and duly protected.

(4) Production safety: The Company strictly abided by the Labour Law and the Labour Contract Law, adhered to the "people-oriented" principle, attached importance to the needs of employees, strived to improve the working and living environments of employees, and has set up a labour union to effectively protect the interests of employees. It also provided labour protection supplies according to the risk factors of different posts, organized occupational health examinations for employees (before taking the post, on the post and before leaving the post), and bought safety liability insurance for employees on highly risky posts. In 2020, Dongfang Precision extended its Grade II Production Safety Standardization Certificate for Machinery Enterprises, and Parsun Power and Fosber Asia were granted the Grade III Production Safety Standardization Certificate for Machinery Enterprises.

(5) Environmental protection: Dongfang Precision was granted the National Pollutant Discharge Permit and regularly completes the filling of data for post-license monitoring of the National Discharge License. It commissioned the qualified third-party environmental protection agencies to compile the Contingency Plans for Environmental Emergencies and update it on a regular basis. The Company established the "Environmental Self-Monitoring Programme", entrusted a third party to install and operate 24-hour sewage on-line flow monitoring equipment, and entrusted a third-party monitoring organisation to carry out quarterly testing of wastewater, exhaust gas and noise and issue third-party test reports. Moreover, the Company's environmental protection facilities passed the qualification re-examination on OHSAS18001:2007 Occupational Health and Safety Management Systems and ISO14001:2005 Environmental Management System. Subsidiary Parsun Power has obtained the National Pollutant Discharge Permit and passed the ISO 14001:2015 environmental management system certification. It has purchased environmental protection equipment including a 50,000 m³ /h organic waste gas treatment device and a waste gas recovery system, which can meet the daily requirements for pollutant treatment.

(6) Anti-fraud: The Group compiled a thorough internal authorization manual that detailed provisions on internal authorization process of major matters to ensure appropriate internal control and reduce the risk of fraud. In order to create a fair, just, honest and non-corrupt internal business environment and strengthen internal monitoring, the Company also established and launched the anti-fraud reporting platform to encourage employees to report fraud findings.

XVII Efforts in Poverty Alleviation and Rural Revitalization

The Company did not conduct activities related to targeted poverty alleviation in the Reporting Year, nor did it develop any subsequent plan for targeted poverty alleviation.

Part V Significant Events

I Performance of Commitments

1. Commitments made by the Company's actual controller, shareholders, related parties, purchasers, the Company and other relevant committing parties that have been fully performed during the reporting period, as well as those that remain unfulfilled as of the end of the reporting period.

√ Applicable □ Not applicable

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
Commitments related to reform of shareholder structure						
Commitments made in acquisition report of change of equity report						
Commitments made in asset reorganization	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related Party Transactions and Fund Occupation	<p>I. During the period when I serve as the actual controller / controlling shareholder of the listed company, I shall perform my obligations as the actual controller / controlling shareholder of the listed company in good faith, fully respect the independent legal person status of the listed company, and ensure that the listed company maintains independence from myself and my connected persons in respect of business, assets, structure, personnel, financial affairs and other aspects.</p> <p>II. During the period when I serve as the actual controller / controlling shareholder of the listed company, I shall not, by taking advantage of my status as the actual controller / controlling shareholder, violate the standardized operation procedures of the listed company, interfere with the compliant operation and decision-making of the listed company in accordance with the law, or prejudice the legitimate rights and interests of the listed company and other shareholders.</p> <p>III. During the period when I serve as the actual controller / controlling shareholder of the listed company, I and other enterprises</p>	28 Nov 2025	Long-term effective	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			and entities under my control (excluding the listed company, including its holding subsidiaries and other enterprises and entities controlled by the listed company) undertake not to illegally occupy the funds or assets of the listed company in any form. IV. In case of any breach of the above commitments, I shall bear corresponding legal liabilities in accordance with the law.			
	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related Party Transactions and Fund Occupation	I. At present, I (including companies and enterprises under my direct or indirect control, the same hereinafter) do not engage in any business or operation that constitutes substantial competition in the same industry with the listed company (including companies and enterprises under its direct or indirect control, the same hereinafter). II. In the future, I will not conduct any activities in any region and in any form (including but not limited to operating on my own, or jointly investing, cooperating, conducting joint operations, investing in, merging or operating under entrustment with others inside or outside the People' s Republic of China) that may constitute competition in the same industry with the listed company as stipulated by laws, regulations and regulatory legal documents. III. In the future, I will not provide trade secrets such as marketing channels and customer information to any companies, enterprises, other institutions, organizations or individuals that are the same as, similar to or competitive with the listed company in any respect. IV. I will not use my controlling relationship over the listed company to impair the legitimate rights and interests of the listed company and its other shareholders (especially minority shareholders), and will fully respect and ensure the independent operation and independent decision-making of the listed company. V. This commitment shall remain in effect continuously until I no longer control the listed company or the listed company is delisted from the stock exchange. If I breach this commitment and cause losses to the listed company during the valid term of this commitment, I shall timely compensate the listed company for such losses. I warrant that this commitment is true and valid, and agree to be liable for compensating any losses caused to the listed company and other stakeholders due to any false statement in this commitment.	28 Nov 2025	Long-term effective	In normal progress of fulfillment
	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related Party Transactions and Fund Occupation	I. I and my controlled affiliated enterprises (including any affiliated companies or enterprises, holding subsidiaries over which I have or will have direct or indirect control at present or in the future, as well as any subordinate enterprises or entities of such affiliated companies, enterprises and holding subsidiaries) shall avoid and reduce related	28 Nov 2025	Long-term effective	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>party transactions with the listed company as much as possible. For any related party transactions that are unavoidable or conducted for reasonable causes, we shall abide by the fair, impartial and open principles of market transactions, sign agreements in accordance with the law, comply with statutory procedures, fulfill information disclosure obligations and complete relevant formalities pursuant to applicable laws, regulations and the Articles of Association of the listed company. We warrant that we shall not directly or indirectly misappropriate the funds or assets of the listed company by means of transactions, expense advances, external investments, guarantees or other means, nor shall we, by taking advantage of our control right, manipulate or instigate the listed company, its directors, senior management personnel, or conduct any other acts that impair the legitimate rights and interests of the listed company and its other shareholders.</p> <p>II. This commitment shall remain valid continuously until I no longer control the listed company or the listed company is delisted from the stock exchange. If I breach this commitment and cause losses to the listed company and other stakeholders during the valid term of this commitment, I shall timely assume corresponding compensation liabilities to the listed company and other stakeholders.</p> <p>III. I warrant that this commitment is true and valid, and agree to be liable for compensating any losses caused to the listed company and other stakeholders due to any falsehood in this commitment.</p>			
	Tang Zhuolin, Tang Zhuomian	Other Commitments	<p># Letter of Commitment on the Authenticity, Accuracy and Completeness of Information Provided</p> <p>I. I warrant that I will promptly provide the listed company with materials and information relating to this transaction, and that all materials and information supplied by me in the course of this transaction are true, accurate and complete, without any false records, misleading statements or material omissions. If any false records, misleading statements or material omissions exist in the materials and/or information provided by me, which cause losses to the listed company or investors, I shall be liable for compensation in accordance with the law.</p> <p>II. I warrant that all materials and information provided to all intermediaries participating in this transaction are true, accurate and complete; all such materials are original written documents or duplicate copies, and such duplicates or copies are consistent with the original documents or originals. The signatures and seals on all documents are authentic, the signatories of such documents are duly</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed company approving the proposals in relation to this transaction, to the date of full completion of the implementation of this transaction.	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>authorized and have validly executed such documents, and there are no false records, misleading statements or material omissions.</p> <p>III. I warrant that I have fulfilled the statutory disclosure and reporting obligations, and there are no contracts, agreements, arrangements or other matters that should be disclosed but remain undisclosed.</p> <p>IV. In accordance with the progress of this transaction, I will promptly provide relevant information and materials pursuant to the provisions of laws, regulations, rules, the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and warrant that the information and materials to be continuously provided shall continue to meet the requirements of authenticity, accuracy, completeness and validity.</p> <p>V. If this transaction is subject to case-filing investigation by a judicial authority or the China Securities Regulatory Commission on suspicion that the information provided or disclosed by me contains false records, misleading statements or material omissions, any shares in the listed company in which I have an interest shall not be transferred prior to the conclusion of the investigation. Within two trading days upon receipt of the notice of case-filing inspection, I shall submit a written application for suspension of transfer and my securities account to the board of directors of the listed company, which shall apply to the stock exchange and the securities depository and settlement institution for the lock-up of such shares on my behalf. If I fail to submit the lock-up application within two trading days, I hereby agree to authorize the board of directors of the listed company to directly submit my identity information and account information to the stock exchange and the securities depository and settlement institution for verification and apply for share lock-up. If the board of directors of the listed company fails to submit my identity information and account information to the stock exchange and the securities depository and settlement institution, I hereby agree to authorize the stock exchange and the securities depository and settlement institution to directly lock up the relevant shares. If any illegal or non-compliant circumstances are found in the investigation conclusion, I commit that the locked-up shares shall be voluntarily used for relevant investor compensation arrangements.</p> <p>VI. I shall bear legal liabilities in accordance with the law in the event of any breach of the above commitments.</p> <p># Letter of Commitment on Compliance and Good Credit Standing</p> <p>I. I am a natural person with full capacity for civil conduct and civil</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>rights, possessing and complying with the qualifications for office and obligations prescribed by the Company Law, the Listing Rules of the Shenzhen Stock Exchange and other laws, regulations, regulatory documents as well as the Articles of Association of the listed company, and my holding of office (if any) is appointed through statutory procedures. I do not have any circumstances of holding office or part-time employment prohibited by relevant laws, regulations, regulatory documents, the Articles of Association, relevant regulatory authorities or part-time employers (if any).</p> <p>II. I have not been subject to any administrative penalties (except those clearly unrelated to the securities market) or criminal penalties in the past five years, nor have I been involved in any material civil litigation or arbitration relating to economic disputes. As of the date hereof, there are no pending or potential material litigations, arbitrations or administrative penalties against me.</p> <p>III. I have maintained a good credit standing in the past five years. I have not defaulted on the repayment of large-scale debts, failed to perform commitments, been subject to administrative regulatory measures by China's securities regulatory authorities or disciplinary sanctions by stock exchanges, been listed as a joint disciplinary offender or a dishonest judgment debtor, or committed any serious bad faith acts in the securities market. In the past three years, I have not committed any material violations, been suspected of material violations, or been subject to material administrative penalties with serious circumstances. I have not been subject to case-filing investigation by a judicial authority on suspicion of committing a crime, or case-filing investigation by China's securities regulatory authorities or other competent authorities on suspicion of violation of laws or regulations.</p> <p>IV. I shall bear legal liabilities in accordance with the law in the event of any breach of the above commitments.</p> <p># Commitment on Non-Disclosure of Inside Information and Non-Participation in Insider Trading</p> <p>I. Neither I nor enterprises under my control are subject to any circumstances set forth in Article 12 of the Regulatory Guidelines for Listed Companies No. 7 - Supervision of Abnormal Stock Trading Related to Material Asset Restructuring of Listed Companies, that is, neither I nor such enterprises are under case-filing investigation or case-filing inspection in connection with suspected insider trading relating to this transaction; nor have we been subject to administrative</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>penalties by the China Securities Regulatory Commission or criminal liability pursued by judicial authorities for insider trading related to material asset restructuring in the past thirty-six months.</p> <p>II. Neither I nor enterprises under my control have illegally disclosed any inside information relating to this transaction or engaged in insider trading by illegally using such inside information. I warrant to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>III. I shall bear legal liabilities in accordance with the law in the event of any breach of the above commitments.</p> <p># Explanation on Confidentiality Measures Adopted</p> <p>I. I have strictly fulfilled my confidentiality obligations in respect of the information relating to this transaction prior to its lawful disclosure, and adopted adequate and necessary confidentiality measures for this transaction.</p> <p>II. I attach great importance to the administration of inside information, cooperate with the listed company to strictly control the scope of insiders, and fill in the insider registration form.</p> <p>III. I have not illegally disclosed any inside information relating to this transaction and/or engaged in insider trading by illegally using such inside information, and I warrant to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>IV. I shall bear legal liabilities in accordance with the law in the event of any breach of the above commitments.</p> <p># Letter of Commitment on Measures to Offset Diluted Immediate Returns in Respect of This Restructuring</p> <p>I. I commit not to interfere ultra vires with the operation and management of the listed company or encroach upon the interests of the listed company.</p> <p>II. I commit not to convey interests to any other entity or individual without compensation or on unfair terms, nor to impair the interests of the listed company by any other means.</p> <p>III. I commit to restrict my daily official consumption activities.</p> <p>IV. I commit not to use the assets of the listed company to engage in any investment or consumption activities irrelevant to the performance of my duties.</p> <p>V. I commit to, within the scope of my duties and authority, make best efforts to promote the linkage between the remuneration system</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>formulated by the board of directors or the remuneration and assessment committee of the listed company and the implementation of the measures to offset diluted returns of the listed company.</p> <p>VI. I commit that if the listed company launches an equity incentive plan in the future, the proposed vesting conditions of such equity incentive plan shall be linked to the implementation of the measures to offset diluted returns of the listed company.</p> <p>VII. From the date hereof until the completion of this transaction, if the regulatory authority issues any new regulatory provisions concerning measures to offset diluted returns and commitments thereon, and the relevant contents of this commitment fail to meet such provisions of the regulatory authority, I commit to issue a supplementary commitment in accordance with the latest provisions of the regulatory authority at that time.</p> <p>VIII. I will earnestly implement the relevant measures to offset diluted returns formulated by the listed company and any commitments made by me in respect thereof. If I breach the above commitments and cause losses to the listed company or investors, I agree to bear corresponding compensation liabilities in accordance with the law.</p> <p># Statement and Commitment on the Absence of Related Party Relationship with the Counter-party</p> <p>I. As of the date of this statement and commitment letter, I have no related party relationship or relationship of acting in concert with the transaction counter-party and the enterprises or entities controlling the transaction counter-party. The transaction counter-party is not an enterprise under my control.</p> <p>II. The contents of this statement and commitment letter are true, accurate and complete. I shall bear corresponding legal liabilities in the event of any false records, misleading statements or material omissions.</p>			
	Tang Zhuolin, Qiu Yezhi, Feng Jia ,Li Ketian, Tu Haichuan ,Feng Zhidong, Chen Huiyi ,Shao Yongfeng	Other Commitments	<p># Commitment on the Authenticity, Accuracy and Completeness of Information Provided</p> <p>1. I warrant that I will promptly provide the listed company with materials and information in relation to this transaction, and that all materials and information supplied by me during this transaction are true, accurate and complete, without any false records, misleading statements or material omissions. In the event that any false records, misleading statements or material omissions in the materials and/or information provided by me cause losses to the listed company or</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed company approving the proposals in	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>investors, I shall be liable for compensation in accordance with the law.</p> <p>2. I warrant that all materials and information provided to all intermediaries participating in this transaction are true, accurate and complete; all materials furnished are original written documents or duplicate copies, and such duplicates or copies are consistent with the original documents or originals. The signatures and seals on all documents are authentic, the signatories of such documents are duly authorized and have validly executed the documents, and there exist no false records, misleading statements or material omissions.</p> <p>3. I warrant that I have fulfilled my statutory disclosure and reporting obligations, and there are no contracts, agreements, arrangements or other matters that are required to be disclosed but have not been disclosed.</p> <p>4. In accordance with the progress of this transaction, I will promptly provide relevant information and materials pursuant to the provisions of laws, regulations, rules, the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and warrant that the information and materials to be provided continuously shall continue to meet the requirements of being true, accurate, complete and valid.</p> <p>5. If this transaction is placed on file for investigation by a judicial authority or the China Securities Regulatory Commission on the ground that the information provided or disclosed by me is suspected of containing false records, misleading statements or material omissions, any shares in the listed company in which I have an interest shall not be transferred prior to the issuance of the investigation conclusion. Within two trading days after receiving the notice of case-filing investigation, I shall submit a written application for the suspension of transfer and my securities account to the board of directors of the listed company, which shall apply to the stock exchange and the securities depository and clearing corporation for the lock-up of such shares on my behalf. If I fail to submit the lock-up application within two trading days, I hereby agree to authorize the board of directors of the listed company to directly submit my identity information and account information to the stock exchange and the securities depository and clearing corporation for verification and apply for the lock-up of shares. If the board of directors of the listed company fails to submit my identity information and account information to the stock exchange and the securities depository and clearing corporation, I hereby agree to authorize the stock exchange and the securities depository and clearing corporation to directly lock</p>		<p>relation to this transaction, to the date of full completion of the implementation of this transaction.</p>	

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>up the relevant shares. If any illegal or non-compliant circumstances are identified in the investigation conclusion, I commit that the locked-up shares shall be voluntarily used for relevant investor compensation arrangements.</p> <p>6. I shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p># Commitment on No Disclosure of Inside Information or Insider Trading</p> <p>1. Neither I nor the enterprises under my control are subject to any of the circumstances set forth in Article 12 of the *Regulatory Guidelines for Listed Companies No. 7 - Supervision of Abnormal Stock Trading Related to Material Asset Restructuring of Listed Companies*, that is, neither I nor such enterprises are under case-filing investigation or inspection in connection with suspected insider trading relating to this transaction; nor have we been subject to administrative penalties by the China Securities Regulatory Commission or criminal liability pursued by judicial authorities for insider trading related to material asset restructuring in the past thirty-six months.</p> <p>2. Neither I nor the enterprises under my control have illegally disclosed any inside information relating to this transaction or engaged in insider trading by illegally using such inside information; I warrant to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>3. I shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p># Letter of Commitment on Compliance and Good Faith</p> <p>1. I am a natural person with full capacity for civil conduct and civil rights, possessing and complying with the qualifications for holding office and obligations prescribed by the *Company Law*, the *Listing Rules of the Shenzhen Stock Exchange* and other laws, regulations, regulatory documents as well as the articles of association of the listed company, and my holding of office (if any) has been appointed through statutory procedures. I do not engage in any holding of office or part-time employment prohibited by relevant laws, regulations, regulatory documents, the articles of association, relevant regulatory authorities or part-time employers (if any).</p> <p>2. I have not been subject to any administrative penalties (except those obviously unrelated to the securities market) or criminal penalties in the past five years, nor have I been involved in any</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>material civil litigation or arbitration relating to economic disputes. As of the date hereof, there are no pending or potential material litigations, arbitrations or administrative penalties against me.</p> <p>3. I have maintained good credit standing in the past five years. I have not defaulted on the repayment of large debts, failed to perform commitments, been subject to administrative regulatory measures by China's securities regulatory authorities or disciplinary sanctions by stock exchanges, been listed as a joint disciplinary offender or a dishonest judgment debtor, or committed any serious bad faith acts in the securities market. In the past three years, I have not committed any material violations, been suspected of material violations, or been subject to material administrative penalties with serious circumstances. I have not been placed on file for investigation by a judicial authority on suspicion of committing a crime, or placed on file for investigation by China's securities regulatory authorities or other competent authorities on suspicion of violating laws or regulations.</p> <p>4. I shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p># Explanation on Confidentiality Measures Adopted</p> <p>1. I have strictly fulfilled my confidentiality obligations in respect of the information relating to this transaction prior to its lawful disclosure, and adopted adequate and necessary confidentiality measures for this transaction.</p> <p>2. I attach great importance to the administration of inside information, cooperate with the listed company to strictly control the scope of insiders, and fill in the insider registration form.</p> <p>3. I have not illegally disclosed any inside information relating to this transaction and/or engaged in insider trading by illegally using inside information, and I warrant to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>4. I shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p># Letter of Commitment on Measures to Mitigate Dilution of Immediate Returns Arising from This Restructuring</p> <p>1. I commit not to convey interests to any other entity or individual without compensation or on unfair terms, nor to impair the interests of the listed company by any other means.</p> <p>2. I commit to exercise restraint over my daily official consumption.</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>3. I commit not to use the assets of the listed company to conduct any investment or consumption activities irrelevant to the performance of my duties.</p> <p>4. I commit to, within the scope of my duties and authority, make best efforts to promote the linkage between the remuneration system formulated by the board of directors or the Remuneration and Evaluation Committee and the implementation of the listed company's return mitigation measures.</p> <p>5. I commit that if the listed company launches an equity incentive plan in the future, the proposed vesting conditions of the listed company's equity incentive plan shall be linked to the implementation of the listed company's return mitigation measures.</p> <p>6. From the date hereof until the completion of the implementation of this transaction, if the regulatory authority issues any new regulatory provisions concerning return mitigation measures and commitments thereon, and the relevant contents of this commitment fail to meet such provisions of the regulatory authority, I commit to issue a supplementary commitment in accordance with the latest provisions of the regulatory authority at that time.</p> <p>7. I will earnestly implement the relevant return mitigation measures formulated by the listed company and any commitments made by me in respect thereof. In the event that I breach the above commitments and cause losses to the listed company or investors, I am willing to bear corresponding compensation liabilities in accordance with the law.</p>			
	The Company	Other Commitments	<p># Commitment on the Authenticity, Accuracy and Completeness of Information Provided</p> <p>1. The Company warrants that all materials and information supplied in connection with this transaction are true, accurate and complete, without any false records, misleading statements or material omissions. In the event that any false records, misleading statements or material omissions in the materials and/or information provided by the Company cause losses to investors, the Company shall be liable for compensation in accordance with the law.</p> <p>2. The Company warrants that all materials and information provided to all intermediaries participating in this transaction are true, accurate and complete; all materials furnished are original written documents or duplicate copies, and such duplicates or copies are consistent with the original documents or originals. The signatures and seals on all the aforementioned documents provided by the Company are</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed company approving the proposals in relation to this transaction, to the date of full completion of the implementation of this transaction.	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>authentic, the signatories of such documents are duly authorized and have validly executed the same, and there exist no false records, misleading statements or material omissions.</p> <p>3. The Company warrants that it has fulfilled its statutory disclosure and reporting obligations, and there are no contracts, agreements, arrangements or other matters that are required to be disclosed but have not been disclosed.</p> <p>4. In accordance with the progress of this transaction, the Company will promptly provide relevant information and materials pursuant to the provisions of laws, regulations, rules, the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and warrants that the information and materials to be provided continuously shall continue to meet the requirements of being true, accurate, complete and valid.</p> <p>5. The Company shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p># Statement on the Absence of Insider Trading in Connection with This Material Asset Disposal</p> <p>1. Neither the Company, nor its directors, senior management, controlling shareholder, actual controller, nor enterprises controlled by any of the foregoing parties are subject to any of the circumstances set forth in Article 12 of the *Regulatory Guidelines for Listed Companies No. 7 - Supervision of Abnormal Stock Trading Related to Material Asset Restructuring of Listed Companies*; that is, none of them are under case-filing investigation or inspection in connection with suspected insider trading relating to this transaction, and none of them have been subject to administrative penalties by the China Securities Regulatory Commission or criminal liability pursued by judicial authorities for insider trading related to material asset restructuring in the past thirty-six months.</p> <p>2. Neither the Company, nor its directors, senior management, controlling shareholder, actual controller, nor enterprises controlled by any of the foregoing parties have illegally disclosed any inside information relating to this transaction or engaged in insider trading by illegally using such inside information; the Company warrants to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>3. Any breach of the above statements and commitments shall result in legal liabilities being borne in accordance with the law.</p> <p># Letter of Commitment on Compliance and Good Faith</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>1. The Company is a legal entity duly incorporated and validly existing under the laws and regulations of the People's Republic of China, and possesses the lawful qualification to participate in this transaction, execute transaction documents in connection with this transaction, and exercise and perform the rights and obligations under the aforesaid relevant transaction documents.</p> <p>2. The Company, its directors and senior management have not been subject to any administrative penalties (except those obviously unrelated to the securities market) or criminal penalties in the past five years, nor have they been involved in any material civil litigation or arbitration relating to economic disputes. As of the date hereof, there are no pending or potential material litigations, arbitrations or administrative penalties against the Company.</p> <p>3. The Company, its directors and senior management have maintained good credit standing in the past five years. None of them have defaulted on the repayment of large debts, failed to perform commitments, illegally occupied funds, provided illegal external guarantees, been subject to administrative regulatory measures by China's securities regulatory authorities or disciplinary sanctions by stock exchanges, been listed as a joint disciplinary offender or a dishonest judgment debtor, or committed any serious bad faith acts in the securities market. The interests of the listed company or the legitimate rights and interests of investors have not been seriously impaired by the controlling shareholder or actual controller in a manner that remains unresolved.</p> <p>4. The Company, its directors and senior management do not fall under any of the following circumstances:</p> <p>(1) Having been publicly reprimanded by a stock exchange in the most recent year;</p> <p>(2) Being under case-filing investigation by a judicial authority on suspicion of committing a crime, or under case-filing investigation by securities regulatory authorities or other competent authorities on suspicion of violating laws or regulations;</p> <p>(3) Having been subject to measures by securities regulatory authorities in connection with securities violations, including being identified as an inappropriate person, having business activities restricted, or being banned from the securities market, and such measures remain in effect;</p> <p>(4) Having been subject to measures by a stock exchange or other legally approved national securities trading venues in connection with</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>securities violations, including refusing to accept relevant documents issued by such party for a specified period, publicly determining such party unfit to serve as a director or senior management of a listed company, or being identified by the Securities Association of China as unfit to engage in relevant businesses, and such measures remain in effect;</p> <p>(5) Having committed material violations, being suspected of material violations, or having been subject to material administrative penalties with serious circumstances in the past three years.</p> <p>5. Any breach of the above commitments shall result in legal liabilities being borne in accordance with the law.</p> <p># Commitment on Clear Title to the Target Assets and Absence of Disputes</p> <p>1. The Target Company is an enterprise duly incorporated and validly existing, with no circumstances affecting its lawful existence. The Company legally holds 100% equity interest in the Target Company directly or indirectly through its Dutch subsidiary. The procedures for the Company / the Dutch subsidiary to acquire the equity interest in the Target Company are legal and compliant, and all investment consideration and/or transfer consideration have been fully paid; the registered capital / share capital of the Target Company corresponding to its equity interest has been fully contributed, with no defects in capital contribution such as under-capitalization, unlawful withdrawal of capital contributions or false capital contributions.</p> <p>2. The Company legally owns full rights to the equity interest in the Target Company directly or indirectly through its Dutch subsidiary. The title to the equity interest in the Target Company is clear, with no entrusted shareholding, trust shareholding or any other form of shareholding on behalf of others. No security interests such as mortgage, pledge or lien, or any other third-party rights have been created over such equity interest; there is no seal, freeze, custody or other circumstances prohibiting or restricting its transfer; there are no known or potential disputes or controversies in relation to such equity interest, nor any pending or foreseeable legal proceedings such as litigation, arbitration or judicial enforcement.</p> <p>3. The Company warrants that the aforesaid status shall continue until the date on which the equity interest in the Target Company is transferred and delivered to the Buyer pursuant to the transaction agreement reached by all parties to this transaction, or the date on which this transaction is terminated (whichever occurs earlier), and that there are no material obstacles to the completion of the transfer</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>and delivery procedures for the equity interest in the Target Company pursuant to the transaction agreement reached by all parties to this transaction.</p> <p>4. In the event of any breach of the above statements and commitments, the Company shall bear legal liabilities in accordance with the law.</p> <p># Explanation on Confidentiality Measures and Confidentiality Systems Adopted</p> <p>1. In connection with this transaction, the Company has adopted adequate and necessary confidentiality measures and established strict and effective confidentiality systems in strict compliance with the requirements of laws, regulations and regulatory documents including the *Securities Law*, the *Measures for the Administration of Material Asset Restructuring of Listed Companies*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Regulatory Guidelines for Listed Companies No. 5 - Rules for the Registration of Inside Information Insiders of Listed Companies*, as well as the provisions of the Company's articles of association and internal management systems.</p> <p>2. When conducting preliminary consultations and follow-up communications with relevant parties regarding this transaction, the Company adopted necessary confidentiality measures, limited the scope of persons with knowledge of relevant sensitive information, and properly registered inside information insiders.</p> <p>3. The Company has executed confidentiality agreements with the securities service institutions involved in this transaction, or included confidentiality clauses in relevant agreements, stipulating the confidentiality responsibilities and obligations of all parties.</p> <p>4. The Company has repeatedly reminded inside information insiders to strictly abide by the confidentiality systems, fulfill confidentiality obligations, and not disclose or divulge inside information or trade the Company's stocks using inside information before such inside information is disclosed in accordance with the law.</p> <p>5. The Company attaches great importance to the administration of inside information. In accordance with the *Regulatory Guidelines for Listed Companies No. 5 - Rules for the Registration of Inside Information Insiders of Listed Companies* and other relevant provisions, it has strictly controlled the scope of inside information insiders, promptly recorded the list of inside information insiders and the planning process at the stages of negotiation, planning,</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>demonstration and consultation, strictly prepared inside information insider files and transaction progress memoranda as required by the Shenzhen Stock Exchange, and submitted the same to the Shenzhen Stock Exchange in a timely manner.</p> <p># Statement and Letter of Commitment on the Absence of Related Party Relationship with the Transaction Counterpart</p> <p>1. As of the date of this statement and commitment letter, the Company, its controlling shareholder, actual controller, directors, senior management, and enterprises controlled by any of the foregoing parties have no related party relationship with the transaction counter-party and the enterprises or entities controlling the transaction counter-party. The transaction counter-party does not hold any shares in the Company directly or indirectly in any manner, nor has it recommended any directors or senior management to the Company.</p> <p>2. The contents of this statement and commitment letter are true, accurate and complete. In the event of any false records, misleading statements or material omissions, the Company shall bear corresponding legal liabilities.</p>			
	Tang Zhuolin, Tang Zhuomian, Qiu Yezhi, Feng Jia ,Li Ketian, Tu Haichuan ,Feng Zhidong, Chen Huiyi ,Shao Yongfeng	Other Commitments	<p>1. During the period from the announcement date of the first board resolution of the listed company approving the proposals relating to this transaction to the completion of the implementation of this transaction, if I hold shares in the listed company, I have no plan to reduce my holdings of such shares.</p> <p>2. If the listed company undertakes any ex-rights events including capitalization of reserves, bonus issues or rights issues from the date of signing this commitment letter until the completion of the implementation of this transaction, any additional shares obtained by me therefrom shall also be subject to the above commitment.</p> <p>3. I shall bear legal liabilities in accordance with the law in the event of any breach of the above commitments.</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed company approving the proposals in relation to this transaction, to the date of full completion of the implementation of this transaction.	In normal progress of fulfillment
	Fosber S.p.A, Fosber Asia, Tiruña Asia	Other Commitments	<p># Letter of Commitment on the Authenticity, Accuracy and Completeness of Information Provided</p> <p>1. The Company warrants that it will promptly provide the listed company with materials and information relating to this transaction, and that all materials and information supplied in the course of this transaction are true, accurate and complete, without any false records,</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>misleading statements or material omissions. In the event that any false records, misleading statements or material omissions in the materials and/or information provided by the Company cause losses to the listed company or investors, the Company shall be liable for compensation in accordance with the law.</p> <p>2. The Company warrants that all materials and information provided to all intermediaries participating in this transaction are true, accurate and complete; all materials furnished are original written documents or duplicate copies, and such duplicates or copies are consistent with the original documents or originals. The signatures and seals on all the aforementioned documents provided by the Company are authentic, the signatories of such documents are duly authorized and have validly executed the same, and there exist no false records, misleading statements or material omissions.</p> <p>3. The Company warrants that it has fulfilled its statutory disclosure and reporting obligations, and there are no contracts, agreements, arrangements or other matters that are required to be disclosed but have not been disclosed.</p> <p>4. In accordance with the progress of this transaction, the Company will promptly provide relevant information and materials pursuant to the provisions of laws, regulations, rules, the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and warrants that the information and materials to be provided continuously shall continue to meet the requirements of being true, accurate, complete and valid.</p> <p>5. The Company shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p># Letter of Commitment on Compliance and Good Faith</p> <p>1. The Company is a legal entity duly incorporated and validly existing under the laws of its place of incorporation, and possesses the lawful qualification to participate in this transaction, execute transaction documents in connection with this transaction, and exercise and perform the rights and obligations under the aforesaid relevant transaction documents.</p> <p>2. The Company, its directors and senior management have not been subject to administrative penalties (except those obviously unrelated to the securities market) or criminal penalties, whether inside or outside the People's Republic of China, in the past five years, nor have they been involved in any material civil litigation or arbitration relating to economic disputes. As of the date hereof, there are no</p>		<p>company approving the proposals in relation to this transaction, to the date of full completion of the implementation of this transaction.</p>	

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>pending or potential material litigations, arbitrations or administrative penalties against the Company, whether inside or outside the People' s Republic of China.</p> <p>3. The Company, its directors and senior management have maintained good credit standing in the past five years. None of them have defaulted on the repayment of large debts, failed to perform commitments, illegally occupied funds, provided illegal external guarantees, been subject to administrative regulatory measures by China' s securities regulatory authorities or disciplinary sanctions by stock exchanges, been listed as a joint disciplinary offender or a dishonest judgment debtor, or committed any serious bad faith acts in the securities market. There are no circumstances that seriously impair the legitimate rights and interests of investors and the public interests.</p> <p>4. The Company, its directors and senior management do not fall under any of the following circumstances:</p> <p>(1) Having been publicly reprimanded by a stock exchange, whether inside or outside the People' s Republic of China, in the most recent year;</p> <p>(2) Being under case-filing investigation by a judicial authority, whether inside or outside the People' s Republic of China, on suspicion of committing a crime, or under case-filing investigation by securities regulatory authorities or other competent authorities, whether inside or outside the People' s Republic of China, on suspicion of violating laws or regulations;</p> <p>(3) Having been subject to measures by securities regulatory authorities, whether inside or outside the People' s Republic of China, in connection with securities violations, including being identified as an inappropriate person, having business activities restricted, or being banned from the securities market, and such measures remain in effect;</p> <p>(4) Having been subject to measures by a stock exchange or other legally approved national securities trading venues, whether inside or outside the People' s Republic of China, in connection with securities violations, including refusing to accept relevant documents issued by such party for a specified period, publicly determining such party unfit to serve as a director, supervisor or senior management of a listed company, or being identified by a securities association, whether inside or outside the People' s Republic of China, as unfit to engage in relevant businesses, and such measures remain in effect;</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>(5) Having committed material violations, being suspected of material violations, or having been subject to material administrative penalties with serious circumstances in the past three years.</p> <p>5. Any breach of the above commitments shall result in legal liabilities being borne in accordance with the law.</p> <p># Commitment on Non-Disclosure of Inside Information and Non-Participation in Insider Trading</p> <p>1. Neither the Company, nor its directors, supervisors, senior management, controlling shareholder, actual controller, nor enterprises controlled by any of the foregoing parties are subject to any of the circumstances set forth in Article 12 of the *Regulatory Guidelines for Listed Companies No. 7 - Supervision of Abnormal Stock Trading Related to Material Asset Restructuring of Listed Companies*; that is, none of them are under case-filing investigation or inspection in connection with suspected insider trading relating to this transaction, and none of them have been subject to administrative penalties by the China Securities Regulatory Commission or criminal liability pursued by judicial authorities for insider trading related to material asset restructuring in the past thirty-six months.</p> <p>2. Neither the Company, nor its directors, supervisors, senior management, controlling shareholder, actual controller, nor enterprises controlled by any of the foregoing parties have illegally disclosed any inside information relating to this transaction or engaged in insider trading by illegally using such inside information; the Company warrants to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>3. Any breach of the above statements and commitments shall result in legal liabilities being borne in accordance with the law.</p> <p># Explanation on Confidentiality Measures Adopted</p> <p>1. The Company has strictly fulfilled its confidentiality obligations in respect of the information relating to this transaction prior to its lawful disclosure, strictly controlled the scope of insiders with knowledge of inside information in connection with this transaction, and adopted adequate and necessary confidentiality measures for this transaction.</p> <p>2. The Company attaches great importance to the administration of inside information, cooperates with the listed company to strictly control the scope of insiders, and fills in the insider registration form.</p> <p>3. The Company has repeatedly reminded the relevant insiders to fulfill their confidentiality obligations and responsibilities, and</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>prohibited them from trading securities of the listed company, disclosing such inside information, or advising others to trade securities of the listed company prior to the public disclosure of such inside information.</p> <p>4. The Company has not illegally disclosed any inside information relating to this transaction and/or engaged in insider trading by illegally using inside information, and warrants to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>5. Any breach of the above statements shall result in legal liabilities being borne in accordance with the law.</p>			
	He Baohua, Zhao Qingjun, Chen Keyu, Chen Yingpeng	Other Commitments	<p>Letter of Commitment on the Authenticity, Accuracy and Completeness of Information Provided</p> <p>1. I warrant that I will promptly provide the listed company with the necessary materials and information relating to this transaction, and that all materials and information supplied by me in the course of this transaction are true, accurate and complete, without any false records, misleading statements or material omissions. In the event that any false records, misleading statements or material omissions in the materials and/or information provided by me cause losses to the listed company or investors, I shall be liable for compensation in accordance with the law.</p> <p>2. I warrant that all materials and information provided to all intermediaries participating in this transaction are true, accurate and complete; all materials furnished are original written documents or duplicate copies, and such duplicates or copies are consistent with the original documents or originals. The signatures and seals on all the aforementioned documents provided by me are authentic, the signatories of such documents are duly authorized and have validly executed the same, and there exist no false records, misleading statements or material omissions.</p> <p>3. In accordance with the progress of this transaction, I will promptly provide relevant information and materials pursuant to the provisions of laws, regulations, rules, the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and warrant that the information and materials to be provided continuously shall continue to meet the requirements of being true, accurate, complete and valid.</p> <p>4. I shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p>Letter of Commitment on Compliance and Good Faith</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed company approving the proposals in relation to this transaction, to the date of full completion of the implementation of this transaction.	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>1. I am a natural person with full capacity for civil conduct and civil rights, possessing and complying with the qualifications for holding office and obligations prescribed by the Company Law of the People's Republic of China, the Listing Rules of the Shenzhen Stock Exchange and other laws, regulations, regulatory documents as well as the constitutional documents of the Target Company. My holding of office (if any) is appointed through statutory procedures; I do not engage in any holding of office or part-time employment prohibited by relevant laws, regulations, regulatory documents, the Articles of Association, relevant regulatory authorities or part-time employers (if any).</p> <p>2. I have not been subject to any administrative penalties (except those obviously unrelated to the securities market) or criminal penalties in the past five years, nor have I been involved in any material civil litigation or arbitration relating to economic disputes. As of the date hereof, there are no pending or potential material litigations, arbitrations or administrative penalties against me.</p> <p>3. I have maintained good credit standing in the past five years. I have not defaulted on the repayment of large debts, failed to perform commitments, been subject to administrative regulatory measures by China's securities regulatory authorities or disciplinary sanctions by stock exchanges, been listed as a joint disciplinary offender or a dishonest judgment debtor, or committed any serious bad faith acts in the securities market. In the past three years, I have not committed any material violations, been suspected of material violations, or been subject to material administrative penalties with serious circumstances. I have not been placed on file for investigation by a judicial authority on suspicion of committing a crime, or placed on file for investigation by China's securities regulatory authorities or other competent authorities on suspicion of violating laws or regulations.</p> <p>4. I shall bear legal liabilities in accordance with the law in case of any breach of the above commitments.</p> <p>Letter of Commitment on Non-Disclosure of Inside Information and Non-Participation in Insider Trading</p> <p>1. Neither I nor the enterprises under my control are subject to any of the circumstances set forth in Article 12 of the Regulatory Guidelines for Listed Companies No. 7 - Supervision of Abnormal Stock Trading Related to Material Asset Restructuring of Listed Companies; that is, neither I nor such enterprises are under case-filing investigation or inspection in connection with suspected insider</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>trading relating to this transaction, and neither I nor such enterprises have been subject to administrative penalties by the China Securities Regulatory Commission or criminal liability pursued by judicial authorities for insider trading related to material asset restructuring in the past thirty-six months.</p> <p>2. Neither I nor the enterprises under my control have illegally disclosed any inside information relating to this transaction or engaged in insider trading by illegally using such inside information; I warrant to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>3. I shall bear legal liabilities in accordance with the law in case of any breach of the above statements and commitments.</p> <p>Explanation on Confidentiality Measures Adopted</p> <p>1. I have strictly fulfilled my confidentiality obligations in respect of the information relating to this transaction prior to its lawful disclosure, and adopted adequate and necessary confidentiality measures for this transaction.</p> <p>2. I attach great importance to the administration of inside information, cooperate with the listed company to strictly control the scope of insiders, and fill in the insider registration form.</p> <p>3. I have not illegally disclosed any inside information relating to this transaction and/or engaged in insider trading by illegally using inside information, and I warrant to take necessary measures to keep strictly confidential all materials and information involved in this transaction.</p> <p>4. I shall bear legal liabilities in accordance with the law in case of any breach of the above statements.</p>			
	Foresight Italy BidCo S.p.A.; Foresight US	Other Commitments	<p>Commitment Letter on the Truthfulness, Accuracy and Completeness of Information Provided</p> <p>1. The Company warrants that the Company and its directors/senior management personnel will promptly provide the listed company with relevant materials and information in connection with this transaction, and that all materials and information provided by the Company in the course of this transaction are true, accurate and complete, free from any false records, misleading statements or material omissions. If the provided materials and/or information contain false records, misleading statements or material omissions that cause losses to the listed company or investors, the Company shall bear compensation liability in accordance with the law.</p> <p>2. The Company warrants that all materials and information provided by the Company to each intermediary institution participating in this</p>	28 Nov 2025	The period from the announcement date of the first resolution of the board of directors of the listed company approving the proposals in relation to this transaction, to the date of full completion of the implementation of	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>transaction are true, accurate and complete. The provided materials are either original written materials or duplicate materials, and the duplicate copies or photocopies of the materials are consistent with the original materials or originals. The signatures and seals on all documents provided by the Company are authentic, the signatories of such documents have been duly authorized and have validly signed the documents, and there are no false records, misleading statements or material omissions.</p> <p>3. In accordance with the progress of this transaction, the Company and its directors/senior management personnel shall, in accordance with the relevant provisions of laws, regulations, rules, the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange (SZSE), promptly provide relevant information and materials, and ensure that the continuously provided information and materials still meet the requirements of being true, accurate, complete and valid.</p> <p>4. If the Company violates any of the above commitments, the Company shall bear corresponding legal liabilities in accordance with the law.</p> <p>Commitment Letter on Compliance and Good Faith</p> <p>1. The Company is a legal entity legally established in accordance with the laws of its place of incorporation and validly existing, and has obtained all necessary approvals and authorizations to participate in and implement this transaction, sign transaction documents in connection with this transaction, and exercise and perform the rights and obligations under such transaction documents.</p> <p>2. The directors and senior management personnel of the Company are natural persons with full capacity for civil conduct and civil rights, who meet and comply with the qualifications and obligations prescribed by applicable laws, regulations and the constitutional documents of the Company, and their appointment is made through legal procedures. The aforementioned personnel have no circumstances that are prohibited by applicable laws, regulations, the Company's constitutional documents, regulatory authorities or part-time employers (if any) with respect to their tenure or concurrent positions.</p> <p>3. In the past five years, neither the Company nor its directors and senior management personnel have been subject to any administrative penalties (except those obviously unrelated to the securities market) or criminal penalties, nor have they been involved in any major civil litigation or arbitration related to economic disputes. As of the date of</p>		this transaction.	

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>this commitment letter, the Company has no pending or potential major litigation, arbitration or administrative penalties at home or abroad.</p> <p>4. In the past five years, the Company and its directors and senior management personnel have maintained a good credit standing, with no defaults on large debts, failure to fulfill commitments, administrative regulatory measures imposed by securities regulatory authorities, disciplinary sanctions by stock exchanges, inclusion in the list of joint disciplinary targets or dishonest persons subject to enforcement, or serious securities market misconduct. There are no circumstances that harm the legitimate rights and interests of investors or the public interest.</p> <p>5. The Company and its directors and senior management personnel do not fall under any of the following circumstances: (1) being publicly reprimanded by a stock exchange at home or abroad in the past year; (2) being subject to case-filing investigation by judicial authorities at home or abroad on suspicion of a crime, or being subject to investigation by securities regulatory authorities at home or abroad on suspicion of violating laws or regulations; (3) being subject to measures such as being identified as an inappropriate person, having business activities restricted, or being banned from the securities market by securities regulatory authorities at home or abroad, with such measures still in effect; (4) being subject to measures such as the stock exchange or other legally approved national securities trading venues refusing to accept relevant documents issued by them within a certain period, publicly determining that they are unfit to serve as directors, supervisors or senior management personnel, or being identified by securities associations as unfit to engage in relevant businesses, with such measures still in effect; (5) having committed major illegal acts, being suspected of major illegal acts, or being subject to major administrative penalties with serious circumstances in the past three years.</p> <p>6. If the Company violates any of the above commitments, it shall bear corresponding legal liabilities in accordance with the law.</p> <p>Statement and Commitment on No Insider Trading and Confidentiality</p> <p>1. Neither the Company, nor its directors, supervisors, senior management personnel, controlling shareholders, actual controllers, nor the enterprises controlled by the aforementioned entities shall be subject to the circumstances specified in Article 12 of the Regulatory Guidelines for Listed Companies on Abnormal Trading Related to</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>Major Asset Restructurings. Specifically, there shall be no case-filing investigation or investigation by judicial authorities or securities regulatory authorities at home or abroad due to suspected insider trading in connection with this transaction, and no administrative penalties or criminal liability shall be imposed by the CSRC or judicial authorities for insider trading related to major asset restructurings in the past thirty-six months.</p> <p>2. Neither the Company, nor its directors, supervisors, senior management personnel, controlling shareholders, actual controllers, nor the enterprises controlled by the aforementioned entities shall have the act of illegally disclosing inside information related to this transaction, using such inside information for insider trading, or failing to keep the information confidential. The Company shall take necessary measures to strictly keep confidential all materials and information involved in this transaction.</p> <p>3. The Company and its directors, supervisors and senior management personnel shall strictly perform their confidentiality obligations with respect to the information related to this transaction prior to its legal disclosure, strictly control the scope of insiders of inside information in this transaction, and adopt sufficient and necessary confidentiality measures.</p> <p>4. The Company and its directors, supervisors and senior management personnel attach great importance to the management of inside information, cooperate with the listed company to strictly control the scope of insiders, and fill in the insider registration form.</p> <p>5. The Company has repeatedly reminded and informed the relevant insiders of their confidentiality obligations and responsibilities, and prohibited them from trading the securities of the listed company, disclosing inside information, or advising others to trade the securities of the listed company prior to the public disclosure of inside information.</p> <p>6. If the Company violates any of the above statements and commitments, it shall bear corresponding legal liabilities in accordance with the law.</p> <p>Statement and Commitment on No Affiliated Relationship with the Listed Company</p> <p>1. As of the date of issuance of this statement and commitment letter, there is no affiliated relationship between the Company, the enterprises controlled by the Company, the enterprises controlling the Company, and the listed company, its controlling shareholders, actual</p>			

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>controllers, directors, supervisors, senior management personnel, and the enterprises controlled by the aforementioned entities of the listed company. The Company does not hold any shares of the listed company directly or indirectly in any form, nor does it recommend directors, supervisors or senior management personnel to the listed company.</p> <p>2. If there is any change in the above circumstances, the Company shall promptly inform the listed company.</p> <p>3. The contents of this statement and commitment letter are true, accurate and complete. If there are any false records, misleading statements or material omissions, the Company shall bear corresponding legal liabilities.</p> <p>Commitment Letter on the Source of Funds for the Transaction</p> <p>1. The funds used by the Company to pay the consideration for this transaction (the "Acquisition Funds") are derived from the Company' s own funds and/or funds raised through legal means. The source of the Acquisition Funds is legal and compliant, and the funds will be in place in a timely manner. There is no circumstance where the Acquisition Funds are directly or indirectly derived from the listed company, no circumstance where the listed company provides guarantees for the Company' s financing (if any) related to the Acquisition Funds, no relevant arrangements for short-term debt repayment caused by the Acquisition Funds, no circumstance where the listed company directly or through related parties provides financial assistance or compensation to the Company and its investors, and no arrangement for paying the Acquisition Funds on behalf of other third parties or holding the equity of the target company involved in this transaction on behalf of others.</p> <p>2. The Company warrants that the above contents are true, accurate and complete, without any false records, misleading statements or material omissions. If the Company violates the above statements and commitments, it shall bear corresponding legal liabilities in accordance with the law.</p>			
	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related Party Transactions and Fund Occupation	<p>1. Any related party transactions that are unavoidable or conducted for reasonable reasons between myself / other enterprises under my control, on the one hand, and Dongfang Jingong and its holding subsidiaries, on the other hand, shall be carried out fairly and reasonably in strict compliance with market principles and the general principles of equality, mutual benefit and equal value for value. In respect of related party transactions between myself / other enterprises</p>	25 April 2017	Long-term effective	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			<p>under my control and Dongfang Jingong and its holding subsidiaries, I shall enter into agreements in accordance with the law, follow statutory procedures, and fulfill information disclosure obligations pursuant to the provisions of applicable laws, regulations, regulatory documents, the articles of association of Dongfang Jingong and other corporate governance rules, so as to ensure that the legitimate rights and interests of the listed company and the majority of minority shareholders are not prejudiced through related party transactions.</p> <p>2. When the authoritative bodies of Dongfang Jingong consider and deliberate on related party transaction matters involving myself or other enterprises under my control, I shall take the initiative to fulfill my obligation of withdrawal in accordance with the law, and such transactions shall only be implemented after being reviewed and approved by the competent authorities.</p> <p>3. I undertake not to obtain any improper benefits through related party transactions or cause Dongfang Jingong and its holding subsidiaries to assume any improper obligations. Should any breach of the above commitments result in losses to Dongfang Jingong or its holding subsidiaries, I shall be liable for compensating all such losses.</p>			
	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related Party Transactions and Fund Occupation	<p>1. The undertaker and companies controlled by it are not engaging in any business the same as, similar to or competing with the business of the listed company and companies controlled by it, and they will neither, in any way, engage in or assist others in engaging in any business that competes or may compete with the business of the listed company and companies controlled by it, nor merge or substantially invest in (or jointly hold), directly or indirectly, other companies engaging in any business that competes or may compete with the business of the listed company and companies controlled by it.</p> <p>2. 2. If the listed company engages in a new business sector, the undertaker will not engage in any business that competes with such a new business of the listed company, except with the prior written consent of the listed company.</p> <p>3. 3. If any business opportunity obtained by the undertaker from any third party completes or may compete with the business of the listed company and companies controlled by it, the undertaker will immediately inform and make every effort to deliver the business opportunity to the listed company. 4. The undertaker will not, in any way, use the information or other resources obtained from the listed company to conduct any act that harms the interests of the listed company. 5. In case of any losses to the listed company as a result of breach of these undertakings by the undertaker, the undertaker will</p>	25 November 2019	Long-term effective	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
			make thorough, timely and full compensation for all such losses and take active measures to eliminate the adverse effects caused thereby.			
	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related Party Transactions and Fund Occupation	<p>1. The undertaker will refrain from any illegal occupation of the funds and assets of the listed company, and will never require the listed company to provide any form of guarantee to it or companies controlled by it under any circumstances.</p> <p>2. The undertaker will, to the extent possible, avoid and minimize related-party transactions with the listed company, and for all related-party transactions unavoidable or arising from a reasonable reason, it will conduct following the principle of voluntary, fair and reasonable market pricing and according to normal market trading conditions, sign agreements and go through procedures according to law, abide by relevant laws, regulations, normative documents and articles of association of the listed company, perform internal decision-making and approval procedures according to law, and timely perform the obligation of information disclosure, so as to ensure that the related-party transactions are fairly and reasonably priced and conducted under fair trading conditions and that it will not damage the legitimate rights or interests of the listed company and its shareholders through related-party transactions.</p> <p>3. In case of any losses to the listed company as a result of breach of these undertakings by the undertaker, the undertaker will make thorough, timely and full compensation for all such losses and take active measures to eliminate the adverse effects caused thereby.</p>	25 November 2019	Long-term effective	In normal progress of fulfillment
	Tang Zhuolin, Tang Zhuomian	Other Commitments	<p>1. I will not overstep my authority to intervene in the operation and management of Dongfang Precision, will not occupy the interests of Dongfang Precision, and will earnestly take corresponding measures to fill up the diluted spot returns of Dongfang Precision. 2. After the CSRC and Shenzhen Stock Exchange otherwise release the measures to fill up diluted spot returns and opinions and implementation rules for its undertakings, if Dongfang Precision's corresponding policies and undertakings fail to meet such provisions, I will immediately submit a supplementary undertaking to the CSRC and Shenzhen Stock Exchange as required in order to be compliant. 3. I undertake to earnestly take the corresponding measures formulated by the listed company to fill up diluted spot returns and to earnestly fulfil my undertakings. If I violate such undertaking(s) and cause losses to the Company or investors, I am willing to bear the corresponding liability for compensation according to law.</p>	25 November 2019	Long-term effective	In normal progress of fulfillment
	Tang Zhuolin,	Other Commitments	1. After the relevant transaction, the undertaker will continue to	25 November	Long-term	In normal progress

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
	Tang Zhuomian		maintain the independence of the listed company in terms of staffing, asset, business, organization and finance in accordance with relevant laws, regulations and normative documents, and will not conduct any act that affects such independence or damages the interests of the listed company and other shareholders, and will effectively safeguard the independence of the listed company in terms of staffing, asset, business, organization and finance. 2. This letter of undertaking shall be effective and irrevocable as of the date when it is officially signed by the undertaker. The undertaker warrants to fulfil the undertaking(s) in good faith, and the listed company has the right to supervise its fulfillment. Where the undertaker fails to fulfil the undertaking(s) in good faith of undertaking and thus cause actual losses to the listed company, the undertaker shall compensate the listed company for all director or indirect losses caused thereby.	2019	effective	of fulfillment
	He Weifeng, Mai Zhirong, Peng Xiaowei, Qiu Yezhi, Tang Zhuolin, Xie Weiwei, Zhou Wenhui	Other Commitments	I, as a director/senior executive of the Company, will faithfully and diligently perform my duties, safeguard the legitimate rights and interests of the Company and all shareholders, and make the following undertakings to ensure that the Company's measures to fill up returns will be effectively implemented. 1. I will not transfer benefits to other organizations or individuals for free or under unfair conditions, nor will I damage the interests of the Company in other ways. 2. I will constrain my consumption behaviour on the position. 3. I will not use the Company's assets to engage in any investment or consumption activities unrelated to my performance of duties. 4. I will link the remuneration system formulated by the Board of Directors or the Remuneration Committee to the implementation of the Company's measures to fill up returns. 5. If the Company has an equity incentive program, I will link the exercise conditions of the equity incentive program to be announced to the implementation of the Company's measures to fill up returns. 6. After this undertaking is given, if the regulator puts forward other requirements for the measures to fill up returns and the undertaking and the undertaking fails to meet such requirements, I will give a supplementary undertaking according to the latest requirements of the regulator. 7. I will effectively implement the Company's measures to fill up returns and fully fulfil my corresponding undertakings, and I am willing to bear the corresponding liability for compensation according to law if I violate such undertaking(s) and cause losses to the Company or investors.	25 November 2019	Long-term effective	In normal progress of fulfillment
Commitments made in IPO or	Tang Zhuolin, Tang Zhuomian	Commitments on Non-competition, Related	Before the fact that I am (or the Company is) a major shareholder of the issuer is changed, I (or the Company) will not, directly or	18 August 2011	Long-term effective	In normal progress of fulfillment

Cause of Commitments	Parties of Commitments	Types of Commitments	Contents of Commitments	Date of the making of Commitments	Term of Commitments	fulfillment of Commitments
refinancing		Party Transactions and Fund Occupation	indirectly, in any way (including but not limited to sole proprietorship, joint venture and holding stocks or interests in other companies or enterprises), engage in any business or activity that competes or may compete with the business of the issuer. I (The Company) shall compensate the issuer for any loss caused to it as a result of the failure to fulfil the undertaking to avoid horizontal competition.			
	Tang Zhuolin, Tang Zhuomian	Other Commitments	If relevant government or judicial authorities decide that Dongfang Precision or Weike Dongmeng need to make a supplementary payment for employees' public housing provision, or Dongfang Precision or Weike Dongmeng is subject to any late fee, fine or loses for failing to pay the public housing provision for some employees, I will unconditionally and in full bear such supplementary payment, late fees and fines.	18 August 2011	Long-term effective	In normal progress of fulfillment
Commitments related to equity incentives						
Commitments made to minority shareholders of the Company						
Other Commitments						
Whether the Commitments were timely performed	Yes					
Where the Company failed to fulfill an commitments on time, it shall explain in detail the reasons for failing to do so and the subsequent plan	Not applicable					

2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable Not applicable

II Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

III Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV Explanations Given by the Board of Directors Regarding the Last "Modified Opinion" on Financial Statements

Applicable Not applicable

V Explanations Given by the Board of Directors and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies and Estimates and Correction of Material Accounting Errors

Applicable Not applicable

During the reporting period, the Company had no changes in accounting policies or accounting estimates, nor any material corrections of accounting errors.

VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

1. During the year, the Company newly established the following subsidiaries: Suzhou Chaoju International Trading Co., Ltd., Suzhou Xuanliu International Trading Co., Ltd., Suzhou Yuanqi International Trading Co., Ltd., Suzhou Cangshu International Trading Co., Ltd., Suzhou Xunce International Trading Co., Ltd., Beijing Lanfengyin Trading Co., Ltd., Dongfang Primo Robotics (Guangdong) Co., Ltd., Grandvoyage Holdings (Singapore) Pte. Ltd., and Starlight Precision Technology (Singapore) Co., Ltd. All these entities have been included in the consolidation scope from their respective dates of establishment.

During the reporting period, the Company participated in the capital contribution to Changzhou Xincheng No.2 Venture Capital Partnership (Limited Partnership), which has been included in the consolidated financial statements from the date of completion of the capital contribution.

2. Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) completed its liquidation and deregistration procedures during the reporting period, and has therefore been excluded from the consolidation scope as of its liquidation base date.

VIII Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Ernst & Young Hua Ming LLP
The Company's payment to the domestic independent auditor	RMB 4.28 million
How many consecutive years the domestic independent auditor has provided audit service for the Company	6 years

Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Fu Jun and Lin Longqian
How many consecutive years the certified public accountants have provided audit service for the Company	1 year for both Fu Jun and Liang Xinqi
Name of the overseas independent auditor (if any)	Not applicable
The Company's payment to the overseas independent auditor	Not applicable
How many consecutive years the overseas independent auditor has provided audit service for the Company	Not applicable
Names of the certified public accountants from the overseas independent auditor writing signatures on the auditor's report	Not applicable
How many consecutive years the overseas certified public accountants have provided audit service for the Company	Not applicable

Indicate whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor hired for the audit of internal control:

Applicable Not applicable

Ernst & Young Hua Ming LLP was appointed as the independent auditor of internal control for the Company for 2025 for a fee of RMB 300,000.

IX Possibility of Delisting after the Disclosure of this Report

Applicable Not applicable

X Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XI Significant Legal Matters

Applicable Not applicable

No such cases in the Reporting Period.

XII Punishments and Rectifications

Applicable Not applicable

XIII Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

XIV Significant Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Investments

Applicable Not applicable

No such cases in the Reporting Period.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Transactions between the Company and Related Financial Companies

Applicable Not applicable

No such cases in the Reporting Period.

6. Transactions between Financial Companies Controlled by the Company and Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

7. Other Significant Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XV Significant Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Significant Guarantees

Applicable Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Tiruña Asia	28 March 2024	10,000	28 April 2024	5,904.18 ^a	Joint liability	None	None	From the effective date of the security agreement until three years after the maturity of the loan	No	No
Total approved line for such guarantees in the Reporting Period (B1)				0	Total actual amount of such guarantees in the Reporting Period (B2)		5,904.18			
Total approved line for such guarantees at the end of the Reporting Period (B3)				10,000	Total actual balance of such guarantees at the end of the Reporting Period (B4)		5,904.18			
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Parsun Power Technology, Baisheng International	2025-04-26	30,000	15 May 2025	7,000	Joint liability	None	None	Two years from the date of expiration of the debt performance period stipulated in the relevant credit agreement	No	No
Total approved line for such guarantees in the Reporting Period (C1)				30,000	Total actual amount of such guarantees in the Reporting Period (C2)		7,000			
Total approved line for such guarantees at the end of the Reporting Period (C3)				30,000	Total actual balance of such guarantees at the end of the Reporting Period (C4)		7,000			
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)				30,000	Total actual guarantee amount in the Reporting Period (A2+B2+C2)		12,904.18			
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)				40,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		12,904.18			
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				2.23%						

Of which:	
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)	0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)	5,904.18
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	0
Total of the three amounts above (D+E+F)	5,904.18
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)	Not applicable
Guarantees provided in breach of prescribed procedures (if any)	Not applicable

a: The Company has provided a joint and several liability guarantee for the bank loan financing obtained by its subsidiary Tiruña Asia from an Asian bank. As of December 31, 2025, the principal amount of the relevant bank loan was RMB 59.00 million, with the aggregate principal and interest amounting to RMB 59.0418 million.

As stated in the *Reply to the Inquiry Letter from the Shenzhen Stock Exchange Concerning the Material Asset Sale of Guangdong Dongfang Precision Science & Technology Co., Ltd.* disclosed by the Company on March 12, 2026, the total outstanding principal and interest of the bank loan payable by Tiruña Asia was RMB 58.2857 million as of the date of such reply.

Tiruña Asia shall complete the repayment of the aforesaid principal and interest of the bank loan and release Dongfang Precision from its joint and several liability guarantee obligations prior to the closing of the material asset sale project.

3. Cash Entrusted to Other Entities for Management

(1) Entrusted Wealth Management

Applicable Not applicable

Overview of the Entrusted Wealth Management in the Reporting Period

Unit: RMB'0,000

Type	Risk Characteristics	Balance of Entrusted Wealth Management Products during the Reporting Period	Overdue Uncollected Amount
Bank's wealth management product	R2	35,196.47	0
Securities firm's wealth management product	R2、R3	6,499.98	0
Trust product	R3	1,500	358.62

Specific circumstances where the Company, as the sole principal, entrusts financial institutions to conduct asset management, or invests in high-risk entrusted wealth management products with low security and poor liquidity.:

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVI Use of Raised Funds

Applicable Not applicable

No such cases in the Reporting Period.

XVII Other Significant Events

Applicable Not applicable

No such cases in the Reporting Period.

XVIII Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	223,974,533	18.37%	0	0	0	-8,591,378	-8,591,378	215,383,155	17.69%
1.1 Shares held by the government	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	223,974,533	18.37%	0	0	0	-8,591,378	-8,591,378	215,383,155	17.69%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	223,974,533	18.37%	0	0	0	-8,591,378	-8,591,378	215,383,155	17.69%
1.4 Shares held by overseas investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas individuals	0	0.00%	0	0	0	0	0	0	0.00%
2. Unrestricted shares	995,071,807	81.63%	0	0	0	6,831,378	6,831,378	1,001,903,185	82.31%
2.1 RMB ordinary shares	995,071,807	81.63%	0	0	0	6,831,378	6,831,378	1,001,903,185	82.31%
2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Overseas listed	0	0.00%	0	0	0	0	0	0	0.00%

	Before		Increase/decrease in the period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
foreign shares									
2.4 Others	0	0.00%	0			0	0	0	0.00%
3. Total shares	1,219,046,340	100.00%	0	0	0	-1,760,000	-1,760,000	1,217,286,340	100.00%

Reasons for share changes:

Applicable Not applicable

1. Repurchase and Cancellation of Restricted Shares under Equity Incentive

(1). The company held the 1st (Interim) shareholders' meeting of 2024 on May 27, 2024, which reviewed and approved the "Proposal on the Failure to Meet the Unlocking Conditions for the Second Unlocking Period of the First Grant under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks". On December 30, 2024, the company held the 5th (Interim) shareholders' meeting of 2024, which reviewed and approved the "Proposal on the Repurchase and Cancellation of Some Restricted Stocks". In accordance with the relevant provisions of the Measures for the Administration of Equity Incentives of Listed Companies, the company's 2022 Restricted Stock Incentive Plan and the Measures for the Assessment and Administration of the Implementation of the 2022 Restricted Stock Incentive Plan, the company decided to repurchase and cancel 1,280,000 restricted shares, accounting for approximately 0.10% of the company's total share capital before the repurchase and cancellation, at a repurchase price of RMB 1 per share.

On January 15, 2025, the company disclosed the Announcement on the Completion of Repurchase and Cancellation of Some Restricted Stocks. China Securities Depository and Clearing Corporation Limited Shenzhen Branch confirmed that the procedures for the repurchase and cancellation of 1,280,000 restricted shares have been completed.

(2). On April 25, 2025, the company held the 14th (Interim) Meeting of the Fifth Board of Directors and the 12th (Interim) Meeting of the Fifth Supervisory Board, which reviewed and approved the "Proposal on the Failure to Meet the Unlocking Conditions for the Third Unlocking Period of the First Grant under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks". In view of the failure to achieve the company-level performance assessment target for the third unlocking period, resulting in the failure to meet the unlocking conditions for the third unlocking period, in accordance with the incentive plan, the company shall repurchase and cancel 480,000 restricted shares held by 5 incentive recipients corresponding to the third unlocking period of the first grant under the 2022 Restricted Stock Incentive Plan at the grant price. On May 12, 2025, the company held the 1st (Interim) shareholders' meeting of 2025, which reviewed and approved the aforesaid proposal.

On May 28, 2025, the company disclosed the Announcement on the Completion of Repurchase and Cancellation of Some Restricted Stocks. China Securities Depository and Clearing Corporation Limited Shenzhen Branch confirmed that the procedures for the repurchase and cancellation of 480,000 restricted shares have been completed..

2. Changes in Restricted shares of senior management

In early 2025, following changes to the shareholdings of Mr. Tang Zhuolin and Mr. Xie Weiwei, both Directors and Senior Executives of the Company, in 2024, China Securities Depository and Clearing Corporation Limited calculated the statutory quota of their transferable shares for the year 2025 at a rate of 25% based on their latest shareholding positions as of early 2025. The total number of shares released from lock-up in the current period amounted to 7,125,900 shares.

In September 2025, Mr. Xie Weiwei resigned from his positions as Director and Deputy General Manager of the Company. All of his shareholdings in the Company were locked up and fully converted into restricted shares.

In September 2025, Mr. He Baohua resigned from his position as Supervisor of the Company. All of his shareholdings in the Company were locked up and fully converted into restricted shares.

Approval of share changes:

Applicable Not applicable

During the reporting period, for matters of share changes, the Company has fulfilled the necessary approval procedures of the general meeting of shareholders and the board of directors in accordance with laws, regulations and the provisions of the Articles of Association of the Company.

Transfer of share ownership:

Applicable Not applicable

In the Reporting Period, with respect to the transfers of share ownership involved in the “cancellation of some repurchased shares”, the Company completed the transfers with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. after they were approved by the Shenzhen Stock Exchange.

Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company’s ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Shareholder	Opening restricted shares	Increase in restricted shares in the period	Unlocked in the period	Repurchased and canceled in the period	Closing restricted shares	Reason for restriction	Date of unlocking
Xie Weiwei	564,000	141,000	141,000		564,000	Restricted shares of senior management	2 Jan 2025
He Baohua	460,566	153,522			614,088	Restricted shares of senior management	Not applicable
Tang Zhuolin	203,053,176	0	6,984,900		196,068,276	Restricted shares of senior management	2 Jan 2025
Feng Jia	560,000	0	0	560,000	0	Participated in the Restricted Share	Not applicable

Shareholder	Opening restricted shares	Increase in restricted shares in the period	Unlocked in the period	Repurchased and canceled in the period	Closing restricted shares	Reason for restriction	Date of unlocking
						Incentive Plan	
The other 4 awardees of the reserved grant of the 2022 Restricted Share Incentive Plan	1,200,000	0	0	1,200,000	0	Participated in the Restricted Share Incentive Plan	Not applicable
Total	205,837,742	294,522	7,125,900	1,760,000	197,246,364	--	--

3. Changes in Restricted Shares between the End of the Reporting Period and the Date of This Report Disclosure

Applicable Not applicable

II Issuance and Listing of Securities

1. Securities (Exclusive of Preference Shares) Issued in the Reporting Period

Applicable Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders at the period-end	194,513	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	167,770	Number of preference shareholders with resumed voting rights at the period-end (if any)	0	Number of preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any)	0
5% or greater shareholders or top 10 shareholders(excluding lending of shares through the facility)							

Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge, marked or frozen	
							Status	Shares
Tang Zhuolin	Domestic individual	21.26%	258,837,568	-2,586,800	196,068,276	62,769,292	In pledge	37,290,000
Tang Zhuomian	Domestic individual	7.96%	96,885,134	0	0	96,885,134	NA	0
Qiu Yezhi	Domestic individual	1.92%	23,382,388	0	17,536,791	5,845,597	NA	0
Guangdong Dongfang Precision Science & Technology Co., Ltd. - 2024 Employee Stock Ownership Plan	Others	1.75%	21,330,000	0	0	21,330,000	NA	0
Hong Kong Securities Clearing Company Limited	Overseas corporation	0.66%	8,023,395	-16,771,872	0	8,023,395	NA	0
China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange-Traded Open-End Index Securities Investment Fund	Others	0.64%	7,816,520	7,816,520	0	7,816,520	NA	0
China Merchants Bank Co., Ltd. - ChinaAMC CSI 1000 Exchange-Traded Open-End Index Securities Investment Fund	Others	0.41%	4,937,300	4,937,300	0	4,937,300	NA	0
Industrial and Commercial Bank of China Limited - GF CSI 1000 Exchange-Traded Open-End Index Securities Investment Fund	Others	0.29%	3,547,700	3,547,700	0	3,547,700	NA	0
Zhang Jian	Domestic individual	0.24%	2,950,000	-580,000	0	2,950,000	NA	0
Beixin Ruifeng	Others	0.18%	2,212,177	0	0	2,212,177	NA	0

Fund Management Co., Ltd. - Industrial and Commercial Bank of China Limited - Beijing Hengyu Tianze Investment Management Co., Ltd.								
Strategic investor or general corporation becoming a top-10 shareholder in a rights issue (if any)	NA							
Related or acting-in-concert parties among the shareholders above	Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On 18 August 2010, they signed the Agreement on Acting in Concert. Apart from that, the Company is not aware of any related or acting-in-concert parties among the other shareholders above.							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	The holders of the Guangdong Dongfang Precision Science & Technology Co., Ltd. - 2024 Employee Stock Ownership Plan as a whole waive the shareholder voting rights enjoyed by virtue of holding the underlying stocks through participation in this employee stock ownership plan, while retaining other shareholder rights (including rights to asset returns such as dividend rights, rights to subscribe for new shares, and rights to convert capital reserve into share capital).							
Top 10 shareholders including the special account of repurchased shares (if any)	NA							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Tang Zhuomian	96,885,134	RMB ordinary stock	96,885,134					
Tang Zhuolin	62,769,292	RMB ordinary stock	62,769,292					
Guangdong Dongfang Precision Science & Technology Co., Ltd. - 2024 Employee Stock Ownership Plan	21,330,000	RMB ordinary stock	21,330,000					
Hong Kong Securities Clearing Company Limited	8,023,395	RMB ordinary stock	8,023,395					
China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange-Traded Open-End Index Securities Investment Fund	7,816,520	RMB ordinary stock	7,816,520					
Qiu Yezhi	5,845,597	RMB ordinary stock	5,845,597					
China Merchants Bank Co., Ltd. - ChinaAMC CSI 1000 Exchange-Traded Open-End Index Securities Investment Fund	4,937,300	RMB ordinary stock	4,937,300					
Industrial and Commercial Bank of China Limited - GF CSI 1000	3,547,700	RMB ordinary stock	3,547,700					

Exchange-Traded Open-End Index Securities Investment Fund			
Zhang Jian	2,950,000	RMB ordinary stock	2,950,000
Beixin Ruifeng Fund Management Co., Ltd. - Industrial and Commercial Bank of China Limited - Beijing Hengyu Tianze Investment Management Co., Ltd.	2,212,177	RMB ordinary stock	2,212,177
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 ordinary shareholders	Mr. Tang Zhuo Lin and Mr. Tang Zhuo Min are brothers and on August 18, 2010, they entered into a "Letter of Agreement on Acting in Concert".The Company does not know whether there are any other related relationships or persons acting in concert between the above shareholders.		
Description of the participation of the top 10 common shareholders in the financing and securities financing business (if any)	Not applicable		

Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 unrestricted tradable shareholders participating in the refinancing shares lending business.

Applicable Not applicable

The top 10 shareholders and the top 10 unrestricted tradable shareholders have changed compared with the previous period due to the lending/returning reasons in the refinancing shares lending business.

Applicable Not applicable

Indicate whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any agreed repurchase transactions during the Reporting Period.

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: controlled by an individual

Type of the controlling shareholder: individual

Name of the controlling shareholder	Nationality	Residency in other countries or regions or not
Tang Zhuolin	Chinese	Not
Main occupation and position	Chairman of the Board of Dongfang Precision	
Interests held in other domestically and overseas listed companies in the Reporting Period	Not applicable	

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

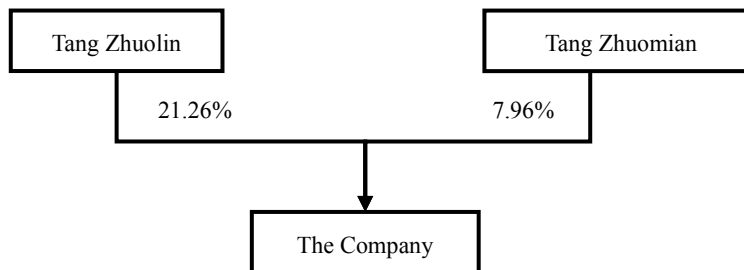
3. Actual Controller and Acting-in-Concert Parties

Nature of the actual controller: domestic individual

Name of the actual controller	Relationship with the actual controller	Nationality	Residency in other countries or regions or not
Tang Zhuolin	Actual controller himself	Chinese	Not
Tang Zhuomian	Acting-in-concert party (contractual, kinship-based, and common control-based)	Chinese	Not
Main occupation and position	Mr. Tang Zhuolin serves as the Chairman of the Board of Dongfang Precision as his main occupation.		
Controlling interests in other domestically and overseas listed companies in the past 10 years	Not applicable		

The actual controller of the Company remained unchanged during the Reporting Period.

Ownership and control relationship between the actual controller and the Company:



Indicate whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Shares Cumulatively Put in Pledge by the Company's Controlling Shareholder or Biggest Shareholder and Its Acting-in-Concert Parties Accounting for 80% of Their Shareholdings in the Company

Applicable Not applicable

5. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

IV Share Repurchase in the Reporting Period

Share Repurchase in the Reporting Period

Applicable Not applicable

Progress on reducing the repurchased shares by way of centralized bidding:

Applicable Not applicable

V Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part VII Corporate Bonds

Applicable Not applicable

Part VIII Corporate Financial Statement

Auditor's Report

Type of Audit Opinion	Standard Unreserved opinion
Signing date of the Auditor's Report	23 March 2026
Name of the Audit Institution	Ernst & Young Hua Ming LLP
Document number of the Auditor's report	Ernst & Young Hua Ming (2026) Auditor's Report No. 70022785_G01
Name of the Chinese Certified Public Accountant	Fu Jun and Lin Longqian

Auditor's Report

Ernst & Young Hua Ming (2026) Auditor's Report No. 70022785_G01
Guangdong Dongfang Precision Science & Technology Co., Ltd.

To the Shareholders of Guangdong Dongfang Precision Science & Technology Co., Ltd.:

I. Opinion

We have audited the financial statements of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2025, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's 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's 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 Chinese Certified Public Accountants Independence Standards No. 1 - Requirements for Independence in Financial Statement Audit and Review Engagements and China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We complied with the independence requirements for audits of public interest entities in our audit engagements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor’s Responsibilities for the Audit of 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 misstatements of the financial statements. The results of our audit procedures, including procedures performed to address the matter below, provide the basis for our opinion on the accompanying financial statements.

III. Key Audit Matter (Cont’d)

Key audit matter:	How our audit addressed the key audit matter:
Impairment of goodwill	
<p>The carrying amount of goodwill amounted to RMB583,170,708.03 as at 31 December 2025 with an accumulated goodwill impairment provision of RMB188,852,336.80, resulting in a net goodwill carrying value of RMB394,318,371.23.</p> <p>The Group's management performs goodwill impairment testing at the end of each year. The assessment of goodwill impairment testing was based on the recoverable amount of the relevant cash-generating unit to which the goodwill is allocated, and the recoverable amount of such cash-generating unit was determined by the present value of the cash-generating unit's expected future cash flows. In a goodwill impairment test, the forecasting of future cash flows involved significant judgments and estimates, including sales growth rate, gross margin and discount rate. Because goodwill had a large carrying value and exerted a significant impact on the financial statements, we identified goodwill impairment as a key audit matter.</p> <p>The accounting policies on and disclosures of goodwill were set out in Item 16 of Note III, Item 31 of Note III, and Item 20 of Note V to the financial statements.</p>	<p>The procedures performed to address this matter are as follows:</p> <ol style="list-style-type: none"> (1) Performed internal control walk through and executed control tests on identified critical control points; (2) Assessed the identification of cash-generating unit by the Group's management and the goodwill allocated to the cash-generating unit; (3) Obtained reports on the assessment of goodwill impairment issued by the independent third-party asset appraisal institution engaged by the management with securities and futures-related business qualifications; (4) Involved our internal valuation experts to assess the rationality of the major assumptions and assessment methods used by the Group's management when forecasting the recoverable amount of the cash-generating unit, including the discount rate and long-term growth rate; (5) Assessed the forecast revenue and operating performance for future years and comparing them with historical operating performance; and (6) Evaluated the adequacy of the Group's disclosures in the notes to the financial statements.

IV. Other Information

The management of the Company is responsible for the other information. The other information comprises all of 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of 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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to ensure the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism 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, and 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.
- (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 audit 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.

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

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

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

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe this matter 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: Fu Jun
(Engagement Partner)

Chinese Certified Public Accountant: Lin Longqian

Beijing, China

23 March 2026

Important Notice

This auditor's report is an English translation of the auditor's report for the audit engagements which adopt CSAs. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Balance Sheet
31 December 2025

Expressed in Renminbi Yuan

Financial Statement

<u>Assets</u>	<u>Note V</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Current assets			
Cash and bank balances	1	2,078,919,027.45	1,729,050,383.34
Financial assets held for trading	2	766,554,477.49	788,649,332.18
Derivative financial assets	3	101,000.75	2,755,081.17
Notes receivable	4	48,393,159.64	98,048,145.31
Accounts receivable	5	952,021,236.78	745,862,825.71
Receivables financing	6	19,403,276.39	16,303,982.64
Prepayments	7	37,409,930.97	28,226,195.35
Other receivables	8	31,895,695.08	40,647,410.48
Inventories	9	1,119,277,121.91	1,031,899,593.02
Contract assets	10	64,541,120.93	52,151,171.92
Current portion of non-current assets	11	24,277,934.25	8,035,336.42
Other current assets	12	<u>114,363,170.02</u>	<u>60,543,096.49</u>
Total current assets		<u>5,257,157,151.66</u>	<u>4,602,172,554.03</u>
Non-current assets			
Long-term receivables	13	6,212,768.80	4,047,852.80
Long-term equity investments	14	302,857,592.30	113,469,148.58
Other non-current financial assets	15	817,347,878.10	539,449,588.63
Fixed assets	16	1,084,142,895.08	681,980,621.79
Construction in progress	17	195,841,811.75	404,826,595.02
Right-of-use assets	18	69,324,297.36	64,147,198.31
Intangible assets	19	366,942,495.27	356,564,206.44
Goodwill	20	394,318,371.23	424,989,302.93
Long-term prepaid expenses	21	19,601,435.75	21,718,570.19
Deferred tax assets	22	180,645,019.96	222,186,749.21
Other non-current assets	23	<u>29,582,694.40</u>	<u>93,024,609.05</u>
Total non-current assets		<u>3,466,817,260.00</u>	<u>2,926,404,442.95</u>
Total assets		<u><u>8,723,974,411.66</u></u>	<u><u>7,528,576,996.98</u></u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Balance Sheet (Cont'd)

31 December 2025

Expressed in Renminbi Yuan

<u>Liabilities and equity</u>	<u>Note V</u>	<u>31 December 2025</u>	<u>31 December 2023</u>
Current liabilities			
Short-term borrowings	25	185,516,009.83	85,390,128.99
Derivative financial liabilities	26	93,783,840.98	206,216,239.00
Notes payable	27	241,390,245.31	144,137,609.00
Accounts payable	28	936,107,613.22	687,235,330.65
Contract liabilities	29	458,557,878.31	373,931,068.16
Employee benefits payable	30	163,568,530.12	139,543,012.38
Tax payable	31	46,227,078.24	69,194,598.03
Other payables	32	113,131,531.51	117,617,259.50
Current portion of non-current liabilities	33	93,012,483.04	81,630,784.65
Other current liabilities	34	<u>47,297,085.80</u>	<u>41,832,335.71</u>
Total current liabilities		<u>2,378,592,296.36</u>	<u>1,946,728,366.07</u>
Non-current liabilities			
Long-term borrowings	35	110,985,297.60	125,482,485.31
Lease liabilities	36	53,367,241.87	47,666,801.96
Long-term employee benefits payable	37	13,689,047.85	13,128,052.34
Provisions	38	113,899,182.15	146,820,629.26
Deferred income	39	13,073,671.66	14,790,331.66
Deferred tax liabilities	22	2,960,791.33	2,042,929.48
Other non-current liabilities	40	<u>4,489,204.26</u>	<u>7,573,539.20</u>
Total non-current liabilities		<u>312,464,436.72</u>	<u>357,504,769.21</u>
Total liabilities		<u>2,691,056,733.08</u>	<u>2,304,233,135.28</u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Balance Sheet (Cont'd)

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	41	1,217,286,340.00	1,219,046,340.00
Capital surplus	42	2,970,559,555.17	2,818,982,096.52
Less: Treasury stock	43	115,233,041.40	117,233,041.40
Other comprehensive income	44	105,828,969.82	29,809,317.74
Special reserve	45	19,695,621.80	18,106,386.75
Surplus reserves	46	77,653,941.80	51,830,974.45
Retained earnings	47	<u>1,498,026,493.81</u>	<u>956,837,409.23</u>
Total equity attributable to owners of the parent		<u>5,773,817,881.00</u>	<u>4,977,379,483.29</u>
Non-controlling interests		<u>259,099,797.58</u>	<u>246,964,378.41</u>
Total equity		<u>6,032,917,678.58</u>	<u>5,224,343,861.70</u>
Total liabilities and equity		<u><u>8,723,974,411.66</u></u>	<u><u>7,528,576,996.98</u></u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Income Statement
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
Operating revenue	48	5,228,536,554.75	4,777,855,602.69
Less: Cost of sales	48	3,797,940,497.42	3,340,495,826.94
Taxes and surcharges	49	20,879,424.92	15,757,643.21
Selling expenses	50	179,857,242.48	192,404,149.61
Administrative expenses	51	390,410,185.18	360,042,388.32
R&D expenses	52	98,382,572.86	105,524,488.70
Finance costs	53	(13,225,605.47)	(24,492,820.88)
Including: Interest expenses	53	12,261,047.10	23,820,328.49
Interest income	53	(55,024,311.03)	(45,289,702.90)
Add: Other income	54	22,234,227.79	14,576,461.93
Investment income	55	147,146,138.79	1,284,823.56
Including: Share of profit of associates	55	(6,154,351.32)	(3,722,072.85)
Gain/loss on changes in fair value	56	101,564,872.39	(54,273,753.77)
Credit impairment loss	57	(11,191,894.76)	(2,397,239.39)
Asset impairment loss	58	(67,514,458.14)	(24,304,048.87)
Gain on disposal of assets	59	(1,108,957.60)	5,496,048.68
Operating profit		945,422,165.83	728,506,218.93
Add: Non-operating income	60	13,023,560.07	6,230,006.52
Less: Non-operating expenses	61	1,850,678.81	793,815.22
Profit before income taxes		956,595,047.09	733,942,410.23
Less: Income tax expenses	62	186,956,874.77	193,824,143.93
Net profit		<u>769,638,172.32</u>	<u>540,118,266.30</u>
Net profit classified by continuing operations			
Net profit from continuing operations		769,638,172.32	540,118,266.30
Net profit classified by attribution of ownership			
Net profit attributable to owners of the parent		725,259,219.97	500,578,449.68
Net profit attributable to non-controlling interests		44,378,952.35	39,539,816.62

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Income Statement (Cont'd)
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
Other comprehensive income, net of tax	44	76,176,353.13	(45,156,575.23)
Other comprehensive income attributable to owners of the parent, net of tax		76,019,652.08	(45,312,760.78)
Other comprehensive income that will not be reclassified to profit or loss		33,990.62	126,738.95
Changes caused by remeasurements on defined benefit schemes		33,990.62	126,738.95
Other comprehensive income that will be reclassified to profit or loss		75,985,661.46	(45,439,499.73)
Differences arising from the translation of foreign currency-denominated financial statements		75,985,661.46	(45,439,499.73)
Other comprehensive income attributable to non-controlling interests, net of tax	44	156,701.05	156,185.55
Total comprehensive income		845,814,525.45	494,961,691.07
Including:			
Total comprehensive income attributable to owners of the parent		801,278,872.05	455,265,688.90
Total comprehensive income attributable to non-controlling interests		44,535,653.40	39,696,002.17
Earnings per share			
Basic earnings per share	63	0.61	0.43
Diluted earnings per share	63	0.60	0.43

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Statement of Changes in Equity
Year ended 31 December 2025

Expressed in Renminbi Yuan

2025

		Equity attributable to owners of the parent							Non-controlling interest	Total equity	
		Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Subtotal		
I.	At 31 December 2024	1,219,046,340.00	2,818,982,096.52	117,233,041.40	29,809,317.74	18,106,386.75	51,830,974.45	956,837,409.23	4,977,379,483.29	246,964,378.41	5,224,343,861.70
II.	At 1 January 2025	1,219,046,340.00	2,818,982,096.52	117,233,041.40	29,809,317.74	18,106,386.75	51,830,974.45	956,837,409.23	4,977,379,483.29	246,964,378.41	5,224,343,861.70
III.	Changes for the year										
(I)	Total comprehensive income	-	-	-	76,019,652.08	-	-	725,259,219.97	801,278,872.05	44,535,653.40	845,814,525.45
(II)	Shareholders' contributions and reduction in capital										
1.	Shareholder contributions in common stock									20,000,000.00	20,000,000.00
2.	Share-based payments included in equity	-	28,439,111.53	-	-	-	-	-	28,439,111.53	-	28,439,111.53
3.	Others	(1,760,000.00)	123,138,347.12	(2,000,000.00)	-	-	-	-	123,378,347.12	(470,213.00)	122,908,134.12
(III)	Profit Distribution										
1.	Statutory Surplus Reserve	-	-	-	-	-	25,822,967.35	(25,822,967.35)	-	-	-
2.	Dividend Distribution	-	-	-	-	-	-	(158,247,168.04)	(158,247,168.04)	(51,930,021.23)	(210,177,189.27)
(IV)	Special reserve										
1.	Provision in the year	-	-	-	-	3,654,901.58	-	-	3,654,901.58	-	3,654,901.58
2.	Utilisation in the year	-	-	-	-	(2,065,666.53)	-	-	(2,065,666.53)	-	(2,065,666.53)
IV.	At 31 December 2025	1,217,286,340.00	2,970,559,555.17	115,233,041.40	105,828,969.82	19,695,621.80	77,653,941.80	1,498,026,493.81	5,773,817,881.00	259,099,797.58	6,032,917,678.58

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Statement of Changes in Equity (Cont'd)
Year ended 31 December 2025

Expressed in Renminbi Yuan

2024

	Equity attributable to owners of the parent							Non-controlling interest	Total equity	
	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings			Subtotal
I. At 31 December 2023 and 1 January 2024	1,240,618,400.00	2,889,928,997.21	218,298,532.79	75,122,078.52	16,229,817.03	51,830,974.45	456,258,959.55	4,511,690,693.97	222,517,275.37	4,734,207,969.34
II. Changes for the year										
(I) Total comprehensive income	-	-	-	(45,312,760.78)	-	-	500,578,449.68	455,265,688.90	39,696,002.17	494,961,691.07
(II) Shareholder's contributions and reduction in capital										
1. Share-based payments included in equity	-	8,256,530.70	-	-	-	-	-	8,256,530.70	-	8,256,530.70
2. Others	(21,572,060.00)	(79,203,431.39)	(101,065,491.39)	-	-	-	-	290,000.00	(15,248,899.13)	(14,958,899.13)
(III) Special reserve										
1. Provision in the year	-	-	-	-	3,183,215.00	-	-	3,183,215.00	-	3,183,215.00
2. Utilisation in the year	-	-	-	-	(1,306,645.28)	-	-	(1,306,645.28)	-	(1,306,645.28)
III. At 31 December 2024	1,219,046,340.00	2,818,982,096.52	117,233,041.40	29,809,317.74	18,106,386.75	51,830,974.45	956,837,409.23	4,977,379,483.29	246,964,378.41	5,224,343,861.70

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Statement of Cash Flows
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
I. Cash flows from operating activities			
Proceeds from sale of goods and rendering of services		5,227,879,044.28	4,639,298,827.54
Receipts of taxes and surcharges refunds		66,983,185.04	63,188,406.26
Cash generated from other operating activities	64	<u>83,714,371.41</u>	<u>60,039,868.19</u>
Subtotal of cash generated from operating activities		<u>5,378,576,600.73</u>	<u>4,762,527,101.99</u>
Payments for goods and services		2,982,913,087.09	2,730,066,540.16
Cash payments to and on behalf of employees		919,867,623.07	855,502,006.85
Payments of all types of taxes and surcharges		283,221,592.17	216,346,898.40
Cash used in other operating activities	64	<u>318,359,947.80</u>	<u>258,056,276.36</u>
Subtotal of cash used in operating activities		<u>4,504,362,250.13</u>	<u>4,059,971,721.77</u>
Net cash generated from operating activities	65	<u>874,214,350.60</u>	<u>702,555,380.22</u>
II. Cash flows from investing activities			
Proceeds from disinvestment		2,528,570,669.48	1,557,866,442.57
Investment income		178,431,260.95	16,947,074.94
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		13,123,312.63	6,363,398.45
Cash generated from other investing activities	64	<u>132,763,317.26</u>	<u>42,435,000.00</u>
Subtotal of cash generated from investing activities		<u>2,852,888,560.32</u>	<u>1,623,611,915.96</u>
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets		210,084,056.14	358,172,446.66
Payments for investments		2,901,552,407.50	1,757,308,965.71
Cash used in other investing activities	64	<u>124,477,032.15</u>	<u>49,631,872.01</u>
Subtotal of cash used in investing activities		<u>3,236,113,495.79</u>	<u>2,165,113,284.38</u>
Net cash generated used in investing activities		<u>(383,224,935.47)</u>	<u>(541,501,368.42)</u>

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Consolidated Statement of Cash Flows (Cont'd)
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note V</u>	<u>2025</u>	<u>2024</u>
III. Cash flows from financing activities			
Investing raised		20,000,000.00	-
Borrowings raised		210,890,005.96	155,442,846.07
Cash generated from other financing activities	64	<u>-</u>	<u>107,345,506.70</u>
Subtotal of cash generated from financing activities		<u>230,890,005.96</u>	<u>262,788,352.77</u>
Repayment of borrowings		127,675,791.00	364,083,772.95
Interest and dividends paid		225,789,707.81	23,204,859.65
Cash used in other financing activities	64	<u>35,589,501.18</u>	<u>30,850,234.77</u>
Subtotal of cash used in financing activities		<u>389,054,999.99</u>	<u>418,138,867.37</u>
Net cash generated from/used in financing activities		<u>(158,164,994.03)</u>	<u>(155,350,514.60)</u>
IV. Effect of foreign exchange rates changes on cash and cash equivalents		<u>9,183,908.50</u>	<u>(25,927,560.49)</u>
V. Net increase/(decrease) in cash and cash equivalents	65	342,008,329.60	(20,224,063.29)
Add: Cash and cash equivalents, beginning of the year	65	<u>1,652,290,548.55</u>	<u>1,672,514,611.84</u>
VI. Cash and cash equivalents, end of the year	65	<u><u>1,994,298,878.15</u></u>	<u><u>1,652,290,548.55</u></u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.**Balance Sheet****31 December 2025****Expressed in Renminbi Yuan**

<u>Assets</u>	<u>Note XVI</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Current assets			
Cash and bank balances		643,401,662.63	698,349,330.28
Financial assets held for trading		565,880,862.32	534,553,587.74
Note receivable		9,552,369.54	9,765,309.28
Accounts receivable	1	252,268,813.09	236,125,159.25
Receivables financing		9,443,762.10	5,036,303.55
Prepayments		3,749,452.16	5,379,122.23
Other receivables	2	497,240,689.48	504,269,264.02
Inventories		116,995,885.89	129,915,017.16
Contract assets		22,397,280.63	28,814,278.05
Current portion of non-current assets		8,368,000.00	8,035,336.42
Other current assets		<u>289,870.16</u>	<u>2,107,492.86</u>
Total current assets		<u>2,129,588,648.00</u>	<u>2,162,350,200.84</u>
Non-current assets			
Long-term receivables		4,580,755.20	4,047,852.80
Long-term equity investments	3	1,165,593,852.19	877,527,583.14
Other non-current financial assets		506,336,188.59	226,209,705.10
Fixed assets		268,972,286.52	280,406,246.36
Construction in progress		75,392,337.50	5,440,950.00
Right-of-use assets		2,873,321.59	4,610,994.41
Intangible assets		57,137,335.21	60,569,947.92
Long-term prepaid expenses		2,074,594.65	3,507,201.55
Deferred tax assets		121,001,418.46	161,058,263.43
Other non-current assets		<u>5,262,840.00</u>	<u>70,238,512.50</u>
Total non-current assets		<u>2,209,224,929.91</u>	<u>1,693,617,257.21</u>
Total assets		<u>4,338,813,577.91</u>	<u>3,855,967,458.05</u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Balance Sheet (Cont'd)
31 December 2025

Expressed in Renminbi Yuan

<u>Liabilities and equity</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Current liabilities		
Short term loans	134,500,000.00	1,000,000.00
Derivative financial liabilities	-	116,513.31
Notes payable	45,620,446.78	48,838,900.00
Accounts payable	69,438,714.01	76,177,615.41
Contract liabilities	30,608,762.32	29,456,102.15
Employee benefits payable	13,009,636.68	16,248,751.40
Tax payable	28,290.81	118,064.93
Other payables	44,048,811.95	41,517,747.95
Current portion of non-current liabilities	9,088,827.78	17,452,778.58
Other current liabilities	<u>4,854,800.31</u>	<u>5,736,334.26</u>
Total current liabilities	<u>351,198,290.64</u>	<u>236,662,807.99</u>
Non-current liabilities		
Long term loans	10,044,000.00	16,740,000.00
Lease liabilities	1,615,902.77	3,434,210.61
Provisions	65,444.68	1,111,329.09
Deferred income	<u>13,073,671.66</u>	<u>14,790,331.66</u>
Total non-current liabilities	<u>24,799,019.11</u>	<u>36,075,871.36</u>
Total liabilities	<u>375,997,309.75</u>	<u>272,738,679.35</u>
Equity		
Share capital	1,217,286,340.00	1,219,046,340.00
Capital surplus	2,701,606,083.95	2,673,989,321.44
Less: Treasury stock	115,233,041.40	117,233,041.40
Special reserve	7,343,405.71	6,850,427.57
Surplus reserves	77,653,941.80	51,830,974.45
Retained earnings/Unutilized losses	<u>74,159,538.10</u>	<u>(251,255,243.36)</u>
Total equity	<u>3,962,816,268.16</u>	<u>3,583,228,778.70</u>
Total liabilities and equity	<u><u>4,338,813,577.91</u></u>	<u><u>3,855,967,458.05</u></u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Income Statement
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>Note XVI</u>	<u>2025</u>	<u>2024</u>
Operating revenue	4	383,974,319.61	509,032,572.25
Less: Cost of sales	4	236,967,972.55	279,619,163.19
Taxes and surcharges		8,891,911.73	6,982,825.01
Selling expenses		27,446,954.62	34,689,263.89
Administrative expenses		93,721,274.64	77,755,675.52
R&D expenses		22,206,746.06	20,779,949.03
Finance costs		(21,569,091.33)	(14,016,252.36)
Including: Interest expenses		2,717,979.25	2,905,626.71
Interest income		(28,772,634.74)	(16,797,232.63)
Add: Other income		2,852,552.34	2,627,538.81
Investment income	5	437,743,618.99	12,688,014.61
Including: Share of profit or loss of associates		(5,299,222.65)	(2,444,335.91)
Loss on changes in fair value		94,762,270.67	(18,748,558.70)
Credit impairment loss		(2,562,089.13)	(788,150.05)
Asset impairment loss		775,725.13	(3,960,702.44)
Gain on disposal of assets		207,644.69	146,022.47
		<u>550,088,274.03</u>	<u>95,186,112.67</u>
Operating profit		550,088,274.03	95,186,112.67
Add: Non-operating income		304,767.61	74,840.36
Less: Non-operating expenses		851,279.82	14,515.85
		<u>549,541,761.82</u>	<u>95,246,437.18</u>
Profit before income taxes		549,541,761.82	95,246,437.18
Less: Income tax expenses		40,056,844.97	13,558,350.53
		<u>509,484,916.85</u>	<u>81,688,086.65</u>
Net profit		509,484,916.85	81,688,086.65
Including: Net profit from continuing operations		509,484,916.85	81,688,086.65
Total comprehensive income		<u>509,484,916.85</u>	<u>81,688,086.65</u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Statement of Changes in Equity
Year ended 31 December 2025

Expressed in Renminbi Yuan

2025

	Share capital	Capital surplus	Less: Treasury stock	Special reserve	Surplus reserves	Retained earnings/ Unutilized losses	Total equity
I. At 31 December 2024	<u>1,219,046,340.00</u>	<u>2,673,989,321.44</u>	<u>117,233,041.40</u>	<u>6,850,427.57</u>	<u>51,830,974.45</u>	<u>(251,255,243.36)</u>	<u>3,583,228,778.70</u>
II. At 1 January 2025	<u>1,219,046,340.00</u>	<u>2,673,989,321.44</u>	<u>117,233,041.40</u>	<u>6,850,427.57</u>	<u>51,830,974.45</u>	<u>(251,255,243.36)</u>	<u>3,583,228,778.70</u>
III. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	509,484,916.85	509,484,916.85
(II) Shareholder's contributions and reduction in capital							
1. Share-based payments included in equity	-	27,616,762.51	-	-	-	-	27,616,762.51
2. Others	(1,760,000.00)	-	(2,000,000.00)	-	-	-	240,000.00
(III) Profit Distribution							
1. Statutory Surplus Reserve	-	-	-	-	25,822,967.35	(25,822,967.35)	-
2. Dividend Distribution	-	-	-	-	-	(158,247,168.04)	(158,247,168.04)
(IV) Special reserve							
1. Provision in the year	-	-	-	833,931.60	-	-	833,931.60
2. Utilisation in the year	-	-	-	(340,953.46)	-	-	(340,953.46)
IV. At 31 December 2025	<u>1,217,286,340.00</u>	<u>2,701,606,083.95</u>	<u>115,233,041.40</u>	<u>7,343,405.71</u>	<u>77,653,941.80</u>	<u>74,159,538.10</u>	<u>3,962,816,268.16</u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Statement of Changes in Equity (Cont'd)
Year ended 31 December 2025

Expressed in Renminbi Yuan

2024

	Share capital	Capital surplus	Less: Treasury stock	Special reserve	Surplus reserves	Retained earnings/ Unutilized losses	Total equity
I. At 31 December 2023 and 1 January 2024	<u>1,240,618,400.00</u>	<u>2,745,450,997.27</u>	<u>218,298,532.79</u>	<u>6,645,318.98</u>	<u>51,830,974.45</u>	<u>(332,943,330.01)</u>	<u>3,493,303,827.90</u>
II. At 1 January 2025	1,240,618,400.00	2,745,450,997.27	218,298,532.79	6,645,318.98	51,830,974.45	(332,943,330.01)	3,493,303,827.90
III. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	81,688,086.65	81,688,086.65
(II) Shareholder's contributions and reduction in capital							
1. Share-based payments included in equity	-	7,741,755.56	-	-	-	-	7,741,755.56
2. Others	(21,572,060.00)	(79,203,431.39)	(101,065,491.39)	-	-	-	290,000.00
(III) Special reserve							
1. Provision in the year	-	-	-	787,151.00	-	-	787,151.00
2. Utilisation in the year	-	-	-	(582,042.41)	-	-	(582,042.41)
IV. At 31 December 2024	<u>1,219,046,340.00</u>	<u>2,673,989,321.44</u>	<u>117,233,041.40</u>	<u>6,850,427.57</u>	<u>51,830,974.45</u>	<u>(251,255,243.36)</u>	<u>3,583,228,778.70</u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Statement of Cash Flows
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>2025</u>	<u>2024</u>
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	347,169,798.26	397,362,207.24
Receipts of taxes and surcharges refunds	10,501,968.98	14,996,286.70
Cash generated from other operating activities	<u>46,105,296.20</u>	<u>50,391,217.39</u>
Subtotal of cash generated from operating activities	<u>403,777,063.44</u>	<u>462,749,711.33</u>
Payments for goods and services	201,700,988.24	198,775,741.45
Cash payments to and on behalf of employees	97,613,499.78	100,106,284.64
Payments of all types of taxes and surcharges	17,000,750.84	13,875,987.77
Cash used in other operating activities	<u>70,895,129.76</u>	<u>34,899,435.51</u>
Subtotal of cash used in operating activities	<u>387,210,368.62</u>	<u>347,657,449.37</u>
Net cash generated from operating activities	<u>16,566,694.82</u>	<u>115,092,261.96</u>
II. Cash flows from investing activities		
Proceeds from disinvestment	1,514,096,948.68	868,730,433.91
Investment income	465,740,644.58	49,446,958.11
Net cash proceeds from the disposal of fixed assets, intangible assets, and other long-term assets	1,989,532.77	-
Other cash receipts relating to investing activities	<u>145,562,479.59</u>	<u>103,435,000.00</u>
Subtotal of cash generated from investing activities	<u>2,127,389,605.62</u>	<u>1,021,612,392.02</u>
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	10,893,699.26	6,936,264.70
Payments for investments	2,054,470,525.84	880,803,895.71
Other cash payments relating to other investing activities	<u>80,404,116.00</u>	<u>49,631,872.01</u>
Subtotal of cash used in investing activities	<u>2,145,768,341.10</u>	<u>937,372,032.42</u>
Net cash generated from investing activities	<u>(18,378,735.48)</u>	<u>84,240,359.60</u>

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

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Statement of Cash Flows (Cont'd)
Year ended 31 December 2025

Expressed in Renminbi Yuan

	<u>2025</u>	<u>2024</u>
III. Cash flows from financing activities		
Borrowings raised	134,500,000.00	1,000,000.00
Cash generated from other financing activities	-	107,345,506.70
	<u>134,500,000.00</u>	<u>108,345,506.70</u>
Subtotal of cash generated from financing activities	<u>134,500,000.00</u>	<u>108,345,506.70</u>
Repayment of borrowings	16,696,000.00	27,696,000.00
Interest and dividends paid	160,685,721.36	1,541,685.81
Cash used in other financing activities	2,158,260.70	3,154,388.60
	<u>179,539,982.06</u>	<u>32,392,074.41</u>
Subtotal of cash used in financing activities	<u>179,539,982.06</u>	<u>32,392,074.41</u>
Net cash generated from financing activities	<u>(45,039,982.06)</u>	<u>75,953,432.29</u>
IV. Effect of foreign exchange rates changes on cash and cash equivalents	-	-
V. Net increase/ (decrease) in cash and cash equivalents	(46,852,022.72)	275,286,053.85
Add: Cash and cash equivalents, beginning of the year	681,128,021.05	405,841,967.20
	<u>681,128,021.05</u>	<u>405,841,967.20</u>
VI. Cash and cash equivalents, end of the year	<u>634,275,998.33</u>	<u>681,128,021.05</u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin; Financial controller: Shao Yongfeng; Accounting supervisor: Chenlin

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

I. Corporate Background

Guangdong Dongfang Precision Science & Technology Co., Ltd. (the "Company"), a joint stock company with limited liability registered in Guangdong Province of the People's Republic of China and established on 9 December 1996, obtained a Business License for Enterprise Legal Person with a registration number of 440682000040868.

In August 2011, upon the approval by the China Securities Regulatory Commission (CSRC) in the Reply on Approving the Initial Public Offering of Shares by Guangdong Dongfang Precision Science & Technology Co., Ltd. (ZH.J.X.K. [2011] No. 1237), the Company issued Renminbi-denominated ordinary shares to the public, and was listed on the Shenzhen Stock Exchange in the same month. The Company started to use the unified social credit code (914406002318313119) in 2016. The Company is headquartered in 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province, China.

The Group's main business includes four business sectors: smart corrugated packaging equipment, industrial internet industry solutions, digital printers and water powerspots equipment.

The actual controllers of the Company are Tang Zhuolin and Tang Zhuomian.

These financial statements were authorized for issue by the Board of Directors of the Company on 23 March 2026.

II. Basis of Preparation of the Financial Statements

1. Basis of preparation

These financial statements have been prepared in accordance with China's "Accounting Standards for Business Enterprises — Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, interpretations and other relevant regulations issued or amended thereafter (hereafter collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). In addition, the financial statements also disclose relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports.

2. Going concern

The financial statements are prepared on a going concern basis.

III. Principal Accounting Policies and Accounting Estimates

The Group has formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the provision for the bad debt of accounts receivable, provision for write-down of inventories, depreciation of fixed assets, provision for product warranties, capitalization conditions for expenditure on the development phase of research and development expenses and recognition and measurement of revenue.

1. Statement of compliance

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2025, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting year

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

3. Functional currency

The Group's functional currency and the currency used in preparing the financial statements were Renminbi. The amounts in the financial statements were denominated in Renminbi yuan, unless otherwise stated.

4. Determination method and selection basis of materiality criteria to be followed in the disclosure of financial statements

	Materiality criteria
Significant construction in progress	Budgeted amount for investment exceeds RMB50,000,000
Significant cash flows from investing activities	Amount exceeds RMB50,000,000
Subsidiaries with significant minority interests	Net assets of non-wholly owned subsidiaries account for more than 10% of consolidated net assets
Significant associates	The carrying amount of long-term equity investments in associates accounts for more than 5% of the consolidated net assets

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

5. Business combination

Business combinations are classified into business combinations involving entities under common control and business combinations not 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. Assets and liabilities obtained by combining party in the business combination involving entities under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognized on the basis of their carrying amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to capital surplus. If the capital surplus are not sufficient to absorb the difference, any excess is adjusted to retained earnings.

A business combination not involving entities 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 acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date. The excess of the sum of the consideration paid (or equities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equity issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognized in profit or loss.

6. Consolidated financial statements

The consolidation scope for consolidated financial statements is determined based on the concept of control, including the Company and all subsidiaries' financial statements. Subsidiaries are those enterprises or entities which the Company has control over (including enterprises, separable components of investee units and structured entities controlled by the Company). An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Any inconsistent accounting policies have been adjusted to become consistent with the Company's accounting policies. All assets, liabilities, equities, revenues, costs and cash flows arising from intercompany transactions are eliminated on consolidation.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

6. Consolidated financial statements (Cont'd)

The excess of current loss attributable to non-controlling shareholders of a subsidiary over their entitlements to the opening balance of equity shall be charged to non-controlling interests.

For subsidiaries obtained through a business combination not involving entities under common control, the operating results and cash flows of the acquirees will be recognized in consolidated financial statements from the date the Group effectively obtains the control until the date that control is terminated. When consolidated financial statement is prepared, the subsidiaries' financial statements will be adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through combination of entities under common control, the business results and cash flows of the combined entities are included in the consolidated financial statements from the beginning of the period in which the combination occurred. When preparing and comparing the consolidated financial statements, the Group makes adjustments to relevant items of the financial statements of the previous period, deeming the reporting entity formed through combination as existing since initial implementation of control by the ultimate controlling party.

In the event of the change in one or more elements of control as a result of changes in relevant facts and conditions, the Group reassesses whether it has control over the investee.

If the control right is not lost, the change of minority shareholders' equity shall be regarded as equity transaction.

7. Cash and cash equivalents

Cash comprises cash on hand and deposits readily available for payments. Cash equivalents represent short-term highly liquid investments which are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

8. Foreign currency translation

For foreign currency transactions, the Group translates the foreign currency into its functional currency.

Upon initial recognition, foreign currency transactions are translated into the functional currency using the spot exchange rate of the dates on which transactions occur. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The translation differences arising from the settlement and foreign currency monetary items are recognized in profit or loss. Also at the balance sheet date, foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the dates of the transactions and it does not change its carrying amount in functional currency. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate. The differences arising from the above translations are recognized in current profit or loss or other comprehensive income according to the nature of foreign currency non-monetary items.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

8. Foreign currency translation (Cont'd)

The Group translates the functional currencies of foreign operations into Renminbi when preparing the financial statements. Asset and liability items in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. Equity items, except for retained earnings, are translated at the spot exchange rates at the date when such items arose. Revenue and expense items in the income statement are translated using the average exchange rate for the periods when transactions occur. Translation differences arising from the aforesaid translation of financial statements denominated in foreign currency shall be recognized as other comprehensive income. When foreign operations are disposed, other comprehensive income relating to the foreign operation is transferred to current profit or loss. Partial disposal shall be recognized on a pro-rata basis.

Cash flows denominated in foreign currencies and foreign subsidiaries' cash flows are translated using the average exchange rate for the period when cash flows occur. The impact on cash by the fluctuation of exchange rates is presented as a separate line item of reconciliation in the statement of cash flows.

9. Financial instruments

Financial instruments refer to the contracts which give rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

(1) Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

A financial asset (or part of it, or a part of a group of similar financial asset) is derecognized when one of the following criteria is met, that is, when a financial asset previously recognized is transferred out from balance sheet:

- (1) The right of receiving the cash flow generated from the financial asset has expired;
- (2) The right of receiving cash flow generated by the financial assets is transferred, or an obligation of paying the full amount of cash flow received to third parties in a timely manner has been undertaken under "pass-through" agreements, where (a) substantially all risks and rewards of the ownership of such type of financial assets have been transferred, or (b) control over such type of financial assets has not been retained even though substantially all risks and rewards of the ownership of such type of financial assets have been neither transferred nor retained.

If the obligation of financial liability has been fulfilled, cancelled or expired, the financial liability is derecognized. If the present financial liability is substituted by the same debtee with another liability differing in substance, or the terms of the present liability have been substantially modified, this substitution or modification is treated as derecognition of a present liability and recognition of a new liability with any arising differences recognized in profit or loss.

Conventional dealings in financial assets are recognized or derecognized under the trade day accounting method. Conventional dealings refer to the receipt or delivery of financial assets within periods stipulated by the law and according to usual practices. The trade day is the date on which the Group undertakes to buy or sell a financial asset.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

9. Financial instruments (Cont'd)

(2) Classification and measurement of financial assets

At initial recognition, the Group classifies its financial assets into: financial assets at fair value through profit or loss, financial assets at amortized cost, or financial assets at fair value through other comprehensive income, according to the Group's business model for managing financial assets and the contract cash flow characteristics of the financial assets. When and only when the Group changes its business model of managing financial assets, all relevant financial assets affected will be re-classified.

Financial assets are measured at fair value on initial recognition, but if the accounts receivable or notes receivable generated from the sales of goods or provision of services do not contain significant financing components or do not consider financing components of no longer than one year, the initial measurement will be based on the transaction price.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial assets, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial assets is dependent on its classification:

Debt instruments measured at amortized cost

Financial assets fulfilling all of the following conditions are classified as financial assets at amortized cost: the objective of the Group's business management model in respect of such type of financial assets is to generate contract cash flow; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from such type of financial assets are recognized using the effective interest rate method, and any profit or loss arising from derecognition, amendments or impairment shall be charged to current profit or loss.

Debt instruments at fair value through other comprehensive income

Financial assets fulfilling all of the following conditions are classified as financial assets at fair value through other comprehensive income: the objective of the Group's business management model in respect of such type of financial assets is both to generate contract cash flow and to sell such type of financial assets; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from this type of financial assets is recognized using the effective interest rate method. Other than interest income, impairment loss and exchange differences which shall be recognized as current profit or loss, other fair value changes shall be included in other comprehensive income. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to current profit or loss.

Financial assets at fair value through profit or loss

Other than financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through profit or loss, which are subsequently measured at fair value, any changes of which are recognized in current profit or loss.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

9. Financial instruments (Cont'd)

(3) Classification and measurement of financial liabilities

The Group classifies its financial liabilities at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial liabilities, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial liabilities is dependent on its classification:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include mainly financial liabilities held for trading (comprising derivatives classified as financial liabilities). Financial liabilities held for trading (comprising derivatives classified as financial liabilities) are subsequently measured at fair value and all changes are recognized in current profit or loss.

Other financial liabilities

Subsequent to initial recognition, these financial liabilities are carried at amortized cost using the effective interest method.

(4) Impairment of financial instruments

Determination and accounting treatment of expected credit losses

The Group performs impairment treatment on financial assets at amortized cost, debt instruments at fair value through other comprehensive income and contract assets based on expected credit losses (ECL) and recognizes allowances for losses.

For receivables, notes receivable and contract assets that do not contain significant financing components, the Group adopts a simplified measurement method to measure allowances for losses based on an amount equivalent to the lifetime expected credit losses.

Financial assets other than those measured with simplified valuation methods, the Group evaluates at each balance sheet date whether its credit risk has significantly increased since initial recognition. The period during which credit risk has not significantly increased since initial recognition is considered the first stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the next 12 months and shall compute interest income according to the book balance and effective interest rate; the period during which credit risk has significantly increased since initial recognition although no credit impairment has occurred is considered the second stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the entire valid period and shall compute interest income according to the book balance and effective interest rate; The period during which credit impairment has occurred after initial recognition is considered the third stage, at which the Group shall measure loss allowance based on the amount of the lifetime expected credit loss and shall compute interest income according to the amortized cost and effective interest rate. If the credit risk of financial instruments is low at the balance sheet date, the Company assumes that the credit risk has not increased significantly since initial recognition.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

9. Financial instruments (Cont'd)

(4) Impairment of financial instruments (Cont'd)

For the Group's criteria for judging whether credit risks have significantly increased, the definition of assets subjected to credit impairment, and assumptions underlying the measurement of expected credit losses, please refer to Note IX.1.

The Group's approach to measuring ECLs on financial instruments reflects factors such as the unbiased probability-weighted average amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions and projections of future economic conditions available at the balance sheet date without undue additional cost or effort.

Classification and determination basis of impairment provision based on credit risk characteristics

The Group considers the credit risk features of different customers and estimates ECLs of financial instruments based on common risk characteristics and aging portfolio. The Group estimates ECLs individually, except for financial instruments for which the Group estimates ECLs on a group basis.

In estimating ECLs, the Group considers reasonable and supportable information about past events, current conditions and projections of future economic conditions.

Aging calculation method based on the combination of credit risk characteristics recognized by aging

The Group determines the aging based on the invoicing date.

Criteria for judging provision for impairment of bad debts made individually

If there is objective evidence that the credit risk of the individual accounts receivable or contract assets is significantly different from the credit risk of other accounts receivable and contract assets, credit impairment losses are calculated based on the difference between the present value of all contractual cash flows receivable under the individual contract and the present value of all cash flows expected to be received.

Write-off of impairment provision

When the Group no longer reasonably expects to be able to fully or partially recover the contract cash flow of financial assets, the Group directly writes down the book balance of such financial assets.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

9. Financial instruments (Cont'd)

(5) Derivative financial instruments

The Group uses derivative financial instruments. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivative instruments shall be directly recognized in current profit or loss.

(6) Transfer of financial assets

If the Group has transferred substantially all the risks and rewards associated with the ownership of a financial asset to the transferee, the asset should be derecognized. If the Group retains substantially all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

When the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it may either derecognize the financial asset and recognize any associated assets and liabilities if control of the financial asset has not been retained; or recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability if control has been retained.

Assets formed by the continuing involvement by way of the provision of financial guarantee in respect of the transferred financial assets shall be recognized as the lower of the carrying value of the financial asset and the amount of financial guarantee. The amount of financial guarantee means the maximum amount among considerations received to be required for repayment.

10. Inventories

Inventories include raw materials, work-in-progress, finished goods, product deliveries, semi-finished goods, materials consigned for processing, etc.

Inventories are initially recorded at costs. Inventories' costs include purchasing costs, processing costs and other costs. Actual costs of product deliveries are recognized using the weighted average method. Turnover materials include low-value consumables, packaging materials, etc., which are expensed in full.

The Group adopts the perpetual inventory system.

Inventories on the balance sheet date are stated at the lower of cost or net realisable value. Inventory valuation allowance is made and recognized in profit or loss when the net realisable value is lower than cost. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Valuation allowances for raw materials are established by category, and those for finished goods by individual item. For inventories that relate to products produced and sold in the same region, have the same or similar ultimate purpose, and are difficult to separate in measurement, valuation allowances are established on a combined basis.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital surplus (if the capital surplus are insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognized as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held at the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognized under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognized as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments.

In the financial statements of the Company, the cost method is used for long term equity investments in investees over which the Company exercises control. Control is defined as the power exercisable over the investee, the entitlement to variable return through involvement in the activities of the investee and the ability to influence the amount of return using the power over the investee.

When the cost method is used, long-term equity investments are measured at initial cost on acquisition. When additional investments are made or investments are recouped, the cost of long-term equity investments shall be adjusted. Cash dividend or profit distribution declared by the investee shall be recognized as investment income for the period.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

11. Long-term equity investments (Cont'd)

The equity method is used to account for long-term equity investments when the Group can jointly control or has significant influence over the invested entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence means having the authority to take part in the decision over the financial and operational policies but not the authority to control or jointly control with other parties the formulation of such policies.

Under the equity method, any excess of the initial investment cost over the Company's share of the net fair value of the investment's identifiable assets and liabilities is included in the initial investment cost of the long-term equity investment. When the carrying amount of the investment is less than the Company's share of the fair value of the investment's identifiable net assets, the difference is recognized in profit or loss of the current period and debited to long-term equity investments.

Under the equity method, after the long-term equity investments are acquired, investment gains or losses and other comprehensive income are recognized according to the entitled share of net profit or loss and other comprehensive income of the investee and the carrying amount of the long-term equity investment is adjusted accordingly. When recognising the Group's share of the net profit or loss of the invested entity, the Group makes adjustments based on fair values of the investees' identifiable assets and liabilities at the acquisition date in accordance with the Group's accounting policy and accounting period to investee's net profits, eliminating pro-rata profit or loss from internal transactions with associates and joint ventures attributed to investor (except that loss from inter-group transactions deemed as asset impairment loss shall be fully recognized), provided that invested or sold assets constituting businesses shall be excluded. When the invested enterprise declares profit distribution or cash dividends, the carrying amount of investment is adjusted down by the Group's share of the profit distribution and dividends. The Group shall derecognize its share of the losses of the investee after the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in owner's equity of the investees (other than the net-off of net profits or losses, other comprehensive income and profit distribution of the investee), and includes the corresponding adjustment in equity.

12. Fixed assets

A fixed asset is recognized when, and only when, it is probable that future economic benefits that are associated with the fixed asset will flow to the Group and the cost can be measured reliably. Subsequent expenditures related to a fixed asset are recognized in the carrying amount of the fixed asset if the above recognition criteria are met, and the carrying value of the replaced part is derecognized; otherwise, those expenditures are included in the current period's profit or loss or the cost of the relevant asset when they occur, in accordance with the beneficiary.

Fixed assets are initially recognized at cost. Cost of purchased fixed assets includes purchasing price, relevant taxes, and any directly attributable expenditure for bringing the asset to working conditions for its intended use.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

12. Fixed assets (Cont'd)

Except for those incurred by using the accrued expenses for safety production, fixed assets are depreciated on a straight-line basis, and the respective estimated useful lives, estimated residual value ratios and annual depreciation rates are as follows:

	Useful life	Estimated residual value ratio	Annual depreciation rate
Buildings and constructions	20-40 years	5.00%	2.38%-4.75%
Machinery	5-18 years	5.00%	5.28%-19.00%
Transportation equipment	5-10 years	5.00%	9.5%-19.00%
Electronic equipment	3-10 years	5.00%	9.5%-31.67%
Office equipment	3-10 years	5.00%	9.5%-31.67%
Other equipment	5-10 years	5.00%	9.5%-19.00%

The Group reviews, at least at each year end, useful lives, estimated residual values, and depreciation methods of fixed assets and makes adjustments if necessary.

13. Construction in progress

Construction in progress is measured at the actual construction expenditures, including necessary project work expenses incurred during the period while construction is in progress, and other related fees.

The criteria for construction in progress to be transferred to fixed assets when it is ready for its intended use are as follows:

	Criteria
Buildings and constructions	Actual start of use
Machinery	The earlier of actual start of use/completion of installation and acceptance

14. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

The capitalisation of borrowing costs commences only when the expenditures for the asset and the borrowing costs have been incurred, and the activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognized in profit or loss.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

14. Borrowing costs (Cont'd)

During the capitalisation period, the amount of interest capitalised for each accounting period is determined as follows: For specific borrowings, it is the actual interest expense incurred in the current period, minus the temporary deposit interest income or investment income; there were no borrowing costs within the Group this year that met the capitalization conditions for general borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognized as an expense in profit or loss until the acquisition, construction or production is resumed.

15. Intangible assets

(1). Research and development expenses

The Group classifies the expenses for internal research and development as research costs and development costs. All research costs are charged to the current profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such), the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset, and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria is recognized in profit or loss when incurred.

After meeting the above conditions, passing the technical feasibility and economic feasibility study, the corresponding projects of the Group enter the development stage and begin to be capitalized after being reviewed and approved.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

15. Intangible assets(Cont'd)

(2). Useful life of intangible assets

Overseas land use rights and trademark rights are intangible assets with indefinite useful lives. Impairment tests shall be conducted annually regardless of whether there are indications of impairment. Such intangible assets shall not be amortized and their useful life shall be reviewed during each accounting period. If there is evidence suggesting that their useful life is limited, accounting treatment will be performed according to the above policy on intangible assets with definite useful life.

Other intangible assets are amortised on a straight-line basis over their useful lives as follows:

	Useful life	Determination basis
Land use rights	40-50 years	Term of land use right
Trademark	5-10 years	The shorter of the term of trademark rights/expected term of use
Patent	5-10 years	Expected benefit period

The land ownership of Fosber S.p.A., a subsidiary of the Company, in Italy has a permanent term, and the Company believes that the land ownership will be used and will bring expected inflows of economic benefits to the Company in the foreseeable future, so its useful life is regarded as indefinite. The trademarks registered by subsidiaries Fosber S.P.A. and Fosber America, Inc. ("Fosber America") have a useful life in accordance with the law, but at the expiration of the protection period, Fosber S.P.A. and Fosber America can apply for an extension at low service charges, so the Company will benefit from the above trademarks in the long term. Thus, the Company recognized the trademark use right as intangible assets with indefinite useful life. The useful life of intangible assets with indefinite useful life will be reviewed at the end of each year. After review, the useful life of the above intangible assets is still uncertain.

16. Impairment

Impairment of assets (other than the impairment of inventories, contract assets and contract cost assets, investment properties measured using the fair value model, deferred tax assets, and financial assets) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

16. Impairment (Cont'd)

The recoverable amount is the higher of the asset's fair value less costs to sell and its present value of estimated future cash flows. The Group estimates recoverable value for individual assets. When it is difficult to estimate individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The definition of cash generating units is determined on the basis of whether the cash generating units generate cash flows which are largely independent of those from other cash generating units.

Where the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized in profit or loss and allowance for impairment is made accordingly.

In connection with impairment tests for goodwill, the carrying value of goodwill arising from business combination is allocated to relevant cash generating units ("CGU") from the date of acquisition on a reasonable basis. If it is difficult to allocate such goodwill to a relevant CGU, it should be allocated to a relevant CGU group. A relevant CGU or CGU group is defined as one which can benefit from the synergies of the business combination and is not larger than the reporting segments determined by the Group.

In connection with impairment tests for CGUs or CGU groups that comprise goodwill, where indications of impairment exists in a CGU or CGU group related to goodwill, impairment tests should be performed first on CGUs or CGU groups that do not comprise goodwill and recognize impairment loss after estimating the recoverable amount. Then impairment tests on CGUs or CGU groups that comprise goodwill should be performed and the carrying value and recoverable amount should be compared. Where the recoverable amount is lower than the carrying value, the impairment loss should first be offset against the carrying value of the goodwill allocated to CGUs or CGU groups and then against assets in the CGUs or CGU groups other than goodwill in proportion to the weighting of these assets.

Previously recognized impairment losses are not reversed in subsequent periods.

17. Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method, with the amortization periods as follows:

	Amortization period
Decoration expenditures	3-5 years
Amortization of moulds	3 years
Other expenditures	3-5 years

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

18. Employee benefits

Employee benefits include all kinds of rewards or compensation incurred by the Group in exchange for service rendered by employees or in the termination of employment, other than share-based payment. Employee benefits include short-term benefits, retirement benefits, dismissal benefits and other long-term employees' benefits. Benefits provided by the Group to the spouses, children and dependents of employees and families of deceased employees are also a part of employee benefits.

(1) Short-term benefits

For accounting periods during which services are rendered by employees, short-term benefits that will incur is recognized as liability and included in profit and loss or related capital costs.

(2) Retirement benefits (defined contribution schemes)

Employees of the Group participated in pension insurance and unemployment insurance schemes managed by the local government. The contribution costs are charged as asset cost or to profit or loss when incurred.

(3) Retirement benefits (defined benefit schemes)

The Group operates a defined benefit pension scheme, which requires payments to an independently operated fund. No funds have been injected into the scheme. The cost of benefits provided under the defined benefit scheme is calculated using the expected benefit accrual unit approach.

Remeasurement arising from defined benefit pension schemes, including actuarial gains or losses, changes in the asset cap effect (deducting amounts included in net interest on net liabilities of the defined benefit schemes) and return on scheme assets (deducting amounts included in net interest on net liabilities of the defined benefit schemes) are instantly recognized in the balance sheet and charged to equity through other comprehensive income for the period during which it is incurred. It will not be reversed to profit and loss in subsequent periods.

Previous service costs are recognized as current expenses when: the defined benefit scheme is revised, or relevant restructuring costs or dismissal benefits are recognized by the Group, whichever earlier.

Net interest is arrived at by multiplying net liabilities or net assets of defined benefits with a discount rate. Changes in net obligations of defined benefits are recognized as cost of sales, administrative expenses, R&D expenses, selling expenses and finance costs in the income statement. Service costs included current services costs, past service costs and settlement of profit or loss. Net interest included interest income from scheme assets, interest expenses for scheme obligations and interest of the asset cap effect.

19. Provisions

Other than contingent consideration and assumed contingent liabilities in a business combination not involving entities under common control, the Group recognizes as provision an obligation that is related to contingent matters when all of the following criteria are fulfilled:

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

19. Provisions (Cont'd)

- (1) the obligation is a present obligation of the Group;
- (2) the obligation would probably result in an outflow of economic benefits from the Group;
- (3) the obligation could be reliably measured.

Provisions are initially measured according to the best estimate of expenses on fulfilling the current liabilities, in connection with the risk, uncertainty and timing value of the currency. The carrying value of the provisions would be reassessed on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying value is not the best estimate.

The contingent liabilities obtained from a business combination not involving entities under common control shall be measured at fair value at the time of initial recognition. After the initial recognition, according to the amount confirmed by provisions and the balance of the initial recognition amount after deducting the accumulated amortization determined by the revenue recognition principle, the higher of the two shall prevail for subsequent measurements.

20. Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital surplus are credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognising services rendered during the period in relevant costs or expenses and crediting the capital surplus accordingly at the fair value on the date of grant according to the best estimates of the number of exercisable equity instruments conducted by the Group at each balance sheet date during the pending period. The fair value of equity instruments is determined using the closing price of the Company's stock on the date of grant

21. Revenue generating from contracts with customers

The Group recognizes its revenue upon the fulfilment of contractual performance obligations under a contract, namely, when the customer obtains control over the relevant products or services. The acquisition control over relevant products or services shall mean the ability to direct the use of the products or the provision of the services and receive substantially all economic benefits derived therefrom.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

21. Revenue generating from contracts with customers (Cont'd)

(1) Contract for the sales of products

The product sales contract between the Group and its customers typically includes different contractual performance obligations for the transfer of products and the rendering of services. With respect to the sales of products, the Group typically recognizes its revenue at the time when the customer takes control over the products, taking into account the following factors: the acquisition of the current right to receive payments for the products, the transfer of major risks and rewards of ownership, the transfer of the legal title of the products, the transfer of the physical assets of the products, and customers' acceptance of the products.

(2) Contract for the rendering of installation services

The service contract between the Group and its customers includes contractual performance obligations for installation services. As the customer is able to forthwith obtain and consume the economic benefits brought by the Group's contractual performance when the Group performs a contract, the Group considers such contractual performance obligations to be obligations performed over a period of time, and revenue shall be recognized on each balance sheet date according to the progress of installation.

(3) Significant financing component

Where a contract contains a significant financing component, the Group determines transaction prices based on amounts payable assumed to be settled in cash by customers immediately upon the acquisition of control over the products or services. The difference between such transaction price and contract consideration is amortized over the contract period using the effective interest method based on a ratio that discounts the nominal contractual consideration to the current selling price of the products or services. The Group shall not give consideration to any significant financing component in a contract if the gap between the customer's acquisition of control over the products or services and payment of consideration is expected to be less than 1 year.

(4) Warranty clauses

The Group provides quality assurance for products sold in accordance with contract terms and laws and regulations. The accounting treatment of quality assurance in the form of warranty assuring customers products sold are in compliance with required standards is set out in Note III.20. Where the Group provides a service warranty for a standalone service in addition to the assurance of compliance of products with required standards, such warranty is treated as a standalone contractual performance obligation, and a portion of the transaction price shall be allocated to the service warranty based on a percentage of the standalone price for the provision of product and service warranty. When assessing whether a warranty is rendering a standalone service in addition to providing guarantee to customers that all sold goods are in compliance with required standards, the Group will consider whether or not such warranty is a statutory requirement, the term of the warranty and the nature of the Group's undertaking to perform its obligations.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

22. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments.

(1) Contract assets

The right to receive consideration for the transfer of goods or services to a customer before the customer actually pays the contract price or before the contract price is due (and such right is dependent on factors other than the passage of time) is recognized as a contract asset; when an unconditional right to receive payment is subsequently obtained, it is reclassified as a receivable.

For details of the Group's determination and accounting treatment of expected credit losses from contract assets, please refer to Note III.9.

(2) Contract liabilities

Before transferring goods or services to a customer, if the consideration from the customer has been received or the right to receive the consideration unconditionally has been obtained, but the obligation to transfer the goods or services to the customer has not yet been fulfilled, it shall be recognized as a contract liability.

23. Assets relating to contract cost

The Group's assets relating to contract costs include the contract acquisition costs and contract performance costs. The costs are presented in inventory, other current assets or other non-current assets based on liquidity of the assets.

Where the Group expects the incremental costs for acquiring a contract to be recoverable, such contract acquisition costs are recognized as an asset (unless the amortisation period of the asset is not more than 1 year).

Costs incurred by the Group for the performance of a contract are recognized as an asset as contract performance costs if they do not fall under the scope of the relevant standards for inventories, fixed assets or intangible assets but meet all the following conditions:

- (1) they are directly related to a current or anticipated contract, including direct labour, direct materials, manufacturing expenses (or similar expenses), to be borne by customers as specifically stipulated, and otherwise incurred solely in connection with the contract;
- (2) they will increase the resources to be utilized in the Company's future performance of its contractual obligations;
- (3) they are expected to be recoverable.

24. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably obtained, it should be measured at the nominal value.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

24. Government grants (cont'd)

In accordance with the stipulations of the government instruments, government grants applied towards acquisition or the formation of long-term assets in other manners are asset-related government grants; the instruments unspecifically refer to the exercise of judgement based on the basic conditions for receiving the asset-related grant applied towards or the formation of long-term assets in other manners. All other grants are recognized as income-related government grants.

Government grants relating to income and applied to make up for related costs or losses in future periods shall be recognized as deferred income, and shall be recognized in profit or loss of the period for which related costs or loss are recognized. Government grants specifically applied for the reimbursement of incurred related costs and expenses shall be directly recognized in profit or loss.

Government grants relating to assets shall offset the carrying amount of related assets, or be recognized as deferred income and credited to profit or loss over the useful life of the asset concerned by reasonable and systematic instalments (provided that government grants measured at nominal value shall be directly recognized in profit or loss). Where the asset concerned is disposed of, transferred, retired or damaged prior to the end of its useful life, the balance of the deferred income yet to be allocated shall be transferred to "asset disposal" under current profit or loss.

25. Deferred tax assets

The Group recognizes deferred tax assets and liabilities based on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying values and tax bases of items not recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) where the taxable temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized except:

- (1) where the deductible temporary difference arises from transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (2) deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are recognized when all following conditions are met: it is probable that the temporary differences will reverse in the foreseeable future, it is probable that taxable profit against the deductible temporary differences will be available.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

25. Deferred tax assets (cont'd)

As at balance sheet date, deferred tax assets and liabilities are measured in accordance with relevant tax laws at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and reflects the tax consequences that would follow the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset and presented as a net amount if all of the following conditions are met: the Group has the legal right to set off the current income tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

26. Leases

At inception of a contract, the Group assesses whether the 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.

(1) As lessee

The Group recognizes leases as the right-of-use asset and lease liabilities, except for short-term leases and leases of low-value assets.

Right-of-use assets

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date less any lease incentives received; (3) any initial direct cost incurred; (4) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If ownership of the leased asset transfers to the Group at the end of the lease term, depreciation is calculated using the estimated useful life of the asset. Otherwise, the right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

26. Leases (cont'd)

(1) As lessee (cont'd)

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and low-value asset leases. Lease payments include constant payments and the substantial constant payments net of lease incentives, variable lease payments that depend on an index or ratio, the estimated payables of guaranteed residual value, and also include the exercise price of the purchase option or the amount to be paid upon vest of the termination option, provided that the Group is reasonably certain that the option will be vested or that the lease term reflects that the Group will exercise the termination option.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss, except those that in the related asset costs as required. Variable lease payments that are not included in the measurement of the lease assets are recognized in profit or loss as incurred, except those that shall be included in the related asset costs as required.

After the commencement date, the Group increases the book value of the lease liability when interest is recognized and decreases the book value of the lease liability when lease payments are made. In the event of any change to the substantial constant payments, the estimated payables of guaranteed residual value, the index or ratio used to determine lease payments, the assessment results or actual vesting of the purchase option, the renewal option or the termination option, the Group remeasures the lease liability at the present value of the modified lease payments.

Short-term leases and leases of low-value assets

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, and does not contains any purchase option. The Group does not recognize the right-of-use assets and lease liabilities for buildings short-term leases. The Group recognizes lease payments on short-term leases and leases of low-value assets in the related asset costs or profit or loss on a straight-line basis over the lease term.

(2) As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

As a lessor of operating leases

Rental income of operating leases is recognized in current profit or loss over the respective periods during the lease term on a straight-line basis, while variable lease payment not included in lease receipts is charged to profit or loss as and when incurred. Initial direct costs are capitalized and recognized over the lease term on the same basis as rental income, through profit or loss.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

27. Share repurchase

The consideration and transaction costs paid to repurchase equity instruments are charged against owner's equity. Except for share-based payments, the issue (including refinancing), repurchase, disposal or retirement of the Company's own equity instruments are accounted for as changes in equity.

28. Expenses for safety production

The expenses for safety production set aside as stipulated shall be included in the cost of relevant products or current profits and losses, and included in the special reserve at the same time. When such expenses are used, accounting treatment will be performed according to whether fixed assets are formed. If identified as expense expenditures, the special reserve will be written down directly; if fixed assets are formed, the expenses incurred will be collected, fixed assets will be recognized when they reach a predetermined usable state, and the equivalent amount of special reserve will be written down and the equivalent accumulated depreciation will be recognized.

29. Put option related to non-controlling interests

In the process of acquiring majority equity of subsidiaries, the Group grants to minority shareholders the option to sell the shares of subsidiaries held by them to the Group (put option). The Group recognizes the shares of subsidiaries held by minority shareholders as non-controlling interests in its consolidated financial statements; for the put option, the Group undertakes the obligation to redeem the shares of the subsidiaries held by minority shareholders in cash. The Group removes the present value of the amount payable to redeem the put option from its equity (excluding non-controlling interests) and classifies it as financial liability, which is remeasured in subsequent periods at the present value of the the amount payable to redeem the put option and recognized in profit or loss.

30. Fair value measurement

The fair value hierarchy to which an asset or liability measured or disclosed in the financial statements at fair value will be determined on the basis of the lowest level of input which is significant for the fair value measurement as a whole. Input at the first level represents unadjusted quoted prices in an active market for the acquisition of the same asset or liability on the measurement date. Input at the second level represents directly or indirectly observable assets or liabilities apart from input at the first level. Input at the third level represents unobservable input for the asset or liability.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on an ongoing basis recognized in the financial statements to determine whether the level of fair value measurement should be changed.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

31. Significant accounting judgements and estimates

The preparation of financial statements requires judgement and estimation of the management. Such judgement and estimation will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities as at the balance sheet date. However, the consequence arising from the uncertain nature of such estimation may result in significant adjustment to the carrying value of the asset or liability affected in the future.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Determination of standalone contractual performance obligations

The intelligent packaging equipment (printers and corrugators) business of the Group includes four kinds of product or service commitments, i.e. the sale, installation, transportation and insurance services of machinery. As the customer can benefit from the individual use of the four kinds of products or services or their use together with other readily available resources and such product or service commitments are distinctly separable from other products or service commitments, the aforesaid product or service commitments constitute standalone contractual performance obligations respectively.

Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyze and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

Characteristics of contract cash flow

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgement is required to determine whether the contract cash flow represents interest payment in relation to principal amounts based on outstanding principal amounts only, including judgement of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgement of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

(2) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years, are discussed below.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

31. Significant accounting judgements and estimates (cont'd)

(2) Estimation uncertainty (cont'd)

Impairment of financial instruments and contract assets

The Group has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Group estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks. Different estimates may affect impairment allowances, and established impairment allowances may not equal the actual impairment loss amount in the future.

Impairment of non-current assets other than financial assets (exclusive of goodwill)

The Group assesses at each balance sheet date whether there is an indication that a non-current asset other than financial assets may be impaired. For an intangible asset with an indefinite useful life, in addition to the annual impairment test, it is also tested when there is an indication that it may be impaired. Non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is irrecoverable. Where the carrying amount of an asset or an asset group exceeds its recoverable amount—the higher of the asset or asset group's fair value less costs to sell and its present value of estimated future cash flows, it is considered impaired. The net amount of the fair value less costs to sell is determined based on the price of a similar asset's sales contract in a fair transaction or the observable market price less the incremental cost directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management must choose a proper discount rate.

Impairment of goodwill

Goodwill must be tested for impairment at least annually. It requires estimating the present value of future cash flows of an asset group or asset group portfolio allocated with goodwill. When estimating the present value of future cash flows, the Group needs to estimate future cash flows generating from the asset group or asset group portfolio, and at the same time choose a proper discount rate to determine the present value of future cash flows. For details, see Note V.20.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique. This valuation requires the Group to determine the comparable listed companies, select the price multiple, and make estimates about the discount for illiquidity, and hence they are subject to uncertainty.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses, to the extent that it is likely that taxable profit will be available to utilize these unused tax losses. Significant judgments are needed from management to estimate the timing and amount of taxable profit in the future, with tax planning strategies, to determine the amount of the deferred tax assets that should be recognized.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

31. Significant accounting judgements and estimates (cont'd)

(2) Estimation uncertainty (cont'd)

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The Group discounted the lease payments using the lessee's incremental borrowing rate. The Group determines the incremental borrowing rate based on the economic environment by reference to the observable interest rate. Then the Group adjusts the reference interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

Provisions

The Group estimates and makes corresponding provision for product quality guaranty according to contract terms, existing knowledge and past experience. When such contingencies have formed a present obligation and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, the Group recognizes the contingencies as provisions based on the best estimate of the expenditure required to settle the related present obligation. The recognition and measurement of provisions largely depend on the judgment of management. In the process of making judgment, the Group is required to assess the risks, uncertainties, time value of money and other factors related to such contingencies.

The Group will undertake the provisions for post-sale quality maintenance provided to customers for the sale, maintenance and renovation of the sold goods. The provisions have been made taking into account the Group's recent data of maintenance experience, and taking into account the risks, uncertainties and other factors related to maintenance matters. Any increase or decrease in this provision may affect the profit and loss in future years.

IV. Taxation

1. Principal tax items and tax rates

	Tax basis	Tax rate
Value-added tax (VAT)	The output tax: taxable income; VAT: difference after deducting the input tax which is allowed to be deducted in the current year	22%, 13% and 6%
City maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education Surcharge	Turnover tax actually paid	2%
Property tax	Ad valorem tax: remaining value after deducting 30% from the original value of the property; Tax levied from rent: rental income.	1.2% and 12%
Corporate income tax	Taxable income	15%-30%

The taxpaying entities subject to different corporate income tax rates are as follows:

	Income tax rate
Guangdong Dongfang Precision Science & Technology Co., Ltd.	15.0%
Suzhou Parsun Power Machine Co., Ltd. ("Parsun Power")	15.0%
Guangdong Fosber Intelligent Equipment Co., Ltd. ("Fosber Asia")	15.0%
Shenzhen Wonder Digital Technology Co., Ltd. ("Wonder Digital")	15.0%
Dongfang Digicom Technology Co., Ltd. ("Dongfang Digicom(Guangdong)")	15.0%
Dong Fang Precision (Hk) Limited ("Dongfang Precision (Hk)")	16.5%
Dong Fang Precision (Netherland) Cooperatief U.A. ("Dongfang Precision (Netherland)")	20.0%
Fosber S.p.A.	24.0%
Fosber America, Inc. ("Fosber America")	21.0%
Edf Europe s.r.l. ("EDF")	24.0%
Tiruña America Inc. ("Tiruña America")	21.0%
Quantum Corrugated S.r.l. ("Qcorr")	24.0%
Tiruña S.L.U.	28.0%
Tiruña France Sarl	15.0%
Sci Candan	15.0%
Fosber Mexico Corrugados, S.De R.L ("Fosber Mexico")	30.0%
Grandvoyage Holdings (Singapore) Pte. Ltd. ("Grandvoyage (Singapore)")	17.0%
Starlight Precision Technology (Singapore) Pte. Ltd. ("Starlight Precision(Singapore)")	17.0%

2. Tax concessions

On 28 December 2023, the Company passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service of State Taxation Administration and Guangdong Provincial Local Taxation Bureau and obtained a High-tech Enterprise Certificate (certificate no.: GR202344004676) jointly issued by the above authorities, with a validity of three years, during which the Company paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the Company's corporate income tax as at 31 December 2025.

Parsun Power., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service of State Taxation Administration on 18 November 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR202232005866) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, and was re-examined and approved again as a High-tech Enterprise on December 25, 2025 (Certificate No.: GR202532001269), with a validity period of three years, so the preferential tax rate of 15% was applicable to the corporate income tax of Parsun Power as at 31 December 2025.

Fosber Aisa, a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 28 November 2024 and obtained a High-tech Enterprise Certificate (certificate No.: GR202444004278) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%. so the preferential tax rate of 15% was applicable to the corporate income tax of Fosber Asia as from 2024 to 2026.

Shenzhen Wonder Digital Technology Co., Ltd., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 19 December 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR202244206125) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, and was re-examined and approved again as a High-tech Enterprise on December 25, 2025 (Certificate No.: GR202544202708), with a validity period of three years, so the preferential tax rate of 15% was applicable to the corporate income tax of Wonder Digital as at 31 December 2025.

Dongfang Digicom Technology Co., Ltd., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 28 November 2024 and obtained a High-tech Enterprise Certificate (certificate no.: GR202444005593) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the corporate income tax of Dongfang Digicom(Guangdong) as at 31 December 2025.

V. Notes to the Consolidated Financial Statements

1. Cash and bank balances

	2025	2024
Cash on hand	388,992.02	497,855.11
Cash at banks	1,929,620,404.45	1,505,877,879.48
Other cash balances	<u>148,909,630.98</u>	<u>222,674,648.75</u>
	<u>2,078,919,027.45</u>	<u>1,729,050,383.34</u>
Of which: Total amount deposited overseas	1,011,711,436.77	661,563,660.12
Total restricted amount as collateral, pledge or frozen	84,620,149.30	76,759,834.79

As at 31 December 2025, the fund deposited abroad with restrictions on repatriation was equivalent to RMB 72,078,021.83 (31 December 2024: RMB10,859,642.60).

Current bank deposits earn interest income based on interest rates for current deposits.

Note 1: Other cash balances include: 1) a total of RMB61,758,489.22 in guarantee deposits for bank acceptance bill deposits and loan deposits; 2) Investments deposited with a book value of RMB 64,289,481.68; 3) Frozen investments with a book value of RMB 22,861,660.08.

2. Financial assets held for trading

	2025	2024
Financial assets at fair value through profit or loss		
Investments in bank's wealth management products	352,724,315.45	233,789,426.10
Stocks and Funds	332,768,713.53	236,797,596.08
Asset management plans	65,846,656.99	297,908,542.28
Investments in trust products	<u>15,214,791.52</u>	<u>20,153,767.72</u>
	<u>766,554,477.49</u>	<u>788,649,332.18</u>

3. Derivative financial assets

	2025	2024
Foreign currency derivatives	101,000.75	2,755,081.17
	<u>101,000.75</u>	<u>2,755,081.17</u>

V. Notes to the Consolidated Financial Statements (cont'd)

4 Notes receivable

(1) Notes receivable by categories

	2025	2024
Bank acceptance notes	48,393,159.64	96,695,760.53
Commercial acceptance notes	<u>-</u>	<u>1,352,384.78</u>
Less: impairment allowance	<u>-</u>	<u>-</u>
	<u>48,393,159.64</u>	<u>98,048,145.31</u>

(2) Notes receivable endorsed or discounted but undue at the balance sheet date

	Derecognized	Un-derecognized
Bank acceptance notes	<u>-</u>	<u>46,374,270.65</u>
	<u>-</u>	<u>46,374,270.65</u>

As at 31 December 2025, the Group did not establish impairment allowance for the bank acceptance notes after its estimation of impairment allowance based on the lifetime ECL. The Group is of opinion that the held bank acceptance notes do not carry significant credit risk and thus no significant losses may incur due to bank default.

5. Accounts receivable

(1) Aging analysis of accounts receivable

	2025	2024
Within 1 year	892,283,895.51	671,758,354.04
1-2 years	50,396,371.70	64,675,802.44
2-3 years	22,739,742.02	26,567,589.98
3-4 years	14,658,385.94	7,329,163.57
4-5 years	4,975,011.73	2,565,796.54
Over 5 years	<u>3,201,447.60</u>	<u>8,675,651.19</u>
	988,254,854.50	781,572,357.76
Less: allowances for doubtful accounts receivable	<u>36,233,617.72</u>	<u>35,709,532.05</u>
	<u>952,021,236.78</u>	<u>745,862,825.71</u>

V. Notes to the Consolidated Financial Statements (cont'd)

(2) The accounts receivable by the method of establishing allowances

2025

	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Accounts receivable for which allowances are established individually	4,478,756.48	0.45	4,478,756.48	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	983,776,098.02	99.55	31,754,861.24	3.23	952,021,236.78
	<u>988,254,854.50</u>	<u>100.00</u>	<u>36,233,617.72</u>		<u>952,021,236.78</u>

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage	Amount	Percentage	
		(%)		(%)	
Accounts receivable for which allowances are established individually	1,250,400.00	0.16	1,250,400.00	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	780,321,957.76	99.84	34,459,132.05	4.42	745,862,825.71
	<u>781,572,357.76</u>	<u>100.00</u>	<u>35,709,532.05</u>		<u>745,862,825.71</u>

V. Notes to the Consolidated Financial Statements (cont'd)

5. Accounts receivable (cont'd)

(2) The accounts receivable by the method of establishing allowances (cont'd)

Accounts receivable for which allowances are established individually are as follows:

	2025			Reason for allowance	2024	
	Gross amount	Allowance	ECL (%)		Gross amount	Allowance
Customer 1	641,600.00	641,600.00	100.00	Customer's inability to settle the amount due	641,600.00	641,600.00
Customer 2	608,800.00	608,800.00	100.00	Customer's inability to settle the amount due	608,800.00	608,800.00
Customer 3	<u>3,228,356.48</u>	<u>3,228,356.48</u>	<u>100.00</u>	Customer's inability to settle the amount due	-	-
	<u>4,478,756.48</u>	<u>4,478,756.48</u>			<u>1,250,400.00</u>	<u>1,250,400.00</u>

As at 31 December 2025, accounts receivable for which allowances are established by group with similar credit risk characteristics are as follows:

	Gross amount	Allowance	ECL(%)
Within 1 year	892,208,148.21	9,487,049.68	1.06
1-2 years	50,396,371.70	3,563,864.97	7.07
2-3 years	22,739,742.02	6,646,630.39	29.23
3-4 years	11,505,776.76	5,281,325.80	45.90
4-5 years	4,975,011.73	4,824,942.80	96.98
Over 5 years	<u>1,951,047.60</u>	<u>1,951,047.60</u>	<u>100.00</u>
	<u>983,776,098.02</u>	<u>31,754,861.24</u>	

V. Notes to the Consolidated Financial Statements (cont'd)

5. Accounts receivable (cont'd)

(3) Allowances for doubtful accounts receivable

	Opening balance	Provision in the year	Recovery or reversal in the year	Written off in the year	Effect of exchange rate movements	Closing balance
2025	<u>35,709,532.05</u>	<u>12,410,262.16</u>	<u>(1,275,406.48)</u>	<u>(12,515,275.43)</u>	<u>1,904,505.42</u>	<u>36,233,617.72</u>

As at 31 December 2025, the top five accounts receivable and contract assets were as follows:

	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	As a % of the closing balance of total accounts receivable and contract assets	Total closing balance of provision for bad debts of accounts receivable and provision for impairment of contract assets
Customer 4	130,032,096.38	-	130,032,096.38	12.28	4,031,911.10
Customer 5	92,658,283.94	-	92,658,283.94	8.75	2,109,012.61
Customer 6	52,333,578.26	-	52,333,578.26	4.94	376,051.35
Customer 7	40,782,404.00	-	40,782,404.00	3.85	815,648.08
Customer 8	<u>32,864,113.07</u>	<u>-</u>	<u>32,864,113.07</u>	<u>3.10</u>	<u>280,120.28</u>
	<u>348,670,475.65</u>	<u>-</u>	<u>348,670,475.65</u>	<u>32.92</u>	<u>7,612,743.42</u>

6. Receivables financing

	2025	2024
Bank acceptance notes	<u>19,403,276.39</u>	<u>16,303,982.64</u>
	<u>19,403,276.39</u>	<u>16,303,982.64</u>

7. Prepayments

(1) Aging of prepayments

	2025		2024	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
Within 1 year	33,316,934.80	89.06	20,658,142.10	73.19
1-2 years	1,757,166.57	4.70	5,496,200.81	19.47
2-3 years	311,127.83	0.83	1,800,946.41	6.38
Over 3 years	<u>2,024,701.77</u>	<u>5.41</u>	<u>270,906.03</u>	<u>0.96</u>
	<u>37,409,930.97</u>	<u>100.00</u>	<u>28,226,195.35</u>	<u>100.00</u>

V. Notes to the Consolidated Financial Statements (cont'd)

7. Prepayments (cont'd)

(2) Suppliers to which the of top 5 prepayments were paid

	2025	As a % of total prepayments
Supplier 1	4,198,398.18	11.22
Supplier 2	3,314,624.04	8.86
Supplier 3	2,262,703.63	6.05
Supplier 4	1,954,062.00	5.22
Supplier 5	<u>1,784,248.39</u>	<u>4.77</u>
	<u>13,514,036.24</u>	<u>36.12</u>

8. Other receivables

	2025	2024
Other receivables	<u>31,895,695.08</u>	<u>40,647,410.48</u>
	<u>31,895,695.08</u>	<u>40,647,410.48</u>

Other receivables

(1) Aging of other receivables

	2025	2023
Within 1 year	18,354,891.41	33,526,337.20
1-2 years	9,763,852.83	2,775,908.24
2-3 years	641,457.00	2,741,627.11
3-4 years	2,368,064.07	676,581.88
4-5 years	467,519.13	1,327,408.54
Over 5 years	<u>1,706,952.31</u>	<u>1,042,634.10</u>
	33,302,736.75	42,090,497.07
Less: allowances for doubtful other receivables	<u>1,407,041.67</u>	<u>1,443,086.59</u>
	<u>31,895,695.08</u>	<u>40,647,410.48</u>

V. Notes to the Consolidated Financial Statements (cont'd)

8. Other receivables (cont'd)

Other receivables (cont'd)

(2) Other receivables classified by nature

	2025	2024
Security deposits	8,180,431.48	8,642,471.46
Employee loans and petty cash	6,988,083.81	5,500,800.82
Government grants	6,000,000.00	6,000,000.00
Export tax refunds	591,747.36	1,267,848.43
Prepaid service charges	-	9,002,675.21
Others	<u>11,542,474.10</u>	<u>11,676,701.15</u>
	<u>33,302,736.75</u>	<u>42,090,497.07</u>

(3) Allowances for doubtful other receivables

2025

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables for which allowances are established by group with similar credit risk characteristics	<u>33,302,736.75</u>	<u>100.00</u>	<u>1,407,041.67</u>	4.23	<u>31,895,695.08</u>

V. Notes to the Consolidated Financial Statements (cont'd)

8. Other receivables (cont'd)

Other receivables (cont'd)

(3) Allowances for doubtful other receivables (cont'd)

Movements in allowances for doubtful other receivables that are established based on the 12-month ECL and the lifetime ECL are as follows:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Financial assets with credit impairment (lifetime ECL)	
Opening balance	943,086.59	500,000.00	-	1,443,086.59
Provisions in the year	389,928.43	-	-	389,928.43
Reversed in the year	(425,973.35)	-	-	(425,973.35)
Written off in the year	-	-	-	-
Other changes	-	-	-	-
Closing balance	<u>907,041.67</u>	<u>500,000.00</u>	<u>-</u>	<u>1,407,041.67</u>

(4) Entities from which the top 5 other receivables were due

	2025	As a % of total other receivables	Nature	Age	Closing balance of allowance
Entity 1	6,000,000.00	18.02	Government grants	1-2 year	-
Entity 2	4,171,128.80	12.52	Transactions with third parties	Within 1 year	-
Entity 3	2,546,776.74	7.65	Transactions with third parties	1-2 years	-
Entity 4	1,665,958.47	5.00	Transactions with third parties	1-2 years	-
Entity 5	1,605,000.00	4.82	Deposit, security deposit	2-3years, 3-4years	-
	<u>15,988,864.01</u>	<u>48.01</u>			<u>-</u>

V. Notes to the Consolidated Financial Statements (cont'd)

9. Inventories

(1) Categories of inventories

	2025			2024		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Raw materials	647,541,935.43	28,460,878.05	619,081,057.38	589,876,070.44	22,563,941.37	567,312,129.07
Work-in-progress	369,761,978.91	21,391,350.19	348,370,628.72	374,757,086.69	20,796,033.51	353,961,053.18
Finished goods	72,987,686.14	8,803,128.59	64,184,557.55	70,354,471.23	4,963,028.38	65,391,442.85
Product deliveries	41,042,557.50	-	41,042,557.50	12,920,671.77	-	12,920,671.77
Semi-finished goods	42,568,277.48	459,377.88	42,108,899.60	30,449,965.16	594,060.16	29,855,905.00
Materials consigned for processing	4,489,421.16	-	4,489,421.16	2,458,391.15	-	2,458,391.15
	<u>1,178,391,856.62</u>	<u>59,114,734.71</u>	<u>1,119,277,121.91</u>	<u>1,080,816,656.44</u>	<u>48,917,063.42</u>	<u>1,031,899,593.02</u>

V. Notes to the Consolidated Financial Statements (cont'd)

9. Inventories (cont'd)

(2) Movements in inventory valuation allowances

	Opening balance	Provision in the year	Decrease in the year		Closing balance
			Reversed or written off	Others	
Raw materials	22,563,941.37	15,968,690.92	(10,895,461.17)	823,706.93	28,460,878.05
Work-in-progress	20,796,033.51	92,631.45	-	502,685.23	21,391,350.19
Finished goods	4,963,028.38	4,857,423.94	(1,017,323.73)	-	8,803,128.59
Semi-finished goods	594,060.16	105,935.65	(240,617.93)	-	459,377.88
	<u>48,917,063.42</u>	<u>21,024,681.96</u>	<u>(12,153,402.83)</u>	<u>1,326,392.16</u>	<u>59,114,734.71</u>

10. Contract assets

(1) Status of contract assets

	2025			2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Carrying amount	<u>70,210,620.34</u>	<u>5,669,499.41</u>	<u>64,541,120.93</u>	<u>57,810,489.98</u>	<u>5,659,318.06</u>	<u>52,151,171.92</u>
	<u>70,210,620.34</u>	<u>5,669,499.41</u>	<u>64,541,120.93</u>	<u>57,810,489.98</u>	<u>5,659,318.06</u>	<u>52,151,171.92</u>

V. Notes to the Consolidated Financial Statements (cont'd)

10. Contract assets (cont'd)

(2) The contract assets by the method of establishing impairment allowances

2025

	Gross amount		Impairment allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Contract assets for which allowances are established by group with similar credit risk characteristics	<u>70,210,620.34</u>	<u>100.00</u>	<u>5,669,499.41</u>	8.07	<u>64,541,120.93</u>

2024

	Gross amount		Impairment allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Contract assets for which allowances are established by group with similar credit risk characteristics	<u>57,810,489.98</u>	<u>100.00</u>	<u>5,659,318.06</u>	9.79	<u>52,151,171.92</u>

As at 31 December 2025, contract assets for which allowances are established by group with similar credit risk characteristics are as follows:

	Gross amount	Impairment allowance	ECL (%)
Within 1 year	58,271,275.50	1,191,136.06	2.04
1-2 years	8,221,461.38	1,036,726.28	12.61
2-3 years	506,038.46	229,792.07	45.41
3-4 years	<u>3,211,845.00</u>	<u>3,211,845.00</u>	<u>100.00</u>
	<u>70,210,620.34</u>	<u>5,669,499.41</u>	

Movements in impairment allowances for contract assets are as follows:

	Opening balance	Provision in the year	Reversed in the year	Other decreases	Closing balance
2025	<u>5,659,318.06</u>	<u>786,385.99</u>	<u>(775,725.13)</u>	<u>(479.51)</u>	<u>5,669,499.41</u>
	<u>5,659,318.06</u>	<u>786,385.99</u>	<u>(775,725.13)</u>	<u>(479.51)</u>	<u>5,669,499.41</u>

V. Notes to the Consolidated Financial Statements (cont'd)

11. Current portion of non-current assets

	2025	2024
Current portion of long-term receivables	13,368,400.00	8,035,336.42
Current portion of large-denomination certificates of deposit	<u>10,909,534.25</u>	<u>-</u>
	<u>24,277,934.25</u>	<u>8,035,336.42</u>

As at 31 December 2025, there's no need to establish impairment allowances for the current portion of non-current assets in the management's opinion.

12. Other current assets

	2025	2024
Input VAT to be deducted	57,771,294.63	24,869,036.74
Tax repayments	28,946,167.30	5,707,002.32
Overpaid value-added tax (VAT)	3,623,329.38	20,900,456.01
Others	<u>24,022,378.71</u>	<u>9,066,601.42</u>
	<u>114,363,170.02</u>	<u>60,543,096.49</u>

V. Notes to the Consolidated Financial Statements (cont'd)

13. Long-term receivables

(1) Status of long-term receivables

	2025			2024		
	Gross amount	Provision for bad debts	Carrying amount	Gross amount	Provision for bad debts	Carrying amount
Amounts receivable by installment for selling goods	6,370,000.00	157,231.20	6,212,768.80	4,112,000.00	64,147.20	4,047,852.80
	<u>6,370,000.00</u>	<u>157,231.20</u>	<u>6,212,768.80</u>	<u>4,112,000.00</u>	<u>64,147.20</u>	<u>4,047,852.80</u>

(2) Allowances for doubtful long-term receivables

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Long-term receivables for which allowances are established by group with similar credit risk characteristics	6,370,000.00	100.00	157,231.20	2.47	6,212,768.80
	<u>6,370,000.00</u>	<u>100.00</u>	<u>157,231.20</u>	<u>2.47</u>	<u>6,212,768.80</u>

V. Notes to the Consolidated Financial Statements (cont'd)

13. Long-term receivables (cont'd)

(3) Movements in allowances for doubtful long-term receivables:

	Opening balance	Transfer out in the year	Reversed in the year	Transfer out in the year	Written off in the year	Closing balance
2025	<u>64,147.20</u>	<u>93,084.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,231.20</u>
	<u>64,147.20</u>	<u>93,084.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,231.20</u>

V. Notes to the Consolidated Financial Statements (cont'd)

14. Long-term equity investments

	Opening balance	Change in the year			Closing balance
		Additional investment	Return on investment under the equity method	Other comprehensive income	
Associates					
Guangdong Jaten Robot & Automation Co., Ltd. (“Jaten Robot”)	88,414,913.65	-	805,987.99	-	89,220,901.64
Talleres Tapre.S.L.(“Talleres Tapre”)	1,685,238.05	-	-	158,946.28	1,844,184.33
Nanjing Profeta Intelligent Technology Co., Ltd.(“Nanjing Profeta”)	23,368,996.88	-	(3,118,890.98)	-	20,250,105.90
Shenzhen Ruoyu Technology Co., Ltd.(“ Shenzhen Ruoyu”)	-	100,682,147.68	(3,841,448.33)	-	96,840,699.35
Guizhou Aerospace Xinli Technology Co., Ltd. (“Aerospace Xinli”)	-	91,701,701.08	-	-	91,701,701.08
Shenzhen Heju Intelligent Control Technology Co., Ltd. (“Shenzhen Heju”)	-	3,000,000.00	-	-	3,000,000.00
	<u>113,469,148.58</u>	<u>195,383,848.76</u>	<u>(6,154,351.32)</u>	<u>158,946.28</u>	<u>302,857,592.30</u>

As at 31 December 2025, there's no need to establish impairment allowances for long-term equity investments in the management's opinion.

V. Notes to the Consolidated Financial Statements (cont'd)

15. Other non-current financial assets

	2025	2024
Financial assets at fair value through profit or loss	<u>817,347,878.10</u>	<u>539,449,588.63</u>
	<u>817,347,878.10</u>	<u>539,449,588.63</u>

Other non-current financial assets mainly refer to the Group's investment in equity instrument investments and long-term derivative financial assets.

V. Notes to the Consolidated Financial Statements (cont'd)

16. Fixed assets

	Buildings and constructions	Machinery	Transportation facility	Other equipment	Total
Gross amount					
Opening balance	684,941,295.72	576,518,555.14	34,793,257.90	73,877,754.43	1,370,130,863.19
Purchases	4,692,738.65	18,941,288.21	2,149,753.80	10,016,435.32	35,800,215.98
Transfers from construction in progress	380,812,858.13	35,716,680.75	-	8,270,277.63	424,799,816.51
Disposal or retirement	(8,583,885.96)	(8,743,913.52)	(1,350,752.42)	(2,156,983.03)	(20,835,534.93)
Effect of exchange rate movements	<u>16,028,025.80</u>	<u>31,489,631.91</u>	<u>(12,465.57)</u>	<u>43,680.11</u>	<u>47,548,872.25</u>
Closing balance	<u>1,077,891,032.34</u>	<u>653,922,242.49</u>	<u>35,579,793.71</u>	<u>90,051,164.46</u>	<u>1,857,444,233.00</u>
Accumulated depreciation					
Opening balance	234,501,979.99	378,031,510.56	21,155,407.95	54,461,342.90	688,150,241.40
Provision	21,677,998.98	31,153,460.32	3,427,141.25	8,230,656.51	64,489,257.06
Disposal or retirement	(4,189,559.40)	(4,994,486.67)	(1,179,146.99)	(1,697,368.03)	(12,060,561.09)
Effect of exchange rate movements	<u>8,405,431.67</u>	<u>24,201,592.79</u>	<u>61,728.85</u>	<u>53,647.24</u>	<u>32,722,400.55</u>
Closing balance	<u>260,395,851.24</u>	<u>428,392,077.00</u>	<u>23,465,131.06</u>	<u>61,048,278.62</u>	<u>773,301,337.92</u>
Carrying amount					
Closing	<u>817,495,181.10</u>	<u>225,530,165.49</u>	<u>12,114,662.65</u>	<u>29,002,885.84</u>	<u>1,084,142,895.08</u>
Opening	<u>450,439,315.73</u>	<u>198,487,044.58</u>	<u>13,637,849.95</u>	<u>19,416,411.53</u>	<u>681,980,621.79</u>

V. Notes to the Consolidated Financial Statements (cont'd)

16. Fixed assets (cont'd)

As at 31 December 2025, no registration certificate for properties has been obtained for the new plant with carrying amount of RMB147,266,562.80.

17. Construction in progress

(1) Status of construction in progress

	2025			2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Plants and buildings	171,354,681.25	-	171,354,681.25	379,310,179.88	-	379,310,179.88
Equipment installation	24,487,130.50	-	24,487,130.50	25,516,415.14	-	25,516,415.14
	<u>195,841,811.75</u>	<u>-</u>	<u>195,841,811.75</u>	<u>404,826,595.02</u>	<u>-</u>	<u>404,826,595.02</u>

V. Notes to the Consolidated Financial Statements (cont'd)

17. Construction in progress (cont'd)

(2) Movements in substantial construction in progress

	Budget	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Funding source	Input as a % of budget
Dongfang Precision - Nanhai Water Conservancy Bureau Bafang Art Center Project	80,000,000.00	5,436,233.02	69,951,387.50	-	-	75,387,620.52	Self-funded, loans from financial institutions	94.23%
Tiruña Asian Tiruña Asian - Plant Construction Project	85,745,627.16	851,247.29	1,476,618.26	2,327,865.55	-	-	Self-funded	100.00%
Parsun Power - High-End Marine Power Digital-Intelligent Products Factory and R&D Center Construction Project	256,043,300.00	124,079,449.51	39,144,941.04	149,980,796.75	-	13,243,593.80	Self-funded	63.75%
Fosber Asian – Fosber Songgang Plant Tiruña S.L.U.- Corrugated roller production equipment	300,000,000.00	88,607,893.45	46,226,088.08	134,833,981.53	-	-	Self-funded, loans from financial institutions	100.00%
Fosber S.P.A.-Plant Construction Project	71,697,343.90	2,486,882.62	4,226,912.65	50,186.06	307,467.71	6,971,076.92	Self-funded	40.94%
Others	334,893,650.00	160,331,144.63	20,850,505.41	112,261,032.38	13,526,161.22	82,446,778.88	Self-funded	55.46%
	-	23,033,744.50	21,969,553.34	25,345,954.24	(1,864,601.97)	17,792,741.63	Self-funded	N/A
	<u>1,128,379,921.06</u>	<u>404,826,595.02</u>	<u>203,846,006.28</u>	<u>424,799,816.51</u>	<u>11,969,026.96</u>	<u>195,841,811.75</u>		

V. Notes to the Consolidated Financial Statements (cont'd)

18. Right-of-use assets

	Buildings	Vehicles	Total
Cost			
Opening balance	111,772,062.42	34,640,747.28	146,412,809.70
Increase	16,490,931.55	8,346,313.95	24,837,245.50
Lease modification	(2,076,178.72)	-	(2,076,178.72)
Disposal	-	(1,046,722.20)	(1,046,722.20)
Effect of exchange rate movements	<u>7,470,828.27</u>	<u>3,390,616.63</u>	<u>10,861,444.90</u>
Closing balance	<u>133,657,643.52</u>	<u>45,330,955.66</u>	<u>178,988,599.18</u>
Accumulated depreciation			
Opening balance	60,216,325.38	22,049,286.01	82,265,611.39
Provision	16,631,340.86	5,171,805.57	21,803,146.43
Disposal	-	(434,933.90)	(434,933.90)
Effect of exchange rate movements	<u>3,868,742.13</u>	<u>2,161,735.77</u>	<u>6,030,477.90</u>
Closing balance	<u>80,716,408.37</u>	<u>28,947,893.45</u>	<u>109,664,301.82</u>
Carrying amount			
Closing	<u>52,941,235.15</u>	<u>16,383,062.21</u>	<u>69,324,297.36</u>
Opening	<u>51,555,737.04</u>	<u>12,591,461.27</u>	<u>64,147,198.31</u>

V. Notes to the Consolidated Financial Statements (cont'd)

19. Intangible assets

	Land use rights	Land ownership	Patented technologies	Trademarks and software	Total
Gross amount					
Opening balance	177,783,228.49	16,101,261.87	124,910,055.82	211,483,366.81	530,277,912.99
Purchases	32,077.75	-	9,374,119.66	8,976,463.31	18,382,660.72
Effect of exchange rate movements	-	1,518,619.62	9,919,281.89	16,260,231.89	27,698,133.40
Closing balance	<u>177,815,306.24</u>	<u>17,619,881.49</u>	<u>144,203,457.37</u>	<u>236,720,062.01</u>	<u>576,358,707.11</u>
Accumulated depreciation					
Opening balance	32,729,685.75	-	86,977,196.91	54,006,823.89	173,713,706.55
Provision	3,856,248.67	-	6,535,442.84	14,044,933.78	24,436,625.29
Effect of exchange rate movements	-	-	7,423,034.23	3,842,845.77	11,265,880.00
Closing balance	<u>36,585,934.42</u>	<u>-</u>	<u>100,935,673.98</u>	<u>71,894,603.44</u>	<u>209,416,211.84</u>
Carrying amount					
Closing	<u>141,229,371.82</u>	<u>17,619,881.49</u>	<u>43,267,783.39</u>	<u>164,825,458.57</u>	<u>366,942,495.27</u>
Opening	<u>145,053,542.74</u>	<u>16,101,261.87</u>	<u>37,932,858.91</u>	<u>157,476,542.92</u>	<u>356,564,206.44</u>

As at 31 December 2025, the proportion of intangible assets formed through internal research and development to the carrying amount of intangible assets at the end of the year was 2.49%.

As of 31 December 2025, there were no intangible assets without property rights certificates.

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill

(1) Original value of good will

	Opening balance	Increase in the year Exchange rate adjustments	Decrease in the year Disposal allocated to disposal groups held for sale	Closing balance
Fosber Group	154,506,980.87	14,572,605.20	-	169,079,586.07
Parsun Power	208,031,946.10	-	-	208,031,946.10
EDF	66,069,650.95	6,231,478.57	-	72,301,129.52
QCorr	13,100,299.36	1,235,578.42	-	14,335,877.78
Wonder Digital	119,422,168.56	-	-	119,422,168.56
	<u>561,131,045.84</u>	<u>22,039,662.19</u>	<u>-</u>	<u>583,170,708.03</u>

(2) Movements in impairment allowances for goodwill

	Opening balance	Increase in the year		Decrease in the year Disposal allocated to disposal groups held for sale	Closing balance
		Allowance	Exchange rate adjustments		
Parsun					
Power	61,855,054.35	-	-	-	61,855,054.35
EDF	66,069,650.95	-	6,231,478.57	-	72,301,129.52
Wonder					
Digital	8,217,037.61	46,479,115.32	-	-	54,696,152.93
	<u>136,141,742.91</u>	<u>46,479,115.32</u>	<u>6,231,478.57</u>	<u>-</u>	<u>188,852,336.80</u>

(3) Information about the asset groups

Corrugator line business asset group of Fosber Group

The corrugator line business asset group is an asset group owned by Fosber Group, consistent with the asset group combination determined on the purchase date and during impairment tests of the previous years. The carrying amount of the corrugator line business asset group was RMB585.23 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management. The perpetual cash flows are determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 17.51% (18.81% in 2024).

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill (cont'd)

(3) Information about the asset groups (cont'd)

Power machine business asset group of Parsun Power

The power machine business asset group is an asset group owned by Parsun Power, consistent with the asset group combination determined on the purchase date and during impairment tests of the previous years. The carrying amount of the power machine business asset group was RMB313.57 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management. The perpetual cash flows will be determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 11.60% (10.83% in 2024).

Corrugator line business asset group of QCorr

The corrugator line business asset group of QCorr is the only asset group owned by QCorr, consistent with the asset group combination determined on the purchase date. The carrying amount of the corrugator line asset group was RMB 52.88 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management. The perpetual cash flows will be determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 18.97% (21.27% in 2024).

Corrugated carton printer business asset group of EDF

For the corrugated carton printer business asset group of EDF, impairment allowances for goodwill were established in full amount in 2019.

Corrugated digital printer business asset group of Wonder Digital

The digital printer business asset group is the only asset group owned by Wonder Digital, consistent with the asset group combination determined on the purchase date. The carrying amount of the digital printer business asset group was RMB 239.07 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management and the industry development trend and other factors. The perpetual cash flows are determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 13.16% (11.88% in 2024).

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill (cont'd)

Where the recoverable amount is determined according to the present value of the expected future cash flows:

	Carrying amount	Recoverable amount	Impairment amount (Note 1)	Years of budget/forecast period	Key parameters of budget/forecast period	Key parameters of stable period	Basis for determination of key parameters of stable period
Fosber Group	585,228,070.65	3,127,019,350.00	-	5 years	Revenue growth rate	Revenue growth rate	Based on 0% revenue growth rate for stable period
Parsun Power	313,567,341.55	1,056,100,000.00	-	5 years	Revenue growth rate	Revenue growth rate	Based on 0% revenue growth rate for stable period
QCorr	52,882,421.69	444,717,000.00	-	5 years	Revenue growth rate	Revenue growth rate	Based on 0% revenue growth rate for stable period
Wonder Digital	239,065,520.24	147,930,000.00	91,135,520.24	5 years	Revenue growth rate	Revenue growth rate	Based on 0% revenue growth rate for stable period
	<u>1,190,743,354.13</u>	<u>4,775,766,350.00</u>	<u>91,135,520.24</u>				

Note 1: The amount of goodwill impairment attributable to the shareholders of the parent company in 2025 is RMB46,479,115.32.

Goodwill acquired in business combinations is allocated to the following asset groups or asset group portfolios for impairment testing:

- Corrugator line business asset group of Fosber Group
- Power machine business asset group of Parsun Power
- Corrugator line business asset group of QCorr
- Corrugated carton printer business asset group of EDF
- Corrugated digital printer business asset group of Wonder Digital

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill (cont'd)

The following describes the key assumptions made by the management in determining cash flow forecasting for goodwill impairment testing:

Revenue growth rate in forecast period	Developed based on the revenue generated in the year prior to the forecast period, taking into account the anticipated market development.
Budget gross margin	- Developed based on the average gross margin of historical operating results and expectations for market development.
Discount rate	- The discount rate used is the pre-tax discount rate that reflects the specific risks of the relevant asset group or asset group combination.

The amount of the key assumptions allocated to the above asset group or asset group portfolio is consistent with the Group's historical experience and external information.

V. Notes to the Consolidated Financial Statements (cont'd)

21. Long-term prepaid expenses

	Opening balance	Increase in the year	Amortization in the year	Closing balance
Amortization of moulds	14,477,251.54	4,432,357.96	(4,268,869.82)	14,640,739.68
Office decoration expenditures	2,639,293.16	-	(1,030,365.09)	1,608,928.07
Plant decoration expenditures	1,172,704.70	60,610.28	(310,438.47)	922,876.51
Expenditures on supporting engineering for plants	1,031,479.78	59,500.00	(193,670.46)	897,309.32
CE certification fee	415,804.08	21,124.52	(120,796.92)	316,131.68
Others	1,982,036.93	73,794.55	(840,380.99)	1,215,450.49
	<u>21,718,570.19</u>	<u>4,647,387.31</u>	<u>(6,764,521.75)</u>	<u>19,601,435.75</u>

22. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

	2025		2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Financial assets measured at fair value with changes recognized in profit or loss	362,634.46	87,032.27	-	-
Asset impairment allowances	53,826,064.24	11,356,429.16	47,734,216.35	8,660,456.54
Unrealized Profit from Internal Transactions	30,996,877.84	7,439,250.68	48,001,485.88	11,520,356.61
Deductible loss	860,769,498.31	131,218,404.06	1,048,858,286.21	158,814,236.91
Provisions—after-sales maintenance service charges	140,926,695.31	37,075,641.76	138,790,149.48	36,017,710.44
Deferred income	13,073,671.66	1,961,050.75	14,790,331.66	2,218,549.75
Accrued Expenses	82,816,946.81	18,934,332.98	66,952,010.17	11,858,922.37
Share-based payment expenses	26,132,389.63	3,919,858.44	8,039,014.18	1,205,852.11
Credit impairment loss	37,066,001.20	8,042,261.63	36,461,019.37	7,620,555.43
Lease liabilities	71,507,596.87	18,803,539.96	66,292,896.00	15,265,968.52
Others	92,394,598.15	26,027,616.92	120,546,724.93	24,174,916.88
	<u>1,409,872,974.48</u>	<u>264,865,418.61</u>	<u>1,596,466,134.23</u>	<u>277,357,525.56</u>

V. Notes to the Consolidated Financial Statements (cont'd)

22. Deferred tax assets/liabilities (cont'd)

(2) Deferred tax liabilities before offsetting

	2025		2024	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Financial assets at fair value through profit or loss	101,116,916.41	15,213,718.56	7,897,264.33	566,246.42
Increase in value in asset valuation	30,652,458.94	5,207,662.83	36,211,780.48	6,266,802.33
Depreciation difference of fixed assets	64,814,194.19	11,598,415.74	54,682,485.61	9,197,111.97
Right-of-use assets	67,737,035.60	17,867,316.27	64,040,183.00	14,687,786.79
Others	154,666,171.68	37,294,076.58	112,555,579.09	26,495,758.32
	<u>418,986,776.82</u>	<u>87,181,189.98</u>	<u>275,387,292.51</u>	<u>57,213,705.83</u>

(3) Deferred tax assets or liabilities offset and presented as a net amount:

	2025		2024	
	Offset amount	Offset balance	Offset amount	Offset balance
Deferred tax assets	84,220,398.65	180,645,019.96	55,170,776.35	222,186,749.21
Deferred tax liabilities	84,220,398.65	2,960,791.33	55,170,776.35	2,042,929.48

(4) Schedule of deferred tax assets not recognized

	2025	2024
Deductible temporary differences	11,690,059.28	2,322,421.40
Deductible losses	<u>150,015,919.04</u>	<u>170,662,463.46</u>
	<u>161,705,978.32</u>	<u>172,984,884.86</u>

V. Notes to the Consolidated Financial Statements (cont'd)

22. Deferred tax assets/liabilities (cont'd)

(5) Analysis of expiration date of deductible tax losses not recognized as deferred tax assets

	2025	2024
2025	-	13,984,168.64
2026	3,731,975.64	12,841,957.31
2027	56,537,461.65	73,324,757.62
2028	29,186,126.05	46,744,666.65
2029	7,085,759.80	23,766,913.24
2030	18,781,181.30	-
2031	3,966,101.35	-
2032	12,910,093.86	-
2033	11,660,909.70	-
2034	4,162,288.09	-
2035	1,994,021.60	-
	<u>150,015,919.04</u>	<u>170,662,463.46</u>

The Company has accrued deferred tax assets of RMB839,739,705.13 for the accumulated deductible losses of RMB125,960,955.77 based on the forecast of its profits in the next five years.(2024: accrued deferred tax assets of RMB155,138,840.62 for the accumulated deductible losses of RMB1,015,146,317.47)

23. Other non-current assets

	2025 Carrying amount	2024 Carrying amount
Prepayment for acquisition of long-term assets	29,516,058.00	82,384,181.65
Certificates of deposit	-	10,579,534.25
Others	66,636.40	60,893.15
	<u>29,582,694.40</u>	<u>93,024,609.05</u>

V. Notes to the Consolidated Financial Statements (cont'd)

24. Assets with restricted ownership or right of use

	2025	2024	Limited type
Cash and bank balances	84,620,149.30	76,759,834.79	Deposit, Investment deposits
Fixed assets	<u>63,466,811.34</u>	<u>61,309,010.26</u>	Mortgage
	<u>148,086,960.64</u>	<u>138,068,845.05</u>	

Note 1: At 31 December 2025, currency funds with carrying amount of RMB 61,758,489.22 were used to obtain deposits for bank acceptance bills, letters of guarantee, forward settlement and sales of foreign exchange and other payments (31 December 2024: RMB76,759,834.79); currency funds with carrying amount of RMB 22,861,660.08 were designated for fund investments. As the registration of the target fund remained pending, these investment funds were legally frozen.

Note 2: At 31 December 2025, a carrying amount of RMB 63,466,811.34 (31 December 2024: RMB 61,309,010.26) of fixed assets was pledged for the Group to obtain bank loans with a maturity until 2034.

25. Short-term borrowings

	2025	2024
Credit loan	175,365,489.83	59,829,377.75
Bills discounted	<u>10,150,520.00</u>	<u>25,560,751.24</u>
	<u>185,516,009.83</u>	<u>85,390,128.99</u>

26. Derivative financial liabilities

	2025	2024
Non-controlling interests put options	93,739,278.69	205,222,952.29
Foreign currency derivatives	<u>44,562.29</u>	<u>993,286.71</u>
	<u>93,783,840.98</u>	<u>206,216,239.00</u>

V. Notes to the Consolidated Financial Statements (cont'd)

27. Notes payable

	2025	2024
Bank acceptance notes	<u>241,390,245.31</u>	<u>144,137,609.00</u>
	<u><u>241,390,245.31</u></u>	<u><u>144,137,609.00</u></u>

As at 31 December 2025, outstanding notes payable upon maturity were nil (31 December 2024: nil).

28. Accounts payable

	2025	2024
Purchases of inventories	<u>936,107,613.22</u>	<u>687,235,330.65</u>
	<u><u>936,107,613.22</u></u>	<u><u>687,235,330.65</u></u>

As at 31 December 2025, substantial accounts payable with aging over 1 year were nil (31 December 2024: nil).

29. Contract liabilities

(1) Contract liabilities

	2025	2024
Contract liabilities	<u>458,557,878.31</u>	<u>373,931,068.16</u>
	<u><u>458,557,878.31</u></u>	<u><u>373,931,068.16</u></u>

As at 31 December 2025, there were no significant contract liabilities with aging over one year (31 December 2024: nil).

Information about contractual performance obligations is as follows:

Corrugator line, corrugated case printing and packaging equipment and outboard engine sales Fulfill the contractual performance obligations when relevant products are delivered to the customers and the control over the equipment is transferred. For all customers, the contract price usually expires within 1 to 12 months after relevant products are delivered and the control over the equipment is transferred.

V. Notes to the Consolidated Financial Statements (cont'd)

30. Employee benefits payable

(1) Employee benefits payable

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term benefits	125,399,088.91	819,639,418.36	796,427,780.95	148,610,726.32
Retirement benefits (defined contribution schemes)	14,143,923.47	124,253,722.45	123,439,842.12	14,957,803.80
	<u>139,543,012.38</u>	<u>943,893,140.81</u>	<u>919,867,623.07</u>	<u>163,568,530.12</u>

(2) Short-term benefits

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	118,250,534.10	727,268,108.17	704,397,102.90	141,121,539.37
Employee welfare	6,000,842.31	37,369,333.63	36,976,333.29	6,393,842.65
Social security contributions	350,467.84	45,365,720.05	45,380,101.73	336,086.16
Including: Medical insurance	217,042.06	28,071,979.53	28,110,113.80	178,907.79
Work injury insurance	117,423.28	16,547,860.38	16,525,309.40	139,974.26
Maternity insurance	16,002.50	745,880.14	744,678.53	17,204.11
Housing funds	624,565.00	8,147,798.11	8,146,916.11	625,447.00
Labour union funds and employee education funds	172,679.66	1,488,458.40	1,527,326.92	133,811.14
	<u>125,399,088.91</u>	<u>819,639,418.36</u>	<u>796,427,780.95</u>	<u>148,610,726.32</u>

(3) Defined contribution schemes

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic endowment insurance	14,126,328.89	123,353,907.72	122,540,701.13	14,939,535.48
Unemployment insurance	17,594.58	899,814.73	899,140.99	18,268.32
	<u>14,143,923.47</u>	<u>124,253,722.45</u>	<u>123,439,842.12</u>	<u>14,957,803.80</u>

V. Notes to the Consolidated Financial Statements (cont'd)

31. Tax payable

	2025	2024
Corporate income tax	24,069,274.37	51,562,827.67
Individual income tax	15,242,513.30	13,973,593.51
Value-added tax	6,127,728.27	2,649,513.81
City maintenance and construction tax	238,262.37	294,045.12
Property tax	231,627.07	265,497.57
Education surcharge	170,299.17	210,001.65
Land use tax	54,812.80	120,185.89
Stamp duties	90,981.14	118,826.19
Others	1,579.75	106.62
	<u>46,227,078.24</u>	<u>69,194,598.03</u>

32. Other payables

	2025	2024
Other payables	<u>113,131,531.51</u>	<u>117,617,259.50</u>
	<u>113,131,531.51</u>	<u>117,617,259.50</u>

Other payables classified by nature

	2025	2024
Accrued expenses	67,281,749.54	46,653,027.39
Equipment engineering	14,762,746.26	45,315,052.50
Sales Rebate	7,164,208.60	5,892,690.94
Employee Expenses	3,538,481.22	3,104,774.75
Receivables and Payables	3,132,927.29	1,522,712.19
Equity acquisition	3,000,000.00	8,000,000.00
Others	<u>14,251,418.60</u>	<u>7,129,001.73</u>
Total	<u>113,131,531.51</u>	<u>117,617,259.50</u>

As at 31 December 2025, substantial other payables with aging over 1 year were nil.

V. Notes to the Consolidated Financial Statements (cont'd)

33. Current portion of non-current liabilities

	2025	2024
Current portion of long-term borrowings	36,765,023.03	61,229,428.22
Of which: Credit loan	22,817,219.66	37,133,116.15
Guaranteed loan	13,612,071.35	16,787,017.80
Mortgage loan	335,732.02	7,309,294.27
Current portion of lease liabilities	19,835,134.48	20,401,356.43
Current portion of provisions	<u>36,412,325.53</u>	-
Total	<u>93,012,483.04</u>	<u>81,630,784.65</u>

34. Other current liabilities

	2025	2024
Endorsed notes receivable	36,223,750.65	31,544,970.78
Output tax to be written off	<u>11,073,335.15</u>	<u>10,287,364.93</u>
Total	<u>47,297,085.80</u>	<u>41,832,335.71</u>

35. Long-term borrowings

	2025	2024
Credit loan	41,772,090.29	91,626,403.51
Mortgage loan	38,819,431.24	61,866,952.89
Guaranteed loan	<u>67,158,799.10</u>	<u>33,218,557.13</u>
	147,750,320.63	186,711,913.53
Of which: Current portion of long-term borrowings	<u>(36,765,023.03)</u>	<u>(61,229,428.22)</u>
Total	<u>110,985,297.60</u>	<u>125,482,485.31</u>

As at 31 December 2025, the annual interest rates of the above borrowings ranged from 0.80%-5.38% (31 December 2024: 0.0%-5.38%).

As at 31 December 2025 and 31 December 2024, the Group has no loans overdue.

V. Notes to the Consolidated Financial Statements (cont'd)

36. Lease liabilities

	2025	2024
Lease payments	73,202,376.35	68,068,158.39
Less: Current portion of non-current liabilities	<u>19,835,134.48</u>	<u>20,401,356.43</u>
Total	<u><u>53,367,241.87</u></u>	<u><u>47,666,801.96</u></u>

37. Long-term employee benefits payable

(1) Long-term employee benefits payable

	2025	2024
Net liabilities of defined benefit schemes	<u>13,689,047.85</u>	<u>13,128,052.34</u>
Total	<u><u>13,689,047.85</u></u>	<u><u>13,128,052.34</u></u>

(2) Movements in defined benefit obligations

Movements in the present value of defined benefit obligations are as follows:

	2025	2024
Opening balance	13,128,052.34	13,964,394.20
Included in profit or loss		
Current service cost	653,197.25	847,235.35
Net interest	423,246.28	417,031.86
Included in other comprehensive income		
Actuarial gains or losses	(33,990.62)	(126,738.95)
Other changes		
Benefits paid	(1,708,034.36)	(1,387,765.63)
Effect of exchange rate movements	<u>1,226,576.96</u>	<u>(586,104.49)</u>
Closing balance	<u><u>13,689,047.85</u></u>	<u><u>13,128,052.34</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

37. Long-term employee benefits payable (cont'd)

(2) Movements in defined benefit obligations (cont'd)

Defined benefit schemes refer to retirement compensation (Trattamento di Fine Rapporto, for short, "TFR") of the Group according to Italian regulations. The latest actuarial valuation of the scheme assets and the present value of the obligation associated with the defined benefit scheme were determined as at 31 December 2025 by Italian actuarial institution Managers & Partners – Actuarial Services S.p.A. using the expected accumulated benefit unit method.

(3) Key actuarial assumptions and results of sensitivity analysis of key assumptions used for defined benefit schemes

Key actuarial assumptions used as at the balance sheet date are as follows:

	2025	2024
Separation rate	3.00%	2.50%
Inflation rate	2.00%	2.00%
Discount rate	3.09%	3.18%

The quantitative sensitivity analysis of key assumptions used is as follows:

2025

	Increase %	Increase/(decrease) in obligations of defined benefit scheme	Decrease %	Increase/(decrease) in obligations of defined benefit scheme
Separation rate	1.00	20,279.51	1.00	(22,113.47)
Inflation rate	0.25	81,727.95	0.25	(80,434.40)
Discount rate	0.25	(126,809.98)	0.25	130,735.27

2024

	Increase %	Increase/(decrease) in obligations of defined benefit scheme	Decrease %	Increase/(decrease) in obligations of defined benefit scheme
Separation rate	1.00	23,512.47	1.00	(25,760.55)
Inflation rate	0.25	79,317.72	0.25	(77,996.96)
Discount rate	0.25	(122,870.52)	0.25	126,839.58

The above sensitivity analysis is based on an inference of the impact of key assumptions on the defined benefit scheme obligation at a reasonable change on the balance sheet date. Sensitivity analysis is made according to the changes in major assumptions on the premise that other assumptions remain unchanged. Since the changes in assumptions are often not isolated from one another, sensitivity analysis may not represent an actual change in the defined benefit obligation.

V. Notes to the Consolidated Financial Statements (cont'd)

38. Provisions

	Opening balance	Increase in the year	Decrease in the year	Classified as current liabilities	Closing balance
Product quality warranty	138,790,149.48	69,415,210.36	67,278,664.53	36,412,325.53	104,514,369.78
Others	<u>8,030,479.78</u>	<u>1,822,218.03</u>	<u>467,885.44</u>	-	<u>9,384,812.37</u>
	<u>146,820,629.26</u>	<u>71,237,428.39</u>	<u>67,746,549.97</u>	<u>36,412,325.53</u>	<u>113,899,182.15</u>

39. Deferred income

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Government grants	<u>14,790,331.66</u>	-	<u>(1,716,660.00)</u>	<u>13,073,671.66</u>
Total	<u>14,790,331.66</u>	-	<u>(1,716,660.00)</u>	<u>13,073,671.66</u>

40. Other non-current liabilities

	2025	2024
Other Partner Interests	4,085,927.06	5,679,384.76
Other	<u>403,277.20</u>	<u>1,894,154.44</u>
Total	<u>4,489,204.26</u>	<u>7,573,539.20</u>

V. Notes to the Consolidated Financial Statements (cont'd)

41. Share capital

	Opening balance	Year-end change and fluctuation		Closing balance
		Others	Total	
Total share capital	<u>1,219,046,340.00</u>	<u>(1,760,000.00)</u>	<u>(1,760,000.00)</u>	<u>1,217,286,340.00</u>
Total	<u>1,219,046,340.00</u>	<u>(1,760,000.00)</u>	<u>(1,760,000.00)</u>	<u>1,217,286,340.00</u>

For the current year, the total number of shares cancelled by the Company was 1,760,000 shares, and the total number of shares of the Company changed from 1,219,046,340 shares to 1,217,286,340 shares after the cancellation.

42. Capital surplus

	Opening balance	Increase in the year (Note 1)	Decrease in the year (Note 2)	Closing balance
Share premium	<u>2,673,029,158.52</u>	<u>123,138,347.12</u>	-	<u>2,796,167,505.64</u>
Others	<u>145,952,938.00</u>	<u>28,843,111.53</u>	<u>404,000.00</u>	<u>174,392,049.53</u>
Total	<u>2,818,982,096.52</u>	<u>151,981,458.65</u>	<u>404,000.00</u>	<u>2,970,559,555.17</u>

Note 1: The increase of 2025 in capital reserve is as follows:

(1) Share-based payment was included in shareholders' equity and the capital reserve was increased by RMB28,843,111.53.

(2) The minority shareholder of the subsidiary, Suzhou Baisheng, waived the right to sell back shares, resulting in an increase of RMB 123,138,347.12 in capital reserve.

Note 2: The decrease of 2025 in capital reserve is as follows:

Some of stocks did not meet the vesting conditions, resulting in a reduction of capital reserve by RMB 404,000.00.

V. Notes to the Consolidated Financial Statements (cont'd)

43. Treasury shares

	Opening balance	Increase in the year (Note)	Decrease in the year (Note)	Closing balance
Share repurchase	<u>117,233,041.40</u>	<u>-</u>	<u>2,000,000.00</u>	<u>115,233,041.40</u>
Total	<u>117,233,041.40</u>	<u>-</u>	<u>2,000,000.00</u>	<u>115,233,041.40</u>

Note: Changes of 2025 in the year are as follows:

(1) The company canceled a total of 1,760,000 shares, reducing the treasury stock amount by RMB 1,760,000.00.

(2) 240,000 restricted shares were vested, reducing the treasury stock amount by RMB 240,000.00.

44. Other comprehensive income

Cumulative balance of other comprehensive income attributable to shareholders of the Company in the consolidated balance sheet:

2025	1 January 2025	Change	31 December 2025
Changes due to remeasurement of defined benefit schemes	1,291,719.46	33,990.62	1,325,710.08
Differences arising from the translation of foreign currency-denominated financial statements	28,561,570.35	75,985,661.46	104,547,231.81
Others	<u>(43,972.07)</u>	<u>-</u>	<u>(43,972.07)</u>
Total	<u>29,809,317.74</u>	<u>76,019,652.08</u>	<u>105,828,969.82</u>
2024	1 January 2024	Change	31 December 2024
Changes due to remeasurement of defined benefit schemes	1,164,980.51	126,738.95	1,291,719.46
Differences arising from the translation of foreign currency-denominated financial statements	74,001,070.08	(45,439,499.73)	28,561,570.35
Others	<u>(43,972.07)</u>	<u>-</u>	<u>(43,972.07)</u>
Total	<u>75,122,078.52</u>	<u>(45,312,760.78)</u>	<u>29,809,317.74</u>

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Notes to the Financial Statements (Cont'd)

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V. Notes to the Consolidated Financial Statements (cont'd)

44. Other comprehensive income (cont'd)

Other comprehensive income:

2025

	Before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Changes caused by remeasurements on defined benefit schemes	33,990.62	-	33,990.62	-
Other comprehensive income that will be reclassified to profit or loss				
Differences arising from the translation of foreign currency-denominated financial statements	<u>76,142,362.51</u>	<u>-</u>	<u>75,985,661.46</u>	<u>156,701.05</u>
Total	<u><u>76,176,353.13</u></u>	<u><u>-</u></u>	<u><u>76,019,652.08</u></u>	<u><u>156,701.05</u></u>

2024

	Before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Changes caused by remeasurements on defined benefit schemes	126,738.95	-	126,738.95	-
Other comprehensive income that will be reclassified to profit or loss				
Differences arising from the translation of foreign currency-denominated financial statements	<u>(45,283,314.18)</u>	<u>-</u>	<u>(45,439,499.73)</u>	<u>156,185.55</u>
Total	<u><u>(45,156,575.23)</u></u>	<u><u>-</u></u>	<u><u>(45,312,760.78)</u></u>	<u><u>156,185.55</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

45. Special reserve

	Opening balance	Provision in the year	Utilisation in the year	Closing balance
Expenses for Safety Production	<u>18,106,386.75</u>	<u>3,654,901.58</u>	<u>2,065,666.53</u>	<u>19,695,621.80</u>
Total	<u>18,106,386.75</u>	<u>3,654,901.58</u>	<u>2,065,666.53</u>	<u>19,695,621.80</u>

46. Surplus reserves

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserves	<u>51,830,974.45</u>	<u>25,822,967.35</u>	-	<u>77,653,941.80</u>
	<u>51,830,974.45</u>	<u>25,822,967.35</u>	-	<u>77,653,941.80</u>

According to the Company Law, when distributing the net profit of the current year, companies shall extract 10% of the net profit, after offsetting losses from previous years, as the statutory surplus reserve. This company has extracted 10% of the net profit for the current year in accordance with the provisions of the Company Law as the statutory surplus reserve.

47. Retained earnings

	2025	2024
Opening retained earnings	956,837,409.23	456,258,959.55
Net profit attributable to owners of the parent	725,259,219.97	500,578,449.68
Less: Appropriation for statutory surplus reserve	25,822,967.35	-
Less: Cash dividends payable to ordinary shareholders	<u>158,247,168.04</u>	<u>-</u>
Closing retained earnings	<u>1,498,026,493.81</u>	<u>956,837,409.23</u>

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs

(1) Operating revenue and costs

	2025		2024	
	Revenue	Costs	Revenue	Costs
Principal operations	5,179,571,114.72	3,757,389,801.97	4,730,539,700.76	3,310,269,030.03
Other operations	<u>48,965,440.03</u>	<u>40,550,695.45</u>	<u>47,315,901.93</u>	<u>30,226,796.91</u>
Total	<u>5,228,536,554.75</u>	<u>3,797,940,497.42</u>	<u>4,777,855,602.69</u>	<u>3,340,495,826.94</u>

Operating revenue is as follows:

	2025	2024
Revenue generating from contracts with customers	5,227,200,671.79	4,776,580,603.72
Rental income	<u>1,335,882.96</u>	<u>1,274,998.97</u>
Total	<u>5,228,536,554.75</u>	<u>4,777,855,602.69</u>

(2) Breakdown of operating revenue

Breakdown of operating revenue arising from contracts with customers is as follows:

2025

Reporting segments	Total
Principal product type	
Goods	4,914,395,848.97
Services	<u>312,804,822.82</u>
Total	<u>5,227,200,671.79</u>
Principal operating segment	
Mainland China	1,074,162,688.81
Other regions	<u>4,153,037,982.98</u>
Total	<u>5,227,200,671.79</u>
Timing of revenue recognition	
Transfer at a specific point in time	4,914,395,848.97
Transfer over a specific period of time	<u>312,804,822.82</u>
Total	<u>5,227,200,671.79</u>

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs (cont'd)

(2) Breakdown of operating revenue (cont'd)

2024

Reporting segments	Total
Principal product type	
Goods	4,486,396,868.05
Services	<u>290,183,735.67</u>
Total	<u>4,776,580,603.72</u>
Principal operating segment	
Mainland China	551,722,648.45
Other regions	<u>4,224,857,955.27</u>
Total	<u>4,776,580,603.72</u>
Timing of revenue recognition	
Transfer at a specific point in time	4,486,396,868.05
Transfer over a specific period of time	<u>290,183,735.67</u>
Total	<u>4,776,580,603.72</u>

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs (cont'd)

(3) Breakdown of operating cost

Reporting segments	Total
Principal product type	
Goods	3,586,299,808.12
Services	<u>211,640,689.30</u>
Total	<u><u>3,797,940,497.42</u></u>
Principal operating segment	
Mainland China	924,839,763.19
Other regions	<u>2,873,100,734.23</u>
Total	<u><u>3,797,940,497.42</u></u>
By revenue recognition time	
Transfer at a specific point in time	3,586,299,808.12
Transfer over a specific period of time	<u>211,640,689.30</u>
Total	<u><u>3,797,940,497.42</u></u>

(4) Performance obligations

The amount of revenue recognized from:

	2025	2024
Contract liabilities at the beginning of the year	<u><u>349,554,220.33</u></u>	<u><u>574,535,516.65</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs (cont'd)

(4) Performance obligations (cont'd)

Information about the Group's performance obligations is as follows:

	Timing of satisfaction of performance obligations	Significant payment terms	Nature of goods promised to transfer	Whether the principal	Expected refunds to customers	Types of warranties and related obligations
Sales of goods	Upon delivery	20-90% payment before delivery	Sales of machinery and parts	Yes	Nil	Statutory warranties
Provision of services	During service	After service Payment based on	Installation and maintenance service	Yes	Nil	Nil
Provision of services	During service	service progress	Warranties for services	Yes	Nil	Nil

(5) Allocation of total transaction price to outstanding performance obligations

The expected time for recognizing in revenue the total transaction price allocated to outstanding contractual performance obligations as at the period-end is as follows:

	2025	2024
Within 1 year	<u>458,557,878.31</u>	<u>373,931,068.16</u>
Total	<u>458,557,878.31</u>	<u>373,931,068.16</u>

49. Taxes and surcharges

	2025	2024
Urban Maintenance and Construction Tax	7,128,882.15	5,053,277.11
Property Tax	5,973,235.16	5,081,416.95
Education surcharge	3,064,688.47	2,202,488.38
Local education surcharge	2,043,125.64	1,468,325.59
Stamp tax	1,431,771.28	1,037,733.78
Land use tax	723,998.38	736,737.76
Environmental protection tax	357,363.20	2,510.77
Vehicle and vessel tax	17,249.27	13,745.00
Others	<u>139,111.37</u>	<u>161,407.87</u>
Total	<u>20,879,424.92</u>	<u>15,757,643.21</u>

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V. Notes to the Consolidated Financial Statements (cont'd)

50. Selling expenses

	2025	2024 (Restated)
Employee Compensation and Share-Based		
Payment Expenses	76,733,716.77	71,189,012.20
Commissions and agency fees	53,437,693.46	66,789,221.95
Advertising and exhibition expenses	19,051,391.28	23,422,239.24
Travel expenses	13,664,660.47	14,159,930.73
Depreciation and amortization expenses	2,279,981.90	2,161,555.15
Freight charges and import/export miscellaneous fees	459,215.01	358,459.73
Office expenses and other expenses	<u>14,230,583.59</u>	<u>14,323,730.61</u>
Total	<u><u>179,857,242.48</u></u>	<u><u>192,404,149.61</u></u>

51. Administrative expenses

	2025	2024
Employee Compensation and Share-Based		
Payment Expenses	212,891,113.90	183,806,306.45
Intermediary expenses	57,136,964.95	48,237,978.97
Depreciation and amortization expenses	26,421,091.92	27,853,560.60
Office expenses	15,944,145.22	18,623,645.94
Travel and reception expenses	15,241,916.53	15,000,563.55
Meeting expenses	13,096,127.21	15,382,145.16
Rental expenses	6,870,909.54	7,521,836.59
Property management expenses	6,362,189.10	3,978,693.08
Maintenance expenses	1,193,424.27	1,491,085.39
Car expenses	1,037,175.39	1,502,612.89
Materials consumption	746,050.38	774,799.54
Other expenses	<u>33,469,076.77</u>	<u>35,869,160.16</u>
Total	<u><u>390,410,185.18</u></u>	<u><u>360,042,388.32</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

52. R&D expenses

	2025	2024
Employee benefits and share-based payments expenses	65,643,761.85	73,833,286.02
Material expenses	12,316,587.93	5,257,081.18
Depreciation and amortization expenses	10,376,384.14	17,393,986.62
Assembly testing and debugging expenses	1,291,604.46	308,145.49
Utilities	1,133,221.36	739,383.48
Other expenses	<u>7,621,013.12</u>	<u>7,992,605.91</u>
Total	<u>98,382,572.86</u>	<u>105,524,488.70</u>

53. Finance costs

	2025	2024
Interest expenses	12,261,047.10	23,820,328.49
Less: Interest income	55,024,311.03	45,289,702.90
Exchange losses	23,106,858.21	(7,822,030.84)
Others	<u>6,430,800.25</u>	<u>4,798,584.37</u>
Total	<u>(13,225,605.47)</u>	<u>(24,492,820.88)</u>

54. Other income

	2025	2024
Government grants related to routine activities	21,969,815.96	14,143,528.16
Refund of handling charges for individual income tax withheld	<u>264,411.83</u>	<u>432,933.77</u>
Total	<u>22,234,227.79</u>	<u>14,576,461.93</u>

V. Notes to the Consolidated Financial Statements (cont'd)

55. Investment income

	2025	2024
Gain on disposal of financial assets held for trading	152,895,840.86	(327,887.32)
Interest income from certificates of deposit during the holding period	248,630.14	330,904.11
Investment income from financial assets held for trading during the holding period	261,268.35	5,006,767.12
Investment income from long-term equity investments accounted for using the equity method	(6,154,351.32)	(3,722,072.85)
Discounting interest on bills	(105,249.24)	(2,887.50)
Total	<u>147,146,138.79</u>	<u>1,284,823.56</u>

56. Gains and losses on changes in fair value

	2025	2024
Changes in fair value of non-controlling interests call/put options	16,125,742.60	(2,247,359.65)
Financial assets held for trading	88,198,458.57	(30,613,618.63)
Derivative financial assets	(2,863,935.33)	(20,255,707.48)
Derivative financial liabilities	104,606.55	(1,157,068.01)
Total	<u>101,564,872.39</u>	<u>(54,273,753.77)</u>

57. Credit impairment loss

	2025	2024
Loss on doubtful accounts receivable	11,134,855.68	1,961,917.78
Allowances losses for other receivables	(36,044.92)	445,478.41
Impairment loss on contract assets	93,084.00	(10,156.80)
Total	<u>11,191,894.76</u>	<u>2,397,239.39</u>

V. Notes to the Consolidated Financial Statements (cont'd)

58. Asset impairment loss

	2025	2024
Inventory valuation loss	46,479,115.32	8,217,037.61
Goodwill impairment loss	21,024,681.96	12,234,095.85
impairment loss on contract assets	<u>10,660.86</u>	<u>3,852,915.41</u>
Total	<u><u>67,514,458.14</u></u>	<u><u>24,304,048.87</u></u>

59. Gains and losses on disposal of assets

	2025	2024
Gain/(loss) on disposal of fixed assets	<u>(1,108,957.60)</u>	<u>5,496,048.68</u>
Total	<u><u>(1,108,957.60)</u></u>	<u><u>5,496,048.68</u></u>

60. Non-operating income

	2025	2024	Recognized in exceptional gains and losses of 2024
Penalty income	4,684,373.18	63,263.69	4,684,373.18
Litigation compensation	1,167,187.08	950,000.00	1,167,187.08
Others	<u>7,171,999.81</u>	<u>5,216,742.83</u>	<u>7,171,999.81</u>
Total	<u><u>13,023,560.07</u></u>	<u><u>6,230,006.52</u></u>	<u><u>13,023,560.07</u></u>

61. Non-operating expenses

	2025	2024	Recognized in exceptional gains and losses of 2025
Donations	297,537.61	372,152.23	297,537.61
Penalty expense	590,617.30	100,987.20	590,617.30
Loss on disposal of non-current assets	531,556.16	2,205.15	531,556.16
Others	<u>430,967.74</u>	<u>318,470.64</u>	<u>430,967.74</u>
Total	<u><u>1,850,678.81</u></u>	<u><u>793,815.22</u></u>	<u><u>1,850,678.81</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

62. Income tax expenses

	2025	2024
Current income tax expenses	137,381,855.85	168,833,714.71
Deferred tax expenses	<u>49,575,018.92</u>	<u>24,990,429.22</u>
Total	<u>186,956,874.77</u>	<u>193,824,143.93</u>

Reconciliation between income tax expenses and gross profit is as follows:

	2025	2024
Gross profit	956,595,047.09	733,942,410.23
Income tax calculated at applicable tax rates (Note 1)	143,489,257.06	110,091,361.53
Different tax rates for specific provinces or enacted by local authority	65,763,938.99	65,102,485.56
Adjustment to current income tax in previous periods	547,748.82	871,757.84
Tax credit	(35,595,976.66)	-
Over-deduction for R&D	(5,739,987.51)	(7,853,681.39)
Expenses not deductible for tax	16,165,550.06	10,434,065.31
Effect of utilizing or recognizing previously unrecognized deductible temporary differences or deductible losses for deferred tax assets	(6,232,023.66)	-
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets of current year	<u>8,558,367.67</u>	<u>15,178,155.08</u>
Income tax expenses	<u>186,956,874.77</u>	<u>193,824,143.93</u>

Note 1: The provision for income tax of the Group was recognized based on the estimated taxable income to be derived from mainland China and applicable tax rate. Taxable income derived from other jurisdictions shall be taxed based on applicable tax rate in accordance with the current laws, interpretations and conventions in the country/jurisdiction where the Group operates.

V. Notes to the Consolidated Financial Statements (cont'd)

63. Earnings per share

	2025 RMB/share	2024 RMB/share
Basic earnings per share		
Continuing operations	0.61	0.43
Diluted earnings per share		
Continuing operations	0.60	0.43

Basic earnings per share is computed by dividing the net profit attributable to ordinary shareholders of the Company for the period by the weighted average number of ordinary shares in issue.

In the calculation of diluted earnings per share, the numerator shall be determined based on the net profit attributable to ordinary shareholders of the Company for the period after adjusting the following factors: the interest of diluted potential ordinary shares that have been recognized as expenses in the period; gains or expenses that will be incurred when the diluted potential ordinary shares are converted; and the income tax impact related to the above adjustments.

In the calculation of diluted earnings per share, the denominator shall be the sum of: weighted average number of ordinary shares of the Company in issue adopted in the calculation of basic earnings per share; and weighted average number of ordinary shares created assuming conversion of potentially dilutive ordinary shares into ordinary shares.

In calculating the weighted average number of ordinary shares created upon conversion of potentially dilutive ordinary shares into ordinary shares, potentially dilutive ordinary shares issued in previous periods are assumed to have been converted at the beginning of the current period, whereas potentially dilutive ordinary shares issued in the current period are assumed to have been converted on the date of issue.

Calculations of basic and diluted earnings per share are as follows:

	2025	2024
Earnings		
Net profit attributable to ordinary shareholders of the Company for the year		
Continuing operations	<u>725,259,219.97</u>	<u>500,578,449.68</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	1,192,362,574.67	1,175,417,191.33
Diluting effect—weighted average number of ordinary shares	<u>14,385,259.35</u>	<u>898,243.37</u>
Adjusted weighted average number of ordinary shares in issue of the Company	<u><u>1,206,747,834.02</u></u>	<u><u>1,176,315,434.70</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

Guangdong Dongfang Precision Science & Technology Co., Ltd.
Notes to the Financial Statements (Cont'd)

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64. Notes to cash flow statement line items

(1) Cash related to operating activities

	2025	2024
Cash generated from other operating activities		
Government grants	15,139,886.66	12,870,707.26
Interest income	55,085,916.59	34,472,003.89
Current accounts and others	12,078,223.97	9,822,499.27
Guarantee deposit received	-	2,494,430.48
Deposits	<u>1,410,344.19</u>	<u>380,227.29</u>
Total	<u>83,714,371.41</u>	<u>60,039,868.19</u>
Cash used in other operating activities		
Selling expenses in cash	131,100,942.09	107,900,992.58
Administrative expenses in cash	157,548,100.43	124,881,822.94
R&D expenses in cash	10,716,647.01	9,040,134.88
Security deposits	196,126.60	-
Letter of guarantee paid	-	1,524,841.60
Current accounts and others	<u>18,798,131.67</u>	<u>14,708,484.36</u>
Total	<u>318,359,947.80</u>	<u>258,056,276.36</u>

V. Notes to the Consolidated Financial Statements (cont'd)

64. Notes to cash flow statement line items (Cont'd)

(2) Cash related to investing activities

	2025	2024
Cash received relating to significant investing activities		
Disposal/redemption of financial assets held for trading	<u>2,477,767,744.49</u>	<u>1,547,245,820.06</u>
Total	<u>2,477,767,744.49</u>	<u>1,547,245,820.06</u>
Cash payments relating to significant investing activities		
Purchase of financial assets held for trading	2,442,721,521.77	1,655,620,603.60
Purchase of equity investments	321,361,660.08	101,688,362.11
Acquisition of associate company	<u>136,911,701.08</u>	<u>-</u>
Total	<u>2,900,994,882.93</u>	<u>1,757,308,965.71</u>
	2025	2024
Cash generated from other investing activities		
Investment deposit	<u>132,763,317.26</u>	<u>42,435,000.00</u>
Total	<u>132,763,317.26</u>	<u>42,435,000.00</u>
Cash used in other investing activities		
Investment deposit	<u>124,477,032.15</u>	<u>49,631,872.01</u>
Total	<u>124,477,032.15</u>	<u>49,631,872.01</u>

V. Notes to the Consolidated Financial Statements (cont'd)

64. Notes to cash flow statement line items (cont'd)

(3) Cash related to financing activities

	2025	2024
Cash generated from other financing activities		
Receipt of deposits related to financial instruments	-	107,345,506.70
Total	-	107,345,506.70
Cash used in other financing activities		
Share repurchase	480,000.00	6,214,252.00
Banker's Acceptance Bill Deposit	10,175,000.00	-
Cash payments related to leasing	24,934,501.18	24,635,982.77
Total	35,589,501.18	30,850,234.77

Changes in liabilities arising from financing activities:

	Opening balance	Changes in the current year		Closing balance
		Changes in cash	Non-cash changes	
Short-term borrowing	85,390,128.99	128,071,613.20	(27,945,732.36)	185,516,009.83
Long-term borrowings (Including current portion of long-term borrowings)	186,711,913.53	(44,857,398.24)	5,895,805.34	147,750,320.63
Lease liabilities (Including current portion of non-current liabilities)	68,068,158.39	(24,934,501.18)	30,068,719.14	73,202,376.35
Total	340,170,200.91	58,279,713.78	8,018,792.12	406,468,706.81

V. Notes to the Consolidated Financial Statements (cont'd)

64. Notes to cash flow statement line items (cont'd)

(4) Major non-cash transactions

	2025	2024
Non-cash additions to right-of-use assets and lease liabilities	<u>24,837,245.50</u>	<u>8,033,853.08</u>

65. Supplemental information on statement of cash flows

(1) Supplemental information on statement of cash flows

Reconciliation of net profit to net cash generated from/used in operating activities:

	2025	2024
Net profit	769,638,172.32	540,118,266.30
Add: Asset impairment allowances	67,514,458.14	24,304,048.87
Credit impairment loss	11,191,894.76	2,397,239.39
Depreciation of fixed assets	64,489,257.06	50,563,780.06
Depreciation of right-of-use assets	21,803,146.43	21,888,314.22
Amortization of intangible assets	23,917,871.59	22,662,419.14
Amortization of long-term prepaid expenses	6,651,181.47	13,172,647.86
Gain on disposal of fixed assets, intangible assets and other long-lived assets	1,108,957.60	(5,496,048.68)
Loss on retirement of fixed assets	531,556.16	2,205.15
Loss and gain on changes in fair value	(101,564,872.39)	54,273,753.77
Finance costs	(3,102,484.48)	25,875,971.23
Investment income	(147,146,138.79)	(1,284,823.56)
Decrease in deferred tax assets	18,607,124.33	21,023,342.37
Increase in deferred tax liabilities	23,852,466.77	5,850,953.38
(Increase)/ decrease in inventories	(100,689,295.98)	135,095,029.28
(Increase)/ decrease in operating receivables	(221,168,127.11)	30,910,568.58
Increase/ (decrease) in operating payables	407,888,328.26	(248,524,797.35)
Others	<u>30,690,854.46</u>	<u>9,722,510.21</u>
Net cash generated from/used in operating activities	<u>874,214,350.60</u>	<u>702,555,380.22</u>

V. Notes to the Consolidated Financial Statements (cont'd)

65. Supplemental information on statement of cash flows (cont'd)

(1) Supplemental information on statement of cash flows (cont'd)

Net change in cash and cash equivalents:

	2025	2024
Closing balance of cash	1,994,298,878.15	1,652,290,548.55
Less: Opening balance of cash	1,652,290,548.55	1,672,514,611.84
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
	<u>342,008,329.60</u>	<u>(20,224,063.29)</u>
Net increase/(decrease) in cash and cash equivalents		

(2) Cash and cash equivalents

	2025	2024
Cash	<u>1,994,298,878.15</u>	<u>1,652,290,548.55</u>
Including: Cash on hand	388,992.02	497,855.11
Bank deposits readily available	1,929,620,404.45	1,505,877,879.48
Other cash and bank balances readily available	64,289,481.68	145,914,813.96
Cash equivalents	-	-
Closing balance of cash and cash equivalents	<u>1,994,298,878.15</u>	<u>1,652,290,548.55</u>

V. Notes to the Consolidated Financial Statements (cont'd)

66. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

	Original currency	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	178,932,523.52	7.0288	1,257,680,921.33
EUR	43,270,851.85	8.2355	356,357,100.37
HKD	2,849,687.34	0.9032	2,573,837.61
GBP	16,044.24	9.4346	151,370.96
AUD	491.76	4.6892	2,305.94
MXN	4,771,017.36	0.3899	1,860,219.67
SGD	19,144.87	5.4586	104,504.20
Accounts receivable			
Including: USD	10,373,038.36	7.0288	72,910,012.02
EUR	91,409,240.10	8.2355	752,800,796.81
AUD	24,835.00	4.6892	116,456.28
Contract assets			
Including: USD	1,617,462.20	7.0288	11,368,818.32
EUR	545,694.08	8.2355	4,494,063.60
Other receivables			
Including: EUR	1,683,168.68	8.2355	13,861,735.66
Accounts payable			
Including: EUR	63,892,105.81	8.2355	526,183,437.41
Current portion of non-current liabilities			
Including: EUR	7,652,612.04	8.2355	63,023,086.46
Short-term borrowings			
Including: EUR	1,530,914.23	8.2355	12,607,844.14
Long-term borrowings			
Including: EUR	1,319,931.71	8.2355	10,870,297.60
Lease liabilities			
Including: EUR	6,328,683.34	8.2355	52,119,871.63
Other payables			
Including: USD	288,183.94	7.0288	2,025,587.28
EUR	2,883,790.72	8.2355	23,749,458.47

Other Notes: The aforementioned foreign currency monetary items refer to all monetary items denominated in currencies other than the Chinese Renminbi (the scope of which differs from that in Note 9.1.(3)).

V. Notes to the Consolidated Financial Statements (cont'd)

66. Monetary items in foreign currencies (cont'd)

(2) Overseas business entities

The principal places of business overseas, the functional currencies and their determination basis of the major overseas business entities included in the consolidated financial statements are as follows:

Major overseas business entities	Principal place of business	Functional currency	Determination basis
Fosber Group	Italy	EUR	Settlement currency for local business activities
Fosber America	America	USD	Settlement currency for local business activities
EDF	Italy	EUR	Settlement currency for local business activities
Tiruña Group	Spain	EUR	Settlement currency for local business activities

67. Leases

(1) As lessee

	2025	2024
Short term lease expense through profit or loss adopting simplified approach	8,357,581.51	8,807,492.27
Interest expense on lease liabilities	758,488.39	1,352,356.96
Total cash outflows related to lease	<u>33,292,082.69</u>	<u>33,306,127.23</u>

Assets leased by the Group include houses and buildings, and transportation equipment used in the course of business, the lease term of houses, buildings and machinery is usually 8 years, and the lease term of transportation equipment is usually 3 years. The lease contract does not contain terms such as renewal option, termination option and variable rent. No effect of variable rent terms on potential future cash outflows.

For the right-of-use assets, see Note V.18; for the simplified approach on short-term leases and leases of assets of low value, see Note III.26; for lease liabilities, see Note V.33&36.

VI. R&D expenditure

1. R&D expenditure by nature

	2025	2024
Employee benefits and share-based payments expenses	65,643,761.85	73,833,286.02
Material expenses	12,316,587.93	5,257,081.18
Depreciation and amortization expenses	10,376,384.14	17,393,986.62
Assembly testing and debugging expenses	1,291,604.46	308,145.49
Utilities	1,133,221.36	739,383.48
Other expenses	<u>7,621,013.12</u>	<u>7,992,605.91</u>
Total	<u>98,382,572.86</u>	<u>105,524,488.70</u>
Of which: Capitalized R&D expenses	98,382,572.86	105,524,488.70

VII. Interests in Other Entities

1. Interests in subsidiaries

(1) Parent and subsidiaries

	Principal place of business	Place of registration	Business nature	Registered capita	The Company's Interest (%)	
					Direct	Indirect
Subsidiaries acquired by way of incorporation or investment						
Dongfang Precision (Hk)	HK	HK	Trading	USD300,000	100.00	-
Dongfang Precision (Netherland)	Netherland	Netherland	Trading	EUR40,000	90.00	10.00
Fosber Asia	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB29,581.2	100.00	-
QCorr	Italy	Italy	Manufacturing	EUR375,000	-	60.00
Suzhou High-Tech Zone Jinquan Business Management Partnership (Limited Partnership) *(Note 1) (“High-Tech Zone Jinquan”)	Jiangsu, China	Jiangsu, China	Investment	RMB10,553,000	-	30.17
Suzhou Parsun Power Technology Co., Ltd. (“Parsun Power Technology”)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	RMB10 million	-	71.14
Suzhou Baisheng International Trade Co., Ltd. (“Baisheng International”)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB3 million	-	71.14
Suzhou Chaoju International Trading Co., Ltd. (“Suzhou Chaoju”) *(Note 2)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB500,000	-	71.14
Suzhou Xuanliu International Trading Co., Ltd. (“Suzhou Xuanliu”) *(Note 2)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB500,000	-	71.14
Suzhou Yuanqi International Trading Co., Ltd. (“Suzhou Yuanqi”) *(Note 2)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB500,000	-	71.14
Suzhou Cangshu International Trading Co., Ltd. (“Suzhou Cangshu”) *(Note 2)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB500,000	-	71.14
Suzhou Xunce International Trading Co., Ltd. (“Suzhou Xunce”) *(Note 2)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB500,000	-	71.14
Beijing Lan Feng Yin Trading Co., Ltd. (“Beijing Lanfeng”) *(Note 2)	Beijing, China	Beijing, China	Trading	RMB 50,000	-	71.14

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Notes to the Financial Statements (Cont'd)
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VII. Interests in Other Entities (cont'd)

1. Interests in subsidiaries (cont'd)

(1) Parent and subsidiaries (cont'd)

	Principal place of business	Place of registration	Business nature	Registered capita	The Company's Interest (%)	
Subsidiaries Acquired In Business Combinations Not Under Common Control						
Dongfang Digicom Technology Co., Ltd.. (“Dongfang Digicom”)	Haikou, Hainan, China	Haikou, Hainan, China	Industrial Internet	RMB100 million	100.00	-
Dongfang Digicom Technology (Guangdong) Co., Ltd. (“Dongfang Digicom (Guangdong)”)	Foshan, Guangdong, China	Foshan, Guangdong, China	Industrial Internet	RMB8 million	100.00	-
Hainan Yineng Investment Co., Ltd. (“Yineng Investment”)	Haikou, Hainan, China	Haikou, Hainan, China	Investment	RMB100 million	100.00	-
Dongfang Yineng International Holdings Co., Ltd. (“Yineng International”)	Foshan, Guangdong, China	Foshan, Guangdong, China	Investment	RMB50 million	100.00	-
Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) (“Tianjin Hangchuang”)*(Note 3)	Tianjin, China	Tianjin, China	Investment	RMB21 million	95.24	-
Changzhou Xinchun Investment Partnership (Limited Partnership) (“Changzhou Xinchun”)	Changzhou, Jiangsu, China	Changzhou, Jiangsu, China	Investment	RMB50.6 million	-	94.86
Changzhou Xinchun Investment Partnership (Limited Partnership) Registration No.2 (“Changzhou Xinchun No.2”)	Changzhou, Jiangsu, China	Changzhou, Jiangsu, China	Investment	RMB24.1 million	-	94.86
Dongfang Precision Lanke (Hk) Limited	HK, China	HK, China	Investment	HKD10,000	-	100.00
Fosber Mexico	Mexico	Mexico	Manufacturing	MXN100,000	-	100.00
DongFang Primo Robotic (Guangdong) Co., Ltd(“DF Primo Robotic”)*(Note 2)	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB100 million	80.00	
Grandvoyage Holdings (Singapore) Pte. Ltd.(“Grandvoyage (Singapore)”)*(Note 2)	Singapore	Singapore	Trading	USD 3,000	100.00	
Starlight Precision Technology (Singapore) Pte. Ltd.(“Starlight Precision(Singapore)”)*(Note 2)	Singapore	Singapore	Manufacturing	USD 3,000		100.00

*Note 1: According to the partnership agreement, the general partner of the partnership shall execute partnership affairs, and other partners shall not execute partnership affairs. As the sole general partner, the Company forms control over the partnership, which is included in the scope of consolidation of the Group.

*Note 2: The aforementioned subsidiary was established in 2025 and has been included in the consolidation scope since the date of establishment.

*Note 3: The aforementioned subsidiary completed the liquidation and deregistration procedures in the 2025 fiscal year and has been excluded from the consolidation scope as of the commencement of liquidation.

VII. Interests in Other Entities (cont'd)

1. Interests in subsidiaries (cont'd)

(1) Parent and subsidiaries (cont'd)

	Principal place of business	Place of registration	Business nature	Registered capita	The Company's Interest (%)	
Subsidiaries acquired in business combinations not under common control						
Fosber S.P.A.	Italy	Italy	Manufacturing	EUR1.56 million	-	100.00
Fosber America	America	America	Manufacturing	USD1.10 million	-	100.00
Forsberg (Machinery) Tianjin Co., Ltd. (“Fosber Tianjin”)	Tianjin, China	Tianjin, China	Manufacturing	USD500,000	-	100.00
Parsun Power	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	RMB85.3 million	7.83	63.31
Suzhou Shunyi Investment Co., Ltd. (“Shunyi Investment”)	China	China	Investment	RMB10 million	100.00	-
EDF	Italy	Italy	Manufacturing	EUR100,000	-	100.00
Tiruña S.L.U.	Spain	Spain	Manufacturing	EUR1.44 million	-	100.00
Tiruña France Sarl	France	France	Manufacturing	EUR100,000	-	100.00
Sci Candan	France	France	Manufacturing	EUR10,000	-	100.00
Tiruña America	America	America	Manufacturing	USD3 million	-	100.00
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd. (“Tiruña Asia”)	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB50 million	100.00	-
Wonder Digital	Shenzhen, Guangdong, China	Shenzhen, Guangdong, China	Manufacturing	RMB31,172,000	51.00	-
Dongguan Wonder Digital Machinery Co., Ltd.	Dongguan, Guangdong, China	Dongguan, Guangdong, China	Manufacturing	RMB5 million	-	51.00

VII. Interests in Other Entities (cont'd)

2. Interests in associates

(1) Associates insignificant to the Group

	Principal place of business	Place of registration	Business nature	The Company's interest (%)		Accounting method
				Direct	Indirect	
Associates						
Guangdong Jaten Robot & Automation Co., Ltd.	Foshan	Foshan	Manufacturing	19.84	-	Equity method
Talleres Tapre.	Spain	Spain	Manufacturing	-	20.00	Equity method
Nanjing Profeta	Nanjing	Nanjing	Manufacturing	15.00	5.67	Equity method
Shenzhen Ruoyu	Shenzhen	Shenzhen	Manufacturing	23.31	-	Equity method
Aerospace Xinli	Zunyi	Zunyi	Manufacturing	19.89	-	Equity method
Shenzhen Heju	Shenzhen	Shenzhen	Manufacturing	15.00	-	Equity method

(2) Aggregate financial information of associates insignificant to the Group

	2025	2024
Associates		
Total carrying amount of investments	302,857,592.30	113,469,148.58
Total amounts based on the Company's interests:		
Net loss	(6,154,351.32)	(3,722,072.85)
Total comprehensive loss	(6,154,351.32)	(3,722,072.85)

As there is no obligation to bear additional losses, the net losses incurred by the investee are recognized to the extent that the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the investee are reduced to zero.

VIII. Government grants

1. Government grants recognized at amounts receivable

The closing balance of government grants included in other receivables was RMB6,000,000.00.

2. Liabilities related to government grants

Liabilities related to government grants as at 31 December 2025 are as follows:

	Opening balance	Increase	Recognized in other income during the year	Closing balance	Related to asset/income
Deferred income	<u>14,790,331.66</u>	<u>-</u>	<u>1,716,660.00</u>	<u>13,073,671.66</u>	Related to assets

3. The government grants recognized in profit or loss

	2025	2024
Government grants related to income		
Recognized as other income	20,253,155.96	12,976,868.16
Government grants related to assets		
Recognized as other income	<u>1,716,660.00</u>	<u>1,166,660.00</u>
	<u>21,969,815.96</u>	<u>14,143,528.16</u>

IX. Risks associated with financial instruments

1. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's policies are summarized below.

(1) Credit risk

The Group transacts only with recognized and reputable third parties. According to the Group's policies, credit checks are needed for all customers that require transactions should be conducted by means of credit. Additionally, the Group performs continuous monitoring of the balance of accounts receivable to ensure that the Group will not face major bad debt risk. For transactions not settled in the accounting standard currency of the relevant business unit, unless specifically approved by the credit control department of the Group, the Group will not provide credit transaction conditions.

IX. Risks related to financial instruments (cont'd)

1. Risks of financial instruments (cont'd)

(1) Credit risk (cont'd)

Since the counterparties of cash and bank balances and notes receivable are banks with a good reputation and high credit rating, the credit risk of such financial instruments is low.

Other financial assets of the Group mainly include accounts receivable, other receivables, contract assets and long-term accounts receivable, the credit risk of which arises from counterparty default, and the maximum risk exposure is equal to the carrying value of these instruments.

The Group transacts only with recognized and reputable third parties, so no collateral is required. Credit risk concentration is managed by customer/counterparty, geographic region and industry. Because the customer base of accounts receivable of the Group is widely dispersed in different departments and industries, there is no major credit risk concentration within the Group. The Group does not hold any collateral or other credit enhancement on the balance of accounts receivable.

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. The Group's main criteria for determining significant increase in credit risk are that the number of days past due exceed 30 days, or one or more of the following indicators have changed significantly: significant adverse changes in the operating environment of the debtor, internal and external credit ratings, and actual or expected operating results.

Definition of credit-impaired financial assets

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider that credit impairment has occurred.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

(2) Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and other borrowings.

1. Financial instrument risks (cont'd)

(2) Liquidity risk (cont'd)

The maturity profile of financial liabilities and lease liabilities based on undiscounted contractual cash flow is summarized as follows:

2025

	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	186,158,786.29	-	-	186,158,786.29
Notes payable	241,390,245.31	-	-	241,390,245.31
Accounts payable	936,107,613.22	-	-	936,107,613.22
Other payables	113,131,531.51	-	-	113,131,531.51
Derivative financial liabilities	93,783,840.98	-	-	93,783,840.98
Current portion of non-current liabilities	96,474,825.92	-	-	96,474,825.92
Long-term borrowings	-	90,968,220.16	31,282,533.17	122,250,753.33
Lease liabilities	-	53,367,241.87	-	53,367,241.87
Other current liabilities	36,223,750.65	-	-	36,223,750.65
Other non-current liabilities	-	4,489,204.26	-	4,489,204.26
	<u>1,713,270,593.88</u>	<u>148,824,666.29</u>	<u>31,282,533.17</u>	<u>1,883,377,793.34</u>

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(2) Liquidity risk (cont'd)

2024

	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	86,393,073.44	-	-	86,393,073.44
Notes payable	144,137,609.00	-	-	144,137,609.00
Accounts payable	687,235,330.65	-	-	687,235,330.65
Other payables	117,617,259.50	-	-	117,617,259.50
Financial liabilities held for trading	206,216,239.00	-	-	206,216,239.00
Current portion of non-current liabilities	86,155,318.35	-	-	86,155,318.35
Long-term borrowings	-	123,995,771.10	16,343,486.62	140,339,257.72
Lease liabilities	-	47,666,801.96	-	47,666,801.96
Other current liabilities	41,832,335.71	-	-	41,832,335.71
Other non-current liabilities	-	7,573,539.20	-	7,573,539.20
	<u>1,369,587,165.65</u>	<u>179,236,112.26</u>	<u>16,343,486.62</u>	<u>1,565,166,764.53</u>

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(3) Market Risk

Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's long-term liabilities with floating interest rates.

The sensitivity analysis of interest rate risks is set out in the following table, reflecting the impact of reasonable and probable change in interest rates on net profit or loss (through the impact on floating rate loans) and other comprehensive income (net of tax) assuming that other variables remain constant

5

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
Loans	0.50	(611,069.05)	-	(611,069.05)
Loans	(0.50)	611,069.05	-	611,069.05

4

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
Loans	0.50	(761,230.54)	-	(761,230.54)
Loans	(0.50)	761,230.54	-	761,230.54

Exchange rate risk

The Group is exposed to trading exchange rate risks. Such exposures arise from sales or purchases by business units in currencies other than the units' functional currencies.

The sensitivity analysis of exchange rate risks is set out in the following table, reflecting the impact of reasonable and probable change in the exchange rates of EUR and USD on net profit or loss and other comprehensive income (net of tax) assuming that other variables remain constant.

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(3) Market Risk (cont'd)

Exchange rate risk (cont'd)

5

	Increase/ (decrease) in foreign currency exchange rate (%)	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
RMB appreciation against EUR	2.00	(26,743,697.11)	-	(26,743,697.11)
RMB depreciation against EUR	(2.00)	26,743,697.11	-	26,743,697.11
RMB appreciation against USD	2.00	(22,434,396.08)	-	(22,434,396.08)
RMB depreciation against USD	(2.00)	22,434,396.08	-	22,434,396.08

4

	Increase/ (decrease) in foreign currency exchange rate (%)	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
RMB appreciation against EUR	2.00	(23,749,786.71)	-	(23,749,786.71)
RMB depreciation against EUR	(2.00)	23,749,786.71	-	23,749,786.71
RMB appreciation against USD	2.00	(16,119,960.12)	-	(16,119,960.12)
RMB depreciation against USD	(2.00)	16,119,960.12	-	16,119,960.12

IX. Risks Associated with Financial Instruments (cont'd)

2. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and in the risk profiles of relevant assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during 2025 and 2024.

3. Transfer of financial assets

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Judgment basis for derecognition
Notes discounted/endorsed	Notes receivable	46,374,270.65	Not derecognized	Retained the substantial risks and rewards, which include default risks relating to such endorsed/discouted notes
Notes discounted/endorsed	Receivables financing	<u>33,687,244.47</u>	Derecognized	Transferred substantially all risks and rewards relating to the derecognized notes
		<u>80,061,515.12</u>		

Financial assets derecognized as a result of the transfer are as follows:

Transfer method	Amount of derecognized financial assets	Gains or losses related to derecognition
Financing receivables of Notes discounted/endorsed	<u>33,687,244.47</u>	<u>105,249.24</u>

IX. Risks Associated with Financial Instruments (cont'd)

3. Transfer of financial assets (cont'd)

Financial assets already transferred but not wholly derecognized

On 31 December 2025, the carrying value of the bank acceptance notes (BAs) discounted by the Group was RMB10,150,520.00 (31 December 2024: RMB25,560,751.24). The Group believed that the Group retained almost all their risks and rewards, including the risk of default associated therewith, so the Group continued to confirm them and recognize in full its and related bank borrowings. After the discounting, the Group will no longer reserve the right to use them, including the right to sell, transfer, or pledge them to other third parties. On 31 December 2025, the carrying amount of bank borrowings recognized by the Group amounted to RMB10,150,520.00 (31 December 2024: RMB25,560,751.24).

On 31 December 2025, the carrying value of the BAs endorsed by the Group to suppliers for the settlement of accounts payable was RMB36,223,750.65 (31 December 2024: RMB31,544,970.78). The Group believed that the Group retained almost all their risks and rewards, including the risk of default associated therewith, so the Group continued to confirm them and the settled accounts payable associated therewith in full amount. After the endorsement, the Group will no longer reserve the right to use them, including the right to sell, transfer, or pledge them to other third parties. On 31 December 2025, the carrying value of the accounts payable settled with them totaled RMB36,223,750.65 (31 December 2024: RMB31,544,970.78).

Transferred financial assets that have been wholly derecognized but continue to be involved

On 31 December 2025, the carrying value of the BAs endorsed by the Group to suppliers for the settlement of accounts payable was RMB33,687,244.47 (31 December 2024: RMB20,397,758.07). On 31 December 2025, their maturity varied from one to 12 months. As stipulated in the Negotiable Instruments Law, if the accepting bank refuses to pay, their holders have the right to recourse from the Group ("continue to be involved"). The Group believed that the Group had transferred almost all their risks and rewards, so the Group derecognized the carrying value of them and the settled accounts payable associated therewith. The maximum loss and undiscounted cash flows from continuing involvement and repurchase were equal to their carrying value. The Group believed that it was insignificant to continue to involve in fair value.

In 2025, the Group recognized discounting expenses of RMB 105,249.24 on the transfer date. The Group had no income or expenses recognized in the current year and cumulatively due to continued involvement in derecognized financial assets. Endorsements occurred roughly evenly during the year.

X. Disclosure of Fair Values

1. Assets and liabilities measured at fair value

2025

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Financial assets held for trading	282,762,909.14	483,791,568.35	-	766,554,477.49
Derivative financial assets	-	101,000.75	-	101,000.75
Receivables financing	-	19,403,276.39	-	19,403,276.39
Non-current assets due within one year	-	10,909,534.25	-	10,909,534.25
Other non-current financial assets	7,851,181.23	-	809,496,696.87	817,347,878.10
	<u>290,614,090.37</u>	<u>514,205,379.74</u>	<u>809,496,696.87</u>	<u>1,614,316,166.98</u>

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Derivative financial liabilities	-	44,562.29	93,739,278.69	93,783,840.98
Other non-current liabilities	-	-	4,489,204.26	4,489,204.26
	<u>-</u>	<u>44,562.29</u>	<u>98,228,482.95</u>	<u>98,273,045.24</u>

X. Disclosure of Fair Values (cont'd)

1. Assets and liabilities measured at fair value (cont'd)

2024

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Financial assets held for trading	187,638,899.00	601,010,433.18	-	788,649,332.18
Derivative financial assets	-	2,755,081.17	-	2,755,081.17
Receivables financing	-	16,303,982.64	-	16,303,982.64
Other non-current financial assets	31,258,001.96	-	508,191,586.67	539,449,588.63
Other non-current assets	-	10,579,534.25	-	10,579,534.25
	<u>218,896,900.96</u>	<u>630,649,031.24</u>	<u>508,191,586.67</u>	<u>1,357,737,518.87</u>

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Continuous measurement of fair value				
Derivative financial liabilities	-	993,286.71	205,222,952.29	206,216,239.00
Other non-current liabilities	-	1,282,812.01	5,679,384.78	6,962,196.79
	<u>-</u>	<u>2,276,098.72</u>	<u>210,902,337.07</u>	<u>213,178,435.79</u>

2. Level 1 fair value measurement

The fair value of the listed equity instrument investment is determined based on the market quotation.

X. Disclosure of Fair Values (cont'd)

3. Level 2 fair value measurement

In a fair transaction, the fair value of financial assets and financial liabilities is determined by the amount of voluntary asset exchange or debt redemption between the parties to the transaction, rather than the amount in the case of force sale or liquidation.

The fair value of receivable financing and other equity investment is determined by the discounted future cash flow method, the fair value is similar to their carrying value.

The fair value of long-term receivables and long- and short-term borrowings is determined by the discounted future cash flow method, where the market yield of other financial instruments with similar contract terms, credit risks and remaining maturity serves as the discount rate. On 31 December 2025, the result of the self-default risk assessment of long- and short-term borrowings was not significant.

4. Level 3 fair value measurement

The fair values of unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the Group to determine comparable listed companies based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value multipliers and P/E multipliers, for each comparable company identified. They are adjusted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The Group believes that the estimated fair values resulting from the valuation technique and the related changes in fair values are reasonable, and that they were the most appropriate values at the balance sheet date. For the fair value of investments in unlisted equity instruments, the Group estimates the potential impact of using other reasonable and possible assumptions as inputs to the valuation model.

The fair value of equity resale rights in other non-current liabilities is assessed using a binary tree model.

Below is a summary of the significant unobservable inputs to the fair value measurement of Level 3:

	Closing fair value	Valuation technique	Unobservable inputs	Range
Other non-current financial assets	139,440,006.33	Option pricing model	Volatility	46.16%-58.69%
Other non-current financial assets	670,056,690.54	Comparison approach	Liquidity discount	6.00%-18.00%
Derivative financial liabilities	93,739,278.69	Discounted cash flow method	Volatility	26.65%
Other non-current liabilities	4,489,204.26	Discounted cash flow method	Liquidity discount	13.00%

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement

Reconciliation of continuous fair value measurements categorized within Level 3 of the fair value hierarchy:

2025

	Opening balance	Total current gains Through profit	Purchase	Sale	Settlement	Closing balance	Change in unrealized gains for the period of assets held at end of period through profit or loss
Other non-current financial assets	<u>508,191,586.67</u>	<u>69,621,110.20</u>	<u>296,500,000.00</u>	<u>(64,816,000.00)</u>	<u>-</u>	<u>809,496,696.87</u>	<u>88,744,842.47</u>

	Opening balance	Transfer to derivative financial liabilities	Total current gains and losses		Transferred to other	Closing balance	Change in unrealized losses for the period of liabi lities held at end of period through profit or loss
			Through profit	Through other comprehensive income			
Derivative financial liabilities	206,216,239.00	(123,138,347.12)	2,898,224.16	7,807,724.94	(44,562.29)	93,739,278.69	3,919,703.43
Other non- current liabilities	<u>5,679,384.78</u>	<u>-</u>	<u>(1,190,180.52)</u>	<u>-</u>	<u>-</u>	<u>4,489,204.26</u>	<u>(1,190,180.50)</u>
	<u>211,895,623.78</u>	<u>(123,138,347.12)</u>	<u>1,708,043.64</u>	<u>7,807,724.94</u>	<u>(44,562.29)</u>	<u>98,228,482.95</u>	<u>2,729,522.93</u>

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement (cont'd)

2024

	Opening balance	Total current gains Through profit	Purchase	Sale	Settlement	Closing balance	Assets held at year-end held at end of period through profit or loss
Other non-current financial assets	429,857,708.04	15,556,100.63	77,777,778.00	(15,000,000.00)	-	508,191,586.67	12,303,849.44

	Opening balance	Transfer to derivative financial liabilities	Total current gains and losses		Transferred to other	Closing balance	Change in current-period unrealiz- ed gains recognized in profit or loss Change in current-period unrealized losses recognized in profit or loss
			Through profit	Through other comprehensive income			
Derivative financial liabilities	115,900,827.21	81,974,773.81	8,340,637.98	-	(993,286.71)	205,222,952.29	8,340,637.98
Other non-current liabilities	22,418,854.80	(81,974,773.81)	67,698,121.27	(2,462,817.48)	-	5,679,384.78	67,698,121.27
	138,319,682.01	-	76,038,759.25	(2,462,817.48)	(993,286.71)	210,902,337.07	76,038,759.25

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement (cont'd)

In the continuous fair value measurement at Level 3, gains and losses through profit or loss relating to financial assets and non-financial assets is analyzed as follows:

2025

	Gains and losses relating to financial assets	Gains and losses relating to non- financial assets
Total gains through profit or loss	69,621,110.20	-
Change in unrealized gains for the period of assets held at end of period through profit or loss	88,744,842.47	-

2024

	Gains and losses relating to financial assets	Gains and losses relating to non- financial assets
Total losses through profit or loss	15,556,100.63	-
Change in unrealized losses for the period of assets held at end of period through profit or loss	12,303,849.44	-

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement (cont'd)

In the continuous fair value measurement at Level 3, gains and losses through profit or loss relating to financial assets and non-financial assets is analyzed as follows:

2025

	Gains and losses relating to financial liabilities	Gains and losses relating to non- financial liabilities
Total losses through profit or loss	1,708,043.64	-
Change in unrealized losses for the period of assets held at end of period through profit or loss	2,729,522.93	-

2024

	Gains and losses relating to financial liabilities	Gains and losses relating to non- financial liabilities
Total losses through profit or loss	76,038,759.25	-
Change in unrealized losses for the period of assets held at end of period through profit or loss	76,038,759.25	-

6. Transfers between levels of fair value measurement

Fair value hierarchy transition

In 2025, the Group used Level 3 valuation techniques to value some other non-current financial assets for which observable inputs could not be reliably obtained. There was no transfer of fair values of other non-current assets from Level 2 to Level 3 disclosures during the year (2024: nil).

XI. Relationships and Transactions with Related Parties

1. Controlling Shareholder

	Relationship with the Company	Interest in the Company (%)
Tang Zhuolin (individual)	One of the Company's controlling shareholders and actual controllers	21.26
Tang Zhuomian (individual)	One of the Company's controlling shareholders and actual controllers	7.96

The ultimate controllers of the Company are Tang Zhuolin and Tang Zhuomian.

2. Subsidiaries

See Note VII.1.

3. Associates

See Note VII.2.

4. Other related parties

	Relationship with the Company
Tang Zhuolin	Chairman
Qiu Yezhi	Director and General Manager
Feng Jia	Director and Board Secretary
Xie Weiwei	Director and Deputy General Manager
Feng Zhidong	Independent Director
Tu Haichuan	Independent Director
Li Ketian	Independent Director
Chen Huiyi	Employee Representative Director
Shao Yongfeng	Chief Financial Officer and Vice President

Note: Xie Weiwei ceased to serve as Group Director and Deputy General Manager in September 2025, continues to hold a position within the Group, but no longer meets the definition of other related parties under applicable accounting standard.

5. Related party transactions

(1) Related parties goods and services transactions

Purchase of Goods and Receipt of Services from Related Parties

	Details of transactions	2025	2024
Jaten Robot	Purchase of Fixed Assets	848,672.57	-

(2) Other related party transactions

		2025	2024
Salary of key management		13,028,414.60	10,630,077.80
Share-Based Payment Expenses		<u>9,441,225.00</u>	<u>1,923,972.92</u>
		<u>22,469,639.60</u>	<u>12,554,050.72</u>

6. Outstanding Balances of Receivables and Payables from/to Related Parties

(1) Accounts Receivable

	Related Parties	2025		2024	
		Gross amount	Allowance	Gross amount	Allowance
Other non-current financial assets	Jaten Robot	3,079,100.00	-	-	-

XII. Share-based Payments

1. Equity instruments

On 21 March 2022, the Company convened the Board of Directors, where the Proposal on Granting Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant stock options to 7 qualified senior managers and core technicians, and agreed to grant the right to purchase shares at RMB1 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The maximum period shall not exceed 60 months from the date of completion of registration of the first grant of some restricted shares to the date when all restricted shares granted to the incentive objects are lifted or repurchased and cancelled.

On 9 October 2024, the Company convened the Board of Directors, where the 2024 Employee Stock Ownership Plan of Guangdong Dongfang Precision Science & Technology Co., Ltd. was approved, and the Board of Directors agreed to grant stock options to 53 qualified senior managers and core technicians, and agreed to grant the right to purchase shares at RMB2.64 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The duration of the employee stock ownership plan is 48 months.

The equity instruments granted are as follows:

	Granted in the year		Exercised in the year		Unlocked in the year		Expired in the year	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Sales								
personnel	-	-	-	-	563,200.00	1,486,848.00	-	-
Management								
personnel	-	-	-	-6,904,800.00	18,228,672.00	358,100.00	358,100.00	358,100.00
R&D								
personnel	-	-	-	- 844,000.00	2,228,160.00	45,900.00	45,900.00	45,900.00
Production								
personnel	-	-	-	- 220,000.00	580,800.00	-	-	-
	-	-	-	-8,532,000.00	22,524,480.00	404,000.00	404,000.00	404,000.00

XII. Share-based Payments (cont'd)

2. Equity-settled share-based payments

	2025
Determination method of fair value of equity instruments at grant date	Based on the share price on the grant date minus the grant price
Important parameters of fair value of equity instruments at grant date	Share price at grant date, grant price
Basis for determining the number of vested equity instruments	Make the best estimate of the number of vested employees based on the latest information such as turnover rate and substandard rate
Reasons for significant difference between current year's estimate and prior year's estimate	None
Accumulated amount of equity-settled share-based payment included in capital reserve	38,134,280.41

3. Share-based payment expenses incurred during the year are as follows:

	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Sales personnel	487,575.00	-
Management personnel	25,136,899.03	-
R&D personnel	2,260,575.00	-
Production personnel	554,062.50	-
	28,439,111.53	-

XIII. Commitments and Contingent Events

1. Significant commitments

	2025	2024
Capital commitments	11,250,516.51	58,000,411.49

2. Contingent Events

As at the balance sheet date, the Group had no contingent events which were required to be disclosed.

XIV. Events after the Balance Sheet Date

As at the balance sheet date, the Group had no events after the balance sheet date which were required to be disclosed.

XV. Other Significant Matters

1. Segment reporting

(1) Operating segment

For management purposes, the Group is divided into business units based on products and services. The Group has the following three reporting segments:

2025

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	2,061,015,712.64	3,430,216,043.42	(262,695,201.31)	5,228,536,554.75
Cost of sales	1,506,234,541.47	2,512,808,201.80	(221,102,245.85)	3,797,940,497.42
Total assets	6,711,182,623.76	3,524,066,065.38	(1,511,274,277.48)	8,723,974,411.66
Total liabilities	1,715,749,457.49	1,745,246,184.11	(769,938,908.52)	2,691,056,733.08

2024

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	1,804,447,341.61	3,183,988,056.18	(210,579,795.10)	4,777,855,602.69
Cost of sales	1,229,922,542.40	2,309,319,259.60	(198,745,975.06)	3,340,495,826.94
Total assets	5,958,531,935.65	2,916,263,443.33	(1,346,218,382.00)	7,528,576,996.98
Total liabilities	1,423,006,980.80	1,535,189,236.35	(653,963,081.87)	2,304,233,135.28

XVI. Notes to Major Items in the Company Financial Statements

1. Account Receivable

(1) By aging

	2025	2024
Within 1 year	251,717,447.95	233,762,914.62
1-2 years	2,601,281.04	3,910,580.71
2-3 years	2,494,932.75	341,011.00
3-4 years	-	357,849.03
4-5 years	357,809.03	152,470.04
Over 5 years	<u>1,250,400.00</u>	<u>1,250,400.00</u>
	258,421,870.77	239,775,225.40
Less: allowances for doubtful accounts receivable	<u>6,153,057.68</u>	<u>3,650,066.15</u>
	<u>252,268,813.09</u>	<u>236,125,159.25</u>

(2) By method of provision for bad debts

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which allowances are established individually	1,250,400.00	0.48	1,250,400.00	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	<u>257,171,470.77</u>	<u>99.52</u>	<u>4,902,657.68</u>	<u>1.91</u>	<u>252,268,813.09</u>
	<u>258,421,870.77</u>	<u>100.00</u>	<u>6,153,057.68</u>		<u>252,268,813.09</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

1. Account Receivable (cont'd)

(2) By method of provision for bad debts (cont'd)

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which allowances are established individually	1,250,400.00	0.52	1,250,400.00	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	238,524,825.40	99.48	2,399,666.15	1.01	236,125,159.25
	<u>239,775,225.40</u>	<u>100.00</u>	<u>3,650,066.15</u>		<u>236,125,159.25</u>

As at 31 December 2025, accounts receivable for which allowances are established individually are as follows:

	2025			Reason for allowance	2024	
	Gross amount	Allowance	ECL (%)		Gross amount	Allowance
Customer 1	641,600.00	641,600.00	100.00	Customer's inability to settle the amount due	641,600.00	641,600.00
Customer 2	608,800.00	608,800.00	100.00	Customer's inability to settle the amount due	608,800.00	608,800.00
	<u>1,250,400.00</u>	<u>1,250,400.00</u>			<u>1,250,400.00</u>	<u>1,250,400.00</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

1. Account Receivable (cont'd)

(2) By method of provision for bad debts (cont'd)

As at 31 December 2025, accounts receivable for which provision is made for bad debts according to the combination of credit risk characteristics:

	Gross amount	Allowance	ECL (%)
Within 1 year	251,717,447.95	3,083,878.15	1.23
1-2 years	2,601,281.04	328,021.54	12.61
2-3 years	2,494,932.75	1,132,948.96	45.41
4-5 years	<u>357,809.03</u>	<u>357,809.03</u>	<u>100.00</u>
	<u>257,171,470.77</u>	<u>4,902,657.68</u>	

(3) Allowances

Movements in allowances for doubtful accounts receivable are as follows:

	Opening balance	Provision in the year	Recovery or reversal in the year	Written off in the year	Closing balance
			Transfer		
2025	<u>3,650,066.15</u>	<u>2,502,991.53</u>	-	-	<u>6,153,057.68</u>

(4) Accounts receivable and contract assets of the top five debtors at the end of the year

	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	As a % of the closing balance of total accounts receivable and contract assets	Total closing balance of provision for bad debts of accounts receivable and provision for impairment of contract assets
Dongfang Precision (Netherland)	134,024,146.40	-	134,024,146.40	47.44	-
Dongfang Precision (HK)	76,873,899.85	-	76,873,899.85	27.21	-
Customer 9	9,033,800.00	73,800.00	9,107,600.00	3.22	-
Customer 10	4,652,482.91	657,192.80	5,309,675.71	1.88	-
Fosber Aisa	<u>4,531,228.94</u>	-	<u>4,531,228.94</u>	<u>1.60</u>	-
	<u>229,115,558.10</u>	<u>730,992.80</u>	<u>229,846,550.90</u>	<u>81.35</u>	-

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

1. Accounts receivable (cont'd)

2. Other receivables

	2025	2024
Other receivables	311,163,587.33	319,428,138.72
Dividends receivable	<u>186,077,102.15</u>	<u>184,841,125.30</u>
	<u>497,240,689.48</u>	<u>504,269,264.02</u>

Other receivables

(1) By aging

	2025	2024
Within 1 year	17,436,386.55	69,165,030.40
1-2 years	44,856,778.65	158,655,504.15
2-3 years	157,906,521.97	67,930,684.05
3-4 years	67,733,184.03	24,323,818.04
4-5 years	24,266,663.51	62,225.66
Over 5 years	<u>119,077.16</u>	<u>445,900.96</u>
Less: allowances for doubtful other receivables	<u>1,155,024.54</u>	<u>1,155,024.54</u>
	<u>311,163,587.33</u>	<u>319,428,138.72</u>

(2) By nature

	2025	2024
Internal transactions with related parties	301,905,443.63	308,429,032.05
Government Grants	6,000,000.00	6,000,000.00
Employee loans and petty cash	1,956,345.71	1,991,026.87
Security deposits	1,321,337.81	1,128,327.05
Performance compensation	500,000.00	500,000.00
Prepaid service charges	-	1,775,693.02
Others	<u>635,484.72</u>	<u>759,084.27</u>
	<u>312,318,611.87</u>	<u>320,583,163.26</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

2. Other receivables (cont'd)

Other receivables (cont'd)

(3) Provision made for bad debts

2025

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables for which allowances are established by group with similar credit risk characteristics	<u>312,318,611.87</u>	<u>100.00</u>	<u>1,155,024.54</u>	0.37	<u>311,163,587.33</u>

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables for which allowances are established by group with similar credit risk characteristics	<u>320,583,163.26</u>	<u>100.00</u>	<u>1,155,024.54</u>	0.36	<u>319,428,138.72</u>

As at 31 December 2025 and 31 December 2024, other receivables for which allowances for doubtful is made according to the combination of credit risk characteristics:

Movements in allowances for doubtful other receivables that are established based on the 12-month ECL and the lifetime ECL are as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Financial assets with credit impairment (lifetime ECL)	
Opening and closing balance	<u>655,024.54</u>	<u>500,000.00</u>	-	<u>1,155,024.54</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

2. Other receivables (cont'd)

Other receivables (cont'd)

(4) Allowances

Movements in allowances for doubtful other receivables are as follows:

	Opening balance	Provision in the year	Recovery or reversal in the year	Closing balance
2025	<u>1,155,024.54</u>	<u>-</u>	<u>-</u>	<u>1,155,024.54</u>

(5) Other receivables of the top five debtors at the end of the year

	Opening balance	As a % of total other receivables	Nature	Age	Closing balance of allowance
Hainan Yineng Investment Co., Ltd.	180,510,197.58	57.80	Current account	Within 1 year; 1-2 years; 2-3 years; 3-4years;4-5years	-
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd.	59,780,424.32	19.14	Current account	Within 1 year; 1-2 years; 2-3 years; 3-4years;4-5years	-
Dongfang Digicom Data Technology (Guangdong) Co., Ltd.	34,026,493.70	10.89	Current account	Within 1 year; 1-2 years; 2-3 years; 3-4years;	-
Dongfang Precision (Netherland)	20,577,506.80	6.59	Current account	Within 1 year; 1-2 years; 2-3 years; 3-4years;4-5years;over 5years	-
Company1	<u>6,000,000.00</u>	<u>1.92</u>	Government grants	1-2 years	<u>-</u>
	<u>300,894,622.40</u>	<u>96.34</u>			<u>-</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

3. Long-term equity investments

(1) Long-term equity investments

	Opening	Opening	Change in the year				Closing	Closing
	balance	impairment allowance	Additional investment	Reduction in investment	Investment Income (Loss) Under the Equity Method	Change in other equity	balance	impairment allowance
Subsidiaries								
Dong Fang Precision (Hk) Limited	1,856,010.00	-	-	-	-	-	1,856,010.00	-
Dongfang Precision (Netherland)	1,602,394.30	-	-	-	-	-	1,602,394.30	-
Guangdong Fosber Intelligent Equipment Co., Ltd.	115,620,655.41	-	-	-	-	3,288,028.40	118,908,683.81	-
Suzhou Shunyi Investment Co., Ltd.	341,857,375.01	(45,303,485.99)	-	-	-	6,464,062.51	348,321,437.52	(45,303,485.99)
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd.	21,940,399.84	-	-	-	-	147,750.00	22,088,149.84	-
Dongfang Digicom Data Technology Co., Ltd.	4,718,918.74	-	-	-	-	12,535,992.07	17,254,910.81	-
Dongfang Digicom Data Technology (Guangdong) Co., Ltd.	10,916,737.27	-	-	-	-	249,602.47	11,166,339.74	-
Hainan Yineng Investment Co., Ltd.	103,440,244.58	-	-	-	-	5,274,675.00	108,714,919.58	-
Edf Europe s.r.l.	1,832,356.84	-	-	-	-	-	832,356.84	-
Tianjin Hangehuang Zhijin Investment Partnership (Limited Partnership)	10,000,000.00	-	-	10,000,000.00	-	-	-	-
Shenzhen Wonder Digital Technology Co., Ltd.	173,800,000.00	-	-	-	-	-	173,800,000.00	-
Yineng International Holdings Co., Ltd	28,643,514.63	-	-	-	-	-	28,643,514.63	-
Dongfang Primo Robotic (Guangdong) Co., Ltd	-	-	80,000,000.00	-	-	-	80,000,000.00	-
Grandvoyage Holdings (Singapore) Pte. Ltd.	-	-	21,532.49	-	-	-	21,532.49	-
	<u>816,228,606.62</u>	<u>(45,303,485.99)</u>	<u>80,021,532.49</u>	<u>10,000,000.00</u>	<u>-</u>	<u>27,960,110.45</u>	<u>914,210,249.56</u>	<u>(45,303,485.99)</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

3. Long-term equity investments (cont'd)

(1) Long-term equity investments (cont'd)

	Opening balance	Opening impairment allowance	Change in the year				Closing balance	Closing impairment allowance
			Additional investment	Reduction in investment	Investment Income (Loss) Under the Equity Method	Change in other equity		
Associates								
Jaten Robot.	88,414,913.65	-	-	-	805,987.99	-	89,220,901.64	-
Nanjing Profeta	18,187,548.86	-	-	-	(2,263,762.31)	-	15,923,786.55	-
Shenzhen Ruoyu	-	-	100,682,147.68	-	(3,841,448.33)	-	96,840,699.35	-
Aerospace Xinli	-	-	91,701,701.08	-	-	-	91,701,701.08	-
Shenzhen Heju	-	-	3,000,000.00	-	-	-	3,000,000.00	-
	<u>106,602,462.51</u>	<u>-</u>	<u>195,383,848.76</u>	<u>-</u>	<u>(5,299,222.65)</u>	<u>-</u>	<u>296,687,088.62</u>	<u>-</u>
	<u>922,831,069.13</u>	<u>(45,303,485.99)</u>	<u>275,405,381.25</u>	<u>10,000,000.00</u>	<u>(5,299,222.65)</u>	<u>27,960,110.45</u>	<u>1,210,897,338.18</u>	<u>(45,303,485.99)</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

3. Long-term equity investments (cont'd)

(2) Impairment test of long-term equity investments

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Suzhou Shunyi Investment Co., Ltd.	(45,303,485.99)	-	-	(45,303,485.99)
	<u>(45,303,485.99)</u>	<u>-</u>	<u>-</u>	<u>(45,303,485.99)</u>

4. Operating revenue and costs

(1) Operating revenue and costs

	2025			
	Revenue	Costs	Revenue	Costs (Restated)
Principal operations	358,263,457.30	231,831,212.99	486,169,708.35	273,363,807.83
Other operations	<u>25,710,862.31</u>	<u>5,136,759.56</u>	<u>22,862,863.90</u>	<u>6,255,355.36</u>
	<u>383,974,319.61</u>	<u>236,967,972.55</u>	<u>509,032,572.25</u>	<u>279,619,163.19</u>

Operating revenue is as follows:

	2025	2024
Revenue generating from contracts with customers	381,006,741.90	504,770,684.36
Rental income	<u>2,967,577.71</u>	<u>4,261,887.89</u>
	<u>383,974,319.61</u>	<u>509,032,572.25</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

4. Operating revenue and costs (cont'd)

(2) Breakdown of operating revenue

Breakdown of operating revenue arising from contracts with customers is as follows:

2025

Reporting segments

Principal product type

Goods	358,263,457.30
Services	17,965,030.64
Interest income	1,790,420.29
Others	<u>2,987,833.67</u>

381,006,741.90

Principal operating segment

Mainland China	120,890,390.28
Other regions	<u>260,116,351.62</u>

381,006,741.90

Timing of revenue recognition

Revenue recognized at a point in time	361,251,290.97
Revenue recognized over time	<u>19,755,450.93</u>

381,006,741.90

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

4. Operating revenue and costs (cont'd)

(2) Breakdown of operating revenue (cont'd)

Breakdown of operating revenue arising from contracts with customers is as follows: (cont'd)

2024

Reporting segments

Product type

Goods	486,050,722.05
Services	12,983,947.77
Interest income	5,004,724.86
Others	731,289.68

504,770,684.36

Principal operating segment

Mainland China	105,821,156.31
Other regions	398,949,528.05

504,770,684.36

Timing of revenue recognition

Revenue recognized at a point in time	486,782,011.73
Revenue recognized over time	17,988,672.63

504,770,684.36

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

4. Operating revenue and costs (cont'd)

Breakdown of operating cost arising from contracts with customers is as follows:

Reporting segments

Product type		
Goods		233,035,322.53
Services		1,242,169.77
Others		2,690,480.25
		<u>236,967,972.55</u>
Principal operating segment		
Mainland China		102,919,161.77
Other regions		134,048,810.78
		<u>236,967,972.55</u>
Timing of revenue recognition		
Transfer at a specific point in time		235,725,802.78
Transfer over a specific period of time		1,242,169.77
		<u>236,967,972.55</u>

5. Investment income

	2025	2024
Dividends under cost method	290,092,756.16	10,200,000.00
Investment income from disposal of financial assets held for trading	150,688,868.97	-
Income from financial assets held for trading	2,261,216.51	4,932,350.52
Income from long-term equity investments measured at equity method	<u>(5,299,222.65)</u>	<u>(2,444,335.91)</u>
	<u>437,743,618.99</u>	<u>12,688,014.61</u>

XVII. Supplementary Information

1. Schedule of exceptional gains and losses

	2025
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	(1,629,657.69)
Government grants through profit or loss (Except for government grants that are closely related to normal business, comply with national policies and regulations, enjoy according to the recognition criteria and have a sustained impact on profit and loss)	13,298,788.58
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss from disposal of financial assets and financial liabilities, except for effective hedging business related to normal business operations	256,775,110.29
Non-operating income and expenses other than the above	11,693,581.35
Other Items Meeting the Definition of Non-Recurring Gains and Losses	(33,683,634.10)
Subtotal of non-recurring gain or loss	<u>246,454,188.43</u>
Income tax effects	<u>(38,453,892.24)</u>
Non-controlling interests effects (net of tax)	<u>(1,654,676.62)</u>
	<u><u>206,345,619.57</u></u>

2. Return on equity (ROE) and earnings per share (EPS)

	Weighted average ROE (%)	EPS	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	13.39	0.61	0.60
Net profit attributable to ordinary shareholders of the Company before exceptional gains and losses	9.58	0.43	0.43