

# **Auditor's Report for Y2025**

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## I. Independent Auditor's Report

Type of the independent auditor's opinion	Unqualified Opinion with a Paragraph on Material Uncertainty Related to Going Concern
Date of signing this report	April 27, 2026
Name of the independent auditor	ShineWing Certified Public Accountants (Special General Partnership)
Reference number of audit report	XYZH/2026SZAA8B0071
Name of the certified public accountants	Gu Fanqiu, Liu Lihong

Main body of the audit report

Audit Report

XYZH/2026SZAA8B0071

Konka Group Co., Ltd.

**To all shareholders of Konka Group Co., Ltd.:**

### I. Auditor's Opinion

We have audited the financial statements of Konka Group Co., Ltd. (hereinafter referred to as the "Konka Group"), including the consolidated and parent company's balance sheet as at December 31, 2025, the consolidated and parent company's income statement, consolidated and parent company's statement of cash flows, consolidated and parent company's statement of changes in shareholders' equity, as well as the related notes to the financial statements for the year then ended.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and fairly present the consolidated and the Company's financial position of Konka Group Co., Ltd. as at December 31, 2025, and the consolidated and the parent company's operating results and cash flows for the year then ended.

### II. Basis for the Audit Opinion

We have conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. Our responsibilities under these standards are further described in the "Certified Public Accountant's Responsibilities for the Audit of Financial Statements" section of the audit report. In accordance with the independence requirements of the Independence Standards for Certified Public Accountants of China and the Code of Ethics for Certified Public Accountants of China applicable to the auditing of financial statements of public interest entities, we are independent of Konka Group Co., Ltd., and have fulfilled our other responsibilities in terms of independence and professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. Material Uncertainty Related to Going Concern

We draw the attention of the users of the financial statements to the fact that, as stated in Note III. 2 to the financial statements, the consolidated net profit of Konka Group Co., Ltd. for the year 2025 was RMB -12.238 billion, and as of December 31, 2025, Konka Group Co., Ltd.'s net assets in the consolidated financial statements were RMB -5.860 billion, with a debt-to-asset ratio of 126.22%. The aforesaid matters or conditions, along with others set forth in Note III.2 to the financial statements, indicate the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Such matter does not affect the audit opinion that has been expressed.

### IV. Key Audit Matters

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

1. Revenue Recognition	
Key Audit Matters	Responses in Audit
<p>For relevant information disclosure, please refer to the accounting policies described in Note "IV. Significant Accounting Policies and Accounting Estimates 34" and "VI. Notes to Major Items in the Consolidated Financial Statements 49" of the financial statements.</p> <p>Konka Group Co., Ltd. recognized operating revenue of RMB 9.835 billion yuan in its consolidated financial statements for the year 2025, which mainly consisted of revenue from businesses such as color TVs, white goods, printed circuit boards, and semiconductors. Due to the significance of revenue to the financial statements as a whole and the risk of material misstatement that management may manipulate revenue recognition to achieve specific goals or expectations, we identified revenue recognition as a key audit matter.</p>	<p>(1) Evaluated and tested the effectiveness of the designing and operation of key internal control related to revenue recognition;</p> <p>(2) Obtained the executed sales contracts, analyzed the relevant terms of the sales contracts, and evaluated whether the revenue recognition policies of Konka Group Co., Ltd. comply with the provisions of the Accounting Standards for Business Enterprises;</p> <p>(3) Obtained the list of product sales customers of Konka Group Co., Ltd., and identified whether there is a related-party relationship between the customers and Konka Group Co., Ltd. by means such as checking the industrial and commercial information of the customers;</p> <p>(4) Performed analytical procedures on revenue and costs to evaluate the rationality of changes in sales revenue and gross profit margin on sales;</p> <p>(5) Checked documents such as significant sales contracts, orders, invoices, certificates of transfer of property rights, and bank receipts to verify the authenticity, completeness, and accuracy of the revenue;</p> <p>(6) Performed cut-off tests on sales revenue.</p>
2. Impairment of External Financial Assistance Funds	
Key Audit Matters	Responses in Audit
<p>For relevant information disclosure, please refer to the accounting policies described in Note "IV. Significant Accounting Policies and Accounting Estimates 11" and "VI. Notes to Major Items in the Consolidated Financial Statements 7", and "VI. Notes to Major Items in the</p>	<p>(1) Understood, evaluated, and tested the designing and operating effectiveness of the Management's key internal controls related to external financial assistance;</p> <p>(2) Obtained the relevant review documents, loan</p>

<p>Consolidated Financial Statements 10" to the financial statements.</p> <p>The external financial assistance by Konka Group Co., Ltd. was mainly the shareholders' financial assistance funds receivable from associates. As of December 31, 2025, the balance of such financial assistance funds was RMB 2.102 billion, with a provision for bad debts of RMB 1.290 billion. Given the significance of the external financial assistance to the financial statements as a whole, and that provision for impairment of the related assets involved significant management judgments and estimates, we identified the impairment of external financial assistance as a key audit matter.</p>	<p>contracts, equity pledge contracts, minutes of meetings and other original documents relating to the external financial assistance with Konka Group Co., Ltd., and checked whether the lending process of such external financial assistance was compliant;</p> <p>(3) For the overdue financial assistance payments, consulted with the Management of Konka Group on the operating conditions of the relevant investees and the Company's follow-up plans;</p> <p>(4) For the amounts of external financial assistance with indications of impairment, obtained the information on the Management's estimated recoverable amount, and brought in valuation experts from the accounting firms to assist in reviewing key parameters and assumptions adopted by the Management in evaluating expected credit losses, as well as checking the accuracy of the calculation of the recoverable amount;</p> <p>(3) Evaluated the competence, professionalism, and objectivity of the external valuation experts engaged by the Management; and</p> <p>(6) Examined the presentation and disclosure of information relating to impairment of external financial assistance in the financial statements.</p>
<p><b>3. Impairment of long-term assets</b></p>	
<p><b>Key Audit Matters</b></p>	<p><b>Responses in Audit</b></p>
<p>For relevant information disclosure, please refer to the accounting policies stated in Note IV. Significant Accounting Policies and Accounting Estimates (Items 20, 21, 22, 23, 26 and 27) and Note VI. Notes to Major Items of Consolidated Financial Statements (Items 12, 14, 15, 16 and 18) in the financial statements.</p> <p>The significant long-term assets of Konka Group include long-term equity investments, investment properties, fixed assets, construction in progress and intangible assets. As of December 31, 2025, the total carrying amount of the aforesaid assets amounted to 8.587 billion yuan, with accumulated impairment provisions of 6.985 billion yuan accrued. Given the overall materiality of these long-term assets to the financial statements and the fact that the accrual of relevant asset impairment provisions involves significant management judgments and estimates, we have identified the impairment of long-term assets as a key audit matter.</p>	<p>(1) Understood and assessed the internal control of Konka Group Co., Ltd. related to identifying indicators of impairment of each long-term assets and measuring recoverable amounts, and tested the effectiveness of key internal control;</p> <p>(2) Discussed with the Management of Konka Group Co., Ltd. to understand whether the management's business strategies for the relevant long-term assets have changed, and analyzed whether there is any inter-period and over-accrual of provision for impairment of long-term assets;</p> <p>(3) For assets or asset groups with indications of impairment, obtained the information on the Management's estimated recoverable amount, and brought in valuation experts from the accounting firms to assist in reviewing key parameters such as the measurement model based on which the recoverable amount was measured, the fair value, the disposal costs, the projected data of future cash flows and the discount rate, as well as checking the accuracy of the calculation of the recoverable amount;</p> <p>(4) Evaluated the competence, professionalism, and objectivity of the external valuation experts engaged by the Management; and</p> <p>(5) Examined the presentation and disclosure of information relating to impairment of assets in the financial statements.</p>

## **V. Other information**

The Management of Konka Group Co., Ltd. (hereinafter referred to as the Management) is responsible for other information. Other information includes information covered in the 2025 Annual Report of Konka Group Co., Ltd., but excludes the financial statements and our audit report.

Our audit 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 during the audit, or otherwise appears to be materially misstated.

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

## **VI. Responsibilities of the Management and Governance Executives for Financial Statements**

The Management is responsible for preparing the financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to fraud or errors.

In preparing the financial statements, the Management is responsible for assessing the going-concern ability of Konka Group Co., Ltd., disclosing matters related to going concern (if applicable) and applying the going concern basis, unless the management plans to liquidate Konka Group Co., Ltd., terminate its operations or has no other realistic alternative.

The governance executives are responsible for overseeing the financial reporting process of Konka Group Co., Ltd.

## **VII. Responsibilities of Certified Public Accountants for the Audit of 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 audit 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 the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We have exercised professional judgment and maintained professional skepticism in performing our audit under the auditing standards. At the same time, we also perform the following work:

(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) Understand the internal control related to the audit so as to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Draw conclusions on the appropriateness of the management's use of the going concern basis. Meanwhile, based on the audit evidence obtained, a conclusion is drawn as to whether there is a material uncertainty in events or circumstances that may give rise to significant doubt about the going concern ability of Konka Group Co., Ltd. If we conclude that a material uncertainty exists, we are required to, in our audit report, draw the attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or circumstances may cause Konka Group Co., Ltd. to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Konka Group Co., Ltd. to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and we remain solely responsible for our audit opinion.

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

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

independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of this period and are therefore the key audit matters. We describe these matters in the audit report unless laws and regulations prohibit public disclosure of these matters, or in extremely rare circumstances, if it is reasonably expected that the negative consequences of communicating a matter outweigh the benefits to the public interest, we determine not to do so.

ShineWing Certified Public Accountants  
(Special General Partnership)

Certified Public Accountant of China:  
(Engagement partner)

Certified Public Accountant of China:

Beijing, China

April 27, 2026

## II. Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

### 1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

December 31, 2025

Unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	6,313,941,885.05	4,115,767,247.73
Settlement reserve		
Interbank loans granted		
Trading financial assets	202,027,000.00	286,648,129.34
Derivative financial assets		
Notes receivable	77,316,985.56	169,675,176.16
Accounts receivable	1,086,929,012.15	1,315,222,656.92
Receivables financing	155,957,556.43	63,943,324.53
Prepayments	96,105,739.60	124,748,412.59
Premiums receivable		
Reinsurance receivables		
Reinsurance contract reserve receivable		
Other receivables	942,267,792.91	989,245,120.86
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1,662,246,630.58	2,694,648,186.93
Including: data resources		
Contract assets	1,892,306.30	2,630,508.60
Assets held for sale		
Current portion of non-current assets		
Other current assets	761,567,941.76	2,168,400,012.47
Total current assets	11,300,252,850.34	11,930,928,776.13
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term Receivables		
Long-term equity investments	2,026,038,156.99	5,921,501,427.49
Other equity instrument investments	10,213,810.20	16,114,932.00
Other non-current financial assets	1,161,781,213.03	1,802,409,887.89
Investment properties	866,051,475.13	1,650,843,239.51



Item	Ending balance	Beginning balance
Fixed assets	4,405,958,959.37	5,005,836,928.31
Construction in progress	516,337,481.93	873,042,499.04
Productive biological assets		
Oil and gas assets		
Right-of-Use Assets	130,076,544.83	178,185,679.35
Intangible assets	772,231,958.52	988,045,525.76
Including: data resources		
Development costs		
Including: data resources		
Goodwill		22,196,735.11
Long-term deferred expenses	453,962,117.69	532,181,161.63
Deferred tax assets	106,993,555.63	1,392,239,301.87
Other non-current assets	601,006,137.59	1,148,677,970.47
Total non-current assets	11,050,651,410.91	19,531,275,288.43
Total assets	22,350,904,261.25	31,462,204,064.56
Current liabilities:		
Short-term borrowings	4,575,915,552.66	5,741,171,468.26
Borrowings from the central bank		
Interbank loans obtained		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	943,817,767.91	1,150,310,856.70
Accounts payable	1,977,736,371.29	2,774,615,788.24
Advances from customers	3,426,361.65	3,481,262.87
Contract liabilities	256,506,499.39	623,555,669.97
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	223,175,513.10	243,731,849.78
Taxes payable	71,276,255.42	94,612,710.58
Other payables	6,565,100,788.16	3,502,796,381.63
Including: interest payable		
Dividends Payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		

Item	Ending balance	Beginning balance
Non-current liabilities maturing within one year	3,650,840,615.21	6,655,534,395.19
Other current liabilities	46,377,272.29	69,876,531.91
Total current liabilities	18,314,172,997.08	20,859,686,915.13
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	6,537,926,737.54	5,530,649,801.93
Bonds payable	1,596,674,876.37	2,295,193,501.05
Including: preferred shares		
Perpetual bonds		
Lease liabilities	96,858,968.75	146,561,588.52
Long-term payables	2,033,227.02	5,504,548.24
Long-term employee benefits payable	4,519,491.87	4,608,659.47
Provisions	852,722,866.97	428,433,732.19
Deferred income	408,175,795.51	393,437,007.37
Deferred tax liabilities	114,475,054.80	133,299,175.48
Other non-current liabilities	283,739,354.36	207,378,781.21
Total non-current liabilities	9,897,126,373.19	9,145,066,795.46
Total Liabilities	28,211,299,370.27	30,004,753,710.59
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments	5,000,000,000.00	
Including: preferred shares		
Perpetual bonds	5,000,000,000.00	
Capital reserves	406,579,870.80	512,840,575.73
Less: Treasury shares		
Other comprehensive income	-1,866,392.91	-9,040,290.32
Specific reserve	17,197,144.62	11,249,678.53
Surplus reserves	1,244,180,364.24	1,244,180,364.24
General risk reserve		
Undistributed profits	-15,157,108,084.70	-2,574,708,227.90
Total equity attributable to owners of the parent company	-6,083,071,689.95	1,592,467,508.28
Non-controlling interests	222,676,580.93	-135,017,154.31
Total owners' equity	-5,860,395,109.02	1,457,450,353.97
Total liabilities and owners' equity	22,350,904,261.25	31,462,204,064.56

Legal representative: Wu Jianjun      Chief finance officer: Yu Huijiang      Head of accounting agency: Wang Lihu

## 2. Balance sheet of the parent company

Unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	4,870,422,479.05	2,310,021,016.85
Trading financial assets	202,027,000.00	286,648,129.34
Derivative financial assets		
Notes receivable		18,077,864.64
Accounts receivable	3,546,031,483.05	2,783,399,610.31
Receivables financing		
Prepayments	3,312,810,262.72	5,060,895,887.42
Other receivables	6,564,549,497.34	8,210,096,432.41
Including: Interest receivable		
Dividends receivable	394,828,312.64	397,729,468.60
Inventories	165,333,867.28	143,981,116.62
Including: data resources		
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	287,171,986.89	1,621,740,187.04
Total current assets	18,948,346,576.33	20,434,860,244.63
Non-current assets:		
Debt investments		
Other debt investments		
Long-term Receivables		
Long-term equity investments	7,947,033,374.38	9,995,056,051.55
Other equity instrument investments	10,213,810.20	10,213,810.20
Other non-current financial assets	202,032,067.00	396,353,137.96
Investment properties	586,120,252.57	873,925,486.40
Fixed assets	375,367,331.52	413,605,136.94
Construction in progress	13,474,434.20	12,762,103.76
Productive biological assets		
Oil and gas assets		
Right-of-Use Assets	347,027.65	
Intangible assets	23,160,095.54	36,845,184.32
Including: data resources		
Development costs		
Including: data resources		
Goodwill		
Long-term deferred expenses	20,782,020.29	32,966,195.77
Deferred tax assets		667,646,526.22
Other non-current assets	1,467,871.30	969,222.30

Total non-current assets	9,179,998,284.65	12,440,342,855.42
Total assets	28,128,344,860.98	32,875,203,100.05
Current liabilities:		
Short-term borrowings	1,519,153,294.44	2,312,074,875.00
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	25,163,192.12	94,034,764.53
Accounts payable	3,796,563,874.96	6,342,200,859.52
Advances from customers		
Contract liabilities	2,699,707,593.73	2,503,838,527.97
Employee benefits payable	37,672,994.15	27,648,867.42
Taxes payable	25,675,833.17	5,299,228.44
Other payables	7,700,994,198.52	5,638,650,473.74
Including: interest payable		
Dividends Payable		
Liabilities directly associated with assets held for sale		
Non-current liabilities maturing within one year	3,387,594,563.88	6,441,534,654.07
Other current liabilities	7,497,034.93	11,512,394.96
Total current liabilities	19,200,022,579.90	23,376,794,645.65
Non-current liabilities:		
Long-term borrowings	5,535,100,000.19	4,371,231,706.59
Bonds payable	1,596,674,876.37	2,295,193,501.05
Including: preferred shares		
Perpetual bonds		
Lease liabilities	367,441.04	
Long-term payables		
Long-term employee benefits payable		
Provisions	346,428,842.60	346,376,800.41
Deferred income	33,164,619.14	42,829,889.81
Deferred tax liabilities	42,603,809.42	34,882,051.56
Other non-current liabilities	52,346,890.08	44,189,363.15
Total non-current liabilities	7,606,686,478.84	7,134,703,312.57
Total Liabilities	26,806,709,058.74	30,511,497,958.22
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments	5,000,000,000.00	
Including: preferred shares		
Perpetual bonds	5,000,000,000.00	
Capital reserves	214,160,914.80	339,889,142.56
Less: Treasury shares		
Other comprehensive income	-1,360,579.00	-1,281,096.83
Specific reserve		

Surplus reserves	1,260,024,039.76	1,260,024,039.76
Undistributed profits	-7,559,133,981.32	-1,642,872,351.66
Total owners' equity	1,321,635,802.24	2,363,705,141.83
Total liabilities and owners' equity	28,128,344,860.98	32,875,203,100.05

### 3. Consolidated income statement

Unit: RMB

Item	Year 2025	Year 2024
I. Total revenue	9,835,474,916.53	11,114,763,969.59
Including: operating revenue	9,835,474,916.53	11,114,763,969.59
Interest income		
Premiums earned		
Handling charge and commission income		
II. Total operating costs	11,943,907,187.59	13,545,420,123.09
Including: cost of sales	9,430,717,918.20	10,861,823,991.19
Interest expense		
Service fee and commission expense		
Surrender payments		
Net claims paid		
Net change in insurance contract reserves		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	111,476,592.07	125,957,334.99
Selling expenses	647,219,068.47	774,298,036.87
Administrative expenses	564,170,838.00	651,947,833.46
R&D expense	386,105,836.96	416,405,840.34
Finance costs	804,216,933.89	714,987,086.24
Including: Interest expenses	871,624,731.68	953,199,337.05
Interest income	134,366,718.80	215,619,251.81
Add: Other income	-544,180,545.00	110,600,310.12
Return on investment ("-" for loss)	277,402,566.69	-40,606,278.44
Including: Investment income from associates and joint ventures	-379,192,413.39	-134,541,620.49
Income from the derecognition of financial assets at amortized cost	-3,484,892.68	-4,519,585.64
Exchange gains ("-" for loss)		
Net gains on exposure hedges ("-" for loss)		
Gains from fair value changes ("-" for loss)	-460,420,971.18	-363,008,154.15
Credit impairment loss ("-" for loss)	-1,520,599,233.40	-405,967,710.66
Asset impairment loss ("-" for loss)	-6,176,184,308.20	-999,416,234.21
Gains on disposal of assets ("-" for loss)	24,500,775.05	13,572,230.63
III. Operating profit ("-" for loss)	-10,507,913,987.10	-4,115,481,990.21
Add: Non-operating income	23,053,295.76	36,502,107.29
Less: Non-operating expenses	459,512,872.49	165,575,114.70
IV. Total profit ("-" for total loss)	-10,944,373,563.83	-4,244,554,997.62
Less: Income tax expense	1,293,239,956.02	69,552,329.00

V. Net profit ("-" for net loss)	-12,237,613,519.85	-4,314,107,326.62
(I) By operating continuity		
1. Net profit from continuing operations ("-" for net loss)	-12,237,613,519.85	-4,314,107,326.62
2. Net profit from discontinued operations ("-" for net loss)		
(II) By ownership		
1. Net profit attributable to owners of the parent company	-12,582,399,856.80	-3,725,557,221.78
2. Net profit attributable to non-controlling interests	344,786,336.95	-588,550,104.84
VI. Other comprehensive income (net of tax)	20,737,108.06	-2,130,878.00
Net of tax of other comprehensive income attributable to owners of the parent company	7,173,897.41	4,403,268.12
(I) Other comprehensive income not reclassified to gains/losses	-5,901,121.80	
1. Remeasurement of defined benefit plans		
2. Other comprehensive income that will not be reclassified to gains/losses under the equity method		
3. Changes in the fair value of investments in other equity instruments	-5,901,121.80	
4. Changes in fair value arising from changes in own credit risk		
5. Others		
(II) Items that will be reclassified to gains/losses	13,075,019.21	4,403,268.12
1. Other comprehensive income that will be reclassified to gains/losses under the equity method	1,776,376.21	1,923,432.88
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Credit impairment allowance for investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Differences arising from the translation of foreign currency-denominated financial statements	11,298,643.00	2,479,835.24
7. Others		
Other comprehensive income attributable to non-controlling interests (net of tax)	13,563,210.65	-6,534,146.12
VII. Total comprehensive income	-12,216,876,411.79	-4,316,238,204.62
Total comprehensive income attributable to owners of the parent company	-12,575,225,959.39	-3,721,153,953.66
Total comprehensive income attributable to non-controlling interests	358,349,547.60	-595,084,250.96
VIII. Earnings per share		
(i) Basic earnings per share	-5.2254	-1.5472
(ii) Diluted earnings per share	-5.2254	-1.5472

Legal representative: Wu Jianjun      Chief Accounting Officer: Yu Hui liang      Head of Accounting Agency: Wang Lihu

#### 4. Income statement of the parent company

Unit: RMB

Item	Year 2025	Year 2024
I. Operating revenue	1,487,823,908.56	1,908,123,924.10
Less: Cost of sales	1,446,499,439.75	1,974,494,601.29
Taxes and surcharges	15,156,638.24	16,346,162.85
Selling expenses	67,925,310.67	96,063,419.94
Administrative expenses	170,375,206.05	185,596,812.40
R&D expense	21,951,046.63	27,710,971.97
Finance costs	662,683,255.63	548,355,214.80
Including: Interest expenses	796,095,346.77	821,872,300.41
Interest income	202,015,820.38	252,748,895.39
Add: Other income	-93,932,230.64	8,811,847.96
Return on investment ("-" for loss)	594,647,384.74	31,201,053.12
Including: Investment income from associates and joint ventures	-72,737,179.87	-29,330,307.37
Income from the derecognition of financial assets at amortized cost ("-" for loss)	-226,103.98	-1,332,512.07
Net gains on exposure hedges ("-" for loss)		
Gains from fair value changes ("-" for loss)	-14,563,367.28	-166,949,370.96
Credit impairment loss ("-" for loss)	-2,953,870,112.05	-139,627,123.83
Asset impairment loss ("-" for loss)	-1,888,551,900.26	-278,537,119.21
Gains on disposal of assets ("-" for loss)	11,634,852.64	2,842,206.14
II. Operating profit ("-" for loss)	-5,241,402,361.26	-1,482,701,765.93
Add: Non-operating income	1,838,690.46	11,728,990.17
Less: Non-operating expenses	1,345,966.57	71,044,286.57
III. Profit before tax ("-" for loss)	-5,240,909,637.37	-1,542,017,062.33
Less: Income tax expense	675,368,284.08	484,375,831.98
IV. Net profit ("-" for net loss)	-5,916,277,921.45	-2,026,392,894.31
(I) Net profit from continuing operations ("-" for net loss)	-5,916,277,921.45	-2,026,392,894.31
(II) Net profit from discontinued operations ("-" for net loss)		
V. Other comprehensive income (net of tax)	-79,482.17	118,274.81
(I) Other comprehensive income not reclassified to gains/losses		
1. Remeasurement of defined benefit plans		
2. Other comprehensive income that will not be reclassified to gains/losses under the equity method		
3. Changes in the fair value of investments in other equity instruments		
4. Changes in fair value arising from changes in own credit risk		
5. Others		
(II) Items that will be reclassified to gains/losses	-79,482.17	118,274.81

1. Other comprehensive income that will be reclassified to gains/losses under the equity method	-79,482.17	118,274.81
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Credit impairment allowance for investments in other debt obligations		
5. Reserve for cash flow hedges		
6. Differences arising from the translation of foreign currency-denominated financial statements		
7. Others		
VI. Total comprehensive income	-5,916,357,403.62	-2,026,274,619.50
VII. Earnings per share		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated Statement of Cash Flows

Unit: RMB

Item	Year 2025	Year 2024
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	8,541,247,523.81	10,525,465,272.93
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policyholders		
Interest, service fee, and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	117,771,372.96	203,389,517.86
Cash generated from other operating activities	375,127,689.39	464,756,959.63
Subtotal of cash generated from operating activities	9,034,146,586.16	11,193,611,750.42
Cash paid for purchase of goods and services	8,243,073,801.04	8,054,236,938.71
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments in cash for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, service fee, and commissions paid		
Policy dividends paid		



Cash paid to and for employees	1,381,510,575.23	1,561,187,041.71
Taxes paid	265,972,133.63	402,970,523.26
Cash used in other operating activities	754,590,197.45	1,001,328,403.75
Subtotal of cash used in operating activities	10,645,146,707.35	11,019,722,907.43
Net cash generated from/used in operating activities	-1,611,000,121.19	173,888,842.99
II. Cash flows from investing activities:		
Cash received from recovery of investments	1,408,421,673.50	441,500,809.51
Cash received from investment income	16,052,167.04	37,170,842.27
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	129,662,812.26	59,667,217.18
Net cash received from disposal of subsidiaries and other business units		
Cash generated from other investing activities	37,622,486.48	186,665,829.14
Subtotal of cash generated from investing activities	1,591,759,139.28	725,004,698.10
Payments in cash for the acquisition of fixed assets, intangible assets and other long-lived assets	291,907,848.36	620,482,495.13
Cash paid for investments	131,920,867.57	1,400,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	25,451,163.26	134,327,401.00
Subtotal of cash used in investing activities	449,279,879.19	756,209,896.13
Net cash generated from/used in investing activities	1,142,479,260.09	-31,205,198.03
III. Cash flows from financing activities:		
Capital contributions received	5,003,000,000.00	167,597,297.30
Including: Capital contributions by non-controlling interests to subsidiaries	3,000,000.00	167,597,297.30
Cash received from borrowings	12,475,924,439.29	11,581,264,358.29
Cash generated from other financing activities	5,239,756,771.19	898,936,642.13
Subtotal of cash generated from financing activities	22,718,681,210.48	12,647,798,297.72
Cash paid for repayment of borrowings	16,411,751,361.52	13,426,379,153.79
Cash payments for distribution of dividends, profit or repayment of interest	579,368,680.06	577,370,283.16
Including: Dividends and profits paid to minority shareholders by subsidiaries	926,283.41	1,204,669.38
Cash paid for other financing activities	3,024,390,098.41	1,686,969,576.16
Subtotal of cash outflows from financing activities	20,015,510,139.99	15,690,719,013.11
Net cash from financing activities	2,703,171,070.49	-3,042,920,715.39
IV. Effect of exchange rate changes on cash and cash equivalents	2,641,824.42	8,630,197.33
V. Net increase in cash and cash equivalents	2,237,292,033.81	-2,891,606,873.10
Add: Cash and cash equivalents at the beginning of the period	2,783,177,476.45	5,674,784,349.55
VI. Cash and cash equivalents at the end of the period	5,020,469,510.26	2,783,177,476.45

## 6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	Year 2025	Year 2024
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	3,375,468,923.21	6,398,186,209.22
Tax rebates	12,249,617.84	60,530,397.37
Cash generated from other operating activities	110,856,652.54	141,831,895.20
Subtotal of cash generated from operating activities	3,498,575,193.59	6,600,548,501.79
Cash paid for purchase of goods and services	4,545,537,654.60	5,971,237,961.40
Cash paid to and for employees	124,225,722.04	179,067,665.39
Taxes paid	20,546,050.48	39,982,463.72
Cash used in other operating activities	369,257,212.81	307,674,460.32
Subtotal of cash used in operating activities	5,059,566,639.93	6,497,962,550.83
Net cash generated from/used in operating activities	-1,560,991,446.34	102,585,950.96
<b>II. Cash flows from investing activities:</b>		
Cash received from recovery of investments	1,383,353,674.50	250,174,642.36
Cash received from investment income	14,638,976.67	32,599,531.28
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	27,317,929.79	7,077,472.58
Net cash received from disposal of subsidiaries and other business units		
Cash generated from other investing activities	1,159,341,746.08	5,599,069,603.94
Subtotal of cash generated from investing activities	2,584,652,327.04	5,888,921,250.16
Payments in cash for the acquisition of fixed assets, intangible assets and other long-lived assets	7,679,658.14	28,198,069.47
Cash paid for investments	132,180,867.57	770,369,387.85
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	1,087,593,344.00	5,493,614,221.91
Subtotal of cash used in investing activities	1,227,453,869.71	6,292,181,679.23
Net cash generated from/used in investing activities	1,357,198,457.33	-403,260,429.07
<b>III. Cash flows from financing activities:</b>		
Capital contributions received	5,000,000,000.00	
Cash received from borrowings	10,674,181,738.88	9,062,107,916.66
Cash generated from other financing activities	10,067,901,149.24	9,436,937,293.60
Subtotal of cash generated from financing activities	25,742,082,888.12	18,499,045,210.26
Cash paid for repayment of borrowings	14,237,314,671.01	10,898,013,880.45
Cash payments for distribution of dividends, profit or repayment of interest	575,823,196.24	564,145,163.75
Cash paid for other financing activities	8,084,015,832.13	9,422,438,355.78
Subtotal of cash outflows from financing activities	22,897,153,699.38	20,884,597,399.98
Net cash from financing activities	2,844,929,188.74	-2,385,552,189.72
<b>IV. Effect of exchange rate changes on cash and cash</b>	<b>1,566,083.68</b>	<b>4,656,657.45</b>

equivalents		
V. Net increase in cash and cash equivalents	2,642,702,283.41	-2,681,570,010.38
Add: Cash and cash equivalents at the beginning of the period	1,581,749,278.38	4,263,319,288.76
VI. Cash and cash equivalents at the end of the period	4,224,451,561.79	1,581,749,278.38

## 7. Consolidated Statement of Changes in Owners' Equity

Current period amount

Unit: RMB

Item	Year 2025														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of the previous year	2,407,945,408.00				512,840,575.73		-9,040,290.32	11,249,678.53	1,244,180,364.24		1,797,506,898.08		2,369,668,838.10	135,017,154.31	2,234,651,683.79
Add: Adjustment for change in accounting policy															
Correction of prior period errors											-777,201,329.82		-777,201,329.82		-777,201,329.82
Others															
II. Balance at the beginning of the year	2,407,945,408.00				512,840,575.73		-9,040,290.32	11,249,678.53	1,244,180,364.24		2,574,708,227.90		1,592,467,508.28	135,017,154.31	1,457,450,353.97
III. Change amount during the current period (use "-" for)			5,000,000,000.00		106,260,704.93		7,173,897.41	5,947,466.09			12,582,399,856.80		7,675,539,198.23	357,693,735.24	7,317,845,462.99

Item	Year 2025														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
decreases)															
(I) Total comprehensive income								7,173,897.41				12,582,399,856.80	12,575,225,959.39	358,349,547.60	12,216,876,411.79
(II) Capital increase and reduction by owners													-106,260,704.93	1,790,696.08	-108,051,401.01
1. Ordinary shares contributed by owners														3,000,000.00	3,000,000.00
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payments included in owners' equity															
4. Other													-106,260,704.93	4,790,696.08	-111,051,401.01
(III) Profit distribution														-926,283.41	-926,283.41



Item	Year 2025														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal
Preferred shares		Perpetual bonds	Others												
surplus reserve															
3. Losses offset by surplus reserve															
4. Changes in defined benefit plans transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Special reserves								5,947,466.09					5,947,466.09	2,061,167.13	8,008,633.22
1. Appropriated in the current period								7,743,491.96					7,743,491.96	2,912,692.75	10,656,184.71
2. Used in the current								1,796,025.87					1,796,025.87	851,525.62	2,647,551.49

Item	Year 2025														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
period															
(VI) Others			5,000,000,000.00										5,000,000,000.00		5,000,000,000.00
IV. Balance at the end of the current period	2,407,945,408.00		5,000,000,000.00		406,579,870.80		-1,866,392.91	17,197,144.62	1,244,180,364.24		15,157,108,084.70		6,083,071,689.95	222,676,580.93	5,860,395,109.02



Amount of previous period

Unit: RMB

Item	Year 2024														
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General risk reserve	Undistributed profits	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of the previous year	2,407,945,408.00				526,499,506.76		-13,443,558.44	4,657,488.24	1,244,180,364.24		1,474,561,975.85		5,644,401,184.65	262,221,679.49	5,906,622,864.14
Add: Adjustment for change in accounting policy															
Correction of prior period errors											-347,232,776.81		347,232,776.81		-
Others															
II. Balance at the beginning of the year	2,407,945,408.00				526,499,506.76		-13,443,558.44	4,657,488.24	1,244,180,364.24		1,127,329,199.04		5,297,168,407.84	262,221,679.49	5,559,390,087.33
III. Change amount during the current period (use "-" for decreases)					-		4,403,268.12	6,592,190.29			-		-	-	-
(I) Total comprehensive					13,658,931.03		4,403,268.12				3,702,037,426.94		3,704,700,899.56	397,238,833.80	4,101,939,733.36
							4,403,268.12				-		-	-	-
											3,725,557,221.78		3,721,153,953.66	595,084,250.96	4,316,238,204.62





Item	Year 2024													
	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General risk reserve	Undistributed profits	Others		
	Preferred shares	Perpetual bonds	Others											
4. Changes in defined benefit plans transferred to retained earnings														
5. Other comprehensive income transferred to retained earnings														
6. Others														
(V) Special reserves							6,592,190.29					6,592,190.29	2,731,977.09	9,324,167.38
1. Appropriated in the current period							7,881,927.49					7,881,927.49	3,279,715.07	11,161,642.56
2. Used in the current period							1,289,737.20					1,289,737.20	547,737.98	1,837,475.18
(VI) Others														
IV. Balance at the end of the current period	2,407,945,408.00				512,840,575.73		-9,040,290.32	11,249,678.53	1,244,180,364.24		2,574,708,227.90	1,592,467,508.28	135,017,154.31	1,457,450,353.97





Item	Year 2025											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
reserve												
3. Losses offset by surplus reserve												
4. Changes in defined benefit plans transferred to retained earnings												
5. Other comprehensive income transferred to retained earnings												
6. Others												
(V) Special reserves												
1. Appropriated in the current period												
2. Used in the current period												
(VI) Others												
IV. Balance at the end of the current period	2,407,945,408.00		5,000,000,000.00		214,160,914.80		-1,360,579.00		1,260,024,039.76	-7,559,133,981.32		1,321,635,802.24

Amount of previous period

Unit: RMB

Item	Year 2024										
	Share	Other equity instruments			Capital	Less:	Other	Specific	Surplus	Undistributed	Others







Item	Year 2024											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
current period												
2. Used in the current period												
(VI) Others												
IV. Balance at the end of the current period	2,407,945,408.00				339,889,142.56		-1,281,096.83		1,260,024,039.76	-1,642,872,351.66		2,363,705,141.83

## I. Company Profile

1. Konka Group Co., Ltd. (hereinafter referred to as the “Company” or the “Group” when including subsidiaries), is a joint-stock limited company reorganized from the former Shenzhen Konka Electronic Co., Ltd. in August 1991 upon approval of the People’s Government of Shenzhen Municipality, and has its ordinary shares (A-share and B-share) listed on Shenzhen Stock Exchange with prior consent from the People’s Bank of China Shenzhen Special Economic Zone Branch. On August 29, 1995, the Company was renamed “Konka Group Co., Ltd.” (Unified Social Credit Code: 914403006188155783), with its main business in the electronic industry. Now the headquarters is located at No. 28, No. 12 Keji South Road, Science & Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province.

### 2. Share capital

After the distribution of bonus shares, allotments, increase in share capital and issuance of new shares over the years, as of December 31, 2025, the Company has issued a total of 2,407,945,408.00 shares (denomination of RMB1 per share) with a registered capital of RMB2,407,945,408.00.

### 3. The nature of the Company's business and main operating activities

The Group is mainly engaged in consumer electronics and semiconductor businesses, conducting the production and sales of color TVs, white goods, optoelectronic displays, storage, and printed circuit boards, etc.

4. The financial statements were approved by the board of directors of the Company for disclosure on April 27, 2026.

## II. Scope of the Consolidated Financial Statements

The scope of the Group's consolidated financial statements covers 104 subsidiaries, such as Shenzhen Konka Electronics Technology Co., Ltd., Anhui Konka Electronics Co., Ltd., and Dongguan Konka Electronics Co., Ltd. Compared with the previous year, the Group lost control over its subsidiary, Kangrong Jiayuan Technology (Zhejiang) Co., Ltd., due to an equity transfer during the current year.

For details, please refer to Note VIII “Changes in the Consolidation Scope” and Note IX “Equity in Other Entities” herein.

### Checklist of Company Name and Abbreviation in this Report

No.	Company name	Abbreviation
1	Shenzhen Konka Electronics Technology Co., Ltd.	Electronics Technology
2	Nantong Haimen Konka Smart Technology Co., Ltd.	Haimen Konka
3	Chengdu Konka Electronics Co., Ltd.	Chengdu Konka Electronics

Notes to Financial Statements of Konka Group Co., Ltd.  
From January 1, 2025 to December 31, 2025  
(Amounts are expressed in RMB unless otherwise stated)

No.	Company name	Abbreviation
4	Nantong Konka Smart Technology Co., Ltd.	Nantong Kangdian
5	Shenzhen Kangcheng Technology Innovation and Development Co., Ltd.	Shenzhen Kangcheng
6	Shenzhen Xiaojia Technology Co., Ltd.	Xiaojia Technology
7	Liaoyang Kangshun Smart Technology Co., Ltd.	Liaoyang Kangshun Intelligent
8	Liaoyang Kangshun Renewable Resources Co., Ltd.	Liaoyang Kangshun Renewable
9	Nanjing Konka Electronics Co., Ltd.	Nanjing Konka
10	Chuzhou Konka Precision Intelligent Manufacturing Technology Co., Ltd.	Chuzhou Konka
11	Guangdong Xingda Hongye Electronics Co., Ltd.	Xingda Hongye
12	Shenzhen Konka Circuit Co., Ltd.	Konka Circuit
13	Suining Konka Flexible Electronic Technology Co., Ltd.	Konka Flexible Electronics
14	Suining Konka Hongye Electronics Co., Ltd.	Kangjia Hongye Electronics
15	Boluo Konka Precision Technology Co., Ltd.	Bokang Precision
16	Anhui Konka Tongchuang Electrical Appliances Co., Ltd.	Anhui Tongchuang
17	Jiangsu Konka Smart Electrical Appliances Co., Ltd.	Jiangsu Konka Smart
18	Anhui Konka Electrical Appliance Technology Co., Ltd.	Anhui Electrical Appliance
19	Henan Frestec Refrigeration Appliance Co., Ltd.	Frestec Refrigeration
20	Henan Frestec Electrical Appliances Co., Ltd.	Frestec Electrical Appliances
21	Henan Frestec Household Appliances Co., Ltd.	Frestec Household Appliances
22	Henan Frestec Smart Home Technology Co., Ltd.	Frestec Smart Home
23	Shenzhen Konka Investment Holding Co., Ltd.	Konka Investment
24	Yibin Konka Technology Park Operation Co., Ltd.	Yibin Konka Industrial Park
25	Shenzhen Konka Capital Equity Investment Management Co., Ltd.	Konka Capital
26	Konka Suiyong Investment (Shenzhen) Co., Ltd.	Konka Suiyong
27	Shenzhen Konka Shengxing Industrial Co., Ltd.	Shengxing Industrial
28	Shenzhen Konka Zhitong Technology Co., Ltd.	Zhitong Technology
29	Konka Electronic Material Technology (Shenzhen) Co., Ltd.	Konka Electronic Material
30	Beijing Konka Electronic Co., Ltd.	Beijing Konka Electronics
31	Tianjin Konka Technology Co., Ltd.	Tianjin Konka
32	Suining Konka Industrial Park Development Co., Ltd.	Suining Konka Industrial Park
33	Suining Konka Electronic Technology Innovation Co., Ltd.	Suining Electronic Technology Innovation

Notes to Financial Statements of Konka Group Co., Ltd.  
From January 1, 2025 to December 31, 2025  
(Amounts are expressed in RMB unless otherwise stated)

No.	Company name	Abbreviation
34	Shanghai Konka Industrial Co., Ltd.	Shanghai Konka
35	Yantai Kangjin Technology Development Co., Ltd.	Yantai Kangjin
36	Shenzhen Konka Technology Industry Development Co., Ltd.	Development of science and technology industry
37	Sichuan Konka Smart Terminal Technology Co., Ltd.	Sichuan Konka
38	Yibin Konka Smart Technology Co., Ltd.	Yibin Smart
39	Shenzhen Konka Semiconductor Technology Co., Ltd.	Shenzhen Konka Semiconductor
40	Chongqing Konka Technology Development Co., Ltd.	Chongqing Konka
41	Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.	Xinying Semiconductor
42	Konka Xinying Semiconductor Technology (Hong Kong) Co., Ltd.	Xinying Semiconductor (Hong Kong)
43	Konka ChipCloud Semiconductor Technology (Yancheng) Co., Ltd.	Konka Xinyun Semiconductor
44	Konka Cross-border (Hebei) Technology Development Co., Ltd.	Konka Cross-border (Hebei)
45	Shenzhen Nianhua Enterprise Management Co., Ltd.	Shenzhen Nianhua
46	Konka Huazhong (Hunan) Technology Co., Ltd.	Konka Central China
47	Shenzhen Konka Chuangzhi Electrical Appliances Co., Ltd.	Shenzhen Chuangzhi Electrical Appliances
48	Suining Jiarun Property Co., Ltd.	Suining Jiarun Property
49	Anhui Konka Electronics Co., Ltd.	Anhui Konka
50	Anhui Kangzhi Trade Co., Ltd.	Kangzhi Trade
51	Shenzhen Konka Telecommunications Technology Co., Ltd.	Telecommunication Technology
52	Hong Kong Konka Telecommunications Co., Ltd.	Hong Kong Konka Communications
53	Dongguan Konka Electronics Co., Ltd.	Dongguan Konka
54	Suining Konka Smart Technology Co., Ltd.	Suining Konka Intelligent
55	Chongqing Konka Optoelectronics Technology Co., Ltd.	Chongqing Optoelectronic Technology
56	Yibin Kangrun Environmental Technology Co., Ltd.	Yibin Kangrun
57	Yibin Kangrun Medical Waste Centralized Treatment Co., Ltd.	Yibin Kangrun Medical
58	Ningbo Kanghanrui Electric Appliances Co., Ltd.	Ningbo Kanghanrui Electric Appliances
59	Jiangxi Konka New Material Technology Co., Ltd.	Jiangxi Konka
60	Jiangxi High Transparent Substrate Material Technology Co., Ltd.	Jiangxi High Transparent Substrate
61	Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.	Xinfeng Microcrystal
62	Shaanxi Konka Smart Home Appliance Co., Ltd.	Shaanxi Konka Intelligent

Notes to Financial Statements of Konka Group Co., Ltd.  
From January 1, 2025 to December 31, 2025  
(Amounts are expressed in RMB unless otherwise stated)

No.	Company name	Abbreviation
63	Shenzhen Konka Pengrun Technology & Industry Co., Ltd.	Pengrun Technology
64	Jiixin Technology Co., Ltd.	Jiixin Technology
65	Kangrong Jiayuan Technology (Zhejiang) Co., Ltd.	Kangrong Jiayuan
66	Shenzhen Konka Unifortune Technology Co., Ltd.	Konka Unifortune
67	Jiali International (Hong Kong) Limited	Jiali International
68	Hebei Kangjiatong Technology Co., Ltd.	Konka Communication
69	Nanjing Konka Smart Electric Co., Ltd.	Nanjing Konka Smart
70	Hainan Konka Technology Co., Ltd.	Hainan Konka Technology
71	Konka Venture Development (Shenzhen) Co., Ltd.	Konka Venture
72	Yibin Konka Incubator Management Co., Ltd.	Yibin Konka Incubator
73	Yantai Konka Healthcare Industry Startup Service Co., Ltd.	Yantai Konka
74	Guiyang Konka Startup Service Co., Ltd.	Konka Enterprise Service
75	Ji'an Konka Technology Industry Development Co., Ltd.	Ji'an Konka
76	Konka (Europe) Co., Ltd.	Konka Europe
77	Hong Kong Konka Co., Ltd.	Hong Kong Konka
78	Kangdian International Trade Co., Ltd.	Kangdian Trading
79	Konka North America LLC	Konka North America
80	Kanghao Technology Co., Ltd.	Kanghao Technology
81	Hongdian Investment Development Co., Ltd.	Kangdian Investment
82	Zhongkang Storage Technology Co., Ltd.	Zhongkang Storage Technology
83	Chain Kingdom Semiconductor (Shaoxing) Co., Ltd.	Zhongkang Semiconductor (Shaoxing)
84	Hongjet (Hong Kong) Co., Ltd.	Kangjet
85	Chongqing Xinyuan Semiconductor Co., Ltd.	Chongqing Xinyuan Semiconductor
86	Anlu Konka Industry Operation Service Co., Ltd.	Anlu Konka
87	Shenzhen Kanghong Dongsheng Investment Partnership (Limited Partnership)	Kanghong Dongsheng
88	Guizhou Konka New Materials Technology Co., Ltd.	Guizhou Konka New Material Technology
89	Konka Smart Home (Shanxi) Industry Development Co., Ltd.	Shanxi Smart Home Appliance
90	Guizhou Kanggui Materials Co., Ltd.	Guizhou Kanggui Materials
91	Nantong Kanghai Technology Industry Development Co., Ltd.	Nantong Kanghai
92	Chongqing Kangyiyun Business Operation Management Co., Ltd.	Chongqing Kangyiyun

Notes to Financial Statements of Konka Group Co., Ltd.  
From January 1, 2025 to December 31, 2025  
(Amounts are expressed in RMB unless otherwise stated)

No.	Company name	Abbreviation
93	Jiangxi Konka Technology Park Operation and Management Co., Ltd.	Jiangxi Konka Technology Park
94	Shangrao Konka Electronic Technology Innovation Co., Ltd.	Shangrao Konka Electronic Technology Innovation
95	Zhejiang Konka Electronics Co., Ltd.	Zhejiang Konka Electronics
96	Zhejiang Konka Technology Industry Development Co., Ltd.	Zhejiang Konka Technology Industries
97	Xi'an Konka Intelligent Home Appliance Co., Ltd.	Xi'an Konka Intelligent
98	Xi'an Konka Network Technology Co., Ltd.	Xi'an Konka Network
99	Xi'an Kanghong Technology Industry Development Co., Ltd.	Xi'an Kanghong Technology Industry
100	Xi'an Konka Intelligent Technology Development Co., Ltd.	Xi'an Konka Intelligent Technology
101	Songyang Konka Smart Industry Operation Management Co., Ltd.	Songyang Industry Operation
102	Shenzhen Kangyan Technology Co., Ltd.	Kangyan Technology
103	Songyang Konka Intelligent Technology Development Co., Ltd.	Songyang Konka Intelligent
104	Konka North China (Tianjin) Technology Co., Ltd.	Konka North China
105	Shenzhen Konka Digital Technology Development Co., Ltd.	Digital technology

### III. Basis for the Preparation of Financial Statements

#### 1. Basis for the Preparation

The Group's financial statements were prepared based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance as well as its application guidelines, interpretations and other related regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), as well as the disclosure regulations of the General Provisions on Financial Reporting No. 15 for Companies Publicly Issuing Securities (revised in 2023) by the CSRC.

#### 2. Going Concern

The consolidated net profit of Konka Group in 2025 was RMB -122.38 hundred million. As of December 31, 2025, the Group's net assets in the consolidated financial statements were RMB -58.60 hundred million, with a debt-to-asset ratio of 126.22%.

In view of the above, when assessing the Group's ability to continue as a going concern, the Board of Directors of the Group has prudently considered the Group's future strategic adjustments and business strategies, operating conditions, working capital and available sources of financing. The Group has formulated the following plans and measures to reduce the pressure on working capital and improve its financial position:

(1) On December 29, 2025, the National Development and Reform Commission and the Ministry of Finance officially issued the "Notice on the Implementation of the Policy for

Large-scale Equipment Renewal and Consumer Goods Trade-in in 2026", which provides special financial subsidies for the renewal of six major categories of home appliances and equipment. The Group will take this opportunity to accelerate the transformation and upgrading of its home appliance business to effectively promote the improvement of its operating performance.

(2) The Group will adhere to the long-term value-oriented business guideline, focus on the development of its main business, optimize asset allocation, and enhance lean management. On the one hand, with focus on the optimization and reshaping of existing businesses, the Group will comprehensively enhance the efficiency of the entire chain of R&D, production, supply, sales, and service to achieve significant loss reduction in existing businesses; on the other hand, the Group will deepen research and analysis around the "9+6" strategic emerging industries to seek innovative drivers for its high-quality development.

(3) Take active measures to revitalize various stock resources and accelerate the recovery of funds. The Group established a specific department engaged in promoting the exit and divestment of "non-core and non-advantageous" businesses and assets, and utilizing external resources to shorten the disposal and revitalization period of inefficient assets.

(4) Bank credit lines are relatively stable. The Group will continue to deepen its strategic cooperation with commercial banks, actively expand financing channels, and alleviate the pressure on working capital.

After fully considering the various measures mentioned above that the Group is implementing or plans to implement, the Board of Directors of the Group believes that it is appropriate to prepare these financial statements on a going concern basis for at least 12 months from December 31, 2025. However, future events or circumstances may result in significant uncertainty in the implementation of the above-mentioned measures, including the effectiveness of measures such as exiting non-core businesses and revitalizing existing assets. The renewal of bank credit loans and acquisition of new financing depend on the Group's communication with commercial banks. If the relevant improvement measures of the Group fail to be implemented as planned or achieve the expected results, the Company may cease to continue as a going concern, hence the uncertainty about the going-concern ability.

#### **IV. Significant Accounting Policies and Accounting Estimates**

Specific accounting policies and accounting estimates: The specific accounting policies and accounting estimates formulated by the Group according to the actual production and operation characteristics include provisions for bad debts of accounts receivable, provisions for inventory depreciation, depreciation of fixed assets, revenue recognition and



measurement, etc.

## 1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Group are in compliance with the Accounting Standards for Business Enterprises, which factually, accurately and completely present the Company's and the Group's financial positions as of December 31, 2025, business results and cash flows, and other relevant information for 2025.

## 2. Fiscal period

The Group's fiscal period starts from January 1 to December 31 of the Gregorian calendar.

## 3. Operating cycle

The normal operating cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents by the Group. An operating cycle for the Group is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

## 4. Recording currency

The Company uses RMB as the recording currency. Subsidiaries of the Group determine their functional currency according to the main economic environment in which they operate. When preparing the financial statements, the Group converts them into RMB according to the method described in IV.10(2) Conversion of foreign currency financial statements.

## 5. Determination methods and selection basis for materiality threshold

The Group prepares and discloses financial statements adhering to the principle of materiality. The disclosures in the notes to the financial statements cover matters involving judgments about materiality criteria, the methods for determining materiality thresholds, and the bases for selecting these criteria:

Disclosures involving materiality standard judgments	Location of disclosure of this matter in the notes to the present financial statements	Methodology for Determining Materiality Criteria and Basis for Selection
Significant individually bad debt provisioned receivables	Note VI.4. Accounts receivable (2)	Individual amount exceeding RMB50 million
Receivables with significant amount of bad debt provision recovered or reversed during the year	Note VI.4. Accounts receivable (3)	Individual amount exceeding RMB10 million
Write-off of significant receivables in the year	Note VI.4. Accounts receivable (4)	Individual amount exceeding RMB10 million
Significant accounts payable aged over 1 year	Note VI.26. Accounts payable	Individual amount exceeding RMB10 million
Significant receipts in advance and contractual liabilities/projected liabilities/other payables aged over 1	Note VI.28; note VI.29; note VI.39; note VI.27;	Individual amount exceeding RMB10 million

Disclosures involving materiality standard judgments	Location of disclosure of this matter in the notes to the present financial statements	Methodology for Determining Materiality Criteria and Basis for Selection
year		
Significant construction in progress projects	Note VI.16. Construction in progress (2)	Increase or decrease in a single asset during the year or a balance exceeding RMB100 million

## 6. Accounting Treatments for Business Combinations Under Common Control and Those Not Under Common Control

### (1) Business combinations under common control

A business combination involving entities under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

As the combining party, the assets and liabilities obtained by the Group in a business combination under the same control shall be measured on the basis of their book value in the final controlling party on the combining date. The difference between the book value of the net assets acquired and the book value of the consideration paid for the combination (or the total par value of the shares issued) is used to adjust the capital reserves; in case the capital reserves are insufficient to cover the difference, the retained earnings will be adjusted.

### (2) Business combinations not under common control

A business combination involving entities not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination.

As purchaser, the identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the business combination not under common control shall be measured at fair value on the acquisition date. The difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree shall be recognized as goodwill; if the combination costs are less than the fair value of the identifiable net assets acquired from the acquiree in the combination, the fair values of the identifiable assets, liabilities and contingent liabilities acquired from the combination, as well as the combination costs, shall be reviewed first. After review, if the combination costs are still less than the fair value, the difference shall be included in the current non-operating revenue of the combination.

## 7. Criteria for Judging Control and Methods for Preparing Consolidated Financial Statements

The scope of consolidation for the consolidated financial statements of the Group is based

on control, including the Company and all its subsidiaries (including enterprises, divisible parts of investees, and structured entities controlled by the Company). The Group assesses control based on whether it has power over the investee, has exposure or rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Group during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Group and subsidiaries.

The impact of internal transactions between the Company and its subsidiaries, as well as between subsidiaries and each other, is offset in consolidation. The shares of the subsidiary's owner's equity that do not belong to the parent Group and the shares of minority shareholders' equity in current net gains/losses, other comprehensive income and total comprehensive income shall be respectively listed in the consolidated financial statement "Minority shareholders' equity, minority shareholders' net gains/losses, other comprehensive income that belongs to minority shareholders and total comprehensive income that belongs to minority shareholders".

For subsidiaries acquired through business combinations under the same control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the current combination period. When preparing the comparative consolidated financial statements, the relevant items in the financial statements of the previous year shall be adjusted as if the consolidated reporting entity had existed since the final controlling party began to control it.

Where the equity of an investee under common control is acquired in stages through multiple transactions, ultimately resulting in a business combination, when preparing the consolidated financial statements, adjustments are made as if the entity had existed in its current state from the time the ultimate controlling party obtained control. When preparing comparative financial statements, the relevant assets and liabilities of the acquiree are consolidated into the Group's comparative consolidated financial statements, limited to a point in time not earlier than when both the Group and the acquiree were under the control of the same ultimate controlling party. The net assets increased as a result of the combination are used to adjust the relevant items under owner's equity in the comparative financial statements. To avoid double-counting the value of the acquiree's net assets, for any long-term equity investment held by the Group before the combination is achieved, the related gains/losses, other comprehensive income, and other changes in net assets recognized from the later of the date the original equity was acquired and the date the

Company and the acquiree came under the control of the same ultimate controlling party, up to the combination date, shall be offset against the opening retained earnings and current gains/losses of the comparative reporting period, respectively.

For subsidiaries acquired through business combination under different control, the operating results and cash flow shall be included in the consolidated financial statements from the date when the Group obtains the control right. When preparing the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

For a business combination achieved in stages, where equity interests in the acquiree are obtained through multiple transactions and ultimately result in a business combination not under common control, the previously held equity interest shall be remeasured at its fair value on the acquisition date. Any difference between the fair value and its carrying amount shall be recognized in current investment income; with respect to the previously held equity interest in the acquiree, any amounts recognized in other comprehensive income under the equity method, as well as other changes in owners' equity other than net gains/losses, other comprehensive income and profit distributions, shall be reclassified to current investment income in the period of the acquisition date. However, this excludes other comprehensive income arising from remeasurement of the net defined benefit liability or asset of the investee.

When the Group disposes of a portion of its long-term equity investment in a subsidiary without losing control, the difference in the consolidated financial statements between the proceeds from the disposal and the subsidiary's share of net assets, calculated continuously from the acquisition date or combination date, corresponding to the disposed long-term equity investment, is adjusted against capital premium or share premium. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted.

If the Group loses control over an investee due to reasons such as the disposal of a portion of its equity investment, when preparing the consolidated financial statements, the remaining equity is remeasured at its fair value on the date of loss of control. The difference between the total of the consideration received from the disposal of equity and the fair value of the remaining equity, minus the share of the original subsidiary's net assets calculated continuously from the acquisition or combination date based on the original shareholding percentage, is recognized in investment income for the period in which control is lost, and goodwill is derecognized at the same time. Other comprehensive income and other items related to the original equity investment in the subsidiary are reclassified to investment income for the current period upon loss of control.

If the Group disposes of its equity investment in a subsidiary in stages through multiple transactions until control is lost, and if these transactions are part of a single transaction package, all transactions shall be accounted for as a single transaction of disposing of a subsidiary and losing control; however, the difference between the disposal proceeds and the share of net assets of the subsidiary corresponding to the investment disposed of for each disposal prior to the loss of control shall be recognized as other comprehensive income in the consolidated financial statements, and shall be reclassified to investment income in the period in which control is lost.

## **8. Classification of Joint Venture Arrangements and Accounting Treatments for Joint Operations**

The Group's joint arrangements include joint operations and joint ventures. For a joint operation, the Group, as a joint operator, recognizes the assets and liabilities that it holds and bears in the joint operation, and recognizes the jointly-held assets and jointly-borne liabilities according to the Group's stake in the joint operation; recognizes relevant income and expense according to the Group's stake in the joint operation. When the Group purchases from or sells to the joint operation assets that do not constitute a business, the Group only recognizes the share of the other joint operators in the gains/losses arising from the transaction.

## **9. Cash and Cash Equivalents**

Cash in the Group's statement of cash flows refers to cash on hand and unrestricted deposits. For the purpose of the statement of cash flows, cash equivalents refer to highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value with a holding period of not more than 3 months.

## **10. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements**

### **(1) Foreign Currency Transactions**

Foreign currency transactions of the Group are initially recognized at the exchange rate at the beginning of the month of the transaction date (usually referring to the middle rate of the foreign exchange rate announced by the People's Bank of China on the day, the same below), converting the foreign currency amount into the functional currency amount. On the balance sheet date, the monetary items in foreign currency were converted into RMB at the spot exchange rate on balance sheet date. Except the exchange difference arising from special foreign-currency borrowing for the purpose of construction or production of assets meeting capitalization conditions treated in the principle of capitalization, the

conversion difference was directly included in the current gains/losses.

## **(2) Translation of Foreign Currency Financial Statements**

When preparing the consolidated financial statements, the Group translates the financial statements of overseas operations into RMB, in which: assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on the balance sheet date; owners' equity items, except for "undistributed profits", are translated at the spot exchange rate when the business occurs; the income and expense items in the income statement are translated at the average exchange rate of the current period (the average exchange rate of the month) on the date when the transactions occur. The conversion difference of foreign currency statements arising from the aforementioned conversion is presented in other comprehensive income item. The foreign currency cash flow is converted at the average exchange rate for the period (monthly average exchange rate) of the cash flow occurrence date. The amount of exchange rate change influence on cash is independently presented in the cash flow statement.

## **11. Financial Instruments**

### **(1) Recognition and derecognition of financial instruments**

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

If the following conditions are met, a financial asset (or a part of a financial asset, or a part of a group of similar financial assets) shall be derecognized, that is, the previously recognized financial asset shall be transferred from the balance sheet: 1) the right to receive the cash flows of the financial asset expires; 2) When the financial assets are transferred, the Group has transferred almost all the risks and rewards of ownership of the financial assets; 3) When a financial asset is transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, nor retains control over the financial asset.

When the current obligation of financial liabilities (or partial financial liabilities) has been completely or partially discharged, derecognition of such financial liabilities (or partial financial liabilities) is conducted by the Group. If the Group (borrower) concludes an agreement with the lender to replace existing financial liabilities with new ones and contractual terms of new financial liabilities are different from those of existing financial liabilities, derecognition of existing financial liabilities and recognition of new financial liabilities shall be conducted. When there is a material alteration of contractual terms of existing financial liabilities (partial financial liabilities) by the Group, derecognition of existing financial liabilities and recognition of new financial liabilities as per modified terms shall be conducted. The difference between the book value of the derecognized part and

the consideration paid is included in the current gains/losses.

All regular acquisitions or sales of financial assets are recognized and derecognized on a transaction date basis.

## **(2) Classification and Measurement of Financial Assets**

At initial recognition, the Group's financial assets are classified into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current gains/losses according to the Group's business model for managing financial assets and the contractual cash flow characteristics of financial assets. All affected related financial assets will be reclassified if and only when the Group changes its business model for managing financial assets.

The Group classifies the financial assets meeting the following conditions simultaneously as financial assets measured at amortized cost: ① The business model for managing the financial assets aims at collecting contractual cash flows. ② The contractual terms of the financial assets stipulate that the cash flows generated on specified dates solely represent payments of principal and interest based on the outstanding principal amount. These financial assets are initially measured at fair value, and relevant transaction costs are included into the initially recognized amount; subsequent measurement is carried out at amortized cost. Except for those designated as hedge items, the difference between the initial recognized amount and the amount due shall be amortized at actual interest rate and their amortization, impairment and exchange gains/losses as well as gains or losses arising from derecognition shall be recorded into the current gains/losses.

The Group classifies the financial assets meeting the following conditions simultaneously as financial assets measured at fair value through other comprehensive income: ① the business model for managing this financial asset aims at both collecting contractual cash flows and selling the financial asset. ② The contractual terms of the financial assets stipulate that the cash flows generated on specified dates solely represent payments of principal and interest based on the outstanding principal amount. These financial assets are initially measured at fair value, and relevant transaction costs are included into the initially recognized amount. Except for those designated as hedge items, any other gains or losses arising from such financial assets, except for credit impairment losses or gains, exchange gains/losses, and interest on the financial asset calculated using the effective interest rate method, are included in other comprehensive income; when financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the current gains/losses.

The Group recognizes interest income according to the effective interest rate method. Interest income is calculated and determined according to the book balance of the financial asset multiplied by the actual interest rate, except for the following circumstances:

① For the financial asset with credit impairment that has been purchased or originated, from the initial recognition, the interest income is calculated and determined according to the amortized cost of the financial asset and the actual interest rate adjusted by credit. ② For financial assets purchased or originated that have not suffered credit impairment but have suffered credit impairment in subsequent periods, the interest income shall be calculated and determined according to the amortized cost and actual interest rate of the financial assets in subsequent periods.

The Group designates non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. Such designation, once made, may not be revoked. The non-trading equity instrument investments designated by the Group to be measured at fair value through other comprehensive income are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount; except for dividends obtained (except for the recovery of investment costs) which are included in the current gains/losses, other relevant gains and losses (including exchange gains/losses) are included in other comprehensive income and shall not be subsequently transferred to the current gains/losses. When they are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings. Equity instrument investments measured at fair value through other comprehensive income include: Equity investments to be held in the long term as planned by the Group for strategic purpose, with no control, joint control or significant influence, and with no active market quotation.

Financial assets other than those classified as financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. The Group classifies them as financial assets measured at fair value through current gains/losses. These financial assets are initially measured at fair value, and the relevant transaction costs are directly included in the current gains/losses. Gains or losses arising from these financial assets are recorded into the current gains/losses.

The contingent consideration recognized by the Group in a business combination not under the same control which constitutes a financial asset is classified as financial assets measured at fair value through current gains/losses.

### **(3) Classification, Recognition and Measurement of Financial Liabilities**

The Group's financial liabilities are, on initial recognition, classified into financial liabilities measured at fair value through current gains/losses and other financial liabilities.



Financial liabilities measured at fair value through current gains/losses include held-for-trading financial liabilities and financial liabilities designated at initial recognition to be measured at fair value through current gains/losses. Subsequent measurement is carried out at fair value, and gains or losses arising from changes in fair value as well as dividends and interest expenses related to the financial liability are included in current gains/losses.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The Group classifies financial liabilities except for the following items as financial liabilities measured at amortized cost: ① Financial liabilities measured at fair value through current gains/losses, including held-for-trading financial liabilities (including derivative instruments belonging to financial liabilities) and financial liabilities designated to be measured at fair value through current gains/losses. ② Financial liabilities arising from the transfer of financial assets not meeting the derecognition conditions or continuous involvement in the transferred financial assets. ③ Financial guarantee contracts not belonging to cases of above ① or ②, and loan commitments at an interest rate lower than the market rate not belonging to the case in ①.

The Group treats the financial liability arising from contingent consideration recognized as the purchaser in a business combination not under the same control as measured at fair value and changes thereof shall be recorded into current gains/losses.

#### **(4) Impairment of financial instruments**

Based on expected credit loss, the Group recognizes impairment and provisions for losses on financial assets measured at amortized cost, debt investments measured at fair value with changes in fair value recognized in other comprehensive income, contract assets, lease receivables, loan commitments, and financial guarantee contracts.

##### **1) Measurement of expected credit loss**

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all expected cash flows to be collected, discounted by the Group using the original effective interest rate, i.e., the present value of all cash shortfalls.

Expected credit loss over the entire lifespan refers to the expected credit loss caused by all possible default events that may occur during the expected lifespan of a financial instrument. Expected credit loss in the next 12 months refers to the expected credit loss caused by a financial instrument default event that may occur within 12 months after the balance sheet date (if the expected lifespan of the financial instrument is less than 12 months, the actual expected lifespan applies), which is a part of the expected credit loss over the entire lifespan.

For accounts receivable, notes receivable, receivables financing, contract assets and other receivables arising from daily operating activities such as sales of goods and rendering of labor services, if they do not contain significant financing components, the Group adopts a simplified measurement method to measure the loss provision at the amount equivalent to the expected credit loss over the entire lifespan.

For lease receivables, receivables containing significant financing components and contract assets, the Group adopts the simplified measurement method to measure the loss provision at the amount equivalent to the expected credit loss over the entire lifespan.

For financial assets (such as debt investments, other debt investments and other receivables), loan commitments and financial guarantee contracts other than those measured with the above-mentioned simplified measurement method, the Group adopts the general method (three-stage method) to accrue the expected credit loss. On each balance sheet date, the Group assesses whether there is a significant increase in credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, it is in the first stage. In this case, the Group accrues the loss provision at the amount equivalent to the expected credit loss in the next 12 months, and calculates the interest income according to the book balance and the effective interest rate; if the credit risk has increased significantly since initial recognition but credit impairment has not occurred, it is in the second stage. In this case, the Group accrues the loss provision at an amount equivalent to the expected credit loss over the entire lifespan, and calculates the interest income according to the book balance and the effective interest rate; if a credit impairment occurs after initial recognition, it is in the third stage. In this case, the Group accrues the loss provision at an amount equivalent to the expected credit loss over the entire lifespan, and calculates the interest income at amortized cost and effective interest rate.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that there is no significant increase in their credit risk since initial recognition. Regarding the Group's criteria for determining significant increases in credit risk and the definition of assets with credit impairment, please refer to Note XI.1(2) for disclosure.

When the Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets, the expected changes in the debtors' credit risk are inferred based on historical repayment data and in combination with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment, therefore, the provision for impairment already made may not be equal to the actual amount of impairment loss in the future.

## **2) Portfolio category and determination basis of provision for impairment made by**

### **portfolio with credit risk characteristics**

The Group assesses the expected credit loss of financial instruments on an individual and portfolio basis. When assessing on a portfolio basis, the Group divides financial instruments into different groups based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, and aging of receivables.

### **3) Judgment criteria for individual provision for impairment of bad debts based on individual basis**

If the credit risk characteristics of a certain customer are significantly different from those of other customers in the portfolio, or if the credit risk characteristics of that customer have changed significantly, such as amounts due from related parties; receivables that are in dispute with the counterparty or involve litigation or arbitration; receivables for which there are clear indications that the debtor is highly unlikely to be able to fulfill its repayment obligations, etc.

### **4) Write-off of provision for impairment**

When the Group no longer reasonably expects to recover all or part of the cash flows from financial asset contracts, the Group directly reduces the carrying amount of the financial asset. If the written-down financial assets are recovered later, they are included in the current gains/losses as the reversal of the impairment loss.

### **(5) Recognition and Measurement of Financial Asset Transfers**

The Group derecognizes the financial assets that meet one of the following conditions: ① the contractual right to receive the cash flow from the financial assets is terminated; ② The financial assets have been transferred, and the Group has transferred almost all the risks and rewards of ownership of the financial assets; ③ The financial assets have been transferred, and the Group has neither transferred nor retained almost all risks and rewards of ownership of the financial assets, nor has it retained control over the financial assets.

If the overall transfer of financial assets fulfills the requirements for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the corresponding derecognition part of the accumulated amount of fair value changes originally directly included in other comprehensive income (the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the unpaid principal amount) shall be included in the current gains/losses.

If the partial transfer of financial assets satisfies the conditions for derecognition, the entire

book value of the transferred financial assets will be apportioned between the derecognition portion and the non-derecognition portion according to their relative fair values, and the consideration received for the transfer and the amount corresponding to the derecognition of the cumulative amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognition part (the contractual terms of the transferred financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest based on the outstanding principal amount) and the difference between the total book value of the aforesaid financial assets allocated is included in the current gains/losses.

#### **(6) The Distinction Between Financial Liabilities and Equity Instruments and Related Treatment Methods**

The Group distinguishes the financial liabilities and equity instruments according to the following principles: (1) If the Group cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liabilities. Although some financial instruments do not explicitly include the terms and conditions of the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument must be settled with or can be settled with the Group's own equity instrument, it is necessary to consider whether the Group's own equity instrument used to settle the instrument is used as a substitute for cash or other financial assets, or to enable the holder of the instrument to enjoy the residual equity in the assets of the issuer after deducting all liabilities. If the former, the instrument is a financial liability of the issuer; if the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract requires the Group to use or be able to use its own equity instrument to settle the financial instrument, in which the amount of contractual rights or contractual obligations is equal to the number of its own equity instruments available or to be delivered multiplied by its fair value at the time of settlement, regardless of whether the amount of contractual rights or obligations is fixed, or entirely or partially based on changes in variables other than the market price of the Group's own equity instruments (such as interest rates, prices of certain commodities or prices of certain financial instruments), the contract shall be classified as a financial liability.

In classifying financial instruments (or their components) in the consolidated statement, the Group has taken into account all terms and conditions reached between the Group members and the holders of financial instruments. If the Group as a whole undertakes the obligation to deliver cash, other financial assets or settle accounts in other ways that cause the instrument to become a financial liability due to the instrument, the instrument shall be

classified as a financial liability.

If financial instruments or their components are financial liabilities, the Group will include interest, dividends, gains or losses, and gains or losses arising from redemption or refinancing, etc. in the current gains/losses.

If financial instruments or their components are equity instruments, when they are issued (including refinancing), repurchased, sold or cancelled, the Group will treat them as changes in equity and will not recognize changes in the fair value of equity instruments.

### **(7) Offset of Financial Assets and Financial Liabilities**

The Group's financial assets and liabilities shall be separately presented in the balance sheet and not set off each other. However, when the following conditions are met simultaneously, the net amount after mutual offset is presented in the balance sheet: (1) the Group has the legal right to offset the recognized amount, and such legal right is currently enforceable; (2) the Group plans to settle them on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

### **12. Notes Receivable**

For notes receivable, the Group shall measure the provision for loss based on the expected credit loss amount over the entire period of existence. According to the credit risk characteristics thereof, except those with separate evaluation of credit risk, notes receivable can be divided into different combinations:

Item	Basis for Combination Determination
Bank acceptance bills	The acceptor shall be a bank with high credit level and low risks
Commercial acceptance bills	Classified by credit risk of acceptors (the same as accounts receivable)

### **13. Accounts receivable**

For accounts receivable and contract assets excluding significant financing composition, the Group shall measure the provision for loss according to the expected credit loss amount over the entire period of existence.

For accounts receivable, contract assets and lease payment receivable including significant financing composition, the Group shall always measure the provision for loss according to the expected credit loss amount over the period of existence.

Except the accounts receivable and contract assets whose credit risks shall be separately evaluated, the Group shall divide them into different combinations based on the specific credit risks:

Item	Basis for Combination Determination
Aging Combination	This portfolio is accounts receivable with aging as the credit risk feature
Related party portfolio	The accounts receivable from the other entities within the consolidation scope

#### 14. Receivables Financing

The Group's receivables financing is based on expected credit losses, and provision is made for impairment reserves in accordance with the expected credit loss measurement method for notes receivable.

#### 15. Other Receivables

The Group measures the provision for losses of other receivables as below: ① for financial assets with no significant increase in credit risk since initial recognition, the Group measures the provision for loss according to the amount of expected credit loss in the next 12 months; ② for financial assets whose credit risk has increased significantly since initial recognition, the Group measures the provision for loss at an amount equivalent to the expected credit loss of the financial instrument during the entire lifespan; ③ for purchased or internally generated financial assets which have undergone credit impairment, the Group measures the provision for loss at an amount equivalent to the expected credit loss over the entire lifespan. Except other receivables whose credit risks shall be separately evaluated, the Group shall divide them into different combinations based on the specific credit risk features:

Item	Basis for Combination Determination
Aging Combination	This portfolio consists of other receivables with aging as the credit risk feature.
Low-risk portfolio	This portfolio's credit risk characteristics are other receivables with extremely low risk, such as petty cash, security deposits, and deposits.
Related party portfolio	This portfolio consists of other receivables from entities within the Group's consolidation scope.

#### 16. Long-term Receivables

By determining whether the credit risk of long-term receivables increases remarkably after the initial recognition, the Group shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except for long-term receivables whose credit risks shall be separately evaluated, the Group shall divide them into different combinations based on the specific credit risk features:

Item	Basis for Combination Determination
Financing Lease Combination	Uses long-term receivables related to the financing lease as the credit risk characteristics.

#### 17. Inventories

The Group's inventories mainly include raw materials, products in process, semi-finished products, products on hand, and entrusted processing materials.

The perpetual inventory system is adopted, and inventories are valued at actual cost upon acquisition; the actual cost of inventories that have undergone requisition or dispatch is

determined using the weighted average method. Low-value consumables and packaging are amortized through the one-off charge-off method.

For merchandise inventories directly for sale, such as finished goods, goods in process, and materials for sale, their net realizable values are determined at the estimated selling prices of the inventories minus the estimated selling expenses and relevant taxes and surcharges; the net realizable value of material inventory held for production purposes is determined by subtracting the estimated costs to be incurred until completion, estimated sales expenses, and related taxes from the estimated selling price of the finished products produced. For inventories with large quantity and low unit price, the provision for inventory depreciation is made according to the inventory category; for inventories related to the product series produced and sold in the same area, with the same or similar end use or purpose, and difficult to be measured separately from other items, the provision for inventory depreciation is made on a consolidated basis.

The net realizable value refers, in the ordinary course of business, to the amount after deducting the estimated cost of completion, estimated sale expenses, and relevant taxes from the estimated sale price of inventories. The net realizable value of inventories shall be fixed on the basis of valid evidence as well as under consideration of the purpose of inventories and the effect of events after the balance sheet date.

After recognizing the provision for inventory depreciation, if the factors which caused a write-down of inventories have disappeared, causing the net realizable value of inventories to be higher than their book value, the amount of the write-down shall be reversed within the original amount of provision for inventory depreciation. The reversed amount shall be included in the current gains/losses.

## **18. Contract Assets**

### **(1) Recognition methods and standards for contract assets**

Contract assets refer to the right of the Group to receive consideration after transferring goods to customers, and this right depends on factors other than the passage of time. If the Group sells two clearly distinguishable products to customers, it has the right to receive payment because one of the products has been delivered, but the payment is also dependent on the delivery of the other product, the Group recognizes the right to receive payment as a contract asset.

### **(2) Determination Method and Accounting Treatment Method of Expected Credit Loss of Contract Assets**

The method for determining the expected credit losses of contract assets involves measuring the impairment losses of contract assets by referencing the method used for the impairment loss measurement of receivables as previously described.

The Group calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the book amount of the current provision for impairment of contract assets, the Group recognizes the difference as an impairment loss by debiting "impairment loss on assets" and crediting "provision for impairment of contract assets". On the contrary, the Group recognizes the difference as an impairment gain and makes the opposite accounting records.

If the Group actually incurs a credit loss and determines that the relevant contract assets cannot be recovered, and the write-off is approved, the "provision for impairment of contract assets" is debited and the "contract assets" is credited according to the approved write-off amount. If the write-off amount is greater than the provision for losses that has been made, the difference is debited to "losses from asset impairment".

## **19. Assets relating to contract costs**

### **(1) Method for determining the amount of assets relating to contract costs**

The Group's assets related to contract costs include contract performance costs and contract acquisition costs.

Contract performance cost refers to the cost incurred by the Group to perform a contract. If the contract performance cost does not fall within the scope of other accounting standards for business enterprises and meets the following conditions at the same time, it is recognized as an asset under contract performance cost: this cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses, costs clearly borne by the customer, as well as other costs incurred only due to this contract; this cost increases the Group's future resources to meet its performance obligations; this cost is expected to be recovered.

Contract acquisition cost refers to the incremental cost incurred by the Group to obtain the contract that is expected to be recovered. It is recognized as an asset under contract acquisition cost; if the amortization period of the asset does not exceed one year, the asset is included in the current gains/losses when the amortization occurs. Incremental cost refers to the cost (such as sales commission, etc.) that the Group will not incur without obtaining the contract. The Group's expenses incurred in obtaining the contract, other than the expected recoverable incremental cost (such as travel expenses incurred regardless of whether the contract is obtained, etc.), are included in the current gains/losses when they are incurred, except when clearly borne by the customer.

### **(2) Amortization of assets relating to contract costs**

The Group's assets related to contract costs are amortized on the same basis as the commodity revenue recognition related to the asset and included in the current gains/losses.



### **(3) Impairment of assets relating to contract costs**

When determining the impairment loss of assets related to contract costs, the Group first determines the impairment loss of other assets related to the contract recognized in accordance with other relevant accounting standards for business enterprises; if its book value is higher than the difference between the remaining consideration expected to be obtained by the Group from the transfer of the goods related to the asset and the estimated cost to be incurred for the transfer of the relevant goods, the excess shall be provided for impairment and recognized as asset impairment loss.

If the impairment factors of the previous period have changed, and the aforementioned difference is higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current gains/losses, but the book value of the asset after the reversal shall not exceed, assuming no provision for impairment is made, the book value of the asset on the date of reversal.

### **20. Long-term equity investments**

The Group's long-term equity investments are mainly investments in subsidiaries and associates.

The Group's judgment on joint control is based on the fact that all participants or a combination of participants collectively control the arrangement and that the policies of the activities related to the arrangement shall be unanimously agreed by those participants who collectively control the arrangement.

The Group is generally considered to have a significant influence on the investee when it owns, directly or indirectly through a subsidiary, above 20% but below 50% of the voting rights of the investee. If the Group holds less than 20% of the voting rights of the investee, it also needs to judge whether the Group has a significant influence on the investee by taking into account the facts and circumstances such as having representatives on the Board of Directors or similar authority of the investee, or participating in the process of formulating financial and operating policies of the investee, or having major transactions with the investee, or sending management personnel to the investee, or providing key technical information to the investee.

If control over the investee is formed, it is a subsidiary of the Group. For long-term equity investment acquired through business combination under the same control, the initial investment cost of the long-term equity investments is recorded at the merger date based on the acquisition of the merged party's share of the book value of the net assets of the ultimate controller in the consolidated financial statements. If the book value of the net assets of the merged party on the merger date is negative, the cost of long-term equity investments is determined as zero.

If the business combination that is ultimately formed through multiple transactions to acquire the equity of the investee under the same control belongs to a package deal, the Group shall conduct accounting treatment to treat each transaction as a single transaction to acquire control. If the transaction is not a package deal, the initial investment cost of the long-term equity investment is based on the share of the book value of the net assets of the merged party in the consolidated financial statements of the ultimate controller at the merger date. The difference between the initial investment cost and the sum of the book value of the long-term equity investment before the merger plus the book value of the new consideration paid for further acquisition of shares at the merger date shall offset against capital reserve; and where capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

For long-term equity investment acquired through business combination not under the same control, the initial investment cost shall be the consolidation cost.

If the business combination that is ultimately formed through multiple transactions to acquire the equity of the investee not under the same control belongs to a package deal, the Group will conduct accounting treatment to treat each transaction as a single transaction to acquire control. If the transaction is not a package deal, the sum of the book value of the equity investment originally held plus the cost of the new investment shall be the initial investment cost calculated in accordance with the cost method. If the equity held prior to the purchase date is accounted for by the equity method, the relevant other comprehensive income accounted for by the original equity method shall not be adjusted. The same basis of accounting as that used for the direct disposal of the related assets or liabilities by the investee is used for the disposal of the investment. If the equity held before the purchase date is designated as the financial assets measured at fair value through other comprehensive income, the cumulative gains or losses of the equity originally recognized in other comprehensive income shall be transferred from other comprehensive income and recognized in retained earnings; if it is a financial asset measured at fair value through current gains/losses, the gains or losses of the equity originally included in the gains/losses from changes in fair value need not be transferred to investment income. If the equity held prior to the purchase date is an investment for other equity instruments, the changes in fair value of the equity investment accumulated in other comprehensive income before the purchase date shall be transferred to the retained earnings.

Except for the above long-term equity investments obtained through business combinations, long-term equity investments obtained through cash payments are recognized as investment costs based on the actual purchase price paid; for long-term

equity investments acquired by issuing equity securities, the fair value of the issued equity securities is taken as the investment cost; for long-term equity investments invested by investors, the value agreed in the investment contract or agreement shall be taken as the investment cost.

The Group calculates its investments in subsidiaries through the cost method and its investments in joint ventures and associates through the equity method.

For long-term equity investments calculated by the cost method for subsequent measurement, the book value of the cost of long-term equity investments shall be increased by the fair value of the cost amount paid for the additional investment and relevant transaction costs incurred when the additional investment is made. Cash dividends or profits declared by the investee are recognized as investment income for the current period in accordance with the due amount.

For the long-term equity investment whose subsequent measurement adopts the equity method, the book value of the long-term equity investment will increase or decrease accordingly with the change of the owner's equity of the investee. In recognizing the share of net gains/losses of an investee, the fair value of the identifiable assets of the investee at the time of investment acquisition is used as the basis for recognizing the net profit of the investee in accordance with the Group's accounting policies and accounting periods, with the offsetting of the portion of gains/losses on internal transactions with associates and joint ventures that are attributable to the investor based on the proportion of the investor's ownership interest, and the net profit of the investee is recognized after adjustments are made to the net profit of the investee.

For the disposal of a long-term equity investment, the difference between its book value and the actual proceeds is included in the current investment income. For long-term equity investments accounted for using the equity method, the relevant other comprehensive income accounted for using the original equity method shall be accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is terminated. The owner's equity recognized due to other changes in owner's equity of the investee other than net gains/losses, other comprehensive income and profit distribution shall be fully transferred into the current investment income when the equity method is terminated.

If common control or significant influence over an investee is lost due to the disposal of a portion of the equity investment, etc., the remaining equity interest after disposal is reclassified to be accounted for in accordance with the relevant provisions of the guidelines for the recognition and measurement of financial instruments, and the difference between the fair value of the remaining equity interest at the date of the loss of

common control or significant influence and its book value is recognized in current gains/losses. Any other comprehensive income previously recognized under the equity method for the original equity investment is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities once the equity method ceases to apply, and is carried forward proportionally. The owner's equity recognized due to other changes in owner's equity of the investee other than net gains/losses, other comprehensive income and profit distribution shall be proportionally transferred into the current investment income.

In case that the control over the investee is lost due to the disposal of part of the long-term equity investments, if the remaining equity after disposal can exercise joint control or significant influence on the investee, the accounting method is changed to the equity method. The difference between the book value of the disposed equity and the disposal consideration shall be included in the investment income, and the remaining equity is adjusted as if it were accounted for using the equity method from the time of acquisition; if the remaining equity after disposal is insufficient for exercising joint control or significant influence on the investee, accounting treatment shall be made in accordance with the relevant provisions of the recognition and measurement standards for financial instruments. The difference between the book value of the disposed equity and the disposal consideration shall be included in the investment income, and the difference between the fair value and the book value of the remaining equity on the date of loss of control is included in the current gains/losses.

If the Group's transactions of step-by-step disposal of equity to loss of control do not belong to a package deal, accounting treatment shall be carried out for each transaction separately. If it is a "package deal", each transaction will be treated as a transaction of disposal of subsidiaries and loss of control. However, before the loss of control, the difference between the disposal price of each transaction and the book value of the long-term equity investment corresponding to the disposed equity will be recognized as other comprehensive income, and when the control is lost, it will be transferred to the current gains/losses of loss of control.

## **21. Investment properties**

The term "investment property" refers to the real estate held for generating rent and/or capital appreciation. Investment properties include leased land use rights, land use rights held for transfer upon appreciation, and leased buildings, etc. In addition, if the Board of Directors (or similar organizations) makes a written resolution to use the vacant buildings held by the Group for operating lease and the holding intention will not change in a short time, they will also be listed as investment properties.

The initial measurement of the investment property shall be made at its cost. For subsequent expenses related to the investment property, if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably, they are included in the cost of the investment property. Other subsequent expenses are included in the current gains/losses when incurred.

The Group adopts the cost model for the subsequent measurement of investment properties, and depreciates or amortizes them in accordance with a policy consistent with that for buildings or land use rights.

For details of impairment test method and withdrawal method of impairment provision of investment properties, please refer to Note IV. 27. "Long-term assets impairment".

The Group's investment properties adopt the average life method for depreciation or amortization. The expected service life, net residual value rate and annual depreciation (amortization) rate of all kinds of investment properties shall refer to the depreciation policy for buildings under fixed assets and the amortization policy for land use rights under intangible assets.

When owner-occupied real estate or inventories are changed into investment property or investment property is changed into owner-occupied real estate, the book value prior to the change shall be the entry value after the change.

When an investment property is changed to an owner-occupied real estate, it would be transferred to fixed assets or intangible assets at the date of such change. When an owner-occupied real estate is changed to be held to earn rental or for capital appreciation, the fixed asset or intangible asset is transferred to investment property at the date of such change. When a property is converted to an investment property measured using the cost model, the book value before conversion is taken as the entry value after conversion; when a property is converted into an investment property measured at fair value, the fair value on the conversion date is recognized as the entry value after conversion.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment property less its carrying amount and related taxes and expenses is recognized in the current gains/losses in the period in which it is incurred.

## **22. Fixed assets**

The Group's fixed assets are tangible assets held for the production of goods, provision of services, rental or operation management and have a useful life of more than one year.

Fixed assets should be recognized when it is probable that the economic benefits associated with them will be incorporated into the Group and their cost can be measured

reliably. The Group's fixed assets include buildings and constructions, machinery and equipment, electronic equipment, transportation equipment, and other equipment.

The Group depreciates all fixed assets by the straight-line method, except for fully depreciated fixed assets that continue to be used and land that is separately valued. The straight-line depreciation method (SLD) is adopted. The classified depreciation life, estimated net residual value rate and depreciation rate of the Group's fixed assets are as follows:

No.	Category	Depreciation method	Depreciation period (year)	Expected residual value rate (%)	Annual depreciation rate (%)
1	Housing and building	Straight-line depreciation	20-40	5-10.00	2.25-4.75
2	Machinery Equipment	Straight-line depreciation	5-10	5-10.00	9.00-19.00
3	Electronic Equipment	Straight-line depreciation	3-5	5-10.00	18.00-31.67
4	Transportation equipment	Straight-line depreciation	3-5	5-10.00	18.00-31.67
5	Other equipment	Straight-line depreciation	5	5-10.00	18.00-19.00

The estimated useful life, estimated net salvage value and depreciation method of fixed assets are reviewed at the end of each year. Accounting estimate changes are applied when changes are required.

### 23. Construction in progress

The cost of construction in progress is determined based on actual project expenditures, including all necessary project expenditures incurred during construction, borrowing costs to be capitalized before the project reaches its predetermined usable state, and other related expenses, etc.

On the date when the construction in progress reaches its intended usable state, fixed assets are carried forward at the estimated value based on the project budget, cost or actual cost of the project, etc. Depreciation starts from the following month, and the difference in the original value of fixed assets is adjusted after the completion of the final accounting procedures.

Construction in progress is transferred to fixed assets upon reaching the predetermined usable state, with the criteria as follows:

Item	Criteria for carrying forward fixed assets
Housing and building	The main construction project and ancillary projects are substantially completed, meeting the predetermined design requirements. Upon joint acceptance by the Company's Engineering Department and units responsible for surveying, design, construction, supervision, etc., and government departments such as the Fire Services Department and the Housing Authority, and reaching the predetermined usable state following process

Notes to Financial Statements of Konka Group Co., Ltd.  
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Item	Criteria for carrying forward fixed assets
	approval, it is transferred to fixed assets.
Machinery Equipment	The equipment management department and the equipment manufacturer are jointly responsible for the installation and commissioning of the equipment, including hardware debugging, process conditions debugging, etc. Upon completion of debugging and reaching the predetermined usable state following process approval, it is transferred to fixed assets.

## 24. Borrowing costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets as part of the cost of those assets, and other borrowing costs are included in the current gains/losses. The assets that meet the capitalization conditions determined by the Group include the borrowing costs of fixed assets, investment real estate and inventories that need more than one year of acquisition and construction or production activities to reach the expected serviceable or marketable status. Capitalization starts when asset expenditures have been incurred, borrowing costs have been incurred, and necessary purchasing, construction, or production activities have begun to bring the assets to their intended usable or marketable status; when the acquired and constructed, or produced assets that meet the capitalization conditions have reached the working condition for their intended use or sale, the capitalization is ceased, and the borrowing costs incurred thereafter are included in the current gains/losses. If there is an abnormal interruption in the acquisition, construction or production of assets that meet the capitalization conditions and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs will be suspended until the acquisition, construction or production of assets starts again.

During each accounting period within the capitalization process, the Group recognizes the capitalization amount of borrowing costs using the following method: for specialized borrowings, the capitalization amount is based on the actual interest expenses incurred in the current period, after deducting the interest income earned from unused borrowing funds deposited in the bank or investment income earned from temporary investments; where general borrowings are used, they shall be determined by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding specialized borrowings by the capitalization rate of used general borrowings, and the capitalization rate is calculated and determined according to the weighted average interest rate of the general borrowings.

## 25. Right-of-use assets

The right-of-use assets refer to the right of the Group as the lessee to use the leased assets during the lease term.

### **(1) Initial Measurement**

On the commencement date of the lease term, the Group uses the cost for initial measurement of right-of-use assets. The cost includes the following four items: ① initial measurement amount of the lease liabilities; ② lease payment amount paid on or before the start date of the lease term. If there is any lease incentive, the lease incentive amounts that have been enjoyed are deducted; ③ the initial direct costs incurred, i.e. the incremental costs incurred in obtaining the lease agreement; ④ the cost expected to be incurred for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed upon in the lease terms, except for those incurred for the production of inventory.

### **(2) Subsequent Measurement**

After the commencement date of the lease term, the Group adopts the cost model to carry out subsequent measurement of the right-of-use assets, that is, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. If the Group re-measures the lease liabilities according to the relevant provisions of the lease standards, the book value of the right-of-use assets shall be adjusted accordingly.

### **(3) Depreciation of right-of-use assets**

From the commencement date of the lease term, the Group accrues depreciation on the right-of-use assets. Right-of-use assets are usually depreciated from the month when the lease term begins. The accrued depreciation amount is included in the cost of related assets or current gains/losses according to the use of the right-of-use assets.

When determining the depreciation method of the right-of-use assets, the Group makes a decision based on the expected consumption mode of the economic benefits related to the right-of-use assets, and accrues depreciation for the right-of-use assets using the straight-line method.

When determining the depreciation life of right-of-use assets, the Group follows the following principles: if it can be reasonably determined that the ownership of the leased assets will be obtained at the expiration of the lease term, the depreciation is accrued over the remaining service life of the leased assets; if it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the depreciation is accrued over the shorter of the lease term or the remaining service life of the leased asset.

### **(4) Impairment of right-of-use assets**

If the right-of-use assets are impaired, the Group carries out subsequent depreciation according to the book value of the right-of-use assets after deducting the impairment loss.

## **26. Intangible assets**



Intangible assets of the Group include land use rights, patented technologies, non-patented technologies, etc. They are measured at the actual cost on acquisition. Specifically, for purchased intangible assets, the actual price paid and other relevant expenses are taken as the actual cost; for intangible assets invested by investors, the value agreed in the investment contract or agreement is taken as the actual cost. However, if the value agreed in the contract or agreement is not fair, the actual cost is determined according to the fair value; for intangible assets such as patents acquired from a merger not under the same control, if they were owned by the acquired party but not recognized in its financial statements, they shall be recognized as intangible assets at fair value upon initial recognition of the acquired party's assets.

**(1) Service life and its determination basis, estimation, amortization method, or review procedure**

Intangible assets of the Group include land use rights, patented technologies, non-patented technologies, etc. They are measured at the actual cost on acquisition. Specifically, for purchased intangible assets, the actual price paid and other relevant expenses are taken as the actual cost; for intangible assets invested by investors, the value agreed in the investment contract or agreement is taken as the actual cost. However, if the value agreed in the contract or agreement is not fair, the actual cost is determined according to the fair value; for intangible assets such as patents acquired from a merger not under the same control, if they were owned by the acquired party but not recognized in its financial statements, they shall be recognized as intangible assets at fair value upon initial recognition of the acquired party's assets.

**(2) Scope of R&D expenditures and related accounting treatments**

The scope of the Group's R&D expenditures includes salaries of R&D personnel, direct input costs, depreciation and amortization, design fees, equipment testing fees, fees for R&D outsourced to external parties, and other expenses.

The Group classifies its internal research and development project expenditures into expenditure on the research phase and expenditure on the development phase, based on the nature of the expenditures and the degree of uncertainty in whether the R&D activities will result in an intangible asset. Expenditure on the research phase is recognized in current gains/losses when incurred. Expenditure on the development phase is capitalized when all of the following conditions are met:

The Group has assessed the technical feasibility of completing the intangible asset so that it will be available for use or sale;

The Group intends to complete the intangible asset and use or sell it;

It is probable that the intangible asset will generate future economic benefits;

The Group has the adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset;

The expenditure attributable to the development phase of the intangible asset can be measured reliably. Development phase expenditures not meeting these capitalization criteria are recognized in current gains/losses for the period when incurred.

## **27. Impairment of long-term assets**

For non-current non-financial assets of fixed assets, projects under construction, intangible assets with limited service life, investment property measured using the cost model, and long-term equity investments in subsidiaries, joint ventures, and associates, the Group shall assess at the balance sheet date whether there is any indication of impairment. If such indication exists, the recoverable amount shall be estimated and an impairment test conducted. Goodwill, intangible assets with indefinite service life, and intangible assets not yet available for use shall be tested for impairment at the end of each year regardless of whether there is any indication of impairment.

### **(1) Impairment of non-current assets other than financial assets (except goodwill)**

If the impairment test result shows that the recoverable amount of an asset is less than its book value, an impairment provision for the difference shall be made and recorded in impairment losses. The recoverable amount is the higher of the net amount of the asset's fair value less disposal costs and the present value of the asset's estimated future cash flows. The fair value of the asset is determined according to the sales agreement price in an arm's length transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined based on the buyer's offer for the asset; if there is neither a sales agreement nor an active market for the asset, the fair value is estimated based on the best available information. Disposal costs include legal fees, related taxes, freight charges, and other direct costs incurred to bring the asset to a saleable condition. The present value of the asset's estimated future cash flows is determined by discounting the asset's estimated future cash flows during continued use and upon disposal using an appropriate discount rate. Impairment provisions for assets are calculated and recognized on the basis of individual assets. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the asset group to which the asset belongs. An asset group is the smallest combination of assets that generates cash inflows independently.

### **(2) Impairment of goodwill**

In the impairment test, the book value of goodwill presented separately in the financial statements is allocated to the asset group or groups of asset groups expected to benefit from the synergies of the business combination. If the impairment test result shows that

the recoverable amount of the asset group or groups of asset groups containing the allocated goodwill is less than its book value, the corresponding impairment loss is recognized. The amount of impairment loss is first used to reduce the book value of goodwill allocated to the asset group or groups of asset groups, and then the book value of other assets is reduced proportionately based on their respective book values within the asset group or groups of asset groups (excluding goodwill).

The methodology, parameters, and assumptions for the goodwill impairment test are detailed in Note VI.19.

Once recognized, the above impairment losses on assets shall not be reversed in subsequent accounting periods.

### **28. Long-term deferred expenses**

The Group's long-term deferred expenses include renovation costs, mold costs, and so on. These expenses are amortized evenly over the benefit period. If a long-term deferred expense item cannot generate benefits for future accounting periods, the unamortized value of the item shall be fully transferred to current gains/losses.

### **29. Contract liabilities**

Contract liabilities refer to the obligation of the Group to transfer goods to customers for consideration received or receivable from customers. Before the transfer of goods, if the customer has paid the consideration or if the Group has obtained the right to unconditionally collect the contract consideration, the contract liabilities shall be recognized based on the amount received or receivable at the earlier of the customer's actual payment date or the payment due date.

### **30. Employee compensation**

Employee compensation of the Group includes short-term compensation, post-employment benefits, termination benefits, and other long-term benefits.

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance, maternity insurance, employment injury insurance, housing provident fund, labor union expenses, staff education expenses, and non-monetary benefits. During the accounting period when employees provide services, the actual short-term compensation is recognized as a liability and included in current gains/losses or the cost of related assets depending on the beneficiary.

The post-employment benefits mainly include the basic endowment insurance, etc. They are divided into defined contribution plans and defined benefit plans in accordance with the risks and obligations undertaken by the Group. According to the defined contribution plan, the deposit paid to a separate entity in exchange for the services provided by the employees during the accounting period on the balance sheet date is recognized as

liabilities, and shall be included in the current gains/losses or the cost of related assets according to the beneficiary. If the Group has a defined benefit plan, the specific accounting method should be explained.

When terminating labour relations before expiration of contract, or layoffs with compensations, and the Group cannot unilaterally withdraw the plan for terminating labour relations or layoff proposal, the liabilities arising from dismissal welfare shall be recognized and included in current gains/losses at the earlier of the date the related costs of dismissal welfare in connection with a restructuring are recognized or the date when the dismissal welfare cannot be withdrawn unilaterally. However, dismissal welfare not fully paid within 12 months after Reporting Period should be handled the same as other long-term employees' payrolls.

The internal employee retirement plan is treated by adopting the same principle as the above dismissal welfare. The Group would record the salary and the social security insurance fees paid and so on from the employee's service termination date to normal retirement date into current gains/losses (dismissal welfare) under the condition that they meet the recognition conditions of estimated liabilities.

The other long-term welfare that the Group offers to the staffs, if meeting the defined contribution plan, should be accounting disposed according to the defined contribution plan, while the rest should be disposed according to the defined benefit plan.

### **31. Lease liabilities**

#### **(1) Initial Measurement**

The Group initially measures the lease obligation at the present value of the lease payments outstanding at the lease commencement date.

##### 1) Lease payments

Lease payment amount refers to the amount paid by the Group to the lessor in relation to the right to use the leased asset during the lease term, including: ① fixed payment amount and substantially fixed payment amount, with lease incentives (if any) deducted from the relevant amount; ② The amount of variable lease payments that depend on an index or ratio, which is determined at the time of initial measurement based on the index or ratio at the commencement date of the lease term; ③ the exercise price of the purchase option when the Group reasonably determines that the purchase option will be exercised; ④ The amount needs to be paid for exercising the lease termination option when the lease term reflects that the Group will exercise the option to terminate the lease; ⑤ The amount expected to be paid according to the residual value of the guarantee provided by the Group.

##### 2) Rate of discount

When calculating the present value of the lease payments, the Group uses the interest rate implicit in lease as the rate of discount, which is the interest rate at which the sum of the present value of the lessor's lease receipts and the present value of the unsecured residual value equals the sum of the fair value of the leased asset and the lessor's initial direct expenses. If the Group fails to determine the interest rate implicit in lease, the incremental borrowing rate will be used as the rate of discount. The incremental borrowing rate shall mean the interest rate payable by the Group to borrow funds under similar mortgage conditions during similar periods to acquire assets close to the value of the right-of-use assets under similar economic circumstances. The interest rate is related to the following matters: ① the Group's own situation, that is, the company's solvency and credit status; ② The term of the "borrowing", i.e., the lease term; ③ the amount of "borrowed" funds, i.e. the amount of the lease liability; ④ "collateral conditions", i.e. the nature and quality of the subject assets; ⑤ economic circumstances, including the jurisdiction in which the lessee is located, pricing currency, time of contract signing, etc. The incremental borrowing rate is based on the Group's latest asset-based lending interest rate for similar assets and adjusted to take into account the above factors.

## **(2) Subsequent Measurement**

After the lease commencement date, the Group measures the lease liability in accordance with the following principles: ① when recognizing the interest on the lease liability, the carrying amount of the lease liability is increased; ② when the lease payment is made, the book amount of the lease liability is reduced; ③ when the lease payment changes due to revaluation or lease change, the book value of the lease liability is re-measured.

The Group calculates the interest expenses of the lease obligations during each period of the lease term at a fixed periodic interest rate, and includes them (except those that shall be capitalized) in current gains/losses. Periodic rate refers to the rate of discount adopted by the Group when initially measuring lease liabilities, or the revised rate of discount adopted by the Group when lease liabilities need to be remeasured according to the revised rate of discount due to changes in lease payments or lease changes.

## **(3) Re-measurement**

After the lease commencement date, the Group re-measures the lease liability based on the present value of the changed lease payment and adjusts the book value of the right-of-use assets accordingly when the following circumstances occur. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group recognizes the remaining amount in current gains/losses. ① there have been changes in substantially fixed payments (in which case the original discount rate is adopted); ② there have been changes in the estimated payable amount of

the guarantee residual value (in which case, the original discount rate is adopted); ③ there have been changes in the index or ratio used to determine the lease payments (in which case the revised discount rate is adopted); ④ there have been changes in the valuation results of the purchase option (in which case the revised discount rate is adopted); ⑤ there have been changes in the evaluation results or actual exercise of the option to renew or terminate the lease (in which case, the revised discount rate is adopted).

### **32. Provisions**

When an obligation related to a contingency meets the following conditions simultaneously, it is recognized as an estimated liability: (1) the obligation is a present obligation undertaken by the Group; (2) the performance of the obligation is likely to result in an outflow of economic benefits; (3) the amount of the obligation can be reliably measured.

The provisions are initially measured in accordance with the optimal estimate of the necessary expenses for the fulfillment of the current obligation, with the risks related to contingent matters, uncertainty, the time value of money, and other factors taken into consideration. The Group reviews the current best estimate of provisions at the balance sheet date and adjusts the carrying amount of the provision as necessary.

When all or some of the expenses necessary for the liquidation of provisions are expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the book value of the estimated liabilities.

### **33. Preferred shares, perpetual bonds and other financial instruments**

Preferred shares and perpetual debt classified as debt instruments shall be initially measured at their fair value less transaction costs, and subsequently measured at amortized cost using the effective interest rate method. Interest expenses or dividend distributions thereon shall be accounted for in accordance with borrowing costs. Gains or losses arising from their repurchase or redemption shall be recognized in current gains/losses.

For preferred shares and perpetual bonds classified as equity instruments, the consideration received upon issuance, net of transaction costs, is added to owners' equity. Their interest expense or dividend distributions are treated as profit distribution, and any repurchase or cancellation is treated as a change in equity.

### **34. Principles of revenue recognition and measurement methods**

#### **(1) General principles**

The Group has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, revenue is recognized.

Obtaining control over related goods or services means being able to lead the use of the goods or the provision of such services and obtain almost all of the economic benefits from it.

Performance obligation refers to the Group's commitment in a contract to transfer clearly distinguishable goods to the customer. A performance obligation of the Group is deemed as an obligation to be fulfilled within a certain period of time if one of the following conditions is met; otherwise, the performance obligation is satisfied at a point in time:

- ① The customer obtains and consumes the economic benefits brought by the Group's performance at the same time as the Group performs the contract;
- ② The customer is capable of controlling the goods under construction during the performance of the Group;
- ③ The goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to receive payment for the performance accumulated to date throughout the contract period.

For performance obligations performed within a certain period of time, the Group recognizes revenue according to the performance progress during that period. When the performance progress cannot be reasonably determined, if the cost incurred by the Group is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Group recognizes revenue at the point in time when the customer obtains control of the relevant goods or services. When determining whether a customer has obtained control over goods, the Group considers the following indications:

- ① The Group has the current right to receive the payment for the goods, that is, the customer has the current obligation to pay for the goods;
- ② The Group has transferred the legal ownership of the goods to the customer, that is, the customer already has legal ownership of the goods;
- ③ The Group has physically transferred the goods to the customer, that is, the customer has physically taken possession of the goods;
- ④ The Group has transferred the significant risks and rewards pertaining to the ownership of the goods to the customer, that is, the customer has obtained the significant risks and rewards;
- ⑤ The customer has accepted the goods or services, etc.;
- ⑥ Other signs indicating that the customer has gained control of the goods.

The Group's right to consideration in exchange for goods or services that the Group has transferred to a customer is presented as a contract asset. An impairment loss is

recognized for contract assets based on expected credit losses. The Group's unconditional right to receive consideration from a customer is presented as a receivable. The Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer is presented as a contract liability.

## **(2) Principles of revenue measurement**

1) If the contract contains two or more performance obligations, at the commencement date of the contract, the Group will allocate the transaction price to each single performance obligation based on the relative proportion of the stand-alone selling price of the goods or services promised under each single performance obligation. Revenue is measured at the transaction price of each single performance obligation.

2) The transaction price is the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments collected on behalf of third parties and payments expected to be returned to customers. The transaction price recognised by the Group does not exceed the amount for which it is highly probable that cumulative revenue already recognised will not be significantly reversed when the related uncertainties are resolved. Amounts expected to be refunded to the customer are treated as a liability and not included in the transaction price.

3) Where a contract contains variable consideration, such as cash discounts and price protection included in certain contracts between the Group and its customers, the Group determines the best estimate of variable consideration using the expected value method or the most likely amount method. However, the transaction price including variable consideration is constrained to an amount that, in relation to the cumulative revenue already recognised, is highly probable not to result in a significant reversal when the related uncertainties are resolved.

4) For consideration payable to a customer, the Group deducts such consideration from the transaction price and reduces current revenue at the later of when the related revenue is recognised and when the consideration is paid (or promised to be paid) to the customer, unless the consideration payable is in exchange for other distinct goods or services obtained from the customer.

5) For sales with sales return clauses, when the customer obtains control of the relevant goods, the Group recognizes the revenue at the amount of consideration expected to be received due to the transfer of goods to the customer, and recognizes the amount expected to be refunded due to sales return as estimated liabilities; in addition, the balance of the expected book value of the returned goods at the time of transfer less the expected cost of recovering the goods (including the impairment of the value of the returned goods) is recognized as an asset, i.e. the return cost receivable. The net amount



of the above asset cost is carried forward according to the book value of the transferred goods at the time of assignment. On each balance sheet date, the Group re-estimates the future sales returns and re-measures the aforementioned assets and liabilities.

6) If there is a significant financing component in the contract, the Group shall determine the transaction price according to the payable amount that is assumed to be paid in cash by the customer when the customer obtains the right of control over goods or services. The difference between the transaction price and the promised consideration in the contract is amortized over the contract period using the effective interest method, with the discount rate being the one that discounts the nominal amount of the contract consideration to the cash selling price of the goods. On the starting date of the contract, the Group expects that the time between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year, regardless of the significant financing components in the contract.

7) According to contractual agreements, legal provisions, etc., the Group provides quality assurance for the products sold and the assets built. For guarantee-type quality assurance to assure customers that the goods sold meet the established standards, the Group conducts accounting treatment in accordance with "contingent events-estimated liabilities". For service-type quality assurance where a separate service is provided in addition to the assurance to the customer that the goods sold meet the established standards, the Group treats it as a single performance obligation and apportions a portion of the transaction price to the service-type quality assurance based on the relative proportions of the separate selling prices of the goods and the service-type quality assurance provided and recognizes revenue when the customer obtains control of the service. When assessing whether the quality assurance provides a separate service in addition to ensuring that the products sold meet the established standards, the Group considers whether the quality assurance is a legal requirement, the quality assurance period, and the nature of the Group's commitment to perform the tasks.

8) When a contract modification occurs between the Group and a customer: ① if the modification adds distinct construction services and the contract price increases by an amount that reflects the standalone selling price of the additional construction services, the Group accounts for the contract modification as a separate contract; ② If the contract modification does not meet the criteria in ①, and the construction services transferred before the modification date are distinct from those not yet transferred, the Group accounts for the modification as a termination of the original contract. The remaining performance obligations of the original contract and the modification are combined and treated as a new contract. ③ If the contract modification does not meet the criteria in ①, and the

construction services transferred before the modification date are not distinct from those not yet transferred, the Group accounts for the modification as part of the original contract. The effect of the modification on revenue previously recognized is recognized as an adjustment to revenue in the period in which the modification occurs.

### **(3) Specific methods**

The revenue of the Group mainly consists of the income from main business and the income from other businesses.

#### **① Revenue Recognized at a Point in Time**

The Group's sales of household appliances, electronic components, etc., belong to the performance obligation performed at a certain point in time.

Recognition conditions for income from domestic sales of goods and overseas direct sales of goods: The Group has delivered the product to the customer in accordance with the contract and the customer has received the product, the payment has been recovered or the receipt of payment has been obtained, and the relevant economic benefits are likely to flow in. The main risks and rewards have been transferred, and the legal ownership of the goods has been transferred.

Conditions for confirming the income of exported goods: The Group has declared the products for export according to the contract, obtained the bill of lading, and delivered the goods to the carrier entrusted by the purchaser. The payment has been recovered or the receipt of payment has been obtained and relevant economic benefits are likely to flow in. The main risks and rewards of commodity ownership have been transferred, and the legal ownership of commodities has been transferred.

#### **② Revenue Recognized Over Time**

The Group's business contracts with customers for project construction, operating leases, etc. are performance obligations performed within a certain period of time, and revenue is recognized according to the progress of the performance.

### **35. Government grants**

The government grants of the Group are divided into asset-related government grants and income-related government grants. Specifically, asset-related government grants refer to the government grants obtained by the Group for the purpose of purchasing, constructing or otherwise forming long-term assets; income-related government grants refer to those other than asset-related government grants. If the beneficiaries are not specified in government documents, the Group will make the distinction according to the aforesaid principle. Beneficiaries which are difficult to categorize shall be classified as income-related government grants as a whole.

If the government subsidies are monetary assets, they shall be measured at the amount

actually received. For a subsidy allocated according to a fixed quota standard, or when there is conclusive evidence at the end of the year that the relevant conditions stipulated in the financial support policies can be met and the financial support funds are expected to be received, the subsidy shall be measured according to the amount receivable; if the government grants are non-monetary assets, they are measured at fair value. Where the fair value cannot be reliably obtained, the grant is measured at a nominal amount (RMB 1). Asset-related grants shall be used to offset the book value of related assets or presented as deferred income, and shall, over the life of the related asset, be included in the current gains/losses by the equal amortization method.

If the related asset is sold, transferred, scrapped, or damaged before the end of its useful life, its deferred income that has not been distributed shall be transferred to the current gains/losses of asset disposal.

Income-related grants that are used to compensate related costs or losses in subsequent periods shall be deemed as deferred income and shall be included in the current gains/losses during the period when the related costs or losses are recognized. Government grants related to routine activities shall be included in other income in accordance with the nature of the transaction. Government grants not related to routine activities shall be included in non-operating revenue and expenditure.

The Group obtains interest grants on policy-related concessional loans in two different ways: the interest subsidy funds are allocated by the government either to the lending bank or directly to the Group. The respective accounting treatment is carried out as follows: (1) Where the government allocates the funds to the lending bank, and the bank provides a loan to the Group at a policy-related preferential interest rate, the actual amount of the loan received is taken as the entry value, and the borrowing costs are calculated based on the loan principal and the policy-related preferential interest rate.

(2) Where the government allocates the funds directly to the Group, the grants are offset against borrowing costs.

Where the government grants that the Group has recognized in accounting need to be returned, the accounting treatment in the current period is carried out as follows:

- 1) If the book value of an asset is offset on initial recognition, the book value will be adjusted.
- 2) If there is deferred income, the book balance of the deferred income will be offset, and the excess will be included in current gains/losses;
- 3) Under any other circumstances, the grants will be included in current gains/losses.

### **36. Deferred tax assets and deferred tax liabilities**

The Group's deferred tax assets and deferred tax liabilities are calculated and recognized

based on the difference (temporary difference) between the tax base and the carrying value of the assets and liabilities. In the case of deductible losses that can be deducted from taxable income in subsequent years in accordance with the provisions of the tax laws, the corresponding deferred tax assets are recognized. In the case of temporary differences arising from the initial recognition of goodwill, the corresponding deferred income tax liabilities are not recognized. With respect to temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and which affects neither accounting profit nor taxable income (or deductible losses), the corresponding deferred tax assets and deferred tax liabilities are not recognized. On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The Group recognizes deferred tax assets to the extent of the taxable income which it is most likely to obtain and which can be deducted from deductible temporary differences, deductible losses and tax credits.

### **37. Leasing**

#### **(1) Identification of leases**

The term "lease" refers to a contract whereby the lessor transfers the right of use regarding the leased asset(s) to the lessee within a specified time in exchange for consideration. On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. If a party to the contract transfers the right allowing the control over the use of one or more assets that have been identified within a certain period, in exchange for consideration, such contract is a lease or includes a lease. In order to determine whether a party to the contract transfers the right allowing the control over the use of the identified assets for a certain period of time, the Group assesses whether the customers in the contract are entitled to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period.

If a contract contains multiple single leases at the same time, the Group will split the contract, and conduct accounting treatment of each single lease respectively. If a contract contains both lease and non-lease parts at the same time, the Group will split the lease and non-lease parts for accounting treatment.

#### **(2) The Group as a lessee**

##### **1) Lease Recognition**

On the lease commencement date, the Group recognizes the right-of-use assets and lease liabilities in respect of the lease. For the recognition and measurement of right-of-

use assets and lease liabilities, please refer to Note IV "25. Right-of-use assets" and "31. Lease liabilities".

## 2) Lease Modification

A lease modification refers to a change in the scope, consideration, and term of lease outside the original contract clauses, including the addition or termination of the right to use one or more leased assets, and the extension or reduction of the lease term specified in the contract. The effective date of lease modification refers to the date when both parties reach an agreement on the lease modification.

If there is any modification in the lease and the following conditions are met at the same time, the Group shall account for the lease modification as a separate lease: ① the lease modification expands the lease scope or extends the lease term by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the amount of the separate price of the expanded part of the lease scope or the extended part of the lease term adjusted according to the contract situation.

If the lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Group amortizes the consideration of the contract after the modification in accordance with the relevant provisions of the lease standards and re-determines the lease term after the modification; and discounts the changed lease payments using the revised discount rate to remeasure the lease liabilities. When calculating the present value of the lease payment after the modification, the Group uses the interest rate implicit in the lease for the remaining lease period as the discount rate; if the interest rate implicit in the lease for the remaining lease term cannot be determined, the Group adopts the lessee's incremental borrowing rate on the effective date of the lease modification as the discount rate. With regard to the impact of the above-mentioned lease liability adjustment, the Group distinguishes the following situations for accounting treatment: ① If the lease modification narrows the lease scope or shortens the lease term, the lessee shall reduce the book value of the right-of-use assets accordingly, and include the relevant gains/losses of partial or complete termination of the lease in the current gains/losses. ② If other lease modifications result in the re-measurement of lease liabilities, the lessee correspondingly adjusts the book value of the right-of-use assets.

## 3) Short-term and Low-value Asset Leases

For short-term leases with a lease term not exceeding 12 months and low-value asset leases with lower value when single leased assets are brand new assets, the Group chooses not to recognize right-of-use assets and lease liabilities. The Group includes the lease payments of short-term leases and low-value asset leases in the cost of relevant assets or current gains/losses on a straight-line basis over each period of the lease term.

### **(3) The Group as a lessor**

On the basis that (1) the contract assessed is a lease or includes a lease, the Group, as the lessor, classifies leases into finance leases and operating leases on the lease commencement date.

If a lease substantially transfers virtually all risks and rewards associated with ownership of the leased asset, the lessor classifies the lease as a finance lease and leases other than finance leases as operating leases.

If a lease falls in one or more of the following circumstances, the Group usually classifies it as a finance lease: ① the ownership of the leased asset will be transferred to the lessee at the expiration of the lease term; ② the lessee has the option to purchase the leased asset, and the purchase price is low enough compared with the fair value of the leased asset when the option is expected to be exercised, so it can be reasonably determined that the lessee will exercise the option on the lease commencement date; ③ Although the ownership of the asset will not be transferred, the lease term covers most of the service life of the leased asset; ④ On the lease commencement date, the current value of the lease receipts is almost equal to the fair value of the leased assets; ⑤ The leased asset can only be used by the lessee if no major modification is made due to its special nature. If a lease has one or more of the following signs, the Group may also classify it as a finance lease: ① If the lessee cancels the lease, the losses caused to the lessor by the cancellation of the lease are to be borne by the lessee; ② Gains or losses arising from fluctuations in the fair value of the residual value of the asset are attributable to the lessee; ③ The lessee has the ability to continue the lease to the next period at a rent far below the market level.

#### **1) Accounting Treatment for Finance Leases**

##### **Initial Measurement**

On the commencement date of the lease term, the Group recognizes the finance lease receivables for the finance lease and derecognizes the leased asset of the finance lease. When initially measuring the finance lease receivables, the Group recognizes the net investment in the lease as the entry value of the finance lease receivables.

The net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease receipts not received at the commencement date of the lease term discounted at the interest rate implicit in the lease. Lease receipts refer to the amount that the lessor shall collect from the lessee due to the transfer of the right to use the leased asset during the lease term, including: ① fixed payments and substantially fixed payments to be paid by the lessee; if there are lease incentives, the relevant amount of lease incentives shall be deducted; ② The amount of variable lease payments dependent on an

index or ratio. This amount is determined at the time of initial measurement based on the index or ratio at the commencement date of the lease term; ③ The exercise price of the call option, provided that it can be reasonably determined that the lessee will exercise the option; ④ The amount to be paid by the lessee for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease; ⑤ The residual value of the guarantee provided by the lessee, the party related to the lessee, or an independent third party economically capable of fulfilling the guarantee obligation to the lessor.

#### Subsequent Measurement

The Group calculates and confirms the interest income at a fixed periodic rate in each period in the lease term. The periodic rate refers to the rate of discount implicit in lease adopted to determine the net investment in the lease (in the case of sublease, if the interest rate implicit in lease of sublease cannot be determined, the rate of discount implicit in original lease is adopted (adjusted according to the initial direct expenses related to sublease)), or the revised rate of discount determined in accordance with the relevant provisions where the change of the finance lease is not accounted for as a separate lease and meets the condition that the lease will be classified as a finance lease if the change became effective on the lease commencement date.

#### Accounting Treatment of Lease Change

If there is a change in a finance lease and the following conditions are met at the same time, the Group shall account for the change as a separate lease: ① The change expands the scope of the lease by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the amount of the separate price of the expanded part of the lease scope adjusted according to the contract situation.

If the change of finance lease is not accounted for as a separate lease, and the condition that the lease will be classified as an operating lease if the change takes effect on the lease commencement date is met, the Group will account for it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset.

#### 2) Accounting treatment of operating leases

##### Treatment of rent

During each period of the lease term, the Group recognizes lease receipts from operating leases as rental income on a straight-line basis.

##### Incentives provided

If the Group provides a rent-free period, it allocates the total rentals over the entire lease term without deducting the rent-free period by the straight-line method, and also

recognizes rental income during the rent-free period. If certain expenses of the lessee are borne, the Group allocates the balance of rental income over the lease term after such expenses are deducted from the gross rental income.

#### Initial direct expenses

Initial direct expenses incurred by the Group in connection with operating leases shall be capitalized to the cost of the leased underlying asset and recorded in the current gains/losses in stages over the lease term on the same basis of recognition as rental income.

#### Depreciation

For fixed assets in assets under operating lease, the Group adopts the depreciation policy for similar assets to accrue depreciation; for other assets under operating lease, a systematic and reasonable method is adopted for amortization.

#### Variable lease payments

The variable lease payments related to operating leases obtained by the Group that are not included in the lease receipts are included in the current gains/losses when actually incurred.

#### Change of operating leases

If an operating lease changes, the Group will regard it as a new lease for accounting treatment from the effective date of the change. The advance receipt or the lease receivable related to the lease prior to the change is recognized as the lease receipts of the new lease.

### **38. Fair value measurement**

The Group measures equity instrument investments at fair value on each balance sheet date. Fair value refers to the price that can be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

For assets and liabilities measured or disclosed at fair value in the financial statements, the fair value level to which they belong is determined according to the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs refer to unadjusted quoted prices in the active market for the same assets or liabilities that can be obtained on the measurement date; level 2 inputs refer to inputs other than Level 1 inputs that are directly or indirectly observable for the relevant assets or liabilities; level 3 inputs are the unobservable inputs of related assets and liabilities.

On each balance sheet date, the Group re-evaluates the assets and liabilities continuously measured at fair value recognized in the financial statements to determine whether there is a conversion between the levels of fair value measurement.



### 39. Changes in significant accounting policies and accounting estimates

#### (1) Major changes in accounting policies

The Group has no changes in significant accounting policies during the current year.

#### (2) Major changes in accounting estimates

The Group has no significant changes in accounting estimates during the year.

### V. Taxes

#### 1. Main types of taxes and tax rates

Category of taxes	Tax basis	Tax rate
VAT	Calculated the output tax at the tax rate and paid the VAT by the amount after deducting the deductible input VAT in the current period, of which the VAT applicable to easy collection won't belong to the deductible input VAT.	1%, 3%, 5%, 6%, 9%, 13%
Urban maintenance and construction tax	The circulating tax actually paid	5%, 7% / See 2. Tax Preferences for details
Education surcharge	The circulating tax actually paid	3% / See 2. Tax Preferences for details
Local education surcharge	The circulating tax actually paid	2% / See 2. Tax Preferences for details
Enterprise income tax	Taxable income	25%/ See 2. Tax Preferences for details

The main taxpayers of different corporate income tax rates are explained as follows:

Name of entity	Income tax rate
Electronic Technology, Anhui Konka, Anhui Tongchuang, Shaanxi Konka, Xingda Hongye, Bokang Precision, Jiangsu Konka Smart, Chengdu Konka Electronic, Chongqing Optoelectronic Technology	15%
Hong Kong Konka, Kongdian Trading, Jiali International, Kongjietong, Jiaxin Technology, Kongdian Investment, Hong Kong Communications, Zhongkang Storage Technology, Xinying Semiconductor (Hong Kong)	16.5%
Konka Europe	15%
Kanghao Technology	22.5%
Konka North America	21%
The parent company and other subsidiaries	25%

Remarks: According to the Temporary Provisions of Income Tax of Trans-boundary Tax Payment Enterprises by State Taxation Administration, resident enterprises without business establishment or places of legal persons should be tax payment enterprises with the administrative measures of income tax of "unified computing, level-to-level administration, local prepayment, liquidation summary, and finance transfer". It came into force from January 1, 2008. According to the above methods, the Company's sales branch companies in each area will hand in the corporate income taxes in advance from January 1, 2008 and will be final settled uniformly by the Company at the year-end.

## 2. Tax incentives

(1) According to the announcement of the State Taxation Administration No. 12 of 2023: small low-profit enterprises shall reduce the taxable income amount by 25% and pay the corporate income tax at the tax rate of 20%, which shall be continued until 31 December 2027. Resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), farm land occupation tax, education surcharge and local education surcharge shall be levied by half on small-scale VAT taxpayers, small low-profit enterprises and individually-owned businesses from January 1, 2023 to December 31, 2027. The Company's subsidiaries, Konka Entrepreneurship Service, Yibin Konka Incubator, Yibin Wisdom, Anlu Konka, Konka Tong, Zhongkang Semiconductor (Shaoxing), Shengxing Industrial, Konka Suiyong, Nantong Konka, Digital Technology, Xiaojia Technology, Shanghai Konka, Guizhou Konka New Materials, Ji'an Konka, Nanjing Konka Smart Appliance, Xi'an Konka Intelligent, Chongqing Konka Yiyun, Zhejiang Konka Electronics, Zhejiang Konka Technology Industry, Konka North China, Zhitong Technology, and Shenzhen Nianhua enjoyed the aforementioned tax incentive policies during the Reporting Period.

(2) On October 28, 2025, Anhui Konka, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Department of Science and Technology of Anhui Province, the Department of Finance of Anhui Province, and the Anhui Provincial Tax Service of the State Taxation Administration, with the certificate number GR202534004181, which is valid for three years. According to relevant tax regulations, Anhui Konka will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2025 to 2027, paying enterprise income tax at a preferential rate of 15%.

(3) On October 16, 2023, Chongqing Optoelectronic Technology, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Chongqing Municipal Science and Technology Bureau, the Chongqing Municipal Finance Bureau, and the Chongqing Municipal Tax Service of the State Taxation Administration, with the certificate number GR202351100426, which is valid for three years. According to relevant tax regulations, Chongqing Optoelectronic Technology will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2023 to 2025, paying enterprise income tax at a preferential rate of 15%.

(4) On October 28, 2025, Anhui Tongchuang, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Department of Science and Technology of Anhui Province, the Department of Finance of Anhui Province, and the

Anhui Provincial Tax Service of the State Taxation Administration, with the certificate number GR202534002702, which is valid for three years. According to relevant tax regulations, Anhui Tongchuang will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2025 to 2027, paying enterprise income tax at a preferential rate of 15%.

(5) On December 19, 2025, Bokang Precision, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of the State Taxation Administration, with the certificate number GR202544008694, which is valid for three years. According to relevant tax regulations, Bokang Precision will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2025 to 2027, paying enterprise income tax at a preferential rate of 15%.

(6) On December 25, 2025, Electronic Technology, a subsidiary of the Company, received the Certificate of High-Tech Enterprise jointly issued by the Shenzhen Science and Technology Innovation Committee, the Shenzhen Finance Bureau, and the Shenzhen Tax Service of the State Taxation Administration, with the certificate number GR202544205959, which is valid for three years. According to relevant tax regulations, Electronic Technology will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2025 to 2027, paying enterprise income tax at a preferential rate of 15%.

(7) On November 19, 2024, Xingda Hongye, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of the State Taxation Administration, with the certificate number GR202444002600, which will be valid for three years. According to relevant tax regulations, Xingda Hongye is entitled to relevant preferential tax policies for high-tech enterprises for three consecutive years from 2024 to 2026, and pays enterprise income tax at a preferential tax rate of 15%.

(8) On November 29, 2023, Shaanxi Konka, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Department of Science and Technology of Shaanxi Province, the Department of Finance of Shaanxi Province, and the Shaanxi Provincial Tax Service of the State Taxation Administration, with the certificate number GR202361002167, which is valid for three years. According to relevant tax regulations, Shaanxi Konka will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2023 to 2025, paying enterprise income tax at a preferential rate of 15%.

(9) On November 6, 2023, Jiangsu Konka Smart, a subsidiary of the Company, obtained the Certificate of High-Tech Enterprise jointly issued by the Department of Science and Technology of Jiangsu Province, the Department of Finance of Jiangsu Province, and the Jiangsu Provincial Tax Service of the State Taxation Administration, with the certificate number GR202332008044, which is valid for three years. According to relevant tax regulations, Jiangsu Konka Smart will enjoy the relevant tax incentives for high-tech enterprises for three consecutive years from 2023 to 2025, paying enterprise income tax at a preferential rate of 15%.

(10) In accordance with the Announcement on the Renewal of the Enterprise Income Tax Policy for Western Development Enterprises (Ministry of Finance, State Taxation Administration, National Development and Reform Commission Announcement No. 23 of 2020), an enterprise established in the western region who is mainly engaged in an industry specified in the Catalogue of Encouraged Industries in the Western Region and whose main business income accounts for over 60% of its gross income in the current year, is entitled to a reduced corporate income tax rate of 15%. Chengdu Konka Electronics, a subsidiary of the Company, enjoys the preferential tax policy for Western Development.

(11) According to the CS [2011] No. 100 published by the Ministry of Finance and the State Taxation Administration, for the VAT general taxpayers who sell their self-developed and produced software products, the VAT shall be levied at the rate of 13%, and then the portion of the actual VAT burden exceeding 3% shall be refunded immediately upon collection. The Company's subsidiaries, Electronic Technology and Anhui Tongchuang all enjoy this preferential policy.

## VI. Notes to major items in the consolidated financial statements

Unless otherwise noted, for the financial statement data disclosed below, "beginning of the year" refers to January 1, 2025, "end of the year" refers to December 31, 2025, "the current year" refers to the period from January 1, 2025 to December 31, 2025, and "last year" refers to the period from January 1, 2024 to December 31, 2024. The monetary unit is renminbi.

### 1. Monetary funds

Item	Ending balance	Beginning balance
Cash on hand		208.19
Bank deposits	5,169,889,627.52	2,942,927,002.53
Other monetary assets	1,144,052,257.53	1,172,840,037.01
<b>Total</b>	<b>6,313,941,885.05</b>	<b>4,115,767,247.73</b>

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Item	Ending balance	Beginning balance
Of which: Total amount of funds deposited overseas	1,131,315.16	16,326,669.23

Remarks: the ending balance of other monetary funds is mainly the balance of pledged time deposits, margin deposits and account balance on WeChat, Alipay and other platforms. For details of restricted funds, please refer to "Note VI. 23. Assets with restricted ownership or use right".

## 2. Trading financial assets

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current gains/losses	202,027,000.00	286,648,129.34
Of which: Investment in equity instruments	202,027,000.00	286,648,129.34
<b>Total</b>	<b>202,027,000.00</b>	<b>286,648,129.34</b>

## 3. Notes receivable

### (1) Presentation of notes receivable by category

Item	Ending balance	Beginning balance
Bank acceptance bills	50,977,695.45	148,019,004.66
Commercial acceptance bills	26,339,290.11	21,656,171.50
<b>Total</b>	<b>77,316,985.56</b>	<b>169,675,176.16</b>

### (2) Classified and listed by provision methods for bad debts

Category	Ending balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item					
Provision for bad debts by portfolio	77,865,496.73	100.00	548,511.17	0.70	77,316,985.56
Of which: Bank acceptance bills	50,977,695.45	65.47			50,977,695.45
Commercial acceptance bills	26,887,801.28	34.53	548,511.17	2.04	26,339,290.11
<b>Total</b>	<b>77,865,496.73</b>	<b>100.00</b>	<b>548,511.17</b>	<b>0.70</b>	<b>77,316,985.56</b>

(Continued)

Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	

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Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item					
Provision for bad debts by portfolio	170,126,162.18	100.00	450,986.02	0.27	169,675,176.16
Of which: Bank acceptance bills	148,019,004.66	87.01			148,019,004.66
Commercial acceptance bills	22,107,157.52	12.99	450,986.02	2.04	21,656,171.50
<b>Total</b>	<b>170,126,162.18</b>	<b>100.00</b>	<b>450,986.02</b>	<b>0.27</b>	<b>169,675,176.16</b>

Provision for expected credit losses on commercial acceptance bills based on aging in the portfolio

Name	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	26,887,801.28	548,511.17	2.04
<b>Total</b>	<b>26,887,801.28</b>	<b>548,511.17</b>	<b>2.04</b>

**(3) Provision for bad debts of notes receivable made, recovered or reversed during the year**

Category	Beginning balance	Change in the current year				Ending balance
		Provision	Recovered or Reversed	Written-off	Others	
Commercial acceptance bills	450,986.02	822,371.39	724,846.24			548,511.17
<b>Total</b>	<b>450,986.02</b>	<b>822,371.39</b>	<b>724,846.24</b>			<b>548,511.17</b>

**(4) Notes receivable pledged at year-end**

No notes receivable were pledged at the end of the year.

**(5) Notes receivable endorsed or discounted but not yet matured as at the balance sheet date at year-end**

Item	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance bills	873,146,000.21	
Commercial acceptance bills		25,720,556.07

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Item	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Total	873,146,000.21	25,720,556.07

#### (6) Notes receivable actually written off during the year

No notes receivable were actually written off in the current year.

### 4. Accounts receivable

#### (1) Accounts receivable aged analysis

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	872,534,288.66	985,155,712.60
1-2 years	33,230,346.13	467,086,582.23
2-3 years	416,551,776.82	112,149,892.90
3-4 years	92,779,205.23	117,756,261.01
4-5 years	114,178,358.99	255,011,480.57
Over 5 years	1,445,571,151.66	1,217,501,924.55
<b>Total</b>	<b>2,974,845,127.49</b>	<b>3,154,661,853.86</b>

#### (2) Accounts receivable classified and listed by provision methods for bad debts

Category	Ending balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	1,573,873,380.74	52.91	1,537,243,420.22	97.67	36,629,960.52
Provision for bad debts by portfolio					
Of which: Aging portfolio	1,400,971,746.75	47.09	350,672,695.12	25.03	1,050,299,051.63
Subtotal of portfolio	1,400,971,746.75	47.09	350,672,695.12	25.03	1,050,299,051.63
<b>Total</b>	<b>2,974,845,127.49</b>	<b>100.00</b>	<b>1,887,916,115.34</b>	<b>63.46</b>	<b>1,086,929,012.15</b>

(Continued)

Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	1,612,578,129.18	51.12	1,530,953,048.13	94.94	81,625,081.05

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Category	Beginning balance				
	Balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by portfolio					
Of which: Aging portfolio	1,542,083,724.68	48.88	308,486,148.81	20.00	1,233,597,575.87
Subtotal of portfolio	1,542,083,724.68	48.88	308,486,148.81	20.00	1,233,597,575.87
<b>Total</b>	<b>3,154,661,853.86</b>	<b>100.00</b>	<b>1,839,439,196.94</b>	<b>58.31</b>	<b>1,315,222,656.92</b>

**1) Provision for bad debts of accounts receivable made by individual item**

Name	Beginning balance		Ending balance			Reasons for the provision
	Balance	Provision for bad debts	Balance	Provision for bad debts	Provision percentage (%)	
CEFC Shanghai International Group Limited	298,855,950.30	298,855,950.30	298,280,558.37	298,280,558.37	100.00	Not expected to be recoverable
Hongtu Sanpower Technology Co., Ltd.	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00	100.00	Not expected to be recoverable
Loxia Group Co., Ltd.	159,702,611.45	159,702,611.45	159,702,611.45	159,702,611.45	100.00	Not expected to be recoverable
Shenzhen Yaode Technology Co., Ltd.	147,734,652.40	147,734,652.40	144,454,581.31	144,454,581.31	100.00	Not expected to be recoverable
Guang'an Ouqishi Electronic Technology Co., Ltd.	113,139,940.86	110,965,942.46	113,139,940.86	110,965,942.46	98.08	Expected to be difficult to recover
Zhongfu Tiangong Construction Group Co., Ltd.	71,289,096.65	71,289,096.65	71,289,096.65	71,289,096.65	100.00	Not expected to be recoverable
CCCC First Harbor Engineering Company Ltd.	65,221,300.00	65,221,300.00	65,221,300.00	65,221,300.00	100.00	Not expected to be recoverable



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Name	Beginning balance		Ending balance			
	Balance	Provision for bad debts	Balance	Provision for bad debts	Provision percentage (%)	Reasons for the provision
Gome Custom (Tianjin) Home Appliance Co., Ltd.	57,021,975.73	57,021,975.73	57,021,975.73	57,021,975.73	100.00	Not expected to be recoverable
Xingda Hongye (Hong Kong) Limited	51,902,301.95	51,902,301.95	51,902,301.95	51,902,301.95	100.00	Not expected to be recoverable
Dongguan High Energy Polymer Materials Co., Ltd.	50,699,037.70	32,893,535.66	50,699,037.70	32,893,535.66	64.88	Not expected to be fully recoverable
Others	397,011,262.14	335,365,681.53	362,161,976.72	345,511,516.64	95.40	Expected to be difficult to recover
<b>Total</b>	<b>1,612,578,129.18</b>	<b>1,530,953,048.13</b>	<b>1,573,873,380.74</b>	<b>1,537,243,420.22</b>	<b>—</b>	<b>—</b>

## 2) Provision set aside for bad debts of accounts receivable by portfolio

Aging	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	865,171,957.96	17,649,507.97	2.04
1-2 years	18,535,526.42	1,857,259.78	10.02
2-3 years	226,009,181.96	51,281,483.38	22.69
3-4 years	32,376,527.37	21,005,890.95	64.88
4-5 years	88,929,117.03	88,929,117.03	100.00
Over 5 years	169,949,436.01	169,949,436.01	100.00
<b>Total</b>	<b>1,400,971,746.75</b>	<b>350,672,695.12</b>	<b>25.03</b>

## (3) Provision for bad debts of accounts receivable set aside, recovered or reversed in the current year

Category	Beginning balance	Change in the current year	
		Provision	Recovered or reversed
Provision for bad debts of accounts receivable	1,839,439,196.94	84,972,783.90	31,101,240.08
<b>Total</b>	<b>1,839,439,196.94</b>	<b>84,972,783.90</b>	<b>31,101,240.08</b>

(Continued)

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Category	Change in the current year		Ending balance
	Written-off	Others	
Provision for bad debts of accounts receivable		-5,394,625.42	1,887,916,115.34
<b>Total</b>		<b>-5,394,625.42</b>	<b>1,887,916,115.34</b>

Note: Among other changes for the year, there was a decrease of RMB 4,047,995.42 due to foreign exchange rate fluctuations, and a decrease of RMB 1,346,630.00 due to loss of control.

Among them, the provision for bad debts recovered or reversed in the current year with significant amounts are:

Unit	Recovered or reversed amount	Reason for reversal	Recovery method	Basis and rationality of determining the proportion of original provision for bad debts
CDM MIAMI INC	12,048,547.66	Received insurance compensation from China Export & Credit Insurance Corporation, and transferred 85% of the creditor's rights and interests to the insurance company	Insurance compensation, transfer of creditor's rights	CDM has been written off, so the full amount of the unpaid amount has been provided for
<b>Total</b>	<b>12,048,547.66</b>	<b>—</b>	<b>—</b>	<b>—</b>

#### (4) Accounts receivable actually written off in the current year

No accounts receivable were actually written off in the current year.

#### (5) Top five accounts receivable and contract assets in the ending balance categorized by debtors

The total amount of accounts receivable with top five Ending balance categorized by debtors in the current year was RMB 1,152,138,381.74, accounting for 38.73% of the total Ending balance of accounts receivable. The total Ending balance of provision for bad debts correspondingly set aside was RMB 848,821,590.70.

### 5. Contract assets

#### (1) Details of contract assets

Item	Ending balance			Beginning balance		
	Balance	Provision for bad debts	Book value	Balance	Provision for bad debts	Book value
Warranty	2,194,100.57	301,794.27	1,892,306.30	2,867,437.14	236,928.54	2,630,508.60
<b>Total</b>	<b>2,194,100.57</b>	<b>301,794.27</b>	<b>1,892,306.30</b>	<b>2,867,437.14</b>	<b>236,928.54</b>	<b>2,630,508.60</b>

#### (2) Classified presentation of contract assets by provisioning methods of bad debts

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Category	Ending balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item					
Provision for bad debts by portfolio					
Of which: Aging portfolio	2,194,100.57	100.00	301,794.27	13.75	1,892,306.30
Subtotal of portfolio	2,194,100.57	100.00	301,794.27	13.75	1,892,306.30
<b>Total</b>	<b>2,194,100.57</b>	<b>100.00</b>	<b>301,794.27</b>	<b>13.75</b>	<b>1,892,306.30</b>

(Continued)

Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item					
Provision for bad debts by portfolio					
Of which: Aging portfolio	2,867,437.14	100.00	236,928.54	8.26	2,630,508.60
Subtotal of portfolio	2,867,437.14	100.00	236,928.54	8.26	2,630,508.60
<b>Total</b>	<b>2,867,437.14</b>	<b>100.00</b>	<b>236,928.54</b>	<b>8.26</b>	<b>2,630,508.60</b>

### (3) Provision set aside for bad debts of contract assets by portfolio

Name	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	561,956.93	11,463.92	2.04
1-2 years	631,436.80	63,269.97	10.02
2-3 years	1,000,706.84	227,060.38	22.69
<b>Total</b>	<b>2,194,100.57</b>	<b>301,794.27</b>	<b>13.75</b>

(Continued)

Name	Beginning balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	631,436.80	12,881.31	2.04
1-2 years	2,236,000.34	224,047.23	10.02

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Name	Beginning balance		
	Balance	Provision for bad debts	Provision percentage (%)
<b>Total</b>	<b>2,867,437.14</b>	<b>236,928.54</b>	<b>8.26</b>

#### (4) Provision for bad debts of contract assets

Item	Beginning Balance	Change in the current year				End of the year Balance	Reason
		The current year Provision	Recovered or reversed in the current year	Charge-off/Write-off in the current year	Others Change		
Warranty	236,928.54	64,865.73				301,794.27	
<b>Total</b>	<b>236,928.54</b>	<b>64,865.73</b>				<b>301,794.27</b>	

#### (5) Contract assets actually written off in the current year

There were no contract assets actually written off in the current year.

### 6. Receivables financing

Item	Ending balance	Beginning balance
Notes receivable	155,957,556.43	63,943,324.53
<b>Total</b>	<b>155,957,556.43</b>	<b>63,943,324.53</b>

### 7. Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	942,267,792.91	989,245,120.86
<b>Total</b>	<b>942,267,792.91</b>	<b>989,245,120.86</b>

#### 7.1 Other receivables

##### (1) Classified by account nature

Nature of funds	Ending book balance	Beginning book balance
Deposits, guarantees, and down payments	333,603,706.26	344,822,666.77
Amounts due from minority shareholders and related parties arising from business combinations not under common control	173,714,171.72	182,764,171.72
Energy-saving subsidies receivable	152,399,342.00	152,399,342.00
Amounts due from related parties	3,691,383,944.24	2,253,362,393.92
Others	1,022,177,199.12	1,035,865,828.21

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Nature of funds	Ending book balance	Beginning book balance
<b>Total</b>	<b>5,373,278,363.34</b>	<b>3,969,214,402.62</b>

**(2) Other receivables listed by aging**

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	1,467,251,543.63	394,812,584.95
1-2 years	348,839,519.04	206,901,565.92
2-3 years	204,016,070.83	110,433,169.22
3-4 years	110,032,898.45	683,019,991.91
4-5 years	670,561,586.84	771,766,144.27
Over 5 years	2,572,576,744.55	1,802,280,946.35
<b>Total</b>	<b>5,373,278,363.34</b>	<b>3,969,214,402.62</b>

**(3) Classified presentation of other receivables by provisioning methods of bad debts**

Category	Ending balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	4,975,343,588.38	92.59	4,221,263,474.95	84.84	754,080,113.43
Provision for bad debts by portfolio					
Of which: Aging portfolio	174,594,933.66	3.25	155,935,224.70	89.31	18,659,708.96
Low-risk portfolio	223,339,841.30	4.16	53,811,870.78	24.09	169,527,970.52
Subtotal of portfolio	397,934,774.96	7.41	209,747,095.48	52.71	188,187,679.48
<b>Total</b>	<b>5,373,278,363.34</b>	<b>100.00</b>	<b>4,431,010,570.43</b>	<b>82.46</b>	<b>942,267,792.91</b>

(Continued)

Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	3,524,335,366.36	88.79	2,773,496,740.31	78.70	750,838,626.05
Provision for bad debts by portfolio					
Of which: Aging portfolio	204,938,477.00	5.16	168,912,851.74	82.42	36,025,625.26

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Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Low-risk portfolio	239,940,559.26	6.05	37,559,689.71	15.65	202,380,869.55
Subtotal of portfolio	444,879,036.26	11.21	206,472,541.45	46.41	238,406,494.81
<b>Total</b>	<b>3,969,214,402.62</b>	<b>100.00</b>	<b>2,979,969,281.76</b>	<b>75.08</b>	<b>989,245,120.86</b>

### 1) Provision set aside for bad debts of other receivables by portfolio

Aging	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	30,987,870.02	455,455.39	1.47
1-2 years	108,683,542.17	3,436,732.32	3.16
2-3 years	4,943,343.38	882,664.64	17.86
3-4 years	66,847,734.22	20,375,026.96	30.48
4-5 years	5,156,520.25	3,281,451.25	63.64
Over 5 years	181,315,764.92	181,315,764.92	100.00
<b>Total</b>	<b>397,934,774.96</b>	<b>209,747,095.48</b>	<b>52.71</b>

### 2) Provision set aside for bad debts of other receivables by the general expected credit loss model

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss for the next 12 months	Expected credit loss throughout the duration (without credit loss)	Expected credit loss throughout the duration (with credit impairment)	
Balance as of January 1, 2025	1,712,968.68	204,759,572.77	2,773,496,740.31	<b>2,979,969,281.76</b>
Balance as of January 1, 2025 in the current year				
-- Transfer to Stage II	-1,112,942.99	1,112,942.99		
-- Transfer to Stage III		-16,067,075.02	16,067,075.02	
-- Reversal to Stage II				
-- Reversal to Stage I				
Provision in the current year	455,455.39	39,231,080.91	1,442,626,944.96	<b>1,482,313,481.26</b>
Reversal in the current year	600,025.69	14,470,376.18	612,914.96	<b>15,683,316.83</b>

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Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss for the next 12 months	Expected credit loss throughout the duration (without credit loss)	Expected credit loss throughout the duration (with credit impairment)	
Charge-off in the current year				
Write-off in the current year				
Other changes		-5,274,505.38	-10,314,370.38	<b>-15,588,875.76</b>
Balance as of December 31, 2025	455,455.39	209,291,640.09	4,221,263,474.95	<b>4,431,010,570.43</b>

Remarks: The first stage is that credit risk has not increased significantly since initial recognition. For other receivables with an aging portfolio and a low-risk portfolio within one year, the loss provision is measured according to the expected credit losses in the next 12 months.

The second stage is that credit risk has increased significantly since initial recognition but credit impairment has not yet occurred. For other receivables with an aging portfolio and a low-risk portfolio that exceed one year, the loss provision is measured based on the expected credit losses for the entire duration.

The third stage is credit impairment after initial recognition. For other receivables with credit impairment that have occurred, the loss provision is measured according to the credit losses that have occurred throughout the duration.

**(4) Provision for bad debts of other receivables set aside, recovered or reversed in the current year**

Category	Beginning balance	Change in the current year	
		Provision	Recovered or reversed
Provision for bad debts of other receivables	2,979,969,281.76	1,482,313,481.26	15,683,316.83
<b>Total</b>	<b>2,979,969,281.76</b>	<b>1,482,313,481.26</b>	<b>15,683,316.83</b>

(Continued)

Category	Change in the current year		Ending balance
	Written-off	Others	
Provision for bad debts of other receivables		-15,588,875.76	4,431,010,570.43
<b>Total</b>		<b>-15,588,875.76</b>	<b>4,431,010,570.43</b>

Remarks: The amount of other changes during the year includes a decrease of RMB 15,588,875.76 resulting from foreign exchange rate movements.

### **(5) Other receivables actually written off in the current year**

No other receivables were actually written off in the current year.

### **(6) Other receivables with top five year-end balances categorized by debtors**

The total amount of other receivables with top five ending balance categorized by debtors in the current year was RMB 3,395,479,797.88, accounting for 63.19% of the total ending balance of other receivables. The total ending balance of provision for bad debts correspondingly set aside was RMB 2,975,828,359.15.

## **8. Prepayments**

### **(1) Age of prepayments**

Item	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	43,005,753.50	44.75	101,180,248.89	81.11
1-2 years	52,405,587.00	54.53	2,820,065.05	2.26
2-3 years	122,638.58	0.13	565,293.20	0.45
Over 3 years	571,760.52	0.59	20,182,805.45	16.18
<b>Total</b>	<b>96,105,739.60</b>	<b>100.00</b>	<b>124,748,412.59</b>	<b>100.00</b>

Remarks: The amount of prepayments of the Group aged over one year at the end of the period was RMB 53,099,986.10, accounting for 55.25% of the total ending balance of prepayments, which are mainly unsettled payments.

### **(2) Top five prepayments in the ending balance categorized by payees**

The total amount of the top five prepayments in the year-end balance categorized by payees in the current year was RMB 83,210,809.70, accounting for 86.58% of the total year-end balance of prepayments.

## **9. Inventories**

### **(1) Inventories Classification**

Item	Ending balance		
	Balance	Provision for impairment	Book value
Raw materials	535,044,975.99	161,547,556.59	373,497,419.40
Semi-finished products	110,173,191.36	61,564,204.04	48,608,987.32
Finished goods	1,946,864,898.54	893,886,141.81	1,052,978,756.73
Commissioned processing materials	1,248,253.88		1,248,253.88
Development costs	30,197,755.10	13,632,674.11	16,565,080.99
Development products	207,777,173.26	38,429,041.00	169,348,132.26
<b>Total</b>	<b>2,831,306,248.13</b>	<b>1,169,059,617.55</b>	<b>1,662,246,630.58</b>



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(Continued)

Item	Beginning balance		
	Balance	Provision for impairment	Book value
Raw materials	665,144,044.54	108,024,878.82	557,119,165.72
Semi-finished products	110,372,128.69	42,305,974.41	68,066,154.28
Finished goods	2,189,720,769.60	491,936,445.95	1,697,784,323.65
Commissioned processing materials	2,235,269.96	262,121.44	1,973,148.52
Development costs	26,677,475.24		26,677,475.24
Development products	346,650,809.82	3,622,890.30	343,027,919.52
<b>Total</b>	<b>3,340,800,497.85</b>	<b>646,152,310.92</b>	<b>2,694,648,186.93</b>

## (2) Provision for inventory depreciation

Item	Beginning balance	Increase in the current year	
		Provision or reversal	Others
Raw materials	108,024,878.82	94,066,987.03	
Semi-finished products	42,305,974.41	24,271,959.05	
Finished goods	491,936,445.95	579,056,873.57	
Commissioned processing materials	262,121.44	-256,822.62	
Development costs		13,632,674.11	
Development products	3,622,890.30	38,429,041.00	
<b>Total</b>	<b>646,152,310.92</b>	<b>749,200,712.14</b>	

(Continued)

Item	Decrease in the current year		Ending balance
	Write-off	Others	
Raw materials	39,318,412.96	1,225,896.30	161,547,556.59
Semi-finished products	5,005,089.41	8,640.01	61,564,204.04
Finished goods	167,023,674.38	10,083,503.33	893,886,141.81
Commissioned processing materials		5,298.82	
Development costs			13,632,674.11
Development products	3,622,890.30		38,429,041.00
<b>Total</b>	<b>214,970,067.05</b>	<b>11,323,338.46</b>	<b>1,169,059,617.55</b>

Note: Other decreases in the current year were caused by changes in exchange rates.

Specific basis for determining the net realizable value and reasons for reversal or write-off

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of provision for inventory depreciation and impairment provision for contract performance costs during the current year:

Item	Specific basis for provision for inventory depreciation	Reasons for write-off of provision for inventory impairment in the current year
Raw materials	The net realizable value was lower than the book value	Sold or used in the current year
Semi-finished products	The net realizable value was lower than the book value	Sold or used in the current year
Finished goods	The net realizable value was lower than the book value	Sold in the current year
Development products	The net realizable value was lower than the book value	Sold in the current year

## 10. Other current assets

Item	Ending balance	Beginning balance
Prepaid taxes, deductible input tax, and export tax refund receivable	619,195,913.75	525,546,353.28
Principal and interest of entrusted loans to associated enterprises	235,601,218.08	1,590,781,482.74
Deferred expenses	14,313,545.63	18,606,081.90
Cost of goods returned receivable	10,287,129.13	14,460,748.65
Others	434,578.55	19,005,345.90
Less: Impairment provision for other current assets	118,264,443.38	
<b>Total</b>	<b>761,567,941.76</b>	<b>2,168,400,012.47</b>

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## 11. Investments in other equity instruments

Item	Beginning balance	Changes in the current year					Ending balance	Dividend income recognized in the current year	Accumulated gains included in other comprehensive income at the end of the current year	Accumulated losses included in other comprehensive income at the end of the current year	Reason for designation to measure at fair value with changes included in other comprehensive income
		Increase in investment	Decrease in investment	Gains included in other comprehensive income	Losses included in other comprehensive income	Others					
Beijing Huyu Entertainment Digital Technology Co., Ltd.	5,901,121.80				5,901,121.80				6,000,000.00	Long-term holding based on strategic purpose	
Feihong Electronics Co., Ltd.									1,300,000.00	Long-term holding based on strategic purpose	
Shenzhen Association of Enterprises with Foreign Investment									100,000.00	Long-term holding based on strategic purpose	
Shenzhen Chuangce Investment Development Co., Ltd.									485,000.00	Long-term holding based on strategic purpose	
Shenzhen Tianyilian Science & Technology Co., Ltd.									4,800,000.00	Long-term holding based on strategic purpose	

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Item	Beginning balance	Changes in the current year					Ending balance	Dividend income recognized in the current year	Accumulated gains included in other comprehensive income at the end of the current year	Accumulated losses included in other comprehensive income at the end of the current year	Reason for designation to measure at fair value with changes included in other comprehensive income
		Increase in investment	Decrease in investment	Gains included in other comprehensive income	Losses included in other comprehensive income	Others					
Shanlian Information Technology Engineering Center Co., Ltd.	1,860,809.20						1,860,809.20			3,139,190.80	Long-term holding based on strategic purpose
Shenzhen Zhongcailian Technology Co., Ltd.	953,000.00						953,000.00			200,000.00	Long-term holding based on strategic purpose
Shanghai National Engineering Research Center of Digital TV Co., Ltd.	2,400,000.00						2,400,000.00				Long-term holding based on strategic purpose
Guangdong Bohua Ultra HD Innovation Center Co., Ltd.	5,000,001.00						5,000,001.00				Long-term holding based on strategic purpose
<b>Total</b>	<b>16,114,932.00</b>				<b>5,901,121.80</b>		<b>10,213,810.20</b>			<b>16,024,190.80</b>	<b>—</b>

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## 12. Long-term equity investments

### (1) Long-term equity investments

Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease in investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
<b>Associates:</b>						
Kangkong Venture Capital (Shenzhen) Co., Ltd.	5,128,914.49				51,878.52	
Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.	2,004,044.10				13,842.09	
Feidi Technology (Shenzhen) Co., Ltd.	15,120,554.12				7,208,123.71	
Shenzhen Kangyue Industrial Co., Ltd.		24,977,328.88				
Kangkai Technology Service (Chengdu) Co., Ltd.	87,650.74				-6,537.65	
Puchuang Jiakang Technology Co., Ltd.	3,560,497.42				2,736,994.29	
Shenzhen Jielunte Technology Co., Ltd.	89,059,544.64				-8,894,353.34	
Orient Excellent (Zhuhai) Asset Management Co., Ltd.	8,608,429.66				7,754.30	
Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)	334,610,872.32				-169,719,987.28	
Tongxiang Wuzhen Kunyu Venture Capital Co., Ltd.	3,527,959.96				2,057.10	
Shenzhen RF-Link Technology Co., Ltd.		85,656,027.35				
Anhui Kaikai Shijie E-commerce Co., Ltd.	365,522,727.56	118,401,234.06			-9,110,307.96	57,037.58

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Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease in investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
Kunshan Kangsheng Investment Development Co., Ltd.	78,658,851.02				-5,388,016.54	
Shaanxi Silk Road Yunqi Intelligent Technology Co., Ltd.	3,467,934.60				-3,315,263.80	
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.		12,660,222.73				
Shenzhen Zhongkang Beidou Technology Co., Ltd.						
Shenzhen Yaode Technology Co., Ltd.		214,559,469.35				
Wuhan Tianyuan Group Co., Ltd.	545,842,155.57			239,447,355.00		
Chuzhou Konka Technology Industry Development Co., Ltd.	31,309,842.61				-7,016,776.39	
Chuzhou Kangjin Health Industry Development Co., Ltd.	195,156,840.19				-32,283,182.56	
Nantong Konka Technology Industrial Park Operation Management Co., Ltd.	106,686,557.81				-37,886,034.26	
Chuzhou Kangxin Health Industry Development Co., Ltd.	178,678,863.47				-1,841,318.73	
Dongguan Guankang Yuhong Investment Co., Ltd.	482,685,139.04				-25,665,481.43	
Shenzhen Morsemi Semiconductor Technology Co., Ltd.						
Econ Technology Co., Ltd.	847,418,693.43	347,737,910.02			-5,557,305.38	
Dongguan Kangjia New Materials Technology Co., Ltd.	6,231,919.24				-1,323,182.99	
Chongqing Ypfun Technology Co., Ltd.	2,148,608,242.28	91,766,541.43	200,000,000.00			

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Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease in investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
Yantai Kangyun Industrial Development Co., Ltd.	60,639,840.23				-60,639,840.23	
E3 (Hainan) Technology Co., Ltd.	11,378,307.99	14,000,000.00		14,803,698.26		
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.	5,896,518.07				-3,447,912.19	
Shenzhen Konka E-display Intelligent Technology Co., Ltd.	93,484,210.07				3,564,368.70	-136,519.75
Chongqing Yuanlv Benpao Real Estate Co., Ltd.		25,740,000.00				
Shenzhen Kangpeng Digital Technology Co., Ltd.	1,310,766.92				-330,466.61	
Yantai Kangtang Construction Development Co., Ltd.	1,268,280.88				-144,860.18	
Dongguan Kangzhahui Electronics Co., Ltd.	18,648,646.28				-5,142,877.00	
Beijing Kangjia Jingyuan Technology Co., Ltd.	687,957.04				-66,429.68	
Chongqing Liangshan Enterprise Management Co., Ltd.	229,695.25				80,612.23	
Shenzhen Kangxi Technology Innovation Development Co., Ltd.	1,041,325.74				9,567.70	
Shandong Kangfei Intelligent Electrical Appliances Co., Ltd.		245,911.63				
Guangdong Kangyuan Semiconductor Co., Ltd.	7,360,542.07				-1,359,249.83	
Chongqing Kangyiqing Technology Co., Ltd.	635,826.26				-490,401.87	
Zhejiang Kangying Semiconductor Technology Co., Ltd.	16,838,151.45				13,432,626.55	1,855,858.38

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Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease in investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
Zhisheng Hong Kong Co., Ltd.	1,594,091.44				7,878.01	
Chongqing Kangjian Photoelectric Technology Co., Ltd.	3,277,417.20				-3,277,417.20	
Anhui Kangta Supply Chain Management Co., Ltd.	16,781,006.43				-232,448.87	
Wuhan Kangtang Information Technology Co., Ltd.	15,853,661.78				-14,876,432.16	
Sichuan Chengrui Real Estate Co., Ltd.	23,989,768.27				-1,632,580.79	
Jiakang Industrial Development (Wuhan) Co., Ltd.	38,684,412.72				-817,183.89	
Hefei Kangxinwei Storage Technology Co., Ltd.	90,223,618.55				-6,163,287.96	
Xi'an Kangan Intelligent Storage Technology Co., Ltd.	5,766,552.98			6,000,000.00	233,447.02	
Sichuan Hongxinchen Real Estate Development Co., Ltd.	53,934,595.60					
Konka Huanjia Environmental Protection Technology Co., Ltd.		91,800,000.00				
Kangrong Jiayuan Technology (Zhejiang) Co., Ltd.			1,000,000.00		2,643.86	
<b>Total</b>	<b>5,921,501,427.49</b>	<b>1,027,544,645.45</b>	<b>201,000,000.00</b>	<b>260,251,053.26</b>	<b>-379,277,342.69</b>	<b>1,776,376.21</b>



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Investee	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
<b>Associates:</b>						
Kangkong Venture Capital (Shenzhen) Co., Ltd.					5,180,793.01	
Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.					2,017,886.19	
Feidi Technology (Shenzhen) Co., Ltd.		913,190.37			21,415,487.46	
Shenzhen Kangyue Industrial Co., Ltd.						24,977,328.88
Kangkai Technology Service (Chengdu) Co., Ltd.					81,113.09	
Puchuang Jiakang Technology Co., Ltd.					6,297,491.71	
Shenzhen Jielunte Technology Co., Ltd.					80,165,191.30	
Orient Excellent (Zhuhai) Asset Management Co., Ltd.					8,616,183.96	
Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)					164,890,885.04	
Tongxiang Wuzhen Kunyu Venture Capital Co., Ltd.					3,530,017.06	
Shenzhen RF-Link Technology Co., Ltd.						85,656,027.35
Anhui Kaikai Shijie E-commerce Co., Ltd.			329,481,474.22		26,987,982.96	447,882,708.28
Kunshan Kangsheng Investment Development Co., Ltd.					73,270,834.48	
Shaanxi Silk Road Yunqi Intelligent Technology Co., Ltd.					152,670.80	

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Shenzhen Kanghongxing Intelligent Technology Co., Ltd.						12,660,222.73
Shenzhen Zhongkang Beidou Technology Co., Ltd.						
Shenzhen Yaode Technology Co., Ltd.						214,559,469.35
Wuhan Tianyuan Group Co., Ltd.		8,618,395.70		-297,776,404.87		
Chuzhou Konka Technology Industry Development Co., Ltd.			24,293,066.22			24,293,066.22
Chuzhou Kangjin Health Industry Development Co., Ltd.					162,873,657.63	
Nantong Konka Technology Industrial Park Operation Management Co., Ltd.			68,800,523.55			68,800,523.55
Chuzhou Kangxin Health Industry Development Co., Ltd.			176,837,544.74			176,837,544.74
Dongguan Guankang Yuhong Investment Co., Ltd.			457,019,657.61			457,019,657.61
Shenzhen Morsemi Semiconductor Technology Co., Ltd.						
Econ Technology Co., Ltd.			123,382,687.03		718,478,701.02	471,120,597.05
Dongguan Kangjia New Materials Technology Co., Ltd.			4,908,736.25			4,908,736.25
Chongqing Ypfun Technology Co., Ltd.	301,193.49		1,876,737,405.93	2,174,869.26	474,346,899.10	1,968,503,947.36
Yantai Kangyun Industrial Development Co., Ltd.						
E3 (Hainan) Technology Co., Ltd.				3,425,390.27		14,000,000.00
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.					2,448,605.88	
Shenzhen Konka E-display Intelligent Technology Co., Ltd.				309,651.05	97,221,710.07	
Chongqing Yuanlv Benpao Real Estate Co., Ltd.						25,740,000.00

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Investee	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
Shenzhen Kangpeng Digital Technology Co., Ltd.					980,300.31	
Yantai Kangtang Construction Development Co., Ltd.					1,123,420.70	
Dongguan Kangzhahui Electronics Co., Ltd.				-21,516.38	13,484,252.90	
Beijing Kangjia Jingyuan Technology Co., Ltd.					621,527.36	
Chongqing Liangshan Enterprise Management Co., Ltd.					310,307.48	
Shenzhen Kangxi Technology Innovation Development Co., Ltd.					1,050,893.44	
Shandong Kangfei Intelligent Electrical Appliances Co., Ltd.						245,911.63
Guangdong Kangyuan Semiconductor Co., Ltd.					6,001,292.24	
Chongqing Kangyiqing Technology Co., Ltd.					145,424.39	
Zhejiang Kangying Semiconductor Technology Co., Ltd.					32,126,636.38	
Zhisheng Hong Kong Co., Ltd.					1,601,969.45	
Chongqing Kangjian Photoelectric Technology Co., Ltd.						
Anhui Kangta Supply Chain Management Co., Ltd.					16,548,557.56	
Wuhan Kangtang Information Technology Co., Ltd.					977,229.62	
Sichuan Chengrui Real Estate Co., Ltd.			22,357,187.48			22,357,187.48
Jiakang Industrial Development (Wuhan) Co., Ltd.			37,867,228.83			37,867,228.83
Hefei Kangxinwei Storage Technology Co., Ltd.	17,959,051.24				102,019,381.83	
Xi'an Kangan Intelligent Storage Technology Co., Ltd.						
Sichuan Hongxinchen Real Estate Development Co., Ltd.			53,934,595.60			53,934,595.60

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Investee	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
Konka Huanjia Environmental Protection Technology Co., Ltd.						91,800,000.00
Kangrong Jiayuan Technology (Zhejiang) Co., Ltd.				68,208.71	1,070,852.57	-
<b>Total</b>	<b>18,260,244.73</b>	<b>9,531,586.07</b>	<b>3,175,620,107.46</b>	<b>-291,819,801.96</b>	<b>2,026,038,156.99</b>	<b>4,203,164,752.91</b>

Note: Other changes in the current year were caused by the conversion of long-term equity investments accounted for by the equity method in Wuhan Tianyuan Group Co., Ltd. to financial assets, the deregistration of E3 (Hainan) Technology Co., Ltd., and unrealized profits from downstream transactions.

## (2) Impairment test for long-term equity investments

1) The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

Item	Book value	Recoverable amount	Impairment Amount
Yifang	2,351,084,305.03	474,346,899.10	1,876,737,405.93
Guan Kang Yuhong	457,019,657.61		457,019,657.61
Chuzhou Kangxin	176,837,544.74		176,837,544.74
<b>Total</b>	<b>2,984,941,507.38</b>	<b>474,346,899.10</b>	<b>2,510,594,608.28</b>

(Continued)

Item	Determination method of fair value and disposal costs	Key parameters	Basis for determining key parameters
Yifang	Fair value is recognized by the income approach; disposal expenses shall be charged in accordance with the business fee standards of the property rights exchange.	Fair value, disposal costs	Disposal expenses: in accordance with the property rights transfer fee standards of Shanghai United Assets and Equity Exchange Co., Ltd.
Guan Kang Yuhong	Asset-based approach	Fair value	The fair value of the asset is estimated on the basis of the best available information
Chuzhou Kangxin	Asset-based approach	Fair value	The fair value of the asset is estimated on the basis of the best available information
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>

2) The recoverable amount is determined based on the present value of the estimated future cash flows

Item	Book value	Recoverable amount	Impairment Amount
Kaikai Shijie	356,469,457.18	26,987,982.96	329,481,474.22
Yikang Technology Co., Ltd.	841,861,388.05	718,478,701.02	123,382,687.03
<b>Total</b>	<b>1,198,330,845.23</b>	<b>745,466,683.98</b>	<b>452,864,161.25</b>

(Continued)

Item	Years of Forecast Period	Key parameters for the forecast period	Key Parameters in Stabilization Phase	Basis for Determination of Key Parameters in the Stabilization Period
Kaikai Shijie	2026 to 2030 (followed by a stabilization period)	After-tax discount rate 7.44%; calculated based on projected revenue, costs, expenses, etc.	After-tax discount rate 7.44%; calculated based on projected revenue, costs, expenses, etc.	The above key indicators are determined based on historical experience and forecasts of market development

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Item	Years of Forecast Period	Key parameters for the forecast period	Key Parameters in Stabilization Phase	Basis for Determination of Key Parameters in the Stabilization Period
Yikang Technology Co., Ltd.	2026 to 2043 (followed by a stabilization period)	The growth rate for the forecast period is 0%, the profit margin of the construction business in the forecast period is 15%, and the return on capital is 6.5%	The stable period growth rate is 0%, the profit margin is 15%, and the pre-tax discount rate is 9.40%	The revenue growth rate in the stabilization period is 0.00%, and the profit margin and discount rate are consistent with the last year of the forecast period
<b>Total</b>	—	—	—	—

### 13. Other non-current financial assets

Item	Ending balance	Beginning balance
Kunshan Xinjia Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	119,414,203.99	230,264,035.04
China Asset Management - Jiayi Overseas Designated Plan	200,732,067.00	200,732,067.00
Tongxiang Wuzhen Jiayu Digital Economy Industry Equity Investment Partnership (Limited Partnership)	178,532,220.44	197,621,072.79
Yibin OCT Sanjiang Properties Co., Ltd.	175,054,364.03	174,599,313.55
Chongqing Kangxin Equity Investment Fund Partnership (Limited Partnership)	145,591,716.60	144,028,481.56
Yancheng Kangyan Information Industry Investment Partnership (Limited Partnership)	135,763,664.30	139,166,271.83
Daye Trust - Huilibao No. 19		100,000,000.00
CCB Trust - Caidie No. 6 Property Rights Trust Plan	300,000.00	66,080,293.70
Yibin Kanghui Electronic Information Industry Equity Investment Partnership (Limited Partnership)	58,967,986.53	59,264,288.31
Chuzhou Jiachen Information Technology Consulting Service Partnership (Limited Partnership)		58,296,141.16
Tianjin Property No. 8 Enterprise Management Partnership (Limited Partnership)		28,540,777.26
Tianjin Huacheng Property Development Co., Ltd.	1,000,000.00	1,000,000.00
Shenzhen Kanghuijia Technology Co., Ltd.	1,033.45	1,033.45
<b>Subtotal of equity investments</b>	<b>1,015,357,256.34</b>	<b>1,399,593,775.65</b>
Shenzhen Gaohong Enterprise Consulting Management Partnership (Limited Partnership)	120,874,956.69	120,874,956.69
Nanjing Kangfeng Dejia Asset Management Partnership (Limited Partnership)		100,000,000.00
Shenzhen Zitang No. 1 Enterprise Consulting Management Partnership (Limited Partnership)		99,000,000.00
Shenzhen Beihu Technology Partnership (Limited Partnership)	15,000,000.00	59,735,232.88
Xi'an Bihuijia Enterprise Management Consulting Partnership (Limited Partnership)	7,520,520.00	14,685,194.12

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Item	Ending balance	Beginning balance
Shanxi Kangmengrong Enterprise Management Consulting Partnership (Limited Partnership)	3,028,480.00	8,520,728.55
<b>Subtotal of debt investments</b>	<b>146,423,956.69</b>	<b>402,816,112.24</b>
<b>Total</b>	<b>1,161,781,213.03</b>	<b>1,802,409,887.89</b>

## 14. Investment properties

### (1) Investment properties measured at the cost mode

Item	Houses and buildings	Land use right	Total
I. Original Book Value			
1. Beginning Balance	1,715,988,662.48	172,115,175.84	1,888,103,838.32
2. Increase in the Current Year	12,236,594.06	249,409.16	12,486,003.22
(1) Purchase	1,225,721.11	249,409.16	1,475,130.27
(2) Transfer-in of inventories\fixed assets\construction in progress\intangible assets	11,010,872.95		11,010,872.95
3. Decrease in the Current Year	40,928,563.62	75,154,029.62	116,082,593.24
(1) Disposal	39,320,464.65		39,320,464.65
(2) Other transfer-out	1,608,098.97	75,154,029.62	76,762,128.59
4. Ending Balance	1,687,296,692.92	97,210,555.38	1,784,507,248.30
II. Accumulated depreciation and accumulated amortization			
1. Beginning Balance	212,582,498.12	24,678,100.69	237,260,598.81
2. Increase in the Current Year	53,859,884.41	2,861,554.41	56,721,438.82
(1) Provision or amortization	53,859,884.41	2,861,554.41	56,721,438.82
3. Decrease in the Current Year	18,325,185.92	844,000.32	19,169,186.24
(1) Disposal	4,399,911.15		4,399,911.15
(2) Other transfer-out	13,925,274.77	844,000.32	14,769,275.09
4. Ending Balance	248,117,196.61	26,695,654.78	274,812,851.39
III. Provision for Impairment			
1. Beginning Balance			
2. Increase in the Current Year	602,125,392.90	41,517,528.88	643,642,921.78
(1) Provision	602,125,392.90	41,517,528.88	643,642,921.78
3. Decrease in the Current Year			
(1) Disposal			
(2) Other transfer-out			
4. Ending Balance	602,125,392.90	41,517,528.88	643,642,921.78

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Item	Houses and buildings	Land use right	Total
IV. Book value			
1. Ending book value	837,054,103.41	28,997,371.72	866,051,475.13
2. Book value at the beginning of the year	1,503,406,164.36	147,437,075.15	1,650,843,239.51

Note: The other assets transferred in the decreases amount from investment properties in the current period was reclassified according to the purpose of holding and transferred into fixed assets.

## (2) Impairment test of investment properties measured at cost

In 2025, the Group conducted impairment tests on the investment properties of its headquarters, Xi'an Kanghong, Yibin Konka Industrial Park, Suining Konka Industrial Park, etc.. The recoverable amount was determined as the higher of fair value less costs of disposal and the present value of estimated future cash flows. A total asset impairment loss of RMB 643,642,921.78 was recognized.

1) The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

Item	Book value	Recoverable amount	Impairment Amount
Xi'an Kanghong	100,206,506.24	88,833,134.00	11,373,372.24
<b>Total</b>	<b>100,206,506.24</b>	<b>88,833,134.00</b>	<b>11,373,372.24</b>

(Continued)

Item	Determination method of fair value and disposal costs	Key parameters	Basis for determining key parameters
Xi'an Kanghong	Comparable unit price of investment property to be appraised = Price of comparable instance after establishing comparison benchmark × Trading correction coefficient × Trading time adjustment coefficient × Location adjustment coefficient × Physical condition adjustment coefficient × Equity adjustment coefficient	Comparable instance price, trading correction coefficient, location adjustment coefficient, etc.	The comparable instance price is defined through inquiry records.
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>

2) The recoverable amount is determined based on the present value of the estimated future cash flows

Item	Book value	Recoverable amount	Impairment Amount
Guangming Technology	540,352,724.57	320,593,149.91	219,759,574.66



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Item	Book value	Recoverable amount	Impairment Amount
Center			
Yibin Konka Industrial Park	105,369,207.16	70,346,651.37	35,022,555.79
Suining Konka Industrial Park	238,797,042.25	77,853,042.25	160,944,000.00
<b>Total</b>	<b>884,518,973.98</b>	<b>468,792,843.53</b>	<b>415,726,130.45</b>

(Continued)

Item	Years of Forecast Period	Key parameters for the forecast period	Key Parameters in Stabilization Phase	Basis for Determination of Key Parameters in the Stabilization Period
Guangming Technology Center	2026 to 2043 (followed by a stabilization period)	Rent increase (decrease) rate of 2%; vacancy rate.	Rent increase (decrease) rate of 2%; vacancy rate.	Based on forecasts of market trends.
Yibin Konka Industrial Park	2026 to 2068 (followed by a stabilization period)	Annual total income from real estate; annual total expenses; discount rate; useful life.	Annual total income from real estate; annual total expenses; discount rate; useful life.	The real estate value is determined based on the market price of similar real estate transactions on the valuation base date, the location and physical condition of the real estate to be valued, and the development trend of the real estate market in the area.
Suining Konka Industrial Park	2026 to 2035 (followed by a stabilization period)	Rent increase (decrease) rate; vacancy rate.	Rent increase (decrease) rate; vacancy rate.	Refer to the leasing market conditions and historical operational data of the project in the region.
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

### (3) Investment properties measured by fair value

The Group had no investment properties measured at fair value.

### (4) Investment properties converted and measured at fair value in the current year

There was no conversion of investment property measured at fair value in the current year.

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**(5) Investment properties for which property right certificates have not yet been issued**

Item	Book value	Reason for incomplete property rights certificate
Suining Konka Electronic Product Standard Factory Project	64,185,293.61	The project has not yet completed the completion registration
Houses and buildings of Xi'an Kanghong	88,833,134.00	In progress
Yantai Kangjin's properties and buildings	19,180,060.44	In progress

**(6) Investment properties with restricted ownership or use right**

Item	Book value	Reason for restriction
Guangming Technology Center	320,593,149.91	Mortgaged for loan
Houses and buildings of Xi'an Kanghong	88,833,134.00	Mortgaged for loan
Properties and buildings of Shaanxi Konka Intelligent	35,900,372.54	Mortgaged for loan
<b>Total</b>	<b>445,326,656.45</b>	

**15. Fixed assets**

Item	Ending balance	Beginning balance
Fixed assets	4,405,958,959.37	5,005,836,928.31
Liquidation of fixed assets		
<b>Total</b>	<b>4,405,958,959.37</b>	<b>5,005,836,928.31</b>

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**(1) Fixed assets**

Item	Properties and Buildings	Machinery Equipment	Electronic Equipment	Transportation equipment	Other equipment	Total
I. Original Book Value						
1. Beginning Balance	3,961,200,953.13	3,483,070,002.32	293,459,158.90	52,749,559.59	191,290,520.96	7,981,770,194.90
2. Increase in the Current Year	83,720,909.97	152,827,832.87	8,201,922.73	978,033.36	2,689,438.82	248,418,137.75
(1) Purchase	5,419,166.63	59,698,021.58	7,518,709.54	978,033.36	2,643,088.24	76,257,019.35
(2) Transfer-in of construction in progress	3,415,007.15	90,314,292.77	656,040.70		16,646.02	94,401,986.64
(3) Increase in business combination						
(4) Other increase	74,886,736.19	2,815,518.52	27,172.49		29,704.56	77,759,131.76
3. Decrease in the Current Year	28,877,649.03	150,089,536.69	7,625,549.27	5,262,438.25	5,006,499.64	196,861,672.88
(1) Disposal or write-off	20,018,497.00	142,382,023.11	7,522,156.72	5,262,094.31	3,442,760.66	178,627,531.80
(2) Decrease for loss of control					1,537,858.92	1,537,858.92
(3) Other decreases	8,859,152.03	7,707,513.58	103,392.55	343.94	25,880.06	16,696,282.16
4. Ending Balance	4,016,044,214.07	3,485,808,298.50	294,035,532.36	48,465,154.70	188,973,460.14	8,033,326,659.77
II. Accumulated Depreciation						
1. Beginning Balance	798,169,871.19	1,638,817,015.47	211,617,889.35	41,521,906.29	133,797,222.94	2,823,923,905.24
2. Increase in the Current Year	127,570,622.20	233,980,199.22	24,631,683.84	2,490,034.69	12,837,212.21	401,509,752.16
(1) Provision	113,645,347.43	233,980,199.22	24,631,683.84	2,429,168.38	12,837,212.21	387,523,611.08
(2) Other increase	13,925,274.77			60,866.31		13,986,141.08

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Item	Properties and Buildings	Machinery Equipment	Electronic Equipment	Transportation equipment	Other equipment	Total
3. Decrease in the Current Year	11,354,398.09	117,211,383.36	6,659,070.08	4,554,463.34	3,371,962.88	143,151,277.75
(1) Disposal or write-off	11,349,847.93	116,602,091.32	6,634,514.23	4,554,153.80	2,923,696.83	142,064,304.11
(2) Decrease for loss of control					390,776.95	390,776.95
(3) Other decreases	4,550.16	609,292.04	24,555.85	309.54	57,489.10	696,196.69
4. Ending Balance	914,386,095.30	1,755,585,831.33	229,590,503.11	39,457,477.64	143,262,472.27	3,082,282,379.65
III. Provision for Impairment						
1. Beginning Balance	24,030,941.23	121,076,848.24	847,936.84	832,646.14	5,220,988.90	152,009,361.35
2. Increase in the Current Year	148,077,476.05	246,408,788.21	2,643,277.81	1,127,523.75	6,518,543.55	404,775,609.37
(1) Provision	148,077,476.05	246,408,788.21	2,643,277.81	1,127,523.75	6,518,543.55	404,775,609.37
(2) Other increase						
3. Decrease in the Current Year		11,486,338.13	51,233.10	20,675.15	141,403.59	11,699,649.97
(1) Disposal or write-off		11,486,338.13	51,233.10	20,675.15	141,403.59	11,699,649.97
(2) Decrease for loss of control						
(3) Other decreases						
4. Ending Balance	172,108,417.28	355,999,298.32	3,439,981.55	1,939,494.74	11,598,128.86	545,085,320.75
IV. Book value						
1. Ending book value	2,929,549,701.49	1,374,223,168.85	61,005,047.70	7,068,182.32	34,112,859.01	4,405,958,959.37
2. Book value at the beginning of the year	3,139,000,140.71	1,723,176,138.61	80,993,332.71	10,395,007.16	52,272,309.12	5,005,836,928.31

Note ①: The decrease in properties and buildings, and machinery and equipment due to disposal or write-off this year was mainly attributable to the disposal and auction of some outdated equipment of Frestec Refrigeration after Frestec Smart Home was put into operation, and the disposal of some idle equipment by Anhui Konka. ②: The decrease in properties and buildings due to other reasons this year was attributable to the transfer to investment properties.

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## (2) Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Machinery Equipment	977,416,205.13	630,494,531.01	301,239,093.89	45,682,580.23
Housing and building	364,676,775.60	220,860,420.94	106,439,814.25	37,376,540.41
Electronic Equipment	8,054,959.87	7,154,053.85	387,915.49	512,990.53
Transportation equipment	3,663,604.17	3,385,905.95	85,993.19	191,705.03
Other equipment	15,124,041.99	13,436,100.85	1,539,050.28	148,890.86
<b>Total</b>	<b>1,368,935,586.76</b>	<b>875,331,012.60</b>	<b>409,691,867.10</b>	<b>83,912,707.06</b>

## (3) Fixed assets leased out through operating leases

Item	Ending book value
Housing and building	166,315,497.45
Machinery Equipment	10,853,396.97
Electronic Equipment	139,076.29
Transportation equipment	312.63
Other equipment	198,247.64
<b>Total</b>	<b>177,506,530.98</b>

## (4) Fixed assets without certificate of title

Item	Book value	Reason for incomplete property rights certificate
Fenggang Konka Smart TV Project	404,194,048.10	In progress
Anhui Konka properties and buildings	162,429,987.67	In progress
Standard electronic product plant in Suining	140,289,781.57	The project has not yet completed the completion registration
Yikang Building property	31,087,304.59	In progress
Frestec Smart Home properties and buildings	404,194,048.10	In progress

## (5) Impairment test of fixed assets

In 2025, impairment tests were conducted on the fixed assets of the Group's headquarters, Jiangxi Konka, Dongguan Konka, etc.. The recoverable amounts were determined based on the net amounts of fair value less costs of disposal, and a total asset impairment loss of RMB 404,775,609.37 was recognized.

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Item	Book value	Recoverable amount	Impairment Amount
Properties and buildings of the Group's headquarters	128,113,966.02	86,868,433.00	41,245,533.02
Equipment of Dongguan Konka	29,162,230.62	1,179,269.91	27,982,960.71
Jiangxi Konka	379,736,152.62	80,311,836.13	299,424,316.49
<b>Total</b>	<b>537,012,349.26</b>	<b>168,359,539.04</b>	<b>368,652,810.22</b>

(Continued)

Item	Determination method of fair value and disposal costs	Key parameters	Basis for determining key parameters
Properties and buildings of the Group's headquarters	Market value = Market price of comparable instances × Transaction condition correction coefficient × Transaction date adjustment coefficient × Real estate condition adjustment coefficient	Market price of comparable instances, correction coefficient	Representative transaction examples from similar real estate transacted in recent periods are selected as comparable instances for the evaluated real estate.
Equipment of Dongguan Konka	Fair value = Recovery unit price × Equipment quantity; disposal cost = Intermediary service fee	Recovery unit price, equipment quantity, intermediary service fee	1. The recovery unit price is determined by the net proceeds from the disposal of waste materials (demolition and transportation costs are borne by the recycling unit); 2. The equipment quantity is determined through on-site inventory counts; 3. The intermediary service fee mainly includes evaluation fees and the intermediary fees of the trading platform.
Jiangxi Konka assets	① Residual value/Fair value of assets = Weight of recyclable materials with recycling value in assets to be dismantled (reasonable loss deducted) × Market unit price of the corresponding materials; ② Relocatable equipment = Asset acquisition cost × Comprehensive condition rate - Relocation dismantling expenses - Dismantling loss; ③ Non-relocatable equipment = Market value of the physical assets in the equipment to be dismantled after being disassembled into components - Equipment disassembly cost ④ Fair value of land use rights = evaluated unit price × land area; evaluated unit price = (Adjusted unit price of Case 1 + Adjusted unit price of Case 2 + Adjusted unit price of Case N) ÷ N	Weight of recyclable materials, asset acquisition cost, adjusted unit price, comprehensive condition rate	The texture or weight of the recyclable materials with recycling value in the assets to be dismantled was estimated or calculated mainly based on the corresponding materials provided by the Company and the on-site survey results; the asset acquisition cost was mainly determined through direct inquiry to dealers or manufacturers, or with reference to merchants' price lists, price information published on relevant professional websites, as well as possible price fluctuations; while collecting comparable transaction cases, a number of recent comparable transaction cases with similar uses and similar locations to the evaluated land use rights were compared with the evaluated land use rights. Following the corrections for factors such as transaction details, transaction date, and real estate

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Item	Determination method of fair value and disposal costs	Key parameters	Basis for determining key parameters
			condition, the corrected adjusted price was acquired.
<b>Total</b>	—	—	—

**(6) Fixed assets with restricted ownership or use right**

Item	Ending book value	Reason for restriction
Anhui Konka properties and buildings	571,493,720.58	Mortgaged for loan
Properties and buildings of Shaanxi Konka Intelligent	357,369,651.51	Mortgaged for loan
Buildings and machinery and equipment of Frestec Smart Home	231,338,364.12	Mortgaged for loan
Buildings of Chongqing Konka	147,489,012.28	Mortgaged for loan
Housing and buildings of Anhui Tongchuang	130,401,949.70	Mortgage for invoicing
Housing and buildings of Frestec Refrigeration	69,933,241.57	Mortgaged for loan
Buildings of Konka Group	49,376,036.91	Mortgaged for loan
Buildings of Jiangsu Konka Intelligent	30,159,089.35	Mortgaged for loan
Housing and buildings of XingDa HongYe	24,149,230.30	Mortgaged for loan
Machinery and equipment of Xinfeng Microcrystalline	6,300,273.41	As collateral for finance lease
Housing and buildings of Jiangxi Konka	1,627,384.41	Original shareholder guarantee mortgage
Machinery and equipment of Bokang Precision	86,548.67	Litigation involved
<b>Total</b>	<b>1,619,724,502.81</b>	



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## 16. Construction in progress

### (1) Construction in progress situation

Item	Ending balance			Beginning balance		
	Balance	Provision for impairment	Book value	Balance	Provision for impairment	Book value
Jiangxi High-permeability Crystallisation Kiln	246,576,748.57	245,645,748.57	931,000.00	246,576,748.57	56,387,538.57	190,189,210.00
Construction of Suining Electronic Industrial Park Workshops	159,521,528.40	79,545,109.40	79,976,419.00	177,739,108.43		177,739,108.43
Suining Konka Hongye Plant Decoration Project	119,870,565.87		119,870,565.87	84,574,481.80		84,574,481.80
Production Line Renovation Project of Jiangxi Konka	77,761,891.85	71,639,231.85	6,122,660.00	85,354,578.78	17,688,178.78	67,666,400.00
Construction and Decoration Project of Phase I of Dongguan Konka Science and Technology Industrial Park	41,073,754.17		41,073,754.17	53,096,645.21		53,096,645.21
Other projects	352,832,974.12	84,469,891.23	268,363,082.89	333,576,197.93	33,799,544.33	299,776,653.60
<b>Total</b>	<b>997,637,462.98</b>	<b>481,299,981.05</b>	<b>516,337,481.93</b>	<b>980,917,760.72</b>	<b>107,875,261.68</b>	<b>873,042,499.04</b>

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## (2) Changes in major projects under construction in the current year

Name	Beginning balance	Increase in the current year	Decrease in the current year		Ending balance
			Transfer to fixed assets	Other decreases	
Construction of Suining Electronic Industrial Park Workshops	177,739,108.43	440,698.68		18,658,278.71	159,521,528.40
Suining Konka Hongye Plant Decoration Project	84,574,481.80	35,296,084.07			119,870,565.87
<b>Total</b>	<b>262,313,590.23</b>	<b>35,736,782.75</b>		<b>18,658,278.71</b>	<b>279,392,094.27</b>

(Continued)

Name	Budget	Proportion of the project accumulative input in budget (%)	Engineering Progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalized in the current year	Capitalization rate of the interests in the current year (%)	Source of funds
Construction of Suining Electronic Industrial Park Workshops	76,342.22	95.00	95.00				own funds
Suining Konka Hongye Plant Decoration Project	13,774.10	87.00	87.00				self-owned funds and bank loans
<b>Total</b>	<b>90,116.32</b>						

Note: Other decreases in the current year are mainly due to the adjustment of construction in progress costs based on settlement.

## (3) Provision set aside for impairment of construction in progress in the current year

Category	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance	Reason for provision
Jiangxi High-permeability Crystallisation Kiln Project	56,387,538.57	189,258,210.00		245,645,748.57	Work has been suspended and there are no future development plans
Jiangxi High Transparent Substrate	33,795,466.66	17,760,843.60	44,563.08	51,511,747.18	Work has been

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Category	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance	Reason for provision
Production Line Project					suspended and there are no future development plans
Jiangxi Konka Production Line Renovation Project	17,688,178.78	55,820,730.44	1,869,677.37	71,639,231.85	Work has been suspended and there are no future development plans
Suining Konka Flexible FPC Plant Equipment Installation		32,860,823.52		32,860,823.52	Work has been suspended and there are no future development plans
Construction of Suining Electronic Industrial Park Workshops		79,545,109.40		79,545,109.40	Not yet ready for use
Other projects	4,077.67	93,242.86		97,320.53	Work has been suspended and there are no future development plans
<b>Total</b>	<b>107,875,261.68</b>	<b>375,338,959.82</b>	<b>1,914,240.45</b>	<b>481,299,981.05</b>	—

#### (4) Impairment test of construction in progress

1) The recoverable amount is determined at the net amount of the fair value minus the disposal expenses

Item	Book value	Recoverable amount	Impairment Amount	Determination method of fair value and disposal costs	Key parameters	Basis for determining key parameters
Jiangxi High-permeability Crystallisation Kiln Project	190,189,210.00	931,000.00	189,258,210.00	Recoverable amount = replacement costs × (1 - economic depreciation rate) - disposal costs	Economic depreciation rate	Economic depreciation rate = (1 - (capacity of equipment expected to be utilized / original design capacity of equipment) ^ economy of scale index) × 100%. Economy of scale index, i.e., empirical data, takes the value of 0.7 for the processing industry in general.

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Item	Book value	Recoverable amount	Impairment Amount	Determination method of fair value and disposal costs	Key parameters	Basis for determining key parameters
Jiangxi High Transparent Substrate Production Line Project	28,330,153.60	10,569,310.00	17,760,843.60	Recoverable amount = replacement costs × (1 - economic depreciation rate) - disposal costs	Economic depreciation rate	Economic depreciation rate = (1 - (capacity of equipment expected to be utilized / original design capacity of equipment) ^ economy of scale index) × 100%. Economy of scale index, i.e., empirical data, takes the value of 0.7 for the processing industry in general.
Jiangxi Konka Production Line Renovation Project	61,943,390.44	6,122,660.00	55,820,730.44	Recoverable amount = replacement costs × (1 - economic depreciation rate) - disposal costs	Economic depreciation rate	Economic depreciation rate = (1 - (capacity of equipment expected to be utilized / original design capacity of equipment) ^ economy of scale index) × 100%. Economy of scale index, i.e., empirical data, takes the value of 0.7 for the processing industry in general.
Suining Konka Flexible FPC Plant Equipment Installation	77,448,423.52	44,587,600.00	32,860,823.52	Recoverable amount = replacement cost × realisation coefficient - disposal expenses	Realisation coefficient	Realisation coefficient = influence coefficient of property right integrity × influence coefficient of social demand and current policy × influence coefficient of equipment type × influence coefficient of proposed disposal method × influence coefficient of disposal time limit
Other projects	434,289.76	341,046.90	93,242.86	Recoverable amount = replacement costs × (1 - economic depreciation rate) - disposal costs	Economic depreciation rate	Economic depreciation rate = (1 - (capacity of equipment expected to be utilized / original design capacity of equipment) ^ economy of scale index) × 100%. Economy of scale index, i.e., empirical data, takes the value of 0.7 for the processing industry in general.
<b>Total</b>	<b>358,345,467.32</b>	<b>62,551,616.90</b>	<b>295,793,850.42</b>	—	—	—

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2) The recoverable amount is determined based on the present value of the estimated future cash flows

Item	Book value	Recoverable amount	Impairment Amount	Years of Forecast Period	Key parameters for the forecast period	Key Parameters in Stabilization Phase	Basis for Determination of Key Parameters in the Stabilization Period
Construction of Suining Electronic Industrial Park Workshops	159,521,528.40	79,976,419.00	79,545,109.40	From June 1, 2026 to May 17, 2070	After-tax Discount Rate	After-tax Discount Rate	The discount rate adopts the weighted average cost of capital (WACC), which is the expected total return on investment and the weighted average of the expected return on equity and the after-tax return on debt. This valuation estimates the expected return on investment of the enterprise where the construction in progress and related land use rights are located by selecting comparable companies for analysis and calculation.
<b>Total</b>	<b>159,521,528.40</b>	<b>79,976,419.00</b>	<b>79,545,109.40</b>	—	—	—	—

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## 17. Right-of-use assets

### Right-of-Use Assets

Item	Properties and Buildings	Machinery Equipment	Electronic Equipment	Total
I. Original Book Value				
1. Beginning Balance	283,992,075.23	428,197.71	329,550.15	284,749,823.09
2. Increase in the Current Year	12,583,212.22	2,878,728.21	367,441.04	15,829,381.47
(1) Leased-in	12,583,212.22	2,878,728.21	367,441.04	15,829,381.47
(2) Others				
3. Decrease in the Current Year	26,963,263.68			26,963,263.68
(1) Decrease for Loss of Controlling Right	13,614,794.47			13,614,794.47
(2) Others	13,348,469.21			13,348,469.21
4. Ending Balance	269,612,023.77	3,306,925.92	696,991.19	273,615,940.88
II. Accumulated Depreciation				
1. Beginning Balance	106,211,054.04	171,279.11	181,810.59	106,564,143.74
2. Increase in the Current Year	50,550,632.05	674,823.81	94,062.82	51,319,518.68
(1) Provision	50,550,632.05	674,823.81	94,062.82	51,319,518.68
(2) Others				
3. Decrease in the Current Year	14,344,266.37			14,344,266.37
(1) Decrease for Loss of Controlling Right	4,524,918.34			4,524,918.34
(2) Others	9,819,348.03			9,819,348.03
4. Ending Balance	142,417,419.72	846,102.92	275,873.41	143,539,396.05
III. Provision for Impairment				
1. Beginning Balance				
2. Increase in the Current Year				
(1) Provision				
3. Decrease in the Current Year				
(1) Disposal				
4. Ending Balance				
IV. Book value				

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<b>Item</b>	<b>Properties and Buildings</b>	<b>Machinery Equipment</b>	<b>Electronic Equipment</b>	<b>Total</b>
1. Ending book value	127,194,604.05	2,460,823.00	421,117.78	130,076,544.83
2. Book value at the beginning of the year	177,781,021.19	256,918.60	147,739.56	178,185,679.35

Remarks: The other decreases in original value and accumulated depreciation are mainly due to the termination of leases.

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## 18. Intangible assets

### (1) List of intangible assets

Item	Land use right	Trademark right	Patent and know-how	Franchise rights	Right to use software and others	Total
I. Original Book Value						
1. Beginning Balance	817,198,544.35	72,197,456.33	112,424,969.79	192,998,879.51	161,769,606.35	1,356,589,456.33
2. Increase in the Current Year	1,072,899.29				10,298,099.42	11,370,998.71
(1) Purchase					6,044,338.78	6,044,338.78
(2) Transfer-in of construction in progress					4,228,288.94	4,228,288.94
(3) Other reasons	1,072,899.29				25,471.70	1,098,370.99
3. Decrease in the Current Year	6,976,554.62		4,144,403.75	25,471.70	771,835.35	11,918,265.42
(1) Disposal or write-off	6,976,554.62		4,144,403.75		771,835.35	11,892,793.72
(2) Decrease for loss of control						
(3) Other reasons				25,471.70		25,471.70
4. Ending Balance	811,294,889.02	72,197,456.33	108,280,566.04	192,973,407.81	171,295,870.42	1,356,042,189.62
II. Accumulated amortization						
1. Beginning Balance	108,080,921.57	23,419,142.45	67,302,648.17	22,265,157.50	101,732,539.26	322,800,408.95
2. Increase in the Current Year	16,861,440.77	4,163,515.94	43,200.00	10,747,059.76	20,103,235.16	51,918,451.63
(1) Provision	16,861,333.57	4,163,515.94	43,200.00	10,747,059.76	20,103,235.16	51,918,344.43
(2) Others	107.20					107.20



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Item	Land use right	Trademark right	Patent and know-how	Franchise rights	Right to use software and others	Total
3. Decrease in the Current Year	1,130,460.24		1,243,321.14		615,384.62	2,989,166.00
(1) Disposal or write-off	1,130,460.24		1,243,321.14		615,384.62	2,989,166.00
4. Ending Balance	123,811,902.10	27,582,658.39	66,102,527.03	33,012,217.26	121,220,389.80	371,729,694.58
III. Provision for Impairment						
1. Beginning Balance		564,705.88	44,943,521.62		235,294.12	45,743,521.62
2. Increase in the Current Year	13,304,591.99			155,930,200.00	3,305.52	169,238,097.51
(1) Provision	13,304,591.99			155,930,200.00	3,305.52	169,238,097.51
3. Decrease in the Current Year			2,901,082.61			2,901,082.61
(1) Disposal or write-off			2,901,082.61			2,901,082.61
4. Ending Balance	13,304,591.99	564,705.88	42,042,439.01	155,930,200.00	238,599.64	212,080,536.52
IV. Book value						
1. Ending book value	674,178,394.93	44,050,092.06	135,600.00	4,030,990.55	49,836,880.98	772,231,958.52
2. Book value at the beginning of the year	709,117,622.78	48,213,608.00	178,800.00	170,733,722.01	59,801,772.97	988,045,525.76

Note 1: The impairment of intangible assets during the Reporting Period was due to the provision for impairment of the land use right of Suining Konka Industrial Park and the franchise right of Yibin Kangrun.

Note 2: The decrease in land use rights due to disposal or retirement this year was mainly attributable to the sale of the land use right for the third floor of Block A, Jingyuan Building by the Group's headquarters.

## (2) Land use right with certificate of title uncompleted

The Group did not have land use rights for which no title deeds had been issued.

## (3) Impairment test of intangible assets

In 2025, impairment tests were conducted on the intangible assets of Suining Konka Industrial Park, Yibin Kangrun Medical, etc.. Their recoverable amounts were determined based on the present value of estimated future cash flows, and a total asset impairment loss of RMB 169,238,097.51 was recognized.

Item	Book value	Recoverable amount	Impairment Amount
Land use right of the FPC plant at Suining Konka Industrial Park	5,429,547.08	2,523,060.30	2,906,486.78
Land use right of the sewage treatment plant at Suining Konka Industrial Park	16,978,563.97	9,438,484.97	7,540,079.00
Franchise right of Yibin Kangrun Medical	160,349,282.90	4,419,066.57	155,930,200.00
<b>Total</b>	<b>182,757,393.95</b>	<b>16,380,611.84</b>	<b>166,376,765.78</b>

(Continued)

Item	Years of Forecast Period	Key parameters for the forecast period	Key Parameters in Stabilization Phase	Basis for Determination of Key Parameters in the Stabilization Period
Land use right of the FPC plant at Suining Konka Industrial Park	From 2026 to 2070 (expiring on January 12, 2070)	Pre-tax discount rate: 5.95%; calculated based on projected revenue, costs, expenses, etc.	1. The unit price of rent in the stabilization period remains constant based on the estimated growth rate in the growth period; 2. The vacancy rate in the stabilization period is based on the forecast; 3. Relevant administrative expenses remain constant with reference to the Company's overall budget management.	1. The estimated growth rate of rent during the growth period based on the industry survey and the lease contracts signed by the principal and the evaluated entity for self-operated industrial parks; 2. The appraisers' comprehensive analysis and determination of the lease vacancy rate in the stabilization period based on the investigation and understanding of the leasing and actual use of similar properties within the area of the evaluated target; and 3. The principal and the evaluated entity's comprehensive budget management data and other materials.
Land use right of the sewage treatment plant at Suining Konka Industrial Park	From 2026 to 2070 (expiring on May 17, 2070)	Pre-tax discount rate: 8.61%; calculated based on projected revenue, costs, expenses, etc.	1. The PCB industrial sewage treatment plant with the capacity of daily average of 3,000 cubic meters of sewage from the self-owned park and external parks; 2. Assumption that the Pollutant Discharge Permit obtained for Section I of Phase II of the PCB Base Industrial Wastewater Treatment Plant (Konka	1. Pollutant Discharge Permit; 2. The Entrusted Operation Contract signed by the property rights holder and the operating unit for Section I of Phase II of the PCB Base Industrial Wastewater Treatment Plant (Konka Industrial Sewage Plant).

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Item	Years of Forecast Period	Key parameters for the forecast period	Key Parameters in Stabilization Phase	Basis for Determination of Key Parameters in the Stabilization Period
			Industrial Sewage Plant) held by the property rights holder will be renewed upon expiration, without other factors preventing such renewal; 3. Assumption that the Entrusted Operation Contract signed by the property rights holder and the operating unit for Section I of Phase II of the PCB Base Industrial Wastewater Treatment Plant (Konka Industrial Sewage Plant) will continue to sign subsequent annual entrusted operation service matters according to the original contract at the end of the agreed operation period.	
Franchise right of Yibin Kangrun Medical	From 2026 to 2040 (expiring on October 31, 2040)	Pre-tax discount rate: 6.87%; calculated based on projected revenue, costs, expenses, etc.	Pre-tax discount rate: 6.87%; calculated based on projected revenue, costs, expenses, etc.	The Concession Agreement for the Centralized Treatment Project of Medical Wastes in Gao County, Yibin City, the Circular of Yibin Development and Reform Commission, Yibin Health Commission and Yibin Ecology and Environment Bureau on Defining the Charging Standards for Medical Waste Disposal, the Circular of Yibin Development and Reform Commission, Yibin Health Commission and Yibin Ecology and Environment Bureau on Continuing to Extend the Trial Period of the Charging Standards for Medical Waste Disposal (YFDRF [2026] No. 20), and the Medium- and Long-Term Plan for Population Development in Yibin City.
<b>Total</b>	—	—	—	—

**(4) Significant intangible assets**

Item	Ending book value	Remaining amortization period (year)
Land use right of Dongguan Konka	177,693,814.67	43.67
Land use right of Shaanxi Konka Intelligent	109,657,495.91	45.58
Land use right of Frestec Smart Home	86,406,223.51	44.75

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Item	Ending book value	Remaining amortization period (year)
<b>Total</b>	<b>373,757,534.09</b>	—

#### (5) Intangible assets with restricted ownership or use right

Item	Ending book value	Reason for restriction
Land use right of Dongguan Konka	177,693,814.67	Mortgaged for loan
Land use right of Shaanxi Konka Intelligent	109,657,495.91	Mortgaged for loan
Land use right of Frestec Refrigeration	59,941,753.88	Mortgaged for loan
Land use right of Anhui Konka	51,473,396.00	Mortgaged for loan
Land use right of Chongqing Konka	42,632,871.92	Mortgaged for loan
Land use right of Anhui Tongchuang	16,477,106.80	Mortgaged for loan
Land use right of Jiangsu Konka Intelligent	12,805,114.62	Mortgaged for loan
Land use right of Xingda Hongye	12,176,062.85	Mortgaged for loan
Land use right of Konka Group in Guangming	3,506,913.18	Mortgaged for loan
<b>Total</b>	<b>486,364,529.83</b>	

### 19. Goodwill

#### (1) Original book value of goodwill

Investee	Beginning balance	Increase in the current year		Decrease in the current year		Ending balance
		Formed through business combinations	Others	Disposal	Others	
Jiangxi Konka	340,111,933.01					340,111,933.01
Xingda Hongye	44,156,682.25					44,156,682.25
<b>Total</b>	<b>384,268,615.26</b>					<b>384,268,615.26</b>

#### (2) Provision for impairment of goodwill

Investee	Beginning balance	Increase in the current year		Decrease in the current year		Ending balance
		Provision	Others	Disposal	Others	
Jiangxi Konka	340,111,933.01					340,111,933.01
Xingda Hongye	21,959,947.14	22,196,735.11				44,156,682.25
<b>Total</b>	<b>362,071,880.15</b>	<b>22,196,735.11</b>				<b>384,268,615.26</b>

#### (3) Relevant information on the asset group or portfolio of asset groups of the

**goodwill belongs to**

Name	Composition and basis of the asset group or combination of asset groups	Whether consistent with previous years
Xingda Hongye asset group	It consists of all operating tangible assets and recognizable intangible assets related to goodwill from the corresponding subsidiary's main business as reflected in its balance sheet (excluding working capital and non-operating assets), based on whether the main cash inflows generated by the asset group are independent from those generated by other assets or asset groups.	Yes

**(4) Specific determination method of recoverable amount**

The Company's management performed an impairment test of goodwill at the end of the year and recognized Xingda Hongye as a whole as a single asset group, which is consistent with prior years.

Future cash flows are determined based on the financial budget for 2026 to 2030 approved by management, and a discount rate of 11.81% is used. The cash flows of Xingda Hongye for periods over 5 years are calculated based on a growth rate of 0%. The Company engaged an appraisal institution, Shenzhen Pengxin Asset Appraisal Land and Real Estate Appraisal Co., Ltd., to evaluate the asset group of Xingda Hongye containing goodwill using the income approach, and took the present value of the estimated future cash flows of the assets in the asset group as its recoverable amount. On April 23, 2026, it issued the Recoverable Amount of the Asset Group Containing Goodwill Formed by the Merger and Acquisition of Guangdong Xingda Hongye Electronic Co., Ltd. in Relation to the Goodwill Impairment Test to be Conducted by Konka Group Co., Ltd. (PXZPBZ [2026] No. S0276), with December 31, 2025 as the valuation reference date. The present value of the asset group of Xingda Hongye on the valuation reference date was RMB 1,61,140,000. The book value of the asset group adjusted by fair value (including overall goodwill) was RMB 205,988,400, of which the book value of goodwill (including minority shareholders) was RMB 43,523,000. The recoverable amount of the asset group is less than the book value of the asset group including goodwill. Therefore, a goodwill impairment of RMB 22.1967 million was recognized in the current period based on the shareholding ratio in Xingda Hongye.

**20. Long-term deferred expenses**

Item	Beginning balance	Increase in the current year	Amortization in the current year	Other decreases in the current year	Ending balance
Decoration expenses	296,854,146.58	6,755,139.70	60,262,379.95	1,145,902.08	242,201,004.25
Shop expense	30,536,411.17	29,463,550.58	43,464,650.78		16,535,310.97

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Item	Beginning balance	Increase in the current year	Amortization in the current year	Other decreases in the current year	Ending balance
Others	204,790,603.88	66,031,329.47	72,234,790.80	3,361,340.08	195,225,802.47
<b>Total</b>	<b>532,181,161.63</b>	<b>102,250,019.75</b>	<b>175,961,821.53</b>	<b>4,507,242.16</b>	<b>453,962,117.69</b>

## 21. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets without offset

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	115,441,836.02	24,185,449.41	4,072,599,866.74	821,192,030.16
Provision for asset impairment	33,348,876.81	7,518,088.66	1,711,958,350.44	383,396,704.79
Deferred income	126,029,904.75	26,299,979.55	165,698,149.55	36,951,815.16
Accrued expenses	79,260.20	19,815.05	154,175,886.01	30,405,673.44
Unrealized internal transaction profits	23,159,179.99	5,789,795.00	21,418,121.43	5,354,530.36
Lease liabilities	128,733,917.69	31,923,273.77	190,036,774.82	46,680,049.35
Others	47,323,319.31	11,257,154.20	303,824,133.13	68,258,498.61
<b>Total</b>	<b>474,116,294.77</b>	<b>106,993,555.63</b>	<b>6,619,711,282.12</b>	<b>1,392,239,301.87</b>

### (2) Deferred tax liabilities without offset

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Asset revaluation appreciation from a business combination not under common control	131,234,455.38	28,976,378.21	148,603,098.25	32,684,086.93
Prepaid interest	16,906,513.97	4,226,628.50	21,809,373.23	5,452,343.31
Accelerated depreciation of fixed assets			2,198,376.27	443,840.17
Financial assets measured at fair value through current gains/losses	165,075,229.25	41,268,807.31	164,553,726.22	41,138,431.56
Right-of-Use Assets	125,148,918.49	31,020,361.63	177,009,862.45	43,672,811.85
Others	53,694,103.36	8,982,879.15	57,798,900.95	9,907,661.66
<b>Total</b>	<b>492,059,220.45</b>	<b>114,475,054.80</b>	<b>571,973,337.37</b>	<b>133,299,175.48</b>

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### (3) Details of unconfirmed deferred tax assets

Item	Ending balance	Beginning balance
Deductible losses	10,631,764,118.90	5,076,924,357.43
Deductible temporary differences	14,733,642,383.21	4,057,061,699.25
<b>Total</b>	<b>25,365,406,502.11</b>	<b>9,133,986,056.68</b>

### (4) Deductible losses from unrecognized deferred tax assets will be expired in the following years

Year	Ending balance	Beginning balance	Remarks
2025		252,950,466.34	
2026	403,268,956.95	313,956,730.12	
2027	1,334,876,912.27	307,074,252.94	
2028	980,877,535.65	710,259,863.04	
2029	1,311,131,269.35	1,491,466,390.36	
2030 and beyond	6,601,609,444.68	2,001,216,654.63	
<b>Total</b>	<b>10,631,764,118.90</b>	<b>5,076,924,357.43</b>	—

### 22. Other non-current assets

Item	Ending balance		
	Balance	Provision for impairment	Book value
Prepayment for land purchase	1,029,457,502.92	517,841,855.90	511,615,647.02
Prepayment for construction, equipment and other long-term assets	89,390,490.57		89,390,490.57
<b>Total</b>	<b>1,118,847,993.49</b>	<b>517,841,855.90</b>	<b>601,006,137.59</b>

(Continued)

Item	Beginning balance		
	Balance	Provision for impairment	Book value
Prepayment for land purchase	1,029,457,502.92		1,029,457,502.92
Prepayment for construction, equipment and other long-term assets	119,220,467.55		119,220,467.55
<b>Total</b>	<b>1,148,677,970.47</b>		<b>1,148,677,970.47</b>

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### 23. Assets with restricted ownership or use rights

Item	End of the year			
	Balance	Book value	Type of restriction	Restriction details
Monetary funds	1,293,472,374.79	1,293,472,374.79	Margin, time deposits, etc.	Among them, RMB 525,901,180.93 is margin deposits which are pledged for borrowings or issuing bank acceptance bills; RMB 612,670,635.63 represents time deposits that are not available for early withdrawal and are pledged as collateral for borrowings; RMB 154,900,558.23 is restricted for other reasons.
Accounts receivable	1,479,824.68	1,448,244.31	Pledge	Pledge loan
Inventories	213,889,093.11	161,827,378.00	Mortgage	Mortgaged for loan
Investment properties	789,216,793.66	445,326,656.45	Mortgage	Mortgaged for loan
Fixed assets	2,159,388,777.59	1,619,724,502.81	Mortgage	Mortgage for finance lease, mortgage loans, and former shareholder guarantee
Intangible assets	567,108,433.14	486,364,529.83	Mortgage	Mortgaged for loan
<b>Total</b>	<b>5,024,555,296.97</b>	<b>4,008,163,686.19</b>	<b>—</b>	<b>—</b>

(Continued)

Item	Beginning			
	Balance	Book value	Type of restriction	Restriction details
Monetary funds	1,332,589,771.28	1,332,589,771.28	Time deposits, margins, etc.	Among them, RMB 556,608,881.87 is margin deposits which are pledged for borrowings or issuing bank acceptance bills; RMB 567,478,893.23 represents time deposits that are not available for early withdrawal and are pledged as collateral for borrowings; RMB 208,501,996.18 is restricted for other reasons.
Accounts receivable	1,837,337.71	1,798,852.71	Pledge	Pledge loan
Notes receivable	15,900,000.00	15,900,000.00	Pledge	Pledged for the issuance of bank acceptance bills
Inventories	383,413,182.26	379,790,291.96	Mortgage	Mortgaged for loan
Investment properties	790,608,780.11	712,454,010.27	Mortgage	Mortgaged for loan
Fixed assets	1,832,372,199.20	1,551,889,522.63	Mortgage	Mortgage for finance lease, mortgage loans, and former shareholder



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Item	Beginning			
	Balance	Book value	Type of restriction	Restriction details
				guarantee
Intangible assets	664,764,256.55	587,351,084.33	Mortgage	Mortgage for finance lease and mortgage loans
<b>Total</b>	<b>5,021,485,527.11</b>	<b>4,581,773,533.18</b>	—	—

## 24. Short-term borrowings

### (1) Classification of short-term borrowings

Type of borrowings	Ending balance	Beginning balance
Credit loan	3,736,619,333.91	4,709,049,751.78
Guaranteed loan	449,087,810.41	629,950,527.05
Mortgaged for loan	390,208,408.34	402,171,189.43
<b>Total</b>	<b>4,575,915,552.66</b>	<b>5,741,171,468.26</b>

### (2) Outstanding short-term borrowings overdue

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

## 25. Notes payable

Type of note	Ending balance	Beginning balance
Bank acceptance bills	653,949,070.29	850,916,858.18
Commercial acceptance bills	289,868,697.62	299,393,998.52
<b>Total</b>	<b>943,817,767.91</b>	<b>1,150,310,856.70</b>

Note: There were no notes payable that were due but unpaid at the end of the current year.

## 26. Accounts payable

### (1) Presentation of accounts payable

Item	Ending balance	Beginning balance
Within 1 year	1,392,600,370.15	2,295,798,887.75
1 to 2 years	252,209,408.86	194,600,008.24
2 to 3 years	130,867,724.12	101,677,548.46
Over 3 years	202,058,868.16	182,539,343.79
<b>Total</b>	<b>1,977,736,371.29</b>	<b>2,774,615,788.24</b>

### (2) Significant accounts payable aging more than one year or overdue

Unit	Ending balance	Reason for Non-repayment or Carry-over
Company A	111,159,114.76	Pending Settlement
Company B	77,027,260.07	Final payment for the project not yet settled

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Unit	Ending balance	Reason for Non-repayment or Carry-over
Company C	42,192,153.10	Final payment for the project not yet settled
Company D	34,189,624.82	Pending Settlement
Company E	30,327,400.00	In Litigation
Company F	30,159,458.13	Pending Settlement
Company G	25,779,987.00	Pending Settlement
Company H	10,600,000.00	Pending Settlement
<b>Total</b>	<b>361,434,997.88</b>	

**(3) Whether there are any overdue payments to small and medium-sized enterprises (applicable to SZSE)**

Number of Overdue Contracts	325
Amount of Overdue Contracts	703,656,073.35
Overdue and Unpaid Amount	253,541,028.01

**27. Other payables**

Item	Ending balance	Beginning balance
Interest Payable		
Dividends Payable		
Other payables	6,565,100,788.16	3,502,796,381.63
<b>Total</b>	<b>6,565,100,788.16</b>	<b>3,502,796,381.63</b>

**(1) Other payables presented based on the nature of the funds**

Nature of funds	Ending balance	Beginning balance
Expenses Payable	792,764,274.26	775,131,170.51
Security Deposit, Down Payment, and Deposit	272,858,608.90	283,501,144.00
Trading Funds	1,163,502,426.04	489,457,474.93
Advance Payment	3,860,617.67	7,758,315.35
Related Party Borrowing	2,395,873,661.72	221,405,227.76
Equity Payable	1,870,346,451.75	1,615,155,483.71
Others	65,894,747.82	110,387,565.37
<b>Total</b>	<b>6,565,100,788.16</b>	<b>3,502,796,381.63</b>

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## (2) Significant other payables with an age of more than one year or overdue

Unit	Ending balance	Reason for Non-repayment or Carry-over
Company I	1,469,134,969.86	Equity repurchase amount and interest arising from the Ypfun IPO VAM agreement
Company J	235,788,807.29	Accrue patent fees
Company K	66,082,529.10	Pending Settlement
Company L	65,077,215.48	Unsettled construction payments
Company M	30,000,000.00	Performance bond
Company N	20,301,936.47	Pending Settlement
Company O	18,000,000.00	Pending Settlement
Company P	15,646,109.30	Unsettled rent
Company Q	14,925,006.90	Compensation for installment payments
Company R	14,279,584.10	Compensation for installment payments
Company S	13,618,181.08	Payment conditions not met
Company T	12,780,275.13	Pending Settlement
<b>Total</b>	<b>1,975,634,614.71</b>	-

## 28. Advances from customers

Category	Ending balance	Beginning balance
Rent	3,426,361.65	3,481,262.87
<b>Total</b>	<b>3,426,361.65</b>	<b>3,481,262.87</b>

## 29. Contract liabilities

### (1) Contract liabilities

Item	Ending balance	Beginning balance
Sales advances received	256,506,499.39	623,555,669.97
<b>Total</b>	<b>256,506,499.39</b>	<b>623,555,669.97</b>

Remarks: Contract liabilities over one year are detailed in "VI.41.Other non-current liabilities" in this note.

### (2) Significant contract liabilities with an age of more than one year

There were no significant contract liabilities with an age of more than one year in the current year.

### (3) Significant changes in book value in the current year

The significant decrease in the balance of contract liabilities compared with the end of the previous year was mainly due to the fact that the advance payments for pre-sale

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properties of Nantong Konghai and the payment for goods early collected by Hongkong Konka met the revenue recognition conditions in the current period and were carried forward to operating revenue.

### 30. Employee benefits payable

#### (1) Categories of employee benefits payable

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Short-term remuneration	237,237,008.22	1,228,905,430.20	1,253,392,987.78	212,749,450.64
Post-employment benefits - defined contribution plans	1,032,772.61	119,675,904.48	119,573,826.35	1,134,850.74
Dismissal benefits	5,462,068.95	19,267,545.40	15,438,402.63	9,291,211.72
<b>Total</b>	<b>243,731,849.78</b>	<b>1,367,848,880.08</b>	<b>1,388,405,216.76</b>	<b>223,175,513.10</b>

#### (2) Short-term remuneration

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Salaries, bonuses, allowances and subsidies	230,731,246.88	1,073,263,791.23	1,097,064,848.08	206,930,190.03
Employee welfare expenses	3,334,946.15	47,356,378.18	48,119,491.70	2,571,832.63
Social insurance premiums	533,555.71	50,622,958.45	50,622,051.59	534,462.57
Including: medical insurance premiums	387,627.84	44,641,995.31	44,634,078.56	395,544.59
Work injury insurance premiums	77,640.15	4,453,636.93	4,459,752.19	71,524.89
Maternity insurance premiums	68,287.72	1,527,326.21	1,528,220.84	67,393.09
Housing fund	507,627.65	44,148,060.73	44,107,422.86	548,265.52
Labour union fees and employee education fees	1,563,130.18	11,097,538.02	10,571,609.08	2,089,059.12
Others	566,501.65	2,416,703.59	2,907,564.47	75,640.77
<b>Total</b>	<b>237,237,008.22</b>	<b>1,228,905,430.20</b>	<b>1,253,392,987.78</b>	<b>212,749,450.64</b>

#### (3) Defined contribution plans

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Basic pension insurance	904,488.43	115,008,760.46	114,840,773.11	1,072,475.78
Unemployment insurance premiums	128,284.18	4,667,144.02	4,733,053.24	62,374.96
<b>Total</b>	<b>1,032,772.61</b>	<b>119,675,904.48</b>	<b>119,573,826.35</b>	<b>1,134,850.74</b>

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### 31. Taxes payable

Item	Ending balance	Beginning balance
VAT	41,389,783.89	18,304,436.27
Property tax	7,873,067.23	11,724,042.19
Stamp duty	5,189,868.71	8,598,131.85
Land value increment tax	4,541,408.65	643,627.96
Land use tax	2,955,305.79	3,640,999.21
Enterprise income tax	2,902,794.24	46,039,928.61
Personal income tax	2,404,290.78	2,590,216.18
Tariff	1,544,659.31	1,584,862.54
City construction and maintenance tax	1,090,729.63	455,815.56
Education fees and local education surcharge	804,441.46	384,461.10
Others	579,905.73	646,189.11
<b>Total</b>	<b>71,276,255.42</b>	<b>94,612,710.58</b>

### 32. Non-current liabilities maturing within one year

Item	Ending balance	Beginning balance
Bonds payable due within one year	1,997,255,226.21	2,510,473,199.20
Long-term borrowings due within one year	1,610,967,861.49	4,099,941,220.89
Lease liabilities due within one year	42,617,527.51	44,667,151.05
Long-term payables due within one year		452,824.05
<b>Total</b>	<b>1,997,255,226.21</b>	<b>2,510,473,199.20</b>

### 33. Other current liabilities

Item	Ending balance	Beginning balance
Input tax to be carried forward	9,709,568.79	39,793,570.78
Refunds payable	10,947,147.43	17,262,340.52
Accounts payable paid by endorsement of outstanding notes at the end of the reporting period	25,720,556.07	12,820,620.61
<b>Total</b>	<b>46,377,272.29</b>	<b>69,876,531.91</b>

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### 34. Long-term borrowings

Type of borrowings	Ending balance	Beginning balance
Guaranteed loan	1,255,126,167.17	3,426,786,189.06
Credit loan	5,466,646,895.34	2,407,276,815.65
Entrusted borrowings		2,125,382,964.61
Mortgaged for loan	1,044,296,964.74	1,271,960,335.66
Pledge loan	382,824,571.78	399,184,717.84
Less: Amount due within one year (see Note VI.32)	1,610,967,861.49	4,099,941,220.89
<b>Total</b>	<b>6,537,926,737.54</b>	<b>5,530,649,801.93</b>

### 35. Bonds payable

#### (1) Categories of bonds payable

Item	Ending balance	Beginning balance
Corporate bonds	3,593,930,102.58	4,805,666,700.25
Less: Bonds payable due within one year (see Note VI.32)	1,997,255,226.21	2,510,473,199.20
<b>Total</b>	<b>1,596,674,876.37</b>	<b>2,295,193,501.05</b>

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**(2) Changes in bonds payable**

Bond name	Total par value	Par value Interest rate	Issue Date	Bond maturity	Issue amount	Beginning balance	Issuance in the current year	Accrue interest by par value	Amortization of premium/discount	Repayment in the current year	Ending balance	Whether Default
22 Konka 01 (note ①)	1,200,000,000.00	3.23%	2022/7/14	3 years	1,195,800,000.00	1,218,719,622.62		19,380,000.00	660,377.36	1,238,759,999.98		No
22 Konka 03 (note ②)	600,000,000.00	3.30%	2022/9/8	3 years	597,900,000.00	606,159,748.49		13,200,000.00	440,251.57	619,800,000.06		No
22 Konka 05 (note ③)	600,000,000.00	3.50%	2022/10/18	3 years	597,900,000.00	604,754,717.04		15,750,000.00	495,282.92	620,999,999.96		No
24 Konka 01 (note ④)	1,500,000,000.00	4.00%	2024/1/29	3 years	1,495,200,000.00	1,552,452,830.14		60,000,000.00	1,509,434.00	60,000,000.00	1,553,962,264.14	No
24 Konka 02 (note ⑤)	400,000,000.00	4.00%	2024/3/18	3 years	398,720,000.00	411,742,557.65		15,999,999.96	402,515.72	16,000,000.00	412,145,073.33	No
24 Konka 03 (Note ⑥)	400,000,000.00	4.03%	2024/3/18	3 years	398,720,000.00	411,837,224.31		16,119,999.96	402,515.72	16,120,000.00	412,239,739.99	No
25 Konka 01 (Note ⑦)	410,000,000.00	3.50%	2025/6/23	3 years	408,688,000.00		408,688,000.00	7,493,888.87	374,930.84		416,556,819.71	No
25 Konka 03 (Note ⑧)	790,000,000.00	2.80%	2025/7/4	3 years	787,472,000.00		787,472,000.00	10,937,111.09	617,094.32		799,026,205.41	No
<b>Total</b>	<b>5,900,000,000.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,880,400,000.00</b>	<b>4,805,666,700.25</b>	<b>1,196,160,000.00</b>	<b>158,880,999.88</b>	<b>4,902,402.45</b>	<b>2,571,680,000.00</b>	<b>3,593,930,102.58</b>	<b>—</b>

Note ①: On July 14, 2022, the Company issued RMB1.2 billion of public placement corporate bonds with a duration of three years, an annual interest rate of 3.23%, and a maturity date of July 14, 2025.

Note ②: On September 8, 2022, the Company issued RMB600 million of private placement corporate bonds with a duration of three years, an annual interest rate of 3.30%, and a maturity date of September 8, 2025.

Note ③: On October 18, 2022, the Company issued RMB600 million of private placement corporate bonds with a duration of three years, an annual interest rate of 3.50%, and a maturity date of October 18, 2025.

Note ④: On January 29, 2024, the Company issued RMB 1.5 billion of private placement corporate bonds with a duration of three years (with an issuer's option to adjust the coupon rate and an investor's put option at the end of the second year), an annual interest rate of 4.00%, and a maturity date of January 29, 2027.

Note ⑤: On March 18, 2024, the Company issued RMB 400 million of private placement corporate bonds with a duration of three years (with an issuer's option to adjust the coupon rate and an investor's put option at the end of the second year), an annual interest rate of 4.00%, and a maturity date of March 18, 2027.

Note ⑥: On March 18, 2024, the Company issued RMB400 million of private placement corporate bonds with a duration of three years, an annual interest rate of 4.03%, and a maturity date of March 18, 2027.

Note ⑦: On June 23, 2025, the Company issued RMB 410 million of private placement corporate bonds with a duration of three years (with an issuer's option to adjust the coupon rate and an investor's put option at the end of the second year), an annual interest rate of 3.50%, and a maturity date of June 23, 2028.

Note ⑧: On July 4, 2025, the Company issued RMB 790 million of private placement corporate bonds with a duration of three years (with an issuer's option to adjust the coupon rate and an investor's put option at the end of the second year), an annual interest rate of 2.80%, and a maturity date of July 4, 2028.

Note ⑨: China Resources Inc. provides a full, unconditional, and irrevocable joint and several liability guarantee for the due payment of these public and private placement corporate bonds.

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### 36. Lease liabilities

Item	Ending balance	Beginning balance
Lease liabilities	139,476,496.26	191,228,739.57
Less: Lease liabilities due within one year (see Note VI.32)	42,617,527.51	44,667,151.05
<b>Total</b>	<b>96,858,968.75</b>	<b>146,561,588.52</b>

### 37. Long-term payables

Item	Ending balance	Beginning balance
Payable finance lease payments	2,113,713.86	6,314,362.65
Less: Unrecognized financing expenses	80,486.84	356,990.36
Amount above due within one year (see Note VI.32)		452,824.05
<b>Total</b>	<b>2,033,227.02</b>	<b>5,504,548.24</b>

### 38. Long-term employee benefits payable

Item	Ending balance	Beginning balance
Post-employment benefits - net liabilities of defined benefit plans	4,519,491.87	4,608,659.47
<b>Total</b>	<b>4,519,491.87</b>	<b>4,608,659.47</b>

### 39. Provisions

Item	Ending balance	Beginning balance	Reason for formation
Performance compensation, or contingent consideration	346,222,251.09	346,222,251.09	
Product quality assurance	57,824,544.20	80,603,137.10	After-sales services for household appliances
Pending litigation	446,591,769.85	206,591.51	
Disposal expenses	2,084,301.83	1,401,752.49	
<b>Total</b>	<b>852,722,866.97</b>	<b>428,433,732.19</b>	—

### 40. Deferred income

#### (1) Categories of deferred income

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance	Reason for formation
Government grants	393,437,007.37	72,028,772.87	57,289,984.73	408,175,795.51	Related to assets/income
<b>Total</b>	<b>393,437,007.37</b>	<b>72,028,772.87</b>	<b>57,289,984.73</b>	<b>408,175,795.51</b>	—



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## (2) Government subsidy items

Government Grant Projects	Beginning Balance	Subsidies increased in the current year	Amount recognized as non-operating revenue in the current year	Amount recognized as other income in the current year	Amount of cost offset in the current year	Others Change	End of the year Balance	Related to assets/income
Plant construction subsidy for Yibin Konka Industrial Park	101,225,904.13			2,319,532.32			98,906,371.81	Related to assets
Medical waste centralized treatment project in Gaoxian County, Yibin City	27,430,784.61	5,000,000.00		1,730,503.55			30,700,281.06	Related to assets
Rewards and subsidies for Special Project for Supporting the Development of Advanced Manufacturing and Modern Service Industry of Henan Frestec Smart Home	31,510,328.22			2,458,697.27			29,051,630.95	Related to assets
Shenzhen Industrial Investment Project Support Program for Konka Group Headquarters	6,787,857.01	16,180,000.00		521,936.40			22,445,920.61	Related to assets
Industrial support funds for Suining Konka Industrial Park	19,776,548.54			239,936.88			19,536,611.66	Related to assets
Industrial rewards and subsidies of Henan Frestec Smart Home	19,734,932.95			481,353.47			19,253,579.48	Related to assets
Shaanxi Konka Smart's equipment renewal supported by ultra-long-term special treasury bonds		19,060,000.00					19,060,000.00	Related to assets
Returned payments for land by Chongqing Konka	17,541,818.31			392,727.24			17,149,091.07	Related to assets

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<b>Government Grant Projects</b>	<b>Beginning Balance</b>	<b>Subsidies increased in the current year</b>	<b>Amount recognized as non-operating revenue in the current year</b>	<b>Amount recognized as other income in the current year</b>	<b>Amount of cost offset in the current year</b>	<b>Others Change</b>	<b>End of the year Balance</b>	<b>Related to assets/income</b>
Plant decoration subsidy for Yibin Konka Science and Technology Industrial Park	8,635,292.92	3,000,000.00		1,863,457.86			9,771,835.06	Related to assets
Other government subsidies related to assets/income	160,793,540.68	28,788,772.87		27,193,011.11	17,400.00	-20,071,428.63	142,300,473.81	Related to assets/income
<b>Total</b>	<b>393,437,007.37</b>	<b>72,028,772.87</b>		<b>37,201,156.10</b>	<b>17,400.00</b>	<b>-20,071,428.63</b>	<b>408,175,795.51</b>	

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#### 41. Other non-current liabilities

Item	Ending balance	Beginning balance
Contract liabilities over one year	283,739,354.36	207,378,781.21
<b>Total</b>	<b>283,739,354.36</b>	<b>207,378,781.21</b>

#### 42. Share capital

Item	Beginning balance	Increase/decrease (+/-) in the current year					Ending balance
		New issues	Bonus shares	Capital reserves converted into share capital	Others	Subtotal	
Total shares	2,407,945,408.00						2,407,945,408.00

#### 43. Other equity instruments

Outstanding financial instruments	Beginning		Increase in the current year	
	Quantity	Book value	Quantity	Book value
Perpetual bonds			5,000,000,000.00	5,000,000,000.00
<b>Total</b>			<b>5,000,000,000.00</b>	<b>5,000,000,000.00</b>

(Continued)

Outstanding financial instruments	Decrease in the current year		End of the year	
	Quantity	Book value	Quantity	Book value
Perpetual bonds			5,000,000,000.00	5,000,000,000.00
<b>Total</b>			<b>5,000,000,000.00</b>	<b>5,000,000,000.00</b>

Note: On December 16, 2025, the Company issued perpetual bonds to its controlling shareholder, Panshi Runchuang (Shenzhen) Information Management Co., Ltd. According to the relevant contract, the aforementioned perpetual bonds have no definite maturity date, and the Company has the right to defer interest payments. At the same time, the Company has the sole discretion to redeem the perpetual bonds and has no contractual obligation to deliver cash or other financial assets. Therefore, they are recognized as other equity instruments.

#### 44. Capital reserves

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Other capital reserves	512,840,575.73	19,768,716.32	126,029,421.25	406,579,870.80
<b>Total</b>	<b>512,840,575.73</b>	<b>19,768,716.32</b>	<b>126,029,421.25</b>	<b>406,579,870.80</b>

Note: The reasons for the increase and decrease in capital reserves - other capital reserves for the current year are as follows:

- ① The conversion of the originally listed long-term equity investment (Wuhan Tianyuan Group Co., Ltd.) to financial assets held for trading resulted in a decrease in other capital reserves of RMB 126,029,421.25 due to the change in accounting method;
- ② The equity incentives of the associate Chongqing Ypfun Technology Co., Ltd. resulted in an increase in other capital reserves of RMB 301,193.49;
- ③ The deregistration of the associate E3info (Hainan) Technology Co., Ltd. resulted in an increase of RMB 1,508,471.59 in other capital reserves;
- ④ The capital increase and share expansion of the associate Hefei Kangxinwei Storage Technology Co., Ltd. by introducing strategic investors resulted in an increase of RMB 17,959,051.24 in other capital reserves.

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#### 45. Other comprehensive income

Item	Beginning Balance	Amount incurred in the current year						End of the year Balance
		Amount incurred before income tax	Less: Amount recognized as other comprehensive income in the previous period and transferred to gains/losses in the Reporting Period	Less: Amount recognized as other comprehensive income in the previous period and transferred to retained earnings in the Reporting Period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified to gains/losses	-6,398,878.20	-5,901,121.80				-5,901,121.80		-12,300,000.00
Including: Changes in fair value of other equity instrument investments	-6,398,878.20	-5,901,121.80				-5,901,121.80		-12,300,000.00
II. Other comprehensive income reclassified to gains/losses	-2,641,412.12	26,638,229.86				13,075,019.21	13,563,210.65	10,433,607.09
Including: Other comprehensive income that can be transferred to gains/losses under the equity method	-2,192,546.02	1,776,376.21				1,776,376.21		-416,169.81

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Item	Beginning Balance	Amount incurred in the current year						End of the year Balance
		Amount incurred before income tax	Less: Amount recognized as other comprehensive income in the previous period and transferred to gains/losses in the Reporting Period	Less: Amount recognized as other comprehensive income in the previous period and transferred to retained earnings in the Reporting Period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
Translation differences of foreign currency financial statements	-448,866.10	24,861,853.65				11,298,643.00	13,563,210.65	10,849,776.90
<b>Total of other comprehensive income</b>	<b>-9,040,290.32</b>	<b>20,737,108.06</b>				<b>7,173,897.41</b>	<b>13,563,210.65</b>	<b>-1,866,392.91</b>

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#### 46. Specific reserve

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Safety production fund	11,249,678.53	7,743,491.96	1,796,025.87	17,197,144.62
<b>Total</b>	<b>11,249,678.53</b>	<b>7,743,491.96</b>	<b>1,796,025.87</b>	<b>17,197,144.62</b>

#### 47. Surplus reserves

Item	Beginning balance	Increase in the current year	Decrease in the current year	Ending balance
Statutory surplus reserve	1,005,961,774.19			1,005,961,774.19
Discretionary surplus reserve	238,218,590.05			238,218,590.05
<b>Total</b>	<b>1,244,180,364.24</b>			<b>1,244,180,364.24</b>

#### 48. Retained earnings

Item	The current year	Last year
Undistributed profit at the end of last year before adjustment	-1,797,506,898.08	1,474,561,975.85
Adjustment to total undistributed profits at the beginning of the year (+ for increase and - for decrease)	-777,201,329.82	-347,232,776.81
Including: retroactive adjustment to the Accounting Standards for Business Enterprises and relevant new regulations		
Change in accounting policies		
Correction of significant prior period errors	-777,201,329.82	-347,232,776.81
Changes in the scope of consolidation under common control		
Adjusted undistributed profit at the beginning of the year	<b>-2,574,708,227.90</b>	<b>1,127,329,199.04</b>
Add: Net profit attributable to owners of the parent company in the current year	-12,582,399,856.80	-3,725,557,221.78
Others		23,519,794.84
Loss offset by surplus reserves		
Capital reserves used to offset losses		
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation to general risk reserves		
Ordinary share dividends payable		
Ordinary share dividends transferred to capital stock		
<b>Ending balance of the current year</b>	<b>-15,157,108,084.70</b>	<b>-2,574,708,227.90</b>

## 49. Operating revenue and cost of sales

### (1) Operating revenue and cost of sales

Item	Amount incurred in the current year		Amount incurred last year	
	Income	Cost	Income	Cost
Principal activity	9,222,377,316.60	8,993,917,477.41	10,417,600,703.11	10,306,208,764.64
Other	613,097,599.93	436,800,440.79	697,163,266.48	555,615,226.55
<b>Total</b>	<b>9,835,474,916.53</b>	<b>9,430,717,918.20</b>	<b>11,114,763,969.59</b>	<b>10,861,823,991.19</b>

### (2) Information on the breakdown of operating revenue and cost of sales

Category of contracts	Amount incurred in the current year		Amount incurred last year	
	Operating Revenue	Cost of sales	Operating Revenue	Cost of sales
Business type				
Including: Colour TV business	4,192,163,402.41	4,280,594,033.28	5,027,758,205.02	5,238,743,506.77
White goods business	3,815,259,215.10	3,605,987,282.66	4,127,243,310.93	3,837,066,870.14
PCB business	529,852,068.40	484,651,274.02	480,868,974.92	428,530,129.53
Semiconductor and memory chip business	162,222,125.34	176,738,680.35	170,202,408.61	256,853,882.82
Other	1,135,978,105.28	882,746,647.89	1,308,691,070.11	1,100,629,601.93
<b>Total</b>	<b>9,835,474,916.53</b>	<b>9,430,717,918.20</b>	<b>11,114,763,969.59</b>	<b>10,861,823,991.19</b>
Classified by operating region				
Of which: Domestic	6,753,418,875.25	6,471,030,228.87	7,903,700,862.49	7,725,612,592.83
Overseas	3,082,056,041.28	2,959,687,689.33	3,211,063,107.10	3,136,211,398.36
<b>Total</b>	<b>9,835,474,916.53</b>	<b>9,430,717,918.20</b>	<b>11,114,763,969.59</b>	<b>10,861,823,991.19</b>

### (3) Information in relation to the transaction price apportioned to the residual contract performance obligation

At the end of the current year, the revenue corresponding to the performance obligations that have been signed but not yet performed or not yet fully performed is RMB 474,728,784.63, of which RMB 439,643,788.42 is expected to be recognized as revenue in 2026, RMB 25,750,507.96 is expected to be recognized in 2027, and RMB 9,334,488.25 is expected to be recognized in 2028 and later years.

## 50. Taxes and surcharges

Item	Amount incurred in the current year	Amount incurred last year
Property tax	45,555,795.92	46,155,747.46
Stamp duty	28,182,133.01	39,993,676.00



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Item	Amount incurred in the current year	Amount incurred last year
Land use tax	17,603,998.17	19,447,128.15
Land value increment tax	8,090,412.22	4,601,595.90
Urban maintenance and construction tax	6,194,307.57	8,067,589.84
Education surcharge	2,873,255.31	3,697,149.73
Local education surcharge	1,920,673.28	2,464,766.48
Water conservancy fund	786,979.37	925,768.34
Others	269,037.22	603,913.09
<b>Total</b>	<b>111,476,592.07</b>	<b>125,957,334.99</b>

### 51. Selling expenses

Item	Amount incurred in the current year	Amount incurred last year
Employee compensation	306,011,654.51	346,592,018.83
Promotional activities expenses	90,063,910.51	142,882,509.25
Advertising expenses	76,765,634.35	107,677,304.60
Logistics expenses	55,201,268.85	69,134,847.32
Agency commissions	26,086,639.29	5,470,657.32
Travel expenses	17,341,756.89	21,923,991.20
Market service fees	16,481,201.63	10,848,646.14
Insurance expenses	10,323,067.04	10,893,622.99
Depreciation of fixed assets	9,996,730.17	5,636,281.47
Others	38,947,205.23	53,238,157.75
<b>Total</b>	<b>647,219,068.47</b>	<b>774,298,036.87</b>

### 52. Administrative expenses

Item	Amount incurred in the current year	Amount incurred last year
Employee compensation	276,527,007.66	314,459,207.37
Depreciation expenses	198,768,764.61	215,615,082.76
Intermediary fees	23,695,009.51	37,100,613.46
Water and electricity expenses	12,935,695.59	12,036,310.67
Travel expenses	4,568,062.61	7,023,438.59
Loss on scrapping of inventories	1,841,100.79	3,905,406.48
Others	45,835,197.23	61,807,774.13
<b>Total</b>	<b>564,170,838.00</b>	<b>651,947,833.46</b>

### 53. R&D expense

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Item	Amount incurred in the current year	Amount incurred last year
Salary	200,826,276.67	226,287,518.69
Depreciation and amortization expenses	116,768,922.25	105,315,963.39
New product trial production expense	17,187,524.66	18,169,936.41
Material expense	6,034,945.14	3,315,736.07
Patent fee	2,156,329.48	20,011,198.25
Testing expense	1,599,584.39	3,046,117.93
Others	41,532,254.37	40,259,369.60
<b>Total</b>	<b>386,105,836.96</b>	<b>416,405,840.34</b>

#### 54. Finance costs

Item	Amount incurred in the current year	Amount incurred last year
Interest expense	871,624,731.68	953,199,337.05
Less: Interest income	134,366,718.80	215,619,251.81
Add: Exchange loss	45,235,956.80	-51,329,032.40
Other expenses	21,722,964.21	28,736,033.40
<b>Total</b>	<b>804,216,933.89</b>	<b>714,987,086.24</b>

#### 55. Other income

Sources of other income	Amount incurred in the current year	Amount incurred last year
Transfer of deferred income	37,201,156.10	42,154,230.53
Tax rebates on software	14,455,781.19	4,681,629.92
Support funds	9,435,900.00	14,923,388.00
Rewards and subsidies	9,107,772.06	34,231,995.98
Subsidies for L/C exports	2,876,243.00	1,250,714.67
Tax and fee reductions	2,423,581.02	10,191,356.70
Post subsidies	1,585,184.87	1,895,971.87
Others	-621,266,163.24	1,271,022.45
<b>Total</b>	<b>-544,180,545.00</b>	<b>110,600,310.12</b>

#### 56. Income from changes in fair value

Sources of gains from changes in the fair value	Amount incurred in the current year	Amount incurred last year
Financial assets measured at fair value through current gains/losses	-460,420,971.18	-267,484,270.45
Estimated contingent consideration		-95,523,883.70

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Sources of gains from changes in the fair value	Amount incurred in the current year	Amount incurred last year
<b>Total</b>	<b>-460,420,971.18</b>	<b>-363,008,154.15</b>

## 57. Investment income

Item	Amount incurred in the current year	Amount incurred last year
Returns on long-term equity investments calculated by the equity method	-379,192,413.39	-134,541,620.49
Return on investment arising from the disposal of long-term equity investments	-60,235.73	101,946,531.33
Investment income from financial assets held for trading during the holding period	420,553.86	4,240,444.62
Investment income from disposal of financial assets measured at fair value with changes included in current gains/losses	-1,807,577.63	-26,511,417.25
Interest income from debt investments during the holding period	5,860,451.37	19,239,106.21
Income from the derecognition of financial assets at amortized cost	-3,484,892.68	-4,519,585.64
Gains from debt restructuring		-459,737.22
Conversion of long-term equity investments accounted for by the equity method to financial assets	655,666,680.89	
Gains from remeasurement of residual equity at fair value after losing control		
Others		
<b>Total</b>	<b>277,402,566.69</b>	<b>-40,606,278.44</b>

## 58. Credit impairment loss

Item	Amount incurred in the current year	Amount incurred last year
Bad debt loss of notes receivable	-97,525.15	-130,021.70
Bad debt loss of accounts receivable	-53,871,543.82	-125,736,732.85
Bad debt loss of other accounts receivable	-1,466,630,164.43	-280,100,956.11
<b>Total</b>	<b>-1,520,599,233.40</b>	<b>-405,967,710.66</b>

## 59. Asset impairment loss

Item	Amount incurred in the current year	Amount incurred last year
Impairment loss of long-term equity investments	-3,175,620,107.46	-516,085,087.12
Inventory depreciation loss and contract fulfillment cost impairment loss	-749,200,712.14	-445,305,312.35
Provision for impairment of investment property	-643,642,921.78	
Provision for impairment of other non-current assets	-517,841,855.90	

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Item	Amount incurred in the current year	Amount incurred last year
Impairment loss of construction in progress	-375,338,959.82	-17,000,002.50
Impairment loss on fixed assets	-404,775,609.37	-20,834,518.11
Impairment loss on intangible assets	-169,238,097.51	
Provision for impairment of other current assets	-118,264,443.38	
Provision for goodwill impairment	-22,196,735.11	
Contract asset impairment loss	-64,865.73	-191,314.13
<b>Total</b>	<b>-6,176,184,308.20</b>	<b>-999,416,234.21</b>

### 60. Gains from disposal of assets

Item	The current year Amount	Last year Amount
Gains on disposal of non-current assets	24,500,775.05	13,572,230.63
Including: gains on disposal of non-current assets not classified as held for sale	24,500,775.05	13,572,230.63
Including: gains on disposal of fixed assets	23,893,960.39	12,323,105.39
Gains on disposal of intangible assets		660,377.36
Gains/losses on disposal of right-of-use assets	606,814.66	537,251.48
Others		51,496.40
<b>Total</b>	<b>24,500,775.05</b>	<b>13,572,230.63</b>

### 61. Non-operating revenue

Item	Amount incurred in the current year	Amount incurred last year	Amount recorded into the non-recurring gains/losses of the current year
Income from compensation, fines and liquidated damages	9,290,317.11	19,309,630.18	9,290,317.11
Write-off of current accounts	8,682,318.14	12,321,231.59	8,682,318.14
Non-current assets damage and retirement gains	271,611.84	7,381.77	271,611.84
Others	4,809,048.67	4,863,863.75	4,809,048.67
<b>Total</b>	<b>23,053,295.76</b>	<b>36,502,107.29</b>	<b>23,053,295.76</b>

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## 62. Non-operating expenses

Item	Amount of the current year	Amount of last year	Amount recorded into the non-recurring gains/losses of the current year
Estimated guarantee losses	396,756,575.84		396,756,575.84
Compensation expenses	11,997,239.95	5,087,299.42	11,997,239.95
Losses on damage and scrapping of non-current assets	2,942,707.01	14,433,649.96	2,942,707.01
Performance compensation		69,755,761.30	
Others	47,816,349.69	76,298,404.02	47,816,349.69
<b>Total</b>	<b>459,512,872.49</b>	<b>165,575,114.70</b>	<b>459,512,872.49</b>

## 63. Income tax expense

### (1) Income tax expense

Item	Amount incurred in the current year	Amount incurred last year
Income tax expenses in the current year	26,859,038.83	86,944,638.50
Deferred income tax expenses	1,266,380,917.19	-17,392,309.50
<b>Total</b>	<b>1,293,239,956.02</b>	<b>69,552,329.00</b>

### (2) Adjustment process of accounting profits and income tax expenses

Item	Amount incurred in the current year
Total consolidated profit in the current year	-10,944,373,563.83
Income tax expenses calculated at legal/applicable tax rate	-2,736,093,390.96
Impact of different tax rates applied by subsidiaries	318,300,135.41
Impact of adjustment of prior period income tax	-20,610.95
Impact of non-taxable income	9,977,787.88
Impact of non-deductible costs, expenses, and losses	4,052,515.16
Impact of using deductible losses on the deferred tax assets not recognized previously	
Impact of deductible temporary differences or deductible losses of deferred tax assets not recognized in the current year	3,728,909,448.52
Changes in the opening balance of deferred tax assets/liabilities due to adjustment of tax rate	
Others	-31,885,929.04
Income tax expense	1,293,239,956.02

## 64. Other comprehensive income

For details, please refer to Note VI.45 "Other comprehensive income" of these notes.

## 65. Items in the cash flow statement

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## (1) Cash related to operating activities

### 1) Cash received from other operating activities

Item	Amount incurred in the current year	Amount incurred last year
Intercompany payments	104,928,846.18	99,175,088.89
Income from government grants	104,405,766.26	91,084,949.55
Deposits and security deposits received	87,452,563.95	123,926,037.77
Interest income from bank deposits	24,204,831.04	66,117,530.26
Compensation and penalty income	7,937,687.17	20,552,157.49
Others	46,197,994.79	63,901,195.67
<b>Total</b>	<b>375,127,689.39</b>	<b>464,756,959.63</b>

### 2) Cash paid for other operating activities

Item	Amount incurred in the current year	Amount incurred last year
Cash expenses	473,451,116.19	803,310,338.17
Deposit and margin	204,978,244.69	120,837,849.81
Bank service charges	2,746,666.56	4,474,661.97
Payments made on behalf	28,616.88	397,101.66
Others	73,385,553.13	72,308,452.14
<b>Total</b>	<b>754,590,197.45</b>	<b>1,001,328,403.75</b>

## (2) Cash related to investing activities

### 1) Cash received from other investing activities

Item	Amount incurred in the current year	Amount incurred last year
Recovery of interfund lending	6,615,000.00	10,535,206.45
Others	31,007,486.48	176,130,622.69
<b>Total</b>	<b>37,622,486.48</b>	<b>186,665,829.14</b>

### 2) Cash paid for other investing activities

Item	Amount incurred in the current year	Amount incurred last year
Payment of interfund lending		100,000,000.00
Cash paid for disposal of subsidiaries	3,969,969.81	
Others	21,481,193.45	34,327,401.00
<b>Total</b>	<b>25,451,163.26</b>	<b>134,327,401.00</b>

## (3) Cash related to financing activities

### 1) Cash received from other financing activities

Notes to Financial Statements of Konka Group Co., Ltd.  
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Item	Amount incurred in the current year	Amount incurred last year
Receipt of interfund lending	3,174,680,000.00	
Recovery of pledged margin deposits	2,064,913,851.73	898,936,642.13
Others	162,919.46	
<b>Total</b>	<b>5,239,756,771.19</b>	<b>898,936,642.13</b>

## 2) Cash paid for other financing activities

Item	Amount incurred in the current year	Amount incurred last year
Margin deposits for pledge	1,934,866,839.47	1,608,682,236.20
Repayment of interfund lending	1,023,259,856.14	18,099,962.83
Cash paid for leases	43,948,994.20	29,886,200.09
Financing expenses	18,890,693.71	26,001,127.56
Others	3,423,714.89	4,300,049.48
<b>Total</b>	<b>3,024,390,098.41</b>	<b>1,686,969,576.16</b>

Notes to Financial Statements of Konka Group Co., Ltd.  
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### 3) Changes in liabilities arising from financing activities

Item	Beginning balance	Increase in the current year		Decrease in the current year		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Non-current liabilities maturing within one year	6,655,534,395.19		3,633,511,824.98	6,613,744,304.62	24,461,300.34	3,650,840,615.21
Short-term borrowings	5,741,171,468.26	5,863,443,113.20	176,137,247.72	7,204,836,276.52		4,575,915,552.66
Long-term borrowings	5,530,649,801.93	5,416,321,326.09	295,276,722.54	3,140,954,568.38	1,563,366,544.64	6,537,926,737.54
Bonds payable	2,295,193,501.05	1,196,160,000.00	163,806,043.84	61,229,442.31	1,997,255,226.21	1,596,674,876.37
Lease liabilities	146,561,588.52		19,596,281.76	5,852,280.02	63,446,621.51	96,858,968.75
Long-term payables	5,504,548.24		729,327.57	3,965,960.17	234,688.62	2,033,227.02
<b>Total</b>	<b>20,374,615,303.19</b>	<b>12,475,924,439.29</b>	<b>4,289,057,448.41</b>	<b>17,030,582,832.02</b>	<b>3,648,764,381.32</b>	<b>16,460,249,977.55</b>



#### (4) Notes to cash flows expressed in net amount

No cash flows were presented on a net basis in the current year.

#### (5) Significant activities and financial impacts that do not involve current cash receipts and payments, but affect the financial position of the enterprise or may affect the cash flows in the future

Item	Amount incurred in the current year
Payment for materials made by endorsement of notes receivable	1,556,029,208.45
Acquisition of long-term assets by endorsement of notes receivable	84,064,414.22
Other payments made by endorsement of notes receivable	177,588,227.57
<b>Total</b>	<b>1,817,681,850.24</b>

### 66. Supplementary data on the cash flow statement

#### (1) Supplementary information to the statement of cash flows

Item	Amount of the current year	Amount of last year
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>	—	—
Net Profit	-12,237,613,519.85	-4,314,107,326.62
Add: Provision for asset impairment	6,176,184,308.20	999,416,234.21
Credit impairment loss	1,520,599,233.40	405,967,710.66
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	444,245,049.90	460,489,835.67
Depreciation of right-of-use assets	51,319,518.68	55,180,501.65
Amortization of intangible assets	51,918,344.43	53,255,782.40
Amortization of long-term prepaid expenses	175,961,821.53	140,922,010.97
Losses on disposal of fixed assets, intangible assets and other long-lived assets ("-" indicates income)	-24,500,775.05	-13,572,230.63
Losses on scrap of fixed assets ("-" indicates income)	2,671,095.17	14,426,268.19
Losses on changes in fair value ("-" indicates income)	460,420,971.18	363,008,154.15
Finance costs ("-" indicates income)	806,202,443.42	884,664,729.30
Investment loss ("-" indicates income)	-277,402,566.69	40,606,278.44
Decrease in deferred tax assets ("-" indicates increase)	1,285,245,746.24	34,334,680.29
Increase in deferred income tax liabilities ("-" indicates decrease)	-18,824,120.68	-51,726,989.79
Decrease in inventories ("-" indicates increase)	289,318,178.99	-123,830,950.55

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Item	Amount of the current year	Amount of last year
Decrease in accounts receivable generated from operating activities ("-" indicates increase)	87,769,220.84	574,731,714.03
Increase in accounts payable used in operating activities ("-" indicates decrease)	-367,599,629.08	692,276,671.15
Others	-36,915,441.82	-42,154,230.53
Net cash generated from/used in operating activities	-1,611,000,121.19	173,888,842.99
<b>2. Significant investment and financing activities not involving cash:</b>		
Conversion of liabilities into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Balance of cash at the end of the year	5,020,469,510.26	2,783,177,476.45
Less: Beginning balance of cash	2,783,177,476.45	5,674,784,349.55
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	2,237,292,033.81	-2,891,606,873.10

## (2) Supplier financing arrangements

### ① Terms and conditions of supplier finance arrangements

The Group entered into agreements with banks and financial institutions, under which qualified suppliers approved by the Group can assign their eligible accounts receivable from the Group to the banks. The Group fulfills its unconditional payment obligation when the payables become due.

### ② Balance Sheet Presentation Items and Related Information (Unit: RMB 10,000)

Line items	Ending balance
Accounts payable	75.35
Of which: Amount received by suppliers	75.35
<b>Total</b>	<b>75.35</b>

### ③ Maturity date ranges of payments

Line items	Ending
Liabilities under the arrangements	360-365 days after the date of issuance
Comparable accounts payable not under the arrangements	-

### ④ Changes in the current period not involving cash receipts and payments

The changes in the Company's aforementioned financial liabilities were not affected by business combinations or exchange rate fluctuations.

**(3) Net cash paid for the acquisition of subsidiaries in the current year**

There was no net cash paid for the acquisition of subsidiaries in the current year.

**(4) Net cash received from the disposal of subsidiaries in the current year**

There was no net cash received from disposal of subsidiaries in the current year.

**(5) Breakdowns of cash and cash equivalents**

Item	Ending balance	Beginning balance
Cash	5,020,469,510.26	2,783,177,476.45
Including: Cash on hand		208.19
Bank deposits available for payment at any time	5,015,971,489.92	2,779,974,224.23
Other monetary funds available for payment at any time	4,498,020.34	3,203,044.03
Balance of cash and cash equivalents at the end of the year	5,020,469,510.26	2,783,177,476.45

**(6) Limited use but still presented as cash and cash equivalents**

Item	Amount of the current year	Amount of last year	Reasons for classifying the funds as cash and cash equivalents
Project loan proceeds	19,476,498.98	38,316,138.97	The proceeds can be used at any time to make payments, and such payments can only be made for projects
Project pre-sale funds	17,245,802.22	24,054,347.29	The proceeds can be used at any time to make payments, and such payments can only be made for projects
<b>Total</b>	<b>36,722,301.20</b>	<b>62,370,486.26</b>	—

**(7) Monetary funds not classified as cash and cash equivalents**

Item	Amount of the current year	Amount of last year	Reasons for not classifying the funds as cash and cash equivalents
Time deposits	612,670,635.63	567,478,893.23	Pledged as collateral for borrowings
Deposit margin	525,901,180.93	556,608,881.87	Pledged for borrowings or deposit for issuance of bank acceptance bills
Frozen funds	154,900,558.23	208,501,996.18	Not readily available for payment
<b>Total</b>	<b>1,293,472,374.79</b>	<b>1,332,589,771.28</b>	—

**67. Items in the statement of changes in shareholders' equity**

No "other" amount in the closing amount of last year was adjusted in the current year.

**68. Foreign currency monetary items**

**(1) Foreign currency monetary items**

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Item	Year-end foreign currency balance	Exchange rate	Year-end balance denominated in RMB
Monetary funds	—	—	
Including: USD	27,663,141.48	7.02880	194,438,688.83
EUR	1,354,479.22	8.25498	11,181,198.87
EGP	7,680,868.79	0.14729	1,131,315.16
GBP	1.32	9.46484	12.49
HKD	1,983,191.10	0.90322	1,791,257.87
CAD	6.96	5.13345	35.73
PLN	1,990,983.02	1.95511	3,892,590.81
Accounts receivable	—	—	
Including: USD	87,163,632.40	7.02880	612,655,739.41
EUR	90,388.77	8.25498	746,157.49
EGP		0.14729	
HKD	1,077,432.71	0.90322	973,158.77
AUD	49,764.00	4.70569	234,173.96
Other receivables	—	—	
Including: USD	110,851,224.81	7.02880	779,151,088.94
EGP	108,000.00	0.14729	15,907.32
HKD	760,190.76	0.90322	686,619.50
JPY	21,400,000.00	0.04494	961,805.88
Accounts payable	—	—	
Including: USD	5,589,778.90	7.02880	39,289,437.93
EUR	42,072.24	8.25498	347,305.50
EGP	30,620,358.59	0.14729	4,510,072.62
HKD	14,248.91	0.90322	12,869.90
Other payables	—	—	
Including: USD	3,108,148.44	7.02880	21,846,553.76
EUR	103,562.95	8.25498	854,910.08
EGP	498,014.80	0.14729	73,352.60
HKD	14,616,606.82	0.90322	13,202,011.61

## (2) Overseas operating entities

The significant overseas entities include Konka Trading, Hong Kong Konka, Zhongkang Storage, Kangjet, Jiali International, and Xinying Semiconductor (Hong Kong). The main

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overseas operating place is Hong Kong. The Company's recording currency is HKD since the main currency in circulation in Hong Kong is HKD.

## VII. R&D expendit

Item	Amount incurred in the current year	Amount incurred last year
Salary	200,826,276.67	226,287,518.69
Depreciation and amortization expenses	116,768,922.25	105,315,963.39
New product trial production expense	2,156,329.48	20,011,198.25
Material expense	17,187,524.66	18,169,936.41
Patent fee	1,599,584.39	3,046,117.93
Testing expense	6,034,945.14	3,315,736.07
Others	41,532,254.37	40,259,369.60
<b>Total</b>	<b>386,105,836.96</b>	<b>416,405,840.34</b>
Including: Expensed R&D expenditure	386,105,836.96	416,405,840.34
Capitalized R&D expenditure		

## VIII. Changes in the scope of consolidation

### 1. Business combinations not under common control

The Company had no combinations of businesses not under common control in the current period.

### 2. Business combinations under common control

The Company had no business combinations under common control in the current period.

### 3. Disposal of subsidiaries

#### (1) Transactions or events resulting in loss of control over subsidiaries during the year

Subsidiaries Name	Disposal consideration at the point of loss of control	Disposal ratio at the point of loss of control	Disposal method at the point of loss of control	Point of loss of control	Basis for determining the point of loss of control	The difference between the disposal proceeds and the carrying amount of the share of net assets of the subsidiary attributable to the disposed investment at the consolidated financial statements level	Proportion of remaining equity on the date of loss of control	Book value of the remaining equity at the consolidated financial statement level on the date of loss of control	Fair value of the remaining equity at the consolidated financial statement level on the date of loss of control	Gain or loss arising from remeasuring the remaining equity at fair value	Method and main assumptions for determining the fair value of the remaining equity at the consolidated financial statement level on the date of loss of control	Amount of other comprehensive income related to the original equity investment in the subsidiary transferred to investment gains/losses or retained earnings
Kangrong Jiayuan	4,221,401.00	41.00	Transfer	2025/5/9	All rights and obligations related to the target equity have been transferred	212,859.38	10.00	977,693.08	1,029,610.00	51,916.92	Appraised price	-

**4. Changes in the scope of consolidation due to other reasons**

**(1) Subsidiaries established in the current year**

No subsidiaries were established in the current year.

**(2) Subsidiaries deregistered or reduced in the current year**

No subsidiaries were deregistered in the current year.

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## IX. Equity in other entities

### 1. Interest in subsidiary

#### (1) Compositions of the Group

No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
1	Konka Venture	Guangdong, Shenzhen	Guangdong, Shenzhen	Enterprise management consulting, incubation management, housing leasing, etc.	51		Establishment or investment
2	Yantai Konka	Yantai, Shandong	Yantai, Shandong	Other professional consulting and investigation		51	Establishment or investment
3	Konka Enterprise Service	Guiyang, Guizhou	Guiyang, Guizhou	Enterprise management consulting		51	Establishment or investment
4	Yibin Konka Incubator	Sichuan, Yibin	Sichuan, Yibin	Commercial services		51	Establishment or investment
5	Anhui Konka	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing	78		Establishment or investment
6	Kangzhi Trade	Chuzhou, Anhui	Chuzhou, Anhui	Wholesale		78	Establishment or investment
7	Konka Electronic Material	Guangdong, Shenzhen	Guangdong, Shenzhen	Other science and technology promotion services	100		Establishment or investment
8	Konka Unifortune	Guangdong, Shenzhen	Guangdong, Shenzhen	Trade and services	51		Establishment or investment
9	Jiali International	Hong Kong, China	Hong Kong, China	Trade and services		51	Establishment or investment
10	Dongguan Konka	Guangdong, Dongguan	Guangdong, Dongguan	Manufacturing	75	25	Establishment or investment
11	Suining Konka Intelligent	Suining, Sichuan	Suining, Sichuan	Wholesale		100	Establishment or investment



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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
12	Konka Europe	Germany, Frankfurt	Germany, Frankfurt	International trade	100		Establishment or investment
13	Telecommunication Technology	Guangdong, Shenzhen	Guangdong, Shenzhen	Manufacturing	75	25	Establishment or investment
14	Hong Kong Konka Communications	Hong Kong, China	Hong Kong, China	Commerce		100	Establishment or investment
15	Development of science and technology industry	Guangdong, Shenzhen	Guangdong, Shenzhen	Commerce	100		Establishment or investment
16	Sichuan Konka	Sichuan, Yibin	Sichuan, Yibin	Manufacturing		100	Establishment or investment
17	Yibin Smart	Sichuan, Yibin	Sichuan, Yibin	Manufacturing		100	Establishment or investment
18	Anhui Tongchuang	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing	100		Establishment or investment
19	Anhui Electrical Appliance	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing		51	Establishment or investment
20	Frestec Refrigeration	Xinxiang, Henan	Xinxiang, Henan	Manufacturing		51	Business Combinations Not Under Common Control
21	Frestec Smart Home	Xinxiang, Henan	Xinxiang, Henan	Manufacturing		51	Establishment or investment
22	Frestec Electrical Appliances	Xinxiang, Henan	Xinxiang, Henan	Manufacturing		51	Business Combinations Not Under Common Control
23	Frestec Household	Xinxiang, Henan	Xinxiang, Henan	Manufacturing		51	Business

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
	Appliances						Combinations Not Under Common Control
24	Jiangsu Konka Smart	Changzhou, Jiangsu	Changzhou, Jiangsu	Manufacturing		51	Establishment or investment
25	Konka Communication	Hebei, Shijiazhuang	Hebei, Shijiazhuang	Trade and services	100		Establishment or investment
26	Pengrun Technology	Guangdong, Shenzhen	Guangdong, Shenzhen	Trade and services	51		Establishment or investment
27	Jiaxin Technology	Hong Kong, China	Hong Kong, China	Trade and services		51	Establishment or investment
28	Beijing Konka Electronics	Hebei, Langfang	Hebei, Langfang	Home appliance sales	100		Establishment or investment
29	Tianjin Konka	Tianjin Pilot Free Trade Zone	Tianjin Pilot Free Trade Zone	Service industry		100	Establishment or investment
30	Konka Circuit	Guangdong, Shenzhen	Guangdong, Shenzhen	Manufacturing	100		Establishment or investment
31	Bokang Precision	Guangdong, Boluo	Guangdong, Boluo	Manufacturing		100	Establishment or investment
32	Hong Kong Konka	Hong Kong, China	Hong Kong, China	International trade	100		Establishment or investment
33	Kangdian Investment	Hong Kong, China	Hong Kong, China	Investment holding		100	Establishment or investment
34	Zhongkang Storage Technology	Hong Kong, China	Hong Kong, China	International trade		51	Establishment or investment
35	Zhongkang Semiconductor	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Trade and services		51	Establishment or investment

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
	(Shaoxing)						
36	Kangjet	Hong Kong, China	Hong Kong, China	Trade and services		51	Establishment or investment
37	Kangdian Trading	Hong Kong, China	Hong Kong, China	International trade		100	Establishment or investment
38	Kanghao Technology	Cairo, Egypt	Cairo, Egypt	International trade		67	Establishment or investment
39	Konka North America	USA, California	USA, California	International trade		100	Establishment or investment
40	Konka Investment	Guangdong, Shenzhen	Guangdong, Shenzhen	Capital market services	100		Establishment or investment
41	Yibin Konka Industrial Park	Sichuan, Yibin	Sichuan, Yibin	Industrial park development, construction and operation management		100	Establishment or investment
42	Konka Capital	Guangdong, Shenzhen	Guangdong, Shenzhen	Capital market services		100	Establishment or investment
43	Konka Suiyong	Guangdong, Shenzhen	Guangdong, Shenzhen	Commercial services		51	Establishment or investment
44	Shengxing Industrial	Guangdong, Shenzhen	Guangdong, Shenzhen	Commercial services		51	Establishment or investment
45	Zhitong Technology	Guangdong, Shenzhen	Guangdong, Shenzhen	Software and information technology services		51	Establishment or investment
46	Electronics Technology	Guangdong, Shenzhen	Guangdong, Shenzhen	Manufacturing	100		Establishment or investment
47	Shenzhen Kangcheng	Guangdong, Shenzhen	Guangdong, Shenzhen	Software and information technology services		100	Establishment or investment
48	Xiaojia Technology	Guangdong,	Guangdong,	Retail trade		100	Establishment or investment

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
		Shenzhen	Shenzhen				investment
49	Haimen Konka	Jiangsu, Nantong	Jiangsu, Nantong	Trade and services		100	Establishment or investment
50	Chengdu Electronics Konka	Sichuan, Chengdu	Sichuan, Chengdu	Manufacturing		100	Establishment or investment
51	Xingda Hongye	Guangdong, Zhongshan	Guangdong, Zhongshan	Manufacturing		51	Business Combinations Not Under Common Control
52	Liaoyang Intelligent Kangshun	Liaoning, Liaoyang	Liaoning, Liaoyang	Wholesale		100	Establishment or investment
53	Liaoyang Renewable Kangshun	Liaoning, Liaoyang	Liaoning, Liaoyang	Comprehensive utilization of renewable resources		100	Establishment or investment
54	Nanjing Konka	Nanjing, Jiangsu	Nanjing, Jiangsu	Wholesale		100	Establishment or investment
55	Shanghai Konka	Shanghai	Shanghai	Real estate industry	100		Establishment or investment
56	Yantai Kangjin	Yantai, Shandong	Yantai, Shandong	Real estate industry		62.8	Establishment or investment
57	Jiangxi Konka	Jiujiang, Jiangxi	Jiujiang, Jiangxi	Manufacturing and processing	51		Business Combinations Not Under Common Control
58	Xinfeng Microcrystal	Nanchang, Jiangxi	Nanchang, Jiangxi	Manufacturing and processing		51	Business Combinations Not Under Common Control

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
59	Shenzhen Nianhua	Guangdong, Shenzhen	Guangdong, Shenzhen	Commercial services	100		Establishment or investment
60	Shenzhen Konka Semiconductor	Guangdong, Shenzhen	Guangdong, Shenzhen	Semiconductor	100		Establishment or investment
61	Chongqing Konka	Chongqing	Chongqing	Software and information technology services		100	Establishment or investment
62	Ji'an Konka	Ji'an, Jiangxi	Ji'an, Jiangxi	Commercial services	51		Establishment or investment
63	Suining Konka Industrial Park	Suining, Sichuan	Suining, Sichuan	Industrial park development, construction and operation management	100		Establishment or investment
64	Suining Electronic Technology Innovation	Suining, Sichuan	Suining, Sichuan	Commercial services	100		Establishment or investment
65	Shenzhen Chuangzhi Electrical Appliances	Guangdong, Shenzhen	Guangdong, Shenzhen	Wholesale	100		Establishment or investment
66	Chongqing Optoelectronic Technology	Chongqing	Chongqing	Research and experimental development	70	5	Establishment or investment
67	Xinying Semiconductor	Guangdong, Shenzhen	Guangdong, Shenzhen	Computer, telecommunications and other electronic equipment manufacturing	100		Establishment or investment
68	Konka Xinyun Semiconductor	Yancheng, Jiangsu	Yancheng, Jiangsu	Computer, telecommunications and other electronic equipment manufacturing		100	Establishment or investment
69	Nanjing Konka Smart	Nanjing, Jiangsu	Nanjing, Jiangsu	Science and technology promotion and application services	51		Establishment or investment
70	Ningbo Kanghanrui Electric Appliances	Ningbo, Zhejiang	Ningbo, Zhejiang	Electrical machinery and equipment manufacturing	60		Establishment or investment
71	Suining Jiarun Property	Suining, Sichuan	Suining, Sichuan	Real estate industry	100		Establishment or investment

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
72	Yibin Kangrun	Sichuan, Yibin	Sichuan, Yibin	Ecological protection and environmental governance services	67		Establishment or investment
73	Hainan Konka Technology	Haikou, Hainan	Haikou, Hainan	Commercial services	100		Establishment or investment
74	Jiangxi High Transparent Substrate	Jiujiang, Jiangxi	Jiujiang, Jiangxi	Manufacturing and processing		51	Business Combinations Not Under Common Control
75	Nantong Kangdian	Jiangsu, Nantong	Jiangsu, Nantong	Computer, telecommunications and other electronic equipment manufacturing		100	Establishment or investment
76	Chuzhou Konka	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing		94.9	Establishment or investment
77	Konka Flexible Electronics	Suining, Sichuan	Suining, Sichuan	Manufacturing		97.5	Establishment or investment
78	Kangjia Hongye Electronics	Suining, Sichuan	Suining, Sichuan	Manufacturing		95.05	Establishment or investment
79	Xinying Semiconductor (Hong Kong)	Hong Kong, China	Hong Kong, China	Wholesale of computers, software and auxiliary equipment		100	Establishment or investment
80	Konka Cross-border (Hebei)	Handan, Hebei	Handan, Hebei	Wholesale	100		Establishment or investment
81	Konka Central China	Changsha, Hunan	Changsha, Hunan	Commercial services	100		Establishment or investment
82	Yibin Kangrun Medical	Sichuan, Yibin	Sichuan, Yibin	Ecological protection and environmental governance services		63.65	Establishment or investment
83	Shaanxi Konka Intelligent	Xi'an, Shaanxi	Xi'an, Shaanxi	Manufacture of household cleaning and sanitary electrical appliances		51	Establishment or investment

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
84	Chongqing Xinyuan Semiconductor	Chongqing	Chongqing	Science and technology promotion and application services		75	Establishment or investment
85	Anlu Konka	Anlu, Hubei	Anlu, Hubei	Software and information technology services		100	Establishment or investment
86	Kanghong Dongsheng	Guangdong, Shenzhen	Guangdong, Shenzhen	Commercial services		95.09	Establishment or investment
87	Guizhou Konka New Material Technology	Qiannan Prefecture, Guizhou	Qiannan Prefecture, Guizhou	Manufacturing and processing		51	Establishment or investment
88	Shanxi Smart Home Appliance	Jincheng, Shanxi	Jincheng, Shanxi	Computer, telecommunications and other electronic equipment manufacturing		100	Establishment or investment
89	Guizhou Kanggui Materials	Qiannan Prefecture, Guizhou	Qiannan Prefecture, Guizhou	Manufacturing and processing	70		Establishment or investment
90	Nantong Kanghai	Jiangsu, Nantong	Jiangsu, Nantong	Real estate industry	51		Establishment or investment
91	Chongqing Kangyiyun	Chongqing	Chongqing	Real estate industry	80		Establishment or investment
92	Jiangxi Konka Technology Park	Shangrao, Jiangxi	Shangrao, Jiangxi	Commercial services	100		Establishment or investment
93	Shangrao Konka Electronic Technology Innovation	Shangrao, Jiangxi	Shangrao, Jiangxi	Research and experimental development	100		Establishment or investment
94	Zhejiang Konka Electronics	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Research and experimental development	100		Establishment or investment
95	Zhejiang Konka Technology Industries	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Commercial services	51	49	Establishment or investment

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No.	Name of subsidiary	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Acquisition method
					Direct	Indirect	
96	Xi'an Konka Intelligent	Xi'an, Shaanxi	Xi'an, Shaanxi	Wholesale		51	Establishment or investment
97	Xi'an Konka Network	Xi'an, Shaanxi	Xi'an, Shaanxi	Computer, telecommunications and other electronic equipment manufacturing		100	Establishment or investment
98	Xi'an Kanghong Technology Industry	Xi'an, Shaanxi	Xi'an, Shaanxi	Commercial services	40	60	Establishment or investment
99	Xi'an Konka Intelligent Technology	Xi'an, Shaanxi	Xi'an, Shaanxi	Retail trade	100		Establishment or investment
100	Songyang Industry Operation	Lishui, Zhejiang	Lishui, Zhejiang	Software and information technology services		51	Establishment or investment
101	Kangyan Technology	Guangdong, Shenzhen	Guangdong, Shenzhen	Computer, telecommunications and other electronic equipment manufacturing		100	Establishment or investment
102	Songyang Konka Intelligent	Lishui, Zhejiang	Lishui, Zhejiang	Wholesale	100		Establishment or investment
103	Konka North China	Tianjin	Tianjin	Electrical machinery and equipment manufacturing	100		Establishment or investment
104	Digital technology	Guangdong, Shenzhen	Guangdong, Shenzhen	Software and information technology services		100	Establishment or investment

## (2) Significant non-wholly-owned subsidiaries

Name of subsidiary	Shareholding of minority shareholders	Gains/losses attributable to minority shareholders in the current year	Dividends declared to be distributed to minority shareholders in the current year	Ending balance of minority shareholders' equities
Shaanxi Konka Intelligent	49.00%	-20,016,441.66		162,406,593.64



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### (3) Key financial information of significant non-wholly-owned subsidiaries

Name of subsidiary	Ending balance					
	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities
Shaanxi Konka Intelligent	726,253,447.73	547,389,728.20	1,273,643,175.93	643,226,943.87	298,974,204.21	942,201,148.08

(Continued)

Name of subsidiary	Beginning balance					
	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities
Shaanxi Konka Intelligent	523,431,034.77	560,221,880.91	1,083,652,915.68	423,606,123.36	288,250,518.71	711,856,642.07

(Continued)

Name of subsidiary	Amount incurred in the current year				Amount incurred last year			
	Operating Revenue	Net Profit	Total comprehensive income	Cash flows from operating activities	Operating Revenue	Net Profit	Total comprehensive income	Cash flows from operating activities
Shaanxi Konka Intelligent	307,282,044.08	- 40,849,880.93	-40,849,880.93	26,721,619.02	260,200,550.68	-24,414,126.47	-24,414,126.47	42,019,883.38

## 2. Equity in joint ventures or associates

### (1) Significant joint ventures or associates

Name of Joint Ventures or Associates	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Accounting Method for Investment in Joint Ventures or Associates
				Direct	Indirect	
Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)	Zhuhai	Zhuhai	Investment Management		49.95	Equity Method
Shenzhen Jielunte Technology Co., Ltd.	Shenzhen	Shenzhen	Professional Equipment		42.79	Equity Method

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Name of Joint Ventures or Associates	Main Place of Business	Place of Registration	Nature of Business	Shareholding Percentage (%)		Accounting Method for Investment in Joint Ventures or Associates
				Direct	Indirect	
			Manufacturing			

## (2) Key financial information of significant associates

Item	Year-End Balance / Amount Incurred in Current Year		Beginning-of-Year Balance / Amount Incurred in Previous Year	
	Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)	Shenzhen Jielunte Technology Co., Ltd.	Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)	Shenzhen Jielunte Technology Co., Ltd.
Current Assets	350,138,667.41	219,896,979.76	679,918,421.73	299,214,528.27
Including: Cash and Cash Equivalents	18,775,457.35	16,787,261.84	9,020,859.89	16,394,140.52
Non-Current Assets		381,156,956.39		385,578,306.45
Total Assets	350,138,667.41	601,053,936.15	679,918,421.73	684,792,834.72
Current Liabilities	20,026,785.45	280,946,973.50	10,026,785.45	310,050,065.52
Non-Current Liabilities		140,456,865.19		172,196,132.11
Total Liabilities	20,026,785.45	421,403,838.69	10,026,785.45	482,246,197.63
Total Net Assets	330,111,881.96	179,650,097.46	669,891,636.28	202,546,637.09
Including: Minority Interests		4,215,206.30		6,414,476.36
Equity Attributable to Shareholders of the Parent Company	330,111,881.96	175,434,891.16	669,891,636.28	196,132,160.73
Share of Net Assets Calculated Based on the Shareholding	164,890,885.04	75,068,589.93	334,610,872.32	83,924,951.58
Adjustments				
-- Goodwill				

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Item	Year-End Balance / Amount Incurred in Current Year		Beginning-of-Year Balance / Amount Incurred in Previous Year	
	Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)	Shenzhen Jielunte Technology Co., Ltd.	Oriental Jiakang No. 1 (Zhuhai) Private Equity Investment Fund (Limited Partnership)	Shenzhen Jielunte Technology Co., Ltd.
-- Unrealized Profit on Internal Transactions				
-- Others				
Book value of equity investments in associated enterprises	164,890,885.04	80,165,191.30	334,610,872.32	89,059,544.64
Fair value of equity investments in associates with publicly quoted prices				
Operating Revenue		350,072,893.86		453,598,821.35
Finance costs	-46,291.23	10,056,355.95	-124,906.64	5,643,459.99
Income tax expense		4,961,196.48		6,482,111.17
Net Profit	-339,771,443.55	-22,867,630.96	3,192,911.59	-15,630,059.79
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	-339,771,443.55	-22,867,630.96	3,192,911.59	-15,630,059.79
Dividend received from associates in the current year				

### (3) Summarized financial insignificant of unimportant joint ventures and associates

Item	Amount incurred at the end of the year/in the current year	Amount incurred at the beginning of the year/in last year
<b>Associates</b>	—	—
Total book value of investments	1,780,982,080.65	4,304,690,436.53
The total of following items according to the shareholding proportions	—	—
--Net profit	-130,602,308.23	-127,981,842.74
--Other comprehensive income	1,707,518.13	-115,491.69
--Total comprehensive income	-128,894,790.10	-128,097,334.43

## X. Government grants

### 1. Liability items involving government grants

Account title	Beginning balance	Subsidies increased in the current year	Amount recognized as non-operating revenue in the current year	Amount transferred to other income in the current year
Deferred income	393,437,007.37	72,028,772.87		37,201,156.10

(Continued)

Account title	Other changes in the current year	Ending balance	Related to assets/income
Deferred income	-20,088,828.63	408,175,795.51	Related to assets/income

### 2. Government grants recognized as current gains/losses

Account title	Amount incurred in the current year	Amount incurred last year
Other income	-547,216,758.04	99,292,763.50
Finance costs	287,168.96	10,040,000.00

Remarks: Konka Hongye Electronics received a loan interest subsidy of RMB 287,168.96 in the current year, which directly offset the interest expenses in the current finance costs.

## XI. Risks related to financial instruments

The Group's main financial instruments include borrowings, accounts receivable, accounts payable, trading financial assets, equity instrument investments, etc. Please refer to Note VI for detailed descriptions of various financial instruments. The risks related to these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group

manages and monitors these risk exposures to ensure that these risks are controlled within a limited scope.

## 1. Management objectives and policies for various risks

The Group's objective in risk management is to achieve an appropriate balance between risk and return, minimize the negative impact of risk on the Group's operating performance, and maximize the interests of shareholders and other equity investors. Based on the risk management goal, the basic strategy of the Group's risk management is determining and analyzing the various risks faced by the Group, setting up the bottom line of risk and conducting appropriate risk management, and timely supervising various risks in a reliable way and controlling the risk within the range of limit.

### (1) Market risk

#### 1) Exchange rate risk

Foreign exchange risk refers to the risks that may lead to losses due to fluctuation in exchange rate. The foreign exchange risk borne by the Group is related to USD. Except the procurement and sales in USD of the Company's subsidiaries Hong Kong Konka, Hongdin Trading, Chain Kingdom Memory Technologies, Hongjet and Benelux International Limited, the Group's other primary business activities are settled in RMB. The currency risk arising from the assets and liabilities of such balance in USD may affect the Group's operating results. As of December 31, 2025, the Group's assets and liabilities were mainly the balance in RMB except for the assets or liabilities of a balance in USD as listed below.

Item	December 31, 2025	December 31, 2024
Monetary funds	27,663,141.48	47,765,558.32
Accounts receivable	87,163,632.40	86,994,147.59
Other receivables	110,851,224.81	108,431,901.40
Accounts payable	5,589,778.90	5,367,446.58
Other payables	3,108,148.44	3,708,173.01

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk, and requires major companies in the Group that purchase and sell in foreign currency to pay attention to the changes in foreign currency assets and liabilities, manage the Group's foreign currency net asset exposure in a unified way, implement single currency settlement, and reduce the scale of foreign currency assets and liabilities, so as to reduce foreign exchange risk exposure.

#### 2) Interest rate risk

The Group bears interest rate risk due to interest rate changes of interest-bearing

financial assets and liabilities. The Group's interest-bearing financial assets are mainly bank deposits, of which the majority of the variable interest rates are short-term in nature, while the interest-bearing financial liabilities are mainly bank borrowings and corporate bonds. The Group's long-term bank borrowings and corporate bonds are at fixed interest rates. The risk of cash flow changes of financial instruments caused by interest rate changes is mainly related to short-term bank borrowings with floating interest rates. The Group's policy is to maintain the floating interest rates of such borrowings to eliminate the fair value risk of interest rate changes. As of December 31, 2025, the balance of such short-term borrowings was RMB 4,575,915,552.66.

## **(2) Credit risk**

As of December 31, 2025, the maximum credit risk exposure that may cause financial losses to the Group mainly came from losses generated from the Group's financial assets due to failure of the other party to a contract to perform its obligations and the financial guarantee undertaken by the Group, including:

The book amount of the financial assets recognized in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects its risk exposure, but it is not the maximum risk exposure, and its maximum risk exposure will change with the change of fair value in the future.

In order to reduce credit risk, the Group has set up a dedicated department to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient provision for bad debts is made for the unrecoverable amount. Therefore, the Group's management believes that the Group's credit risk has been greatly reduced.

The Group's working capital is deposited in banks with a high credit rating, so the credit risk of working capital is low.

The Group has adopted necessary policies to ensure that all customers have good credit records. Except for the top five customers in terms of the amount of accounts receivable, the Group has no other major credit concentration risks. For the financial assets of the Group that have been individually impaired, please refer to 4. Accounts receivable and 7. Other receivables in Note VI.

## **(3) Liquidity risk**

Liquidity risk refers to the risk that the Group is unable to fulfill its financial obligations on the due date. The Group manages liquidity risk by ensuring that there is sufficient liquidity to fulfil debt obligations without causing unacceptable loss or damage to the

Group's reputation. In order to mitigate the liquidity risk, the Group's management has carried out a detailed inspection on the liquidity of the Group, including the maturity of accounts payable and other payables, bank credit lines and bond financing. The conclusion is that the Group has sufficient funds to meet the needs of the Group's short-term debts and capital expenditure.

**The analysis of the financial assets and financial liabilities held by the Group based on the maturity period of the undiscounted remaining contractual obligations is as follows:**

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Amount as of December 31, 2025:

Item	Within one year	One to two years	Two to five years	Over five years	Total
<b>Financial assets</b>					
Monetary funds	6,313,941,885.05				6,313,941,885.05
Trading financial assets	202,027,000.00				202,027,000.00
Notes receivable	77,316,985.56				77,316,985.56
Accounts receivable	1,086,929,012.15				1,086,929,012.15
Other receivables	942,267,792.91				942,267,792.91
Other current assets	235,601,218.08				235,601,218.08
<b>Financial liabilities</b>					
Short-term borrowings	4,575,915,552.66				4,575,915,552.66
Notes payable	943,817,767.91				943,817,767.91
Accounts payable	1,977,736,371.29				1,977,736,371.29
Other payables	6,565,100,788.16				6,565,100,788.16
Employee benefits payable	223,175,513.10				223,175,513.10
Non-current liabilities maturing within one year	3,650,840,615.21				3,650,840,615.21
Long-term borrowings		320,500,000.19	5,565,093,239.69	652,333,497.66	6,537,926,737.54
Bonds payable		396,674,876.37	1,200,000,000.00		1,596,674,876.37
Long-term payables		2,033,227.02			2,033,227.02



## 2. Sensitivity analysis

The Group adopts sensitivity analysis technology to analyze the possible impact of reasonable and possible changes of risk variables on current gains/losses or shareholders' equity. As any risk variable rarely changes in isolation, and the correlation between variables will have a significant effect on the final impact amount of the change of a risk variable, the following content is based on the assumption that the change of each variable is independent.

### (1) Sensitivity analysis of foreign exchange risk

Assumption for the sensitivity of foreign exchange risk: All net investment hedging and cash flow hedging of overseas operations are highly effective.

On the basis of the above assumption, under the condition that other variables remain unchanged, the impact of reasonable changes in the exchange rate on current gains/losses and equity after tax is as follows:

Item	Exchange rate fluctuations	Year 2025		Year 2024	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
USD	Appreciation of 1% against RMB	12,279,535.69	8,479,654.71	13,038,269.46	9,355,341.19
USD	Depreciation of 1% against RMB	-12,279,535.69	-8,479,654.71	-13,038,269.46	-9,355,341.19

### (2) Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumptions:

Changes in market interest rates affect the interest income or expense of financial instruments with variable interest rates;

For financial instruments with fixed interest rates measured at fair value, market interest rate changes affect only their interest income or expense;

Changes in the fair values of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate on the balance sheet date by discounted cash flow.

On the basis of the above assumptions and under the condition that other variables remain unchanged, the impact of reasonable changes in the interest rate on current gains/losses and equity after tax is as follows:

Item	Interest rate fluctuations	Year 2025		Year 2024	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
Borrowings at	increase by	-17,310,240.92	-16,968,636.09	-21,670,117.43	-21,331,876.38

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Item	Interest rate fluctuations	Year 2025		Year 2024	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
floating interest rates	0.5%				
Borrowings at floating interest rates	reduce by 0.5%	17,310,240.92	16,968,636.09	21,670,117.43	21,331,876.38

## XII. Disclosure of fair value

### 1. Ending fair value of assets and liabilities measured at fair value

Item	Closing fair value			
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	Total
<b>I. Continuous fair value measurement</b>	—	—	—	—
(I) Trading financial assets	202,027,000.00			202,027,000.00
1. Financial assets measured at fair value through current profit or loss	202,027,000.00			202,027,000.00
(II) Receivables financing		155,957,556.43		155,957,556.43
(III) Other debt investments				
(IV) Other equity instrument investments			10,213,810.20	10,213,810.20
(V) Investment properties				
(VI) Other non-current financial assets			1,161,781,213.03	1,161,781,213.03
<b>Total assets continuously measured at fair value</b>	<b>202,027,000.00</b>	<b>155,957,556.43</b>	<b>1,171,995,023.23</b>	<b>1,529,979,579.66</b>
<b>Total liabilities continuously measured at fair value</b>				
<b>II. Non-continuous fair value measurement</b>	—	—	—	—
<b>Total assets not continuously measured at fair value</b>				
<b>Total liabilities not continuously measured at fair value</b>				

### 2. Basis for determining the market price of projects continuously and non-continuously measured at Level-1 fair value

The Level-1 input is an unadjusted quoted price in an active market for the same assets or liabilities available on the measurement date.

**3. Qualitative and quantitative data on valuation techniques and important parameters adopted for projects continuously and non-continuously measured at Level-2 fair value**

Level-2 input value is the directly or indirectly observable input value of the relevant assets or liabilities except for the Level-1 input value.

**4. Qualitative and quantitative data on valuation techniques and important parameters adopted for projects continuously and non-continuously measured at Level-3 fair value**

The Level-3 inputs are the unobservable inputs of related assets or liabilities.

**5. For items continuously measured at fair value, if there is a conversion between levels in the current year, the reasons for the conversion and the policy for determining the conversion time point**

For the Group's items continuously measured at fair value, there was no conversion between levels in the current year.

**6. Changes in valuation techniques in the current year and reasons for such changes**

For the items measured at fair value of the Group, there were no changes in valuation techniques in the current year.

**XIII. Related parties and related party transactions**

**1. Related party relationships**

**(1) Parent company of the Company**

Name of the parent company	Place of Registration	Nature of Business	Registered capital	Shareholding percentage of the parent company in the Company (%)	Voting right percentage of the parent company in the Company (%)
Panshi Runchuang (Shenzhen) Information Management Co., Ltd.	Shenzhen	Consulting services and enterprise management	RMB 11.71 billion	29.999997	29.999997

On April 29, 2025, the Company received a notice from its former controlling shareholder, Overseas Chinese Town Group Co., Ltd.: To advance the professional integration among central state-owned enterprises and optimize resource allocation, Overseas Chinese Town Group and its persons acting in concert (including Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd. and Jialong Investment Co., Ltd., wholly-owned subsidiaries of Overseas Chinese Town Group) respectively signed the Unconditional

Share Transfer Agreement in Respect of Konka Group Co., Ltd. with Panshi Runchuang and Hema Co., Ltd. It was planned to gratuitously transfer all shares of the Company held by Overseas Chinese Town Group and its persons acting in concert to Panshi Runchuang and Hema Co., Ltd., wholly-owned subsidiaries under China Resources. As of July 2025, the gratuitous share transfer has been fully completed. The controlling shareholder of the Company has been changed to Panshi Runchuang, the actual controller of the Company is China Resources Co., Ltd., and the ultimate actual controller is the State-owned Assets Supervision and Administration Commission of the State Council.

## (2) Subsidiaries of the Company

Please refer to Note IX.1.(1) Subsidiaries for the information of subsidiaries.

## (3) Associates of the Company

For details of the Company's important joint ventures or associates, please refer to Note IX.2.(1) Important joint ventures or associates.

Joint ventures and associates involved in the related-party transactions with the Company in the current year, or leading to balance due to the related-party transactions they had with the Company in previous periods:

Name of associates	Relationship with the Company
Kangkong Venture Capital (Shenzhen) Co., Ltd.	Associate
Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.	Associate
Feidi Technology (Shenzhen) Co., Ltd.	Associate
Foshan Zhujiang Media Creative Park Cultural Development Co., Ltd.	Associate
Kangkai Technology Service (Chengdu) Co., Ltd.	Associate
Puchuang Jiakang Technology Co., Ltd.	Associate
Shenzhen Jielunte Technology Co., Ltd.	Associate
Orient Excellent (Zhuhai) Asset Management Co., Ltd.	Associate
Tongxiang Wuzhen Kunyu Venture Capital Co., Ltd.	Associate
Shenzhen RF-Link Technology Co., Ltd.	Associate
Anhui Kaikai Shijie E-commerce Co., Ltd.	Associate
Shaanxi Silk Road Yunqi Intelligent Technology Co., Ltd.	Associate
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.	Associate
Shenzhen Zhongkang Beidou Technology Co., Ltd.	Associate
Shenzhen Yaode Technology Co., Ltd.	Associate

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<b>Name of associates</b>	<b>Relationship with the Company</b>
Nantong Konka Technology Industrial Park Operation Management Co., Ltd.	Associate
Chuzhou Kangxin Health Industry Development Co., Ltd.	Associate
Dongguan Guankang Yuhong Investment Co., Ltd.	Associate
Shenzhen Morsemi Semiconductor Technology Co., Ltd.	Associate
Yantai Kangyun Industrial Development Co., Ltd.	Associate
E3 (Hainan) Technology Co., Ltd.	Associate
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.	Associate
Shenzhen Konka E-display Intelligent Technology Co., Ltd.	Associate
Chongqing Yuanlv Benpao Real Estate Co., Ltd.	Associate
Shenzhen Kangpeng Digital Technology Co., Ltd.	Associate
Yantai Kangtang Construction Development Co., Ltd.	Associate
Dongguan Kangzhahui Electronics Co., Ltd.	Associate
Beijing Kangjia Jingyuan Technology Co., Ltd.	Associate
Shenzhen Kangxi Technology Innovation Development Co., Ltd.	Associate
Shandong Kangfei Intelligent Electrical Appliances Co., Ltd.	Associate
Guangdong Kangyuan Semiconductor Co., Ltd.	Associate
Chongqing Kangjian Photoelectric Technology Co., Ltd.	Associate
Anhui Kangta Supply Chain Management Co., Ltd.	Associate
Wuhan Kangtang Information Technology Co., Ltd.	Associate
Sichuan Chengrui Real Estate Co., Ltd.	Associate
Hefei Kangxinwei Storage Technology Co., Ltd.	Associate
Sichuan Hongxinchun Real Estate Development Co., Ltd.	Associate
Chongqing Lanlv Moma Real Estate Development Co., Ltd.	Associate
Yantai Kangyue Investment Co., Ltd.	Associate
Yikang Technology Co., Ltd.	Associate
Dongguan Kangjia New Material Technology Co., Ltd.	Associate
Zhejiang Kangying Semiconductor Technology Co., Ltd.	Associate
Kangshengjia Smart Energy (Zhejiang) Co., Ltd.	Associate
Konka Huanjia Environmental Protection Technology Co., Ltd.	Associate

**(4) Other related parties**

<b>Name of other related parties</b>	<b>Relationship with the Company</b>
Chuzhou Hanshang Electric Appliance Co., Ltd.	Minority shareholder of subsidiary

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Name of other related parties	Relationship with the Company
Hande Group Co., Ltd.	Minority shareholder of subsidiary
Jiangsu Han Electric Appliance Co., Ltd.	Minority shareholder of subsidiary
HOHO ELECTRICAL & FURNITURE CO	Minority shareholder of subsidiary
Chongqing Liangshan Industrial Investment Co., Ltd.	Minority shareholder of subsidiary
Zhu Xinming	Minority shareholder of subsidiary
Hu Zehong	Minority shareholder of subsidiary
AUJET INDUSTRY LIMITED	Minority shareholder of subsidiary
Guizhou Jiading Mining Management Investment Co., Ltd.	Minority shareholder of subsidiary
Beijing Xuri Shengxing Technology Co., Ltd.	Minority shareholder of subsidiary
Central SOEs Industrial Investment Fund for Poverty-stricken Area (Jiangxi) Industrial Investment Fund Partnership (L.P.)	Minority shareholder of subsidiary
Chuzhou State-owned Assets Operation Co., Ltd.	Minority shareholder of subsidiary
Wu Guoren	Minority shareholder of subsidiary
Xiao Yongsong	Minority shareholder of subsidiary
Guizhou Huajinrun Technology Group Co., Ltd.	Minority shareholder of subsidiary
Shenzhen Henglongtong Electronics Technology Co., Ltd.	Minority shareholder of subsidiary
Liang Ruiling	Minority shareholder of subsidiary
Shenzhen Qianhai Datang Technology Co., Ltd.	Minority shareholder of subsidiary
Dai Yaojin	Minority shareholder of subsidiary
Dai Rongxing	Close family member of minority shareholder
Jiangxi Meiji Enterprise Co., Ltd.	Companies controlled by the ultimate controller of minority shareholders of subsidiaries

## 2. Related party transactions

### (1) Related party transactions on purchase and sales of goods, rendering and receipt of services

#### 1) Purchasing goods/receiving services

Related party	Content of related-party transactions	Amount incurred in the current year	Amount incurred last year
Chuzhou Hanshang Electric Appliance Co., Ltd.	Purchase of goods	75,994,082.55	167,386,472.57
Overseas Chinese Town Holdings Company and its subsidiaries and associates	Purchase of goods and services	32,064,372.01	78,142,076.88
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries and associates	Purchase of goods	27,838,757.55	78,398,311.31
Korea Electric Group Co., Ltd. and its subsidiaries	Purchase of goods	26,040,783.50	21,852,844.87
Shenzhen KONKA E-display Co., Ltd. and its subsidiaries	Purchase of goods and services	12,627,402.13	10,375,886.32
Jiangsu Han Electric Appliance Co., Ltd.	Purchase of goods	9,111,898.95	26,521,440.81

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Dongguan Kangjia New Materials Technology Co., Ltd.	Purchase of goods	2,505,565.46	7,136,584.98
China Resources (Holdings) Co., Ltd. and its subsidiaries and associates	Purchase of goods and services	1,187,745.05	-
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.	Purchase of services	576,004.87	4,419,586.21
Dongguan Kangzhihui Electronics Co., Ltd.	Purchase of goods	489,548.36	1,443,620.08
Other related parties	Purchase of services	1,034,604.39	11,159,587.52
Puchuang Jiakang Technology Co., Ltd.	Purchase of goods	-	37,713,014.15
HOHO Electrical & Furniture Co.	Purchase of services	-	25,101.76
<b>Total</b>		<b>189,470,764.82</b>	<b>444,574,527.46</b>

## 2) Sales of goods/provision of labor services

Related party	Content of related-party transactions	Amount incurred in the current year	Amount incurred last year
Chuzhou Hanshang Electric Appliance Co., Ltd.	Sales of goods and provision of labour services	420,399,121.77	448,249,572.71
Korea Electric Group Co., Ltd. and its subsidiaries	Sales of goods and provision of labour services	99,364,894.12	48,253,101.99
Overseas Chinese Town Holdings Company and its subsidiaries and associates	Sales of goods and provision of labour services	25,706,408.18	66,416,176.82
Zhejiang Kangying Semiconductor Technology Co., Ltd. and its subsidiaries	Sales of goods and provision of labour services	12,675,393.09	3,618,418.09
Shenzhen KONKA E-display Co., Ltd. and its subsidiaries	Sales of goods and provision of labour services	8,959,810.73	56,756,074.23
Dongguan Kangzhihui Electronics Co., Ltd.	Sales of goods	1,796,261.27	5,182,683.36
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries and associates	Sales of goods and provision of labour services	897,808.28	21,105,047.32
Subtotal of other related parties	Sales of goods and provision of labour services	8,888,878.85	15,427,419.47
<b>Total</b>		<b>578,688,576.29</b>	<b>665,008,493.99</b>

## (2) Related party leases

### 1) Rental status

Lessee	Type of leased assets	Lease income recognized in the current year	Lease income recognized in the previous year
Overseas Chinese Town Holdings Company and its subsidiaries and associates	Commercial residences and office buildings	39,311,093.50	24,830,127.03

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Lessee	Type of leased assets	Lease income recognized in the current year	Lease income recognized in the previous year
China Resources (Holdings) Co., Ltd. and its subsidiaries and associates	Commercial residences and office buildings	735,420.44	
Other related parties	Commercial residences and office buildings	9,012,892.25	16,830,914.58
<b>Total</b>		<b>49,059,406.19</b>	<b>41,661,041.61</b>

## 2) Lease situation

Name of lessor	Type of leased assets	Lease expenses recognized in the current year	Lease expenses recognized in the previous year
Overseas Chinese Town Holdings Company and its subsidiaries	Commercial residences and office buildings	31,275,354.32	34,642,360.06
Dongguan Guankang Yuhong Investment Co., Ltd.	Industrial plant	3,555,102.86	12,091,006.44
<b>Total</b>		<b>34,830,457.18</b>	<b>46,733,366.50</b>

## (3) Related party guarantees

### 1) As the guarantor

Name of the guaranteed party	Contracted guarantee amount (10,000 RMB)	Actual guarantee amount (10,000 RMB)	Currency	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
Bokang Precision	1,000.00	1,000.00	CNY	2025/4/29	2026/4/17	No
Konka Circuit	10,000.00		CNY	2023/7/19	2027/1/31	No
Anhui Tongchuang	2,000.00	2,000.00	CNY	2025/2/25	2026/2/24	No
Anhui Tongchuang	5,000.00		CNY	2025/2/24	2026/2/23	No
Anhui Tongchuang	4,000.00	1,500.00	CNY	2025/4/21	2026/4/21	No
Konka Xinyun Semiconductor	12,100.00	8,225.35	CNY	2024/11/26	2025/8/1	No
Konka Xinyun Semiconductor	8,277.66	1,712.50	CNY	2021/7/12	2022/7/11	No
Chongqing Konka	38,000.00	12,042.10	CNY	2022/12/13	2037/12/13	No
Electronics Technology	50,000.00	20,000.00	CNY	2024/12/3	2025/7/25	No
Dongguan Konka	80,000.00	32,841.61	CNY	2021/6/23	2031/5/7	No
Sichuan Konka	4,000.00	3,400.00	CNY	2023/5/23	2026/4/26	No
Yibin Smart	980.00	980.00	CNY	2025/5/19	2028/5/18	No
Xi'an Kanghong Technology Industry	30,000.00	4,000.00	CNY	2023/5/26	2032/12/31	No
Kangjia Hongye Electronics	19,010.00	13,845.01	CNY	2024/1/24	2038/11/7	No



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Name of the guaranteed party	Contracted guarantee amount (10,000 RMB)	Actual guarantee amount (10,000 RMB)	Currency	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
Ningbo Kanghanrui Electric Appliances	6,000.00	574.74	CNY	2025/5/9	2026/8/9	No
Ningbo Kanghanrui Electric Appliances	6,000.00	2,400.00	CNY	2025/7/13	2026/7/12	No
Anhui Konka	10,215.95	4,751.23	CNY	2021/8/10	2031/7/15	No
Anhui Konka	7,000.00	1,000.00	CNY	2021/10/29	2026/10/26	No
Anhui Konka	7,000.00	1,000.00	CNY	2022/10/24	2026/10/26	No
Anhui Konka	5,000.00	3,860.90	CNY	2023/6/25	2028/6/24	No
Anhui Konka	4,000.00	4,000.00	CNY	2025/3/6	2026/3/6	No
Econ Technology Co., Ltd.	1,498.97	1,167.95	CNY	2023/5/22	2024/5/21	No
Econ Technology Co., Ltd.	4,388.00	3,021.76	CNY	2024/10/24	2025/8/6	No
Econ Technology Co., Ltd.	2,248.46	576.87	CNY	2024/9/24	2025/9/23	No
Econ Technology Co., Ltd.	1,498.97	1,406.54	CNY	2025/1/14	2026/1/13	No
Econ Technology Co., Ltd.	749.49	749.49	CNY	2025/1/17	2026/1/17	No

**2) As the secured party**

Name of guarantor	Guarantee amount (10,000 yuan)	Currency	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
Jiangxi Konka	13,431.31	CNY	2023/6/15	2027/3/8	No
Jiangxi Konka	56.53	CNY	2024/3/7	2027/3/6	No
Jiangxi High Transparent Substrate	38,045.57	CNY	2023/6/15	2027/3/19	No
Jiangxi High Transparent Substrate	258.80	CNY	2024/4/28	2030/3/6	No
Jiangxi High Transparent Substrate	234.44	CNY	2024/3/7	2027/3/6	No
Xinfeng Microcrystal	34,475.18	CNY	2023/6/15	2025/12/31	No
Xinfeng Microcrystal	1,379.77	CNY	2024/3/4	2027/3/3	No
Xingda Hongye	20,949.46	CNY	2025/6/19	2029/6/18	No
Konka Venture	1,322.54	CNY	2021/12/15	2022/11/5	No
Zhejiang Kangying Semiconductor Technology Co., Ltd.	25,000.00	CNY	2024/12/3	2025/7/25	No
China Resources Co., Ltd.	150,000.00	CNY	2025/12/9	2027/1/29	No

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Name of guarantor	Guarantee amount (10,000 yuan)	Currency	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
China Resources Co., Ltd.	40,000.00	CNY	2025/12/9	2027/3/18	No
China Resources Co., Ltd.	40,000.00	CNY	2025/12/9	2027/3/18	No
China Resources Co., Ltd.	41,000.00	CNY	2025/12/9	2028/6/23	No
China Resources Co., Ltd.	79,000.00	CNY	2025/12/9	2028/7/4	No
Chuzhou State-owned Assets Operation Co., Ltd.	1,045.27	CNY	2021/8/10	2031/7/15	No
Chuzhou State-owned Assets Operation Co., Ltd.	220.00	CNY	2021/10/29	2026/10/26	No
Chuzhou State-owned Assets Operation Co., Ltd.	220.00	CNY	2022/10/24	2026/10/26	No
Chuzhou State-owned Assets Operation Co., Ltd.	849.40	CNY	2023/6/25	2028/6/24	No
Chuzhou State-owned Assets Operation Co., Ltd.	880.00	CNY	2025/3/6	2026/3/6	No
Wu Guoren	875.00	USD	2019/12/31	2024/12/31	No
Wu Guoren	2,022.50	USD	2019/12/31	2024/12/31	No
Xiao Yongsong	840.00	USD	2019/12/31	2024/12/31	No
Xiao Yongsong	1,941.60	USD	2019/12/31	2024/12/31	No
United Fortune Supply Chain Co., Ltd.	1,269.10	USD	2021/6/21	2022/12/31	No
United Fortune Supply Chain Co., Ltd.	650.49	USD	2021/6/21	2022/12/31	No
Guizhou Huajinrun Technology Group Co., Ltd.	381.15	USD	2022/1/1	2025/12/31	No
Guizhou Huajinrun Technology Group Co., Ltd.	157.50	USD	2022/1/1	2025/12/31	No
Shenzhen Henglongtong Electronics Technology Co., Ltd.	241.40	USD	2022/1/1	2025/12/31	No
Shenzhen Henglongtong Electronics Technology Co., Ltd.	99.75	USD	2022/1/1	2025/12/31	No
AUJET INDUSTRY LIMITED	3,227.63	USD	2021/11/10	2025/12/31	No
AUJET INDUSTRY LIMITED	40.18	USD	2021/11/10	2025/12/31	No
AUJET INDUSTRY LIMITED	1,029.00	USD	2020/7/20	2025/12/31	No
Zhu Xinming	12,446.00	CNY	2022/10/15	2023/10/14	No
Zhu Xinming	3,399.49	CNY	2023/1/1	2023/12/31	No
Zhu Xinming	13,249.19	CNY	2023/2/19	2024/2/18	No
Zhu Xinming	6,860.00	CNY	2023/3/1	2024/2/28	No

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Name of guarantor	Guarantee amount (10,000 yuan)	Currency	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
Zhu Xinming	2,330.54	CNY	2023/3/9	2024/3/8	No
Zhu Xinming	2,156.00	CNY	2023/4/1	2023/9/30	No
Zhu Xinming	443.45	CNY	2023/1/13	2023/12/31	No
Zhu Xinming	44.05	CNY	2023/3/30	2023/12/31	No
Zhu Xinming	443.45	CNY	2023/4/14	2023/12/31	No
Zhu Xinming	44.05	CNY	2023/6/30	2023/12/31	No
Zhu Xinming	443.45	CNY	2023/7/14	2023/12/31	No
Zhu Xinming	44.05	CNY	2023/10/11	2023/12/31	No
Zhu Xinming	149.45	CNY	2023/10/13	2023/12/31	No
Zhu Xinming	44.05	CNY	2023/12/29	2023/12/31	No
Zhu Xinming	490.00	CNY	2023/2/28	2024/2/27	No
Zhu Xinming	5,109.05	CNY	2023/1/1	2023/12/31	No
Zhu Xinming	252.63	CNY	2023/1/13	2023/12/31	No
Zhu Xinming	101.77	CNY	2023/1/13	2023/12/31	No
Zhu Xinming	203.63	CNY	2023/4/14	2023/12/31	No
Zhu Xinming	1,862.90	CNY	2023/1/1	2023/12/31	No
Zhu Xinming	223.85	CNY	2023/2/17	2023/12/31	No
Zhu Xinming	93.12	CNY	2023/3/8	2023/12/31	No
Zhu Xinming	101.35	CNY	2023/5/19	2023/12/31	No
Zhu Xinming	93.12	CNY	2023/6/8	2023/12/31	No
Zhu Xinming	93.12	CNY	2023/9/8	2023/12/31	No
Zhu Xinming	62.25	CNY	2023/12/7	2023/12/31	No
Zhu Xinming	137.20	CNY	2024/11/1	2026/10/30	No
Hu Zehong	6,467.02	CNY	2025/6/19	2029/6/18	No
Liang Ruiling, Dai Yaojin			2025/6/19	2026/12/31	No
Sui Yong Rongxin Asset Management Co., Ltd.	2,450.00	CNY	2018/1/1	2025/6/30	No
Sui Yong Rongxin Asset Management Co., Ltd.	2,842.00	CNY	2018/1/1	2025/12/31	No
Shenzhen Henglongtong Electronic Technology Co., Ltd., Guizhou Huajinrun Technology Group Co., Ltd., Huaying	735.00	CNY	2022/1/1	2025/12/31	No

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Name of guarantor	Guarantee amount (10,000 yuan)	Currency	Start date of guarantee	Expiry date of guarantee	Whether the guarantee has been fulfilled
Gaokede Electronic Technology Co., Ltd., and Huaying Gaokelong Electronic Technology Co., Ltd.					
Shenzhen Baili Yongxing Technology Co., Ltd.			2018/1/1	2023/12/31	No
Shenzhen Henglongtong Electronic Technology Co., Ltd., Guizhou Huajinrun Technology Group Co., Ltd., Huaying Gaokede Electronic Technology Co., Ltd., and Huaying Gaokelong Electronic Technology Co., Ltd.	488.37	CNY	2022/1/1	2025/12/31	No
Shenzhen Baili Yongxing Technology Co., Ltd.			2018/1/1	2023/12/31	No
Shenzhen Henglongtong Electronic Technology Co., Ltd., Guizhou Huajinrun Technology Group Co., Ltd., Huaying Gaokede Electronic Technology Co., Ltd., and Huaying Gaokelong Electronic Technology Co., Ltd.	552.72	CNY	2022/1/1	2025/12/31	No
Shenzhen Baili Yongxing Technology Co., Ltd.			2018/1/1	2023/12/31	No
Chuzhou Hanshang Electric Appliance Co., Ltd.	3,798.96	CNY	2021/5/20	2024/5/19	No
Shenzhen Qianhai Datang Technology Co., Ltd.	441.00	CNY	2024/11/17	2025/11/16	No

**(4) Loans from/to related parties**

Related party name	Amount (10,000 RMB)	Currency	Start date	Due date
<b>Borrowing</b>				
Panshi Runchuang (Shenzhen) Information Management Co., Ltd.	217,000.00	CNY	2025/8/28	2026/8/28
Chuzhou Hanshang Electric Appliance Co., Ltd.	12,862.50	CNY	2025/1/1	2025/12/31
Chuzhou Hanshang Electric Appliance Co., Ltd.	2,450.00	CNY	2024/8/3	2025/12/31
Chuzhou Hanshang Electric Appliance Co., Ltd.	980.00	CNY	2025/2/14	2026/2/13
Kangkong Venture Capital (Shenzhen) Co., Ltd.	245.00	CNY	2022/7/21	2026/7/18
Beijing Xuri Shengxing Technology Co., Ltd.	228.67	CNY	2024/12/1	2025/11/30
<b>Total</b>	<b>233,766.17</b>			
<b>Lending</b>				
Dongguan Guankang Yuhong Investment Co., Ltd.	2,223.19	CNY	2022/8/6	2025/9/25

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Related party name	Amount (10,000 RMB)	Currency	Start date	Due date
Dongguan Guankang Yuhong Investment Co., Ltd.	17,376.81	CNY	2022/8/6	2025/9/25
Chuzhou Kangxin Health Industry Development Co., Ltd.	13,288.00	CNY	2022/12/18	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	2,000.00	CNY	2022/12/18	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	735.00	CNY	2023/1/5	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	59.45	CNY	2023/1/5	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	1,240.03	CNY	2022/12/18	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	16,758.00	CNY	2023/3/22	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	1,359.26	CNY	2023/3/21	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	109.95	CNY	2023/3/21	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	1,344.36	CNY	2023/3/22	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	2,080.72	CNY	2023/10/18	2025/12/21
Chuzhou Kangxin Health Industry Development Co., Ltd.	562.97	CNY	2023/12/22	2025/12/21
Sichuan Chengrui Real Estate Co., Ltd.	14,724.50	CNY	2022/1/21	2026/4/15
Yantai Kangyue Investment Co., Ltd.	12,852.70	CNY	2020/12/16	2022/11/5
Yantai Kangyun Industrial Development Co., Ltd.	10,020.00	CNY	2021/11/23	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	949.00	CNY	2022/8/25	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	1,394.00	CNY	2022/8/25	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	323.00	CNY	2022/8/25	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	564.00	CNY	2022/8/25	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	1,020.00	CNY	2022/3/17	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	3,400.00	CNY	2022/5/23	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	2,500.00	CNY	2022/6/1	2026/3/31
Yantai Kangyun Industrial Development Co., Ltd.	2,430.00	CNY	2022/11/15	2026/3/31
Chongqing Lanlv Moma Real Estate Development Co., Ltd.	18,843.00	CNY	2020/11/25	2023/11/24
Sichuan Hongxinchen Real Estate Development Co., Ltd.	19,879.55	CNY	2022/9/15	2026/2/27
Econ Technology Co., Ltd.	18,315.11	CNY	2023/12/20	2026/12/20
Econ Technology Co., Ltd.	4,996.58	CNY	2023/12/21	2026/12/20

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Related party name	Amount (10,000 RMB)	Currency	Start date	Due date
Chongqing Liangshan Industrial Investment Co., Ltd.	5,000.00	CNY	2024/9/29	2026/9/27
Chongqing Liangshan Industrial Investment Co., Ltd.	5,000.00	CNY	2024/9/30	2026/9/27
<b>Total</b>	<b>181,349.18</b>			

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## (5) Other related party transactions

### 1) Transfer of trading financial assets

Related party	Content of related-party transactions	Quantity (shares)	Unit price (RMB)	Transaction price (RMB 10,000)
China Resources Asset Management (Shenzhen) Co., Ltd.	Transfer of shares held in Wuhan Tianyuan Group Co., Ltd.	66,283,973.00	13.80	91,471.88

### 2) Perpetual bond financing

Related party	Content of related-party transactions	Amount (RMB 10,000)	Term
Panshi Runchuang (Shenzhen) Information Management Co., Ltd.	Perpetual bond financing	500,000.00	The term is 3+3*N years (where N = 1, 2, 3..., and N is the number of extensions), meaning the initial duration is 3 years. Each 3-year period constitutes a duration cycle. Upon the expiration of the initial duration, it can be extended for another duration cycle, with no limit on the number of extensions. Within 20 working days before the expiration of any duration cycle, the Company has the right to choose to extend for another duration cycle; or choose to repay the entire principal, all accrued but unpaid interest (including deferred interest), accretions, and other payables (if any).

(Continued)

Interest rate	Interest payment date and interest deferral option	Order of repayment
The annualized interest rate is the one-year Loan Prime Rate (LPR), a floating rate. Each 12-month period is a floating cycle, with repricing occurring once per floating cycle. No interest rate jump-up clause is stipulated.	Interest is payable annually. The Company shall have the right to defer interest payments, and may at its discretion defer payment of the interest payable for the current period, together with all previously deferred interest and accrued interest thereon, to the next interest payment date, with no limit on the number of such interest deferrals.	The payment order of the principal, interest, and accretions (if any) of the perpetual bond held by Panshi Runchuang is subordinated to the Company's general debts.

### (6) Remuneration for key management personnel

Project	The current year (RMB 10,000)	Last year (RMB 10,000)
Total remuneration	587.40	805.91

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### 3. Balance of amounts receivable and payable by related parties

#### (1) Receivables

Related party	Ending balance		Beginning balance	
	Balance	Provision for bad debts	Balance	Provision for bad debts
<b>Accounts receivable:</b>				
Shenzhen Yaode Technology Co., Ltd. and its subsidiaries	144,454,581.31	144,454,581.31	147,734,652.41	147,734,652.41
HOHO ELECTRICAL & FURNITURE CO., LIMITED	116,261,899.92	109,061,518.07	124,609,404.13	93,990,064.79
Chuzhou Hanshang Electric Appliance Co., Ltd.	98,177,722.38	2,002,825.54	47,717,928.47	973,445.73
Overseas Chinese Town Holdings Company and its subsidiaries and associates	65,818,264.04	46,400,209.97	72,276,979.60	31,123,407.93
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.	38,319,878.77	38,319,878.77	38,344,115.39	38,344,115.39
Handian Group Co., Ltd. and its subsidiaries and associates	27,943,560.39	570,048.63	852,837.08	17,397.88
Anhui Kaikai Shijie E-commerce Co., Ltd. and its subsidiaries	26,436,604.92	6,116,465.89	26,677,417.75	2,692,954.15
Shandong Kangfei Intelligent Electrical Appliances Co., Ltd.	4,466,641.58	4,130,097.83	4,466,641.58	4,074,943.14
Shenzhen KONKA E-display Co., Ltd. and its subsidiaries	875,788.71	388,276.97	1,367,734.51	143,334.28
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries and associates	269,304.95	5,493.82	13,210,046.28	269,484.95
<b>Subtotal of other related parties</b>	<b>9,361,800.98</b>	<b>617,441.63</b>	<b>9,167,397.63</b>	<b>674,330.10</b>
<b>Total</b>	<b>532,386,047.95</b>	<b>352,066,838.43</b>	<b>486,425,154.83</b>	<b>320,038,130.75</b>
<b>Financing accounts receivable/Notes receivable:</b>				
Korea Electric Group Co., Ltd. and its subsidiaries	3,209,127.25			
Chuzhou Hanshang Electric Appliance Co., Ltd.			320,000.00	
<b>Total</b>	<b>3,209,127.25</b>		<b>320,000.00</b>	
<b>Other receivables:</b>				
Konka Huanjia Environmental Protection Technology Co., Ltd.	1,744,736,434.49	1,744,736,434.49	1,744,736,434.49	1,744,736,434.49
Chuzhou Kangxin Health Industry Development Co., Ltd.	460,482,883.84	341,564,138.02	428,413,383.27	
Yantai Kangyun Industry Development Co., Ltd. and its subsidiaries	293,164,911.17	200,813,312.70	274,833,800.04	
Sichuan Hongxinchen Real Estate Development Co., Ltd.	260,445,465.59	260,445,465.59	244,320,945.73	
Dongguan Guankang Yuhong Investment Co., Ltd.	254,964,600.32	33,890,711.79	251,643,489.20	2,200,000.00
Chongqing Lanlv Moma Real Estate Development Co., Ltd.	236,698,102.31	236,698,102.31	236,698,102.31	17,677,972.27
Sichuan Chengrui Real Estate Co., Ltd.	189,205,812.69	189,205,812.69	180,452,915.47	
Yantai Kangyue Investment Co., Ltd.	171,069,706.45	127,404,906.45	171,069,706.45	73,609,697.70
Chongqing Liangshan Industrial Investment Co., Ltd.	102,616,027.38	3,026,160.28	100,858,150.67	1,008,581.51



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Related party	Ending balance		Beginning balance	
	Balance	Provision for bad debts	Balance	Provision for bad debts
Dai Rongxing	89,251,531.4 1	89,251,531.4 1	89,251,53 1.41	89,251,531.41
Jiangxi Meiji Enterprise Co., Ltd.	84,462,640.3 1	84,462,640.3 1	93,512,64 0.31	93,512,640.31
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.	39,130,497.1 7	39,130,497.1 7	39,130,49 7.17	39,044,321.62
Overseas Chinese Town Holdings Company and its subsidiaries and associates	28,342,867.9 6	22,862,402.5 9	31,319,55 0.72	21,246,621.58
HOHO ELECTRICAL & FURNITURE CO., LIMITED	2,466,257.96	2,466,257.96	2,522,359. 24	2,522,359.24
Zhu Xinming	1,844,316.15	418,475.33	1,844,316. 15	184,800.48
Hu Zehong	333,084.83	165,196.50	816,533.4 2	171,132.24
<b>Subtotal of other related parties</b>	<b>4,761,997.11</b>	<b>184,522.25</b>	<b>3,840,950. 86</b>	<b>71,393.70</b>
<b>Total</b>	<b>3,963,977,13 7.14</b>	<b>3,376,726,56 7.84</b>	<b>3,895,265, 306.91</b>	<b>2,085,237,486.55</b>
<b>Prepayments:</b>				
Kangshengjia Smart Energy (Zhejiang) Co., Ltd.	67,139,571.6 8		48,239,42 6.19	67,139,571.68
Puchuang Jiakang Technology Co., Ltd.	377,322.00		377,322.0 0	377,322.00
Overseas Chinese Town Holdings Company and its subsidiaries and associates	21,424.49		113,278.6 0	21,424.49
<b>Subtotal of other related parties</b>	491,110.16		52,339.79	491,110.16
<b>Total</b>	<b>68,029,428.3 3</b>		<b>48,782,36 6.58</b>	<b>68,029,428.33</b>
<b>Other current assets:</b>				
Yikang Technology Co., Ltd. and its subsidiaries	235,601,218. 08		233,116,9 49.03	235,601,218.08
<b>Total</b>	<b>235,601,218. 08</b>		<b>233,116,9 49.03</b>	<b>235,601,218.08</b>
<b>Contract assets:</b>				
Overseas Chinese Town Holdings Company and its subsidiaries and associates	963,764.77	51,725.07	401,807.8 4	8,196.88
<b>Total</b>	<b>963,764.77</b>	<b>51,725.07</b>	<b>401,807.8 4</b>	<b>8,196.88</b>

## (2) Payables

Related party	Ending book balance	Beginning book balance
<b>Accounts payable:</b>		
Overseas Chinese Town Holdings Company and its subsidiaries and associates	43,601,700.08	42,040,127.95
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries and associates	13,297,141.47	65,368,676.00
HOHO ELECTRICAL & FURNITURE CO., LIMITED	4,510,072.62	5,036,570.10
Anhui Kaikai Shijie E-commerce Co., Ltd. and its subsidiaries	4,326,148.17	4,326,148.17
Handian Group Co., Ltd. and its subsidiaries and associates	4,309,351.22	4,189,576.68

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Related party	Ending book balance	Beginning book balance
Chuzhou Hanshang Electric Appliance Co., Ltd.	4,253,835.32	8,399,596.80
Dongguan Guankang Yuhong Investment Co., Ltd.	2,783,842.00	7,783,842.00
Shenzhen KONKA E-display Co., Ltd. and its subsidiaries	1,245,087.25	11,078,987.35
<b>Subtotal of other related parties</b>	<b>1,984,392.70</b>	<b>22,555,598.64</b>
<b>Total</b>	<b>80,311,570.83</b>	<b>170,779,123.69</b>
<b>Notes payable:</b>		
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries and associates	13,596,541.72	10,327,556.31
Handian Group Co., Ltd. and its subsidiaries and associates	4,689,383.18	1,565,908.77
Dongguan Kangjia New Materials Technology Co., Ltd.	918,483.35	1,991,363.46
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.	807,859.00	
<b>Total</b>	<b>20,012,267.25</b>	<b>13,884,828.54</b>
<b>Contract liabilities/other current liabilities/other non-current liabilities:</b>		
Overseas Chinese Town Holdings Company and its subsidiaries and associates	53,849,339.85	65,821,382.94
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.	8,417,949.44	4,449,842.05
AUJET INDUSTRY LIMITED	3,983,759.72	3,851,376.79
Zhejiang Kangying Semiconductor Technology Co., Ltd. and its subsidiaries	1,604,546.07	22,446.94
Chongqing Kangyiqing Technology Co., Ltd.	206,882.30	146,882.30
Shenzhen KONKA E-display Co., Ltd. and its subsidiaries	153,017.09	915,488.73
<b>Subtotal of other related parties</b>	<b>135,288.55</b>	<b>332,100.74</b>
<b>Total</b>	<b>68,350,783.02</b>	<b>75,539,520.49</b>
<b>Other payables:</b>		
China Resources Company Limited and its subsidiaries and associates	2,193,246,343. 33	
Chuzhou Hanshang Electric Appliance Co., Ltd.	208,390,348.3 1	207,983,241.15
Overseas Chinese Town Holdings Company and its subsidiaries and associates	28,045,215.53	22,391,131.89
Guizhou Jiading Mining Management Investment Co., Ltd.	18,000,000.00	18,000,000.00
Dongguan Guankang Yuhong Investment Co., Ltd.	15,655,996.80	12,100,893.94
Shenzhen KONKA E-display Co., Ltd. and its subsidiaries	5,147,213.00	1,000,000.00
Konka Huanjia Environmental Protection Technology Co., Ltd.	4,353,280.41	5,104,349.30
Yantai Kangtang Construction Development Co., Ltd.	3,000,000.00	
Beijing Xuri Shengxing Technology Co., Ltd.	2,814,638.40	2,675,533.68
Kangkong Venture Capital (Shenzhen) Co., Ltd.	2,523,500.00	2,523,701.42

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Related party	Ending book balance	Beginning book balance
Yikang Technology Co., Ltd. and its subsidiaries	355,586.25	21,696,728.31
Central SOEs Industrial Investment Fund for Poverty-stricken Area (Jiangxi) Industrial Investment Fund Partnership (L.P.)		14,400,000.00
<b>Subtotal of other related parties</b>	<b>9,065,998.82</b>	<b>10,446,793.62</b>
<b>Total</b>	<b>2,490,598,120.85</b>	<b>318,322,373.31</b>
<b>Advances from customers:</b>		
China Resources Company Limited and its subsidiaries and associates	61,285.03	61,285.03
<b>Total</b>	<b>61,285.03</b>	<b>61,285.03</b>

#### **XIV. Commitments and contingencies**

##### **1. Important commitments**

###### **(1) Capital commitments**

Item	Ending balance	Beginning balance
Contract signed but hasn't been recognized in financial statements		
Commitment to purchase and construct long-term assets	137,000,000.00	
Large-scale outsourcing contract	85,942,612.22	173,593,973.84
Foreign investment commitments		
<b>Total</b>	<b>222,942,612.22</b>	<b>173,593,973.84</b>

###### **(2) Other commitments**

As of December 31, 2025, there were no other significant commitments for the Group to disclose.

##### **2. Contingencies**

The Group's material contingencies requiring disclosure are set out below:

(1) A dispute over an international contract for the sale of goods between Micro Crystal Transfer Group Ltd. (plaintiff) and Chongqing Optoelectronic Technology Co., Ltd., a subsidiary of the Company (defendant), involving a disputed amount of RMB36,396,700. As of the date of issuance of this report, the case was under trial.

(2) A dispute over a construction contract between Shenzhen Sansen Decoration Group Co., Ltd. (plaintiff) and Shenzhen Konka Semiconductor, a subsidiary of the Company (defendant), and Chongqing Konka, a subsidiary of the Company (defendant), involving a subject matter amount of RMB 25,607,300. As of the date of issuance of this report, the case was under trial.

(3) A dispute over a sales and purchase contract between Jiujiang Baoyong Gas Co., Ltd. (plaintiff) and Jiangxi High-transparency Substrate, a subsidiary of the Company

(defendant), involving a subject matter amount of RMB 91,227,800. As of the date of issuance of this report, the case was in execution.

(4) A dispute over a construction project contract between Nantong Construction Group Co., Ltd. (Plaintiff) and Haimen Ronghui Real Estate Co., Ltd. (Defendant), Shanghai Rongzhen Enterprise Management Co., Ltd. (Defendant), the Company (Defendant), and Nantong Konka Technology Industrial Park Operation Management Co., Ltd. (Defendant), an associated entity of the Company, involving a disputed amount of RMB 99,000,000. As of the date of issuance of this report, the case was under trial.

(5) A dispute over a construction contract between Sichuan Yisheng Construction Group Co., Ltd. (plaintiff) and Yibin Konka Industrial Park, a subsidiary of the Company (defendant), involving a subject matter amount of RMB 28,061,000. As of the date of issuance of this report, the case was under trial.

(6) A dispute over a contract between Shenzhen Oriental Venture Capital Co., Ltd. (plaintiff) and the Company (defendant), involving a subject matter amount of RMB 752,147,500. The Company won both the first-instance and second-instance trials. The plaintiff has filed an application for retrial. As of the date hereof, the case is under retrial review.

(7) In 2018, to support the financing of Donggang Kangrun Environmental Treatment Co., Ltd. (hereinafter referred to as "Donggang Kangrun"), a subsidiary controlled by Yikang, Konka issued a support letter to China Construction Bank Corporation Donggang Sub-branch (hereinafter referred to as "CCB Donggang Sub-branch"). The main contents are as follows: "Donggang Kangrun is a subsidiary of our company and the project company of the Donggang Urban Inland River Comprehensive Treatment PPP Project (hereinafter referred to as the 'Project'). Our company attaches great importance to the Project. Therefore, Donggang Kangrun intends to apply to your bank for a project loan of RMB 975 million to support the fund operation of the Project. In addition to the applied loan, our company will use self-raised funds and other financing channels to support the Project to ensure its smooth progress, and guarantee that Donggang Kangrun will repay the loan from your bank in full when due". As of December 31, 2026, the outstanding principal balance of loans borrowed by Donggang Kangrun from CCB Donggang Sub-branch amounted to RMB 852,000,000.

(8) In 2019, to support the financing of Weifang Sihai Kangrun Investment and Operation Co., Ltd. (hereinafter referred to as "Weifang Kangrun"), a controlling subsidiary of Econ, Konka issued two letters of support to the Weifang Branch of Industrial Bank Co., Ltd. (hereinafter referred to as "CIB Weifang Branch"). The main contents were respectively: "Our company will use self-raised funds and other financing channels to support the

Weifang Binhai Economic Development Zone Central Urban Area Comprehensive Improvement Project to ensure the smooth progress of the project, and at the same time ensure that Weifang Kangrun can repay your bank's loan in full on the due date," and "Our company will use self-raised funds to support the Weifang Binhai Economic and Technological Development Zone Central Urban Area Comprehensive Improvement Project and ensure that the project capital of Weifang Kangrun is in place on time and in full". As of December 31, 2025, the outstanding loan balance (principal) of Weifang Kangrun to CIB Weifang Branch was RMB 595,114,700.

## **XV. Subsequent events after the balance sheet date**

### **1. Important non-adjusting matters**

As of the date of issuance of this financial report, the significant non-adjusting events that the Group needs to disclose are as follows:

A case concerning a dispute over a construction contract between Longxin Construction Group Co., Ltd. (plaintiff) and Nantong Kanghai (defendant), involving a subject matter amount of RMB 80,000,000.00. As of the date of issuance of this report, the case was under trial.

### **2. Sales return**

As of the date of this financial report, the Group had no material sales returns.

### **3. Notes to other subsequent events after the balance sheet date**

As of the date of issuance of this financial report, the Group has no other events after the balance sheet date.

## **XVI. Other key matters**

### **1. Correction of previous errors and impact**

#### **(1) Retrospective restatement method**

##### **1) Reasons for correction of accounting errors**

After self-inspection, for the failure to consider the agreed matters of some equity transfer projects, and the underprovision of patent royalties and bad debt provisions for accounts receivable of specific customers in previous years, the Group corrected the related errors, as detailed below:

① In the process of auditing and preparing the 2025 annual report, after careful verification, when introducing strategic investors for Ypfun in 2021, the Group signed supplementary agreements with 11 investors, promising that if Ypfun failed to complete its IPO before the agreed time, the Group would be obliged to repurchase their transferred equity at the original transfer price and pay interest. The above-mentioned agreed matters did not go through the approval procedures of the Company's Board of Directors and the General

Meeting, and were not subjected to appropriate accounting treatment and information disclosure. Based on this contractual obligation and the facts currently known, the Company's management recognized this obligation as a financial liability and corrected previous accounting errors.

② When our company transferred the equity of Anhui Kaikai Vision E-commerce Co., Ltd. (hereinafter referred to as "Kaikai Vision") in previous years, it signed a shareholder agreement with Alibaba (China) Technology Co., Ltd. (hereinafter referred to as "Alibaba"). Under the agreement, the company undertook the obligation to repurchase the equity and pay interest if the IPO of Kaikai Vision was not completed within the agreed time limit. Ultimately, Kaikai Vision failed to complete its IPO and listing as scheduled. The aforesaid shareholder agreement was not reviewed and approved by the company's General Manager's Office Meeting and Party Committee Office Meeting, nor was appropriate accounting treatment and information disclosure conducted. Based on the contractual obligations and currently available facts, the company's management recognized such payment obligations as financial liabilities and carried out prior period error corrections. The company has fulfilled the equity repurchase obligation and paid the relevant interest in November 2025.

③ The color TV products operated and sold by the Group adopt essential patents complying with industry standards. Through self-inspection, the Company has confirmed discrepancies in the previously paid data. The Group shall accrue the relevant patent royalties retroactively for prior years and make corrections to prior period errors.

④ Accounts receivable of specific customers of the Group were overdue and uncollected. After careful verification, the overdue and uncollected accounts receivable of such customers were caused by the inability of related underlying customers to repay. Individual bad debt provision should be made in the year when the related underlying customers lose their repayment ability, and previous accounting errors should be corrected.

## **2) Processing procedure**

On April 27, 2026, the Group held the 11th Meeting of the 11th Board of Directors to review and approve the Proposal on Correction of Previous Accounting Errors and Retrospective Adjustments, specifying that the Company should correct the previous accounting errors in accordance with the Accounting Standard for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates and Correction of Errors and the Rules for the Compilation of Information Disclosure by Companies Offering Securities to the Public No. 19 - Correction of Financial Information and Related Disclosures.

## **3) Impact of correction of previous accounting errors on financial statements**

Notes to Financial Statements of Konka Group Co., Ltd.  
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Names of statement items affected in comparative periods	Cumulative impact
Accounts receivable	-143,700,409.78
Long-term equity investments	1,193,140,574.00
Other payables	1,826,641,494.04
Undistributed profits	-777,201,329.82
Cost of sales	235,788,807.29
Finance costs	324,752,686.75
Credit impairment loss	-143,700,409.78
Asset impairment loss	-72,959,426.00

## XVII. Notes to the main items of the financial statements of the parent company

### 1. Accounts receivable

#### (1) Accounts receivable aged analysis

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	2,518,870,996.93	2,478,867,657.14
1-2 years	936,172,219.27	269,445,994.78
2-3 years	71,304,189.74	25,878,752.19
3-4 years	25,395,465.05	42,081,276.61
4-5 years	42,024,672.61	10,744,497.16
Over 5 years	857,898,045.25	848,569,108.69
<b>Total</b>	<b>4,451,665,588.85</b>	<b>3,675,587,286.57</b>

#### (2) Accounts receivable classified and listed by provision methods for bad debts

Category	Ending balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	750,993,030.62	16.87	750,932,742.61	99.99	60,288.01
Provision for bad debts by portfolio					
Of which: Aging portfolio	243,003,431.27	5.46	154,701,363.19	63.66	88,302,068.08
Related party portfolio	3,457,669,126.96	77.67			3,457,669,126.96
Subtotal of portfolio	3,700,672,558.23	83.13	154,701,363.19	4.18	3,545,971,195.04
<b>Total</b>	<b>4,451,665,588.85</b>	<b>100.00</b>	<b>905,634,105.80</b>	<b>20.34</b>	<b>3,546,031,483.05</b>

(Continued)

Notes to Financial Statements of Konka Group Co., Ltd.  
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Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	751,101,547.52	20.43	751,041,259.51	99.99	60,288.01
Provision for bad debts by portfolio					
Of which: Aging portfolio	262,862,169.32	7.15	141,146,416.75	53.70	121,715,752.57
Related party portfolio	2,661,623,569.73	72.41			2,661,623,569.73
Subtotal of portfolio	2,924,485,739.05	79.57	141,146,416.75	4.83	2,783,339,322.30
<b>Total</b>	<b>3,675,587,286.57</b>	<b>100.00</b>	<b>892,187,676.26</b>	<b>24.27</b>	<b>2,783,399,610.31</b>

1) Provision for bad debts of accounts receivable made by individual item

Name	Beginning balance		Ending balance			Reasons for the provision
	Balance	Provision for bad debts	Balance	Provision for bad debts	Provision percentage (%)	
CEFC Shanghai International Group Limited	298,855,950.30	298,855,950.30	298,280,558.37	298,280,558.37	100.00	Not expected to be recoverable
Hongtu Sanpower Technology Co., Ltd.	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00	100.00	Not expected to be recoverable
Zhongfu Tiangong Construction Group Co., Ltd.	71,289,096.65	71,289,096.65	71,289,096.65	71,289,096.65	100.00	Not expected to be recoverable
CCCC First Harbor Engineering Company Ltd.	55,438,105.00	55,438,105.00	55,438,105.00	55,438,105.00	100.00	Not expected to be recoverable
China Energy (Shanghai) Industrial Co., Ltd.	49,993,564.16	49,993,564.16	49,993,564.16	49,993,564.16	100.00	Not expected to be recoverable
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.	36,211,057.55	36,211,057.55	36,211,057.55	36,211,057.55	100.00	Not expected to be recoverable
Others	39,313,773.86	39,253,485.85	39,780,648.89	39,720,360.88	99.85	Expected to be difficult to recover
<b>Total</b>	<b>751,101,547.52</b>	<b>751,041,259.51</b>	<b>750,993,030.62</b>	<b>750,932,742.61</b>	<b>99.99</b>	<b>—</b>



Notes to Financial Statements of Konka Group Co., Ltd.  
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## 2) Provision for bad debts for accounts receivable made as per portfolio

① In the portfolio, accounts receivable of provision for expected credit loss made by aging

Aging	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	87,122,029.63	1,777,289.39	2.04
1-2 years	3,182,303.05	318,866.77	10.02
2-3 years	50,794.29	11,525.22	22.69
3-4 years	155,531.00	100,908.51	64.88
4-5 years	41,109,210.00	41,109,210.00	100.00
Over 5 years	111,383,563.30	111,383,563.30	100.00
<b>Total</b>	<b>243,003,431.27</b>	<b>154,701,363.19</b>	<b>63.66</b>

② In the portfolio, accounts receivable of provision for expected credit loss made by other methods

Aging	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Related party portfolio	3,457,669,126.96		
<b>Total</b>	<b>3,457,669,126.96</b>		

## (3) Provision for bad debts of accounts receivable set aside, recovered or reversed in the current year

Category	Beginning balance	Change in the current year	
		Provision	Recovered or reversed
Provision for bad debts of accounts receivable	892,187,676.26	15,735,211.50	2,288,781.96
<b>Total</b>	<b>892,187,676.26</b>	<b>15,735,211.50</b>	<b>2,288,781.96</b>

(Continued)

Category	Change in the current year		Ending balance
	Written-off	Others	
Provision for bad debts of accounts receivable			905,634,105.80
<b>Total</b>			<b>905,634,105.80</b>

## (4) Accounts receivable actually written off in the current year

There are no accounts receivable actually written off in the current year.

## (5) Top five accounts receivable and contract assets in the ending balance

### categorized by debtors

The total amount of the top five accounts receivable in the year-end balance categorized by debtor in the current year was RMB 3,309,486,768.65, accounting for 74.34% of the total year-end balance of accounts receivable. The corresponding total year-end balance of provision for bad debts was RMB 298,280,558.37.

## 2. Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable	394,828,312.64	397,729,468.60
Other receivables	6,169,721,184.70	7,812,366,963.81
<b>Total</b>	<b>6,564,549,497.34</b>	<b>8,210,096,432.41</b>

### 2.1 Dividends receivable

Investee	Ending balance	Beginning balance
Hong Kong Konka Co., Ltd.	114,828,312.64	117,729,468.60
Suining Konka Industrial Park Development Co., Ltd.	280,000,000.00	280,000,000.00
<b>Total</b>	<b>394,828,312.64</b>	<b>397,729,468.60</b>

### 2.2 Other receivables

#### (1) Classified by account nature

Nature of funds	Ending book balance	Beginning book balance
Receivables from subsidiaries	7,338,448,596.60	7,470,528,350.51
Energy-saving subsidies receivable	141,549,150.00	141,549,150.00
Receivables from other related parties	3,643,705,051.48	2,217,059,558.78
Deposits, guarantees, and down payments	11,316,782.23	11,203,961.90
Others	54,245,272.51	51,145,919.15
<b>Total</b>	<b>11,189,264,852.82</b>	<b>9,891,486,940.34</b>

#### (2) Other receivables listed by aging

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	2,468,208,504.58	2,833,825,882.55
1-2 years	1,821,365,482.14	2,791,206,932.00
2-3 years	2,712,875,647.73	2,093,828,942.23
3-4 years	2,087,164,066.22	198,020,662.24
4-5 years	193,527,410.48	438,628,738.59
Over 5 years	1,906,123,741.67	1,535,975,782.73

Notes to Financial Statements of Konka Group Co., Ltd.  
From January 1, 2025 to December 31, 2025  
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Aging	Ending book balance	Beginning book balance
Total	11,189,264,852.82	9,891,486,940.34

### (3) Classified presentation of other receivables by provisioning methods of bad debts

Category	Ending balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	5,578,850,648.69	49.86	4,974,026,480.15	89.16	604,824,168.54
Provision for bad debts by portfolio					
Of which: Aging portfolio	39,006,591.44	0.35	36,740,977.75	94.19	2,265,613.69
Low-risk portfolio	14,968,292.40	0.13	8,776,210.22	58.63	6,192,082.18
Related party portfolio	5,556,439,320.29	49.66			5,556,439,320.29
Subtotal of portfolio	5,610,414,204.13	50.14	45,517,187.97	0.81	5,564,897,016.16
<b>Total</b>	<b>11,189,264,852.82</b>	<b>100.00</b>	<b>5,019,543,668.12</b>	<b>44.86</b>	<b>6,169,721,184.70</b>

(Continued)

Category	Beginning balance				Book value
	Balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Provision for bad debts by single item	2,346,639,698.77	23.72	2,030,143,279.98	86.51	316,496,418.79
Provision for bad debts by portfolio					
Of which: Aging portfolio	59,556,884.46	0.60	41,789,999.23	70.17	17,766,885.23
Low-risk portfolio	14,762,006.60	0.15	7,186,697.32	48.68	7,575,309.28
Related party portfolio	7,470,528,350.51	75.52			7,470,528,350.51
Subtotal of portfolio	7,544,847,241.57	76.28	48,976,696.55	0.65	7,495,870,545.02
<b>Total</b>	<b>9,891,486,940.34</b>	<b>100.00</b>	<b>2,079,119,976.53</b>	<b>21.02</b>	<b>7,812,366,963.81</b>

### 1) Provision set aside for bad debts of other receivables by portfolio

Aging	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
Within 1 year	945,505,547.22	39,758.91	

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Aging	Ending balance		
	Balance	Provision for bad debts	Provision percentage (%)
1-2 years	1,393,107,700.92	73,168.69	0.01
2-3 years	1,186,533,466.90	79,012.10	0.01
3-4 years	1,982,809,787.75	1,503,498.90	0.08
4-5 years	18,730,683.89	1,629,384.54	8.70
Over 5 years	83,727,017.45	42,192,364.83	50.39
<b>Total</b>	<b>5,610,414,204.13</b>	<b>45,517,187.97</b>	<b>0.81</b>

**2) Provision set aside for bad debts of other receivables by the general expected credit loss model**

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss for the next 12 months	Expected credit loss throughout the duration (without credit loss)	Expected credit loss throughout the duration (with credit impairment)	
Balance as of January 1, 2025	97,657.39	48,879,039.16	2,030,143,279.98	<b>2,079,119,976.53</b>
Balance as of January 1, 2025 in the current year				
-- Transfer to Stage II	-14,896.62	14,896.62		
-- Transfer to Stage III		-13,938,000.00	13,938,000.00	
-- Reversal to Stage II				
-- Reversal to Stage I				
Provision in the current year	39,758.91	14,353,567.19	2,929,945,200.17	<b>2,944,338,526.27</b>
Reversal in the current year	82,760.77	3,832,082.99		<b>3,914,843.76</b>
Charge-off in the current year				
Write-off in the current year				
Other changes		9.08		<b>9.08</b>
Balance as of December 31, 2025	39,758.91	45,477,429.06	4,974,026,480.15	<b>5,019,543,668.12</b>

Remarks: The first stage is that credit risk has not increased significantly since initial recognition. For other receivables with an aging portfolio and a low-risk portfolio within one year, the loss provision is measured according to the expected credit losses in the next 12 months.

The second stage is that credit risk has increased significantly since initial recognition but credit impairment has not yet occurred. For other receivables with an aging portfolio and a low-risk portfolio that exceed one year, the loss provision is measured based on the expected credit losses for the entire duration.

The third stage is credit impairment after initial recognition. For other receivables with credit impairment that have occurred, the loss provision is measured according to the credit losses that have occurred throughout the duration.

**(4) Provision for bad debts of other receivables set aside, recovered or reversed in**

Notes to Financial Statements of Konka Group Co., Ltd.  
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**the current year**

Category	Beginning balance	Change in the current year	
		Provision	Recovered or reversed
Provision for bad debts of other receivables	2,079,119,976.53	2,944,338,526.27	3,914,843.76
<b>Total</b>	<b>2,079,119,976.53</b>	<b>2,944,338,526.27</b>	<b>3,914,843.76</b>

(Continued)

Category	Change in the current year		Ending balance
	Written-off	Others	
Provision for bad debts of other receivables		9.08	5,019,543,668.12
<b>Total</b>		<b>9.08</b>	<b>5,019,543,668.12</b>

**(5) Other receivables actually written off in the current year**

No other receivables were actually written off in the current year.

**(6) Other receivables with top five year-end balances categorized by debtors**

The total amount of the top five other receivables in the year-end balance categorized by debtors in the current year was RMB 6,877,609,289.97, accounting for 61.47% of the total year-end balance of other receivables. The corresponding total year-end balance of provisions for bad debts was RMB 2,874,590,635.73.

Notes to Financial Statements of Konka Group Co., Ltd.  
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### 3. Long-term equity investments

Item	Ending balance			Beginning balance		
	Balance	Provision for impairment	Book value	Balance	Provision for impairment	Book value
Investment in subsidiaries	7,825,224,811.83	715,180,000.00	7,110,044,811.83	7,825,394,811.83	689,680,000.00	7,135,714,811.83
Investments in associates and joint ventures	3,101,020,668.93	2,264,032,106.38	836,988,562.55	3,522,936,610.99	663,595,371.27	2,859,341,239.72
<b>Total</b>	<b>10,926,245,480.76</b>	<b>2,979,212,106.38</b>	<b>7,947,033,374.38</b>	<b>11,348,331,422.82</b>	<b>1,353,275,371.27</b>	<b>9,995,056,051.55</b>

#### (1) Investment in subsidiaries

Investee Unit	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Konka Venture	2,550,000.00						2,550,000.00	
Anhui Konka	122,780,937.98						122,780,937.98	
Konka Electronic Material	300,000,000.00						300,000,000.00	
Konka Unifortune	15,300,000.00						15,300,000.00	
Dongguan Konka	274,783,988.91						274,783,988.91	
Konka Europe	3,637,470.00						3,637,470.00	
Telecommunication Technology	360,000,000.00						360,000,000.00	
Development of science and technology industry	100,000,000.00						100,000,000.00	

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Investee Unit	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Anhui Tongchuang	779,702,612.22						779,702,612.22	
Konka Communication	30,749,800.00						30,749,800.00	
Pengrun Technology	25,500,000.00				25,500,000.00			25,500,000.00
Beijing Konka Electronics	200,000,000.00						200,000,000.00	
Konka Circuit	740,752,721.18		4,930,000.00				745,682,721.18	
Hong Kong Konka	781,828.61						781,828.61	
Konka Investment	500,000,000.00						500,000,000.00	
Electronics Technology	1,000,000,000.00						1,000,000,000.00	
Shanghai Konka	40,000,000.00						40,000,000.00	
Jiangxi Konka		689,680,000.00						689,680,000.00
Shenzhen Nianhua	30,000,000.00						30,000,000.00	
Shenzhen Konka Semiconductor	100,000,000.00						100,000,000.00	
Ji'an Konka	50,000.00						50,000.00	
Suining Konka Industrial Park	200,000,000.00						200,000,000.00	
Kangrong Jiayuan	5,100,000.00			5,100,000.00				
Suining Electronic Technology Innovation	200,000,000.00						200,000,000.00	



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Investee Unit	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Shenzhen Chuangzhi Electrical Appliances	10,000,000.00						10,000,000.00	
Chongqing Optoelectronic Technology	1,400,000,000.00						1,400,000,000.00	
Xinying Semiconductor	192,520,000.00						192,520,000.00	
Ningbo Kanghanrui Electric Appliances	90,000,000.00						90,000,000.00	
Suining Jiarun Property	10,000,000.00						10,000,000.00	
Yibin Kangrun	67,000,000.00						67,000,000.00	
Hainan Konka Technology	9,205,452.93						9,205,452.93	
Konka Cross-border (Hebei)	50,000,000.00						50,000,000.00	
Konka Central China	30,000,000.00						30,000,000.00	
Guizhou Kanggui Materials	28,000,000.00						28,000,000.00	
Nantong Kanghai	15,300,000.00						15,300,000.00	
Jiangxi Konka Technology Park	50,000,000.00						50,000,000.00	
Shangrao Konka Electronic Technology Innovation	30,000,000.00						30,000,000.00	

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Investee Unit	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Xi'an Kanghong Technology Industry	12,000,000.00						12,000,000.00	
Xi'an Konka Intelligent Technology	50,000,000.00						50,000,000.00	
Songyang Konka Intelligent	30,000,000.00						30,000,000.00	
Konka North China	30,000,000.00						30,000,000.00	
<b>Total</b>	<b>7,135,714,811.83</b>	<b>689,680,000.00</b>	<b>4,930,000.00</b>	<b>5,100,000.00</b>	<b>25,500,000.00</b>		<b>7,110,044,811.83</b>	<b>715,180,000.00</b>

## (2) Investment in associates

Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease Investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
Anhui Kaikai Shijie E-commerce Co., Ltd.	39,191,473.50	49,583,326.00			-2,938,902.56	57,037.58
Kunshan Kangsheng Investment Development Co., Ltd.	40,891,367.28				-5,388,016.54	
Shaanxi Silk Road Yunqi Intelligent Technology Co., Ltd.	3,467,934.60				-3,315,263.80	
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.		5,158,909.06				
Shenzhen Zhongkang Beidou Technology Co., Ltd.						
Shenzhen Yaode Technology Co., Ltd.		214,559,469.35				

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Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease Investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
Wuhan Tianyuan Group Co., Ltd.	545,842,155.57			239,447,355.00		
Chuzhou Konka Technology Industry Development Co., Ltd.						
Chuzhou Kangjin Health Industry Development Co., Ltd.	92,285,525.83				-32,283,182.56	
Nantong Konka Technology Industrial Park Operation Management Co., Ltd.	5,002,208.91				-5,002,208.91	
Chuzhou Kangxin Health Industry Development Co., Ltd.	6,203,105.97				-1,841,318.73	
Dongguan Guankang Yuhong Investment Co., Ltd.						
Econ Technology Co., Ltd.	714,353,682.97	278,887,555.25			-5,557,305.38	
Dongguan Kangjia New Materials Technology Co., Ltd.	3,231,195.79				-1,323,182.99	
Chongqing Ypfun Technology Co., Ltd.	1,354,769,939.92	23,376,100.00	200,000,000.00			
Yantai Kangyun Industrial Development Co., Ltd.						
E3 (Hainan) Technology Co., Ltd.	4,574,609.73			8,000,000.00		
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.	5,896,518.07				-3,447,912.19	
Shenzhen Konka E-display Intelligent Technology Co., Ltd.	24,007,406.43				3,564,368.70	-136,519.75
Chongqing Yuanlv Benpao Real Estate Co., Ltd.						

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Investee	Beginning balance (Book value)	Provision for impairment Beginning balance	Changes in the current year			
			Increase in investment	Decrease Investment	Gains/losses on investment recognized under the equity method	Adjustments to other comprehensive income
Shenzhen Kangpeng Digital Technology Co., Ltd.	1,310,766.92				-330,466.61	
Wuhan Kangtang Information Technology Co., Ltd.	15,853,661.78				-14,876,432.16	
Sichuan Chengrui Real Estate Co., Ltd.						
Sichuan Hongxinchen Real Estate Development Co., Ltd.	2,459,686.45					
Shenzhen Kangyue Industrial Co., Ltd.		230,011.61				
Konka Huanjia Environmental Protection Technology Co., Ltd.		91,800,000.00				
Kangrong Jiayuan Technology (Zhejiang) Co., Ltd.			1,000,000.00		2,643.86	
<b>Total</b>	<b>2,859,341,239.72</b>	<b>663,595,371.27</b>	<b>201,000,000.00</b>	<b>247, 447,355.00</b>	<b>-72,737,179.87</b>	<b>-79,482.17</b>

(Continued)

Investee	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Anhui Kaikai Shijie E-commerce Co., Ltd.			36,309,608.52			85,892,934.52
Kunshan Kangsheng Investment Development Co., Ltd.					35,503,350.74	
Shaanxi Silk Road Yunqi Intelligent					152,670.80	

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Investee	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Technology Co., Ltd.						
Shenzhen Kanghongxing Intelligent Technology Co., Ltd.						5,158,909.06
Shenzhen Zhongkang Beidou Technology Co., Ltd.						
Shenzhen Yaode Technology Co., Ltd.						214,559,469.35
Wuhan Tianyuan Group Co., Ltd.		8,618,395.70		-297,776,404.87		
Chuzhou Konka Technology Industry Development Co., Ltd.						
Chuzhou Kangjin Health Industry Development Co., Ltd.					60,002,343.27	
Nantong Konka Technology Industrial Park Operation Management Co., Ltd.						
Chuzhou Kangxin Health Industry Development Co., Ltd.			4,361,787.24			4,361,787.24
Dongguan Guankang Yuhong Investment Co., Ltd.						
Econ Technology Co., Ltd.			326,506.69		708,469,870.90	279,214,061.94
Dongguan Kangjia New Materials Technology Co., Ltd.			1,908,012.80			1,908,012.80
Chongqing Ypfun Technology Co., Ltd.	301,193.49		1,555,071,133.41			1,578,447,233.41
Yantai Kangyun Industrial Development Co., Ltd.						

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Investee	Changes in the current year				Ending balance (Book value)	Provision for impairment Ending balance
	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
E3 (Hainan) Technology Co., Ltd.				3,425,390.27		
Shenzhen Konka Jiapin Intelligent Electrical Apparatus Technology Co., Ltd.					2,448,605.88	
Shenzhen Konka E-display Intelligent Technology Co., Ltd.					27,435,255.38	
Chongqing Yuanlv Benpao Real Estate Co., Ltd.						
Shenzhen Kangpeng Digital Technology Co., Ltd.					980,300.31	
Wuhan Kangtang Information Technology Co., Ltd.					977,229.62	
Sichuan Chengrui Real Estate Co., Ltd.						
Sichuan Hongxinchen Real Estate Development Co., Ltd.			2,459,686.45			2,459,686.45
Shenzhen Kangyue Industrial Co., Ltd.						230,011.61
Konka Huanjia Environmental Protection Technology Co., Ltd.						91,800,000.00
Kangrong Jiayuan Technology (Zhejiang) Co., Ltd.				16,291.79	1,018,935.65	
<b>Total</b>	<b>301,193.49</b>	<b>8,618,395.70</b>	<b>1,600,436,735.11</b>	<b>294,334,722.81</b>	<b>836,988,562.55</b>	<b>2,264,032,106.38</b>

#### 4. Operating revenue and cost of sales

##### (1) Operating revenue and cost of sales

Item	Amount incurred in the current year		Amount incurred last year	
	Income	Cost	Income	Cost
Principal activity	1,354,862,479.09	1,382,585,906.19	1,773,409,740.83	1,908,349,581.90
Other	132,961,429.47	63,913,533.56	134,714,183.27	66,145,019.39
<b>Total</b>	<b>1,487,823,908.56</b>	<b>1,446,499,439.75</b>	<b>1,908,123,924.10</b>	<b>1,974,494,601.29</b>

##### (2) Information in relation to the transaction price apportioned to the residual contract performance obligation

At the end of the current year, the amount of revenue corresponding to the performance obligations for which contracts have been signed but have not yet been performed or have not yet been fully performed is RMB 25,285,546.17, which is expected to be recognized as revenue in 2026.

#### 5. Investment income

Item	Amount incurred in the current year	Amount incurred last year
Long-term equity investment income calculated by the cost method		
Returns on long-term equity investments calculated by the equity method	-72,737,179.87	-29,330,307.37
Return on investment arising from the disposal of long-term equity investments	7,970,560.10	78,445,940.06
Investment income from financial assets held for trading during the holding period	420,553.86	4,240,444.62
Investment income from disposal of financial assets held for trading	-1,807,577.63	-26,511,417.25
Gains from remeasurement of residual equity at fair value after losing control		
Interest income from debt investments during the holding period	5,360,451.37	5,688,905.13
Income from the derecognition of financial assets at amortized cost	-226,103.98	-1,332,512.07
Conversion of long-term equity investments accounted for by the equity method to financial assets	655,666,680.89	
Others		
<b>Total</b>	<b>594,647,384.74</b>	<b>31,201,053.12</b>

## Supplementary Materials to the Financial Statements

### 1. Items and amounts of non-recurring gains/losses in the current year

Item	Amount of the current year	Description
Gains/losses on disposal of non-current assets (including the portion offset for provisions for asset impairment)	21,769,444.15	
Government grants included in current gains/losses (except for government subsidies that are closely related to the Company's normal business operation, comply with national policies and are enjoyed in accordance with defined criteria, and have a continuing impact on the Company's gains/losses)	-560,729,053.82	
Gains/losses on fair value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	-455,947,543.58	
Funds occupation fee charged to non-financial enterprises included in current gains/losses		
Gains/losses on entrusting others with investments or asset management		
Gains/losses on loan entrustment	86,761,707.56	
Losses on assets resulted from force majeure factors such as natural disasters		
Reversed portions of impairment allowances for receivables which are tested individually for impairment	13,649,084.68	
Gains arising from business combination when the investment cost is less than the recognized fair value of net assets of the investee		
Current net gains/losses of subsidiaries acquired in business combination under the same control from period-beginning to combination date		
Gains/losses on non-monetary asset swap		
Gains/losses on debt restructuring		
Non-recurring expenses incurred by the enterprise as a result of the discontinuation of a related operating activity, such as expenses for relocating employees		
One-time impact on current gains/losses due to adjustments in tax, accounting and other laws and regulations		
One-time recognition of share-based payment expense due to cancellation and modification of equity incentive plans		
Cash-settled share-based payments, gains/losses arising from changes in the fair value of employee compensation payable after the date of exercisability		
Gains/losses on change in fair value of investment property subject to follow-up measurement at fair value method		
Gains from transactions at significantly unfair prices		
Gains/losses arising from contingencies unrelated to the normal operation of the Company's business		
Custodian fees earned from entrusted operation		



Item	Amount of the current year	Description
Non-operating revenue and expense other than the above	-433,788,481.56	
Other gains/losses that meet the definition of non-recurring gains/losses	-1,069,326,647.31	
Subtotal	<b>-2,397,611,489.88</b>	
Less: Income tax effects	1,029,921.23	
Minority equity effects (after tax)	-197,080,357.87	
<b>Total</b>	<b>-2,201,561,053.24</b>	—

(1) Specific Information of Other Profit and Loss Items Complying with the Definition of Non-recurring Profit and Loss

项目	金额	原因
Wuhan Tianyuan Group Co., Ltd.	655,666,680.89	During the reporting period, the Company changed the accounting treatment method for its equity interest in Wuhan Tianyuan Group Co., Ltd. from long-term equity investments (equity method) to trading financial assets, resulting in the recognition of non-recurring gains and losses
Excess losses of subsidiaries	-1,560,621,492.59	During the reporting period, the loss arising from the claims due from loss-making subsidiaries in excess of their net assets recognized by the Company was included in the "net profit attributable to owners of the parent company", thereby generating non-recurring gains and losses
Interest on equity repurchase payments	-164,371,835.61	During the reporting period, the Company accrued interest on equity repurchase payments

(2) The items that are not listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-recurring gains/losses (Revised in 2023) but recognized by the Company as non-recurring gains/losses items and involving significant amounts, and listed non-recurring gains/losses items recognized as recurring gains/losses items

Item	Amount	Reason
Tax rebates on software and VAT additional deduction	16,548,508.82	Government grants closely related to the normal operation of the Company's business, which comply with national policies and are received continuously based on a certain standard quota or quantitative amount

## 2. Return on net assets and earnings per share

Profit for the Reporting Period	Weighted average Return on net assets (%)	EPS (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent company	Not applicable	-5.2254	-5.2254

Profit for the Reporting Period	Weighted average Return on net assets (%)	EPS (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent company before non-recurring gains/losses	Not applicable	-4.3111	-4.3111