

**TSANN KUEN (CHINA) ENTERPRISE CO.,  
LTD.**

**AUDITOR'S REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

**ENGLISH TRANSLATION OF AUDITOR'S  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**IF THERE IS ANY CONFLICT BETWEEN THE  
CHINESE VERSION AND ITS ENGLISH  
TRANSLATION, THE CHINESE VERSION  
WILL PREVAIL**

**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Auditor's Report and Financial Statements**

(From 1 January 2025 to 31 December 2025)

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**Auditor's Report**  
(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2026] No. ZA10214

**To the Shareholders of Tsann Kuen (China) Enterprise Co., Ltd.:**

**Opinion**

We have audited the accompanying financial statements of Tsann Kuen (China) Enterprise Co., (“TKC”), which comprise the consolidated and company's balance sheets as at 31 December 2025, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

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

**Basis for Opinion**

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of TKC in accordance with China Independence Standard for Certified Public Accountants No. 1 – Independence for Audit and Review Engagements and China Code of Ethics for Certified Public Accountants (“the CICPA Code”) and have fulfilled our other ethical responsibilities in accordance with the CICPA Code. The independence requirements for audits of public interest entities have been applied in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
1. Recognition of revenues	
Description of the matter	Audit response
Refer to Note V (35) to the financial statements, TKC's operating income for the year ended 31 December 2025 amounted to	Regarding revenue recognition of TKC, audit procedures we performed primarily included:

Key Audit Matters	How these matters were addressed in the audit
<p data-bbox="276 297 813 387">CNY 1,344,775,556.24, representing an decrease of 20.95% compared to the previous period.</p> <p data-bbox="276 421 813 611">Operating income is one of TKC's key performance indicators. Since fluctuations in gross margin have a significant impact on TKC's operating results for current period, revenue recognition is determined as a key audit matter.</p>	<p data-bbox="829 320 1351 454">(1) Understanding and evaluating the design and operating effectiveness of key internal controls related to revenue recognition by management.</p> <p data-bbox="829 488 1351 768">(2) Reviewing sales contracts, on sample basis, and collaborating with interviews with management, to identify contract terms and conditions related to the transfer of control over goods and to evaluate whether the timing of revenue recognition for product sales is in compliance with the requirements of Accounting Standards for Business Enterprises.</p> <p data-bbox="829 801 1351 1126">(3) For domestic sales, examining supporting documents, on sample basis, related to revenue recognition, including sales contracts, orders, sales invoices, goods delivery notes, customer receipts, etc. For export sales, agreeing electronic port information with accounting records, and examining, on sample basis, supporting documents such as sales contracts, export customs declarations, sales invoices, etc.</p> <p data-bbox="829 1137 1351 1350">(4) Sending confirmations to major customers to verify sales amounts. For non-replied confirmations, we performed alternative procedures by examining sales contracts, delivery notes, shipping documents, export customs declarations, bills of lading, sales invoices, etc.</p> <p data-bbox="829 1361 1351 1597">(5) Examining cash receipt records, sales invoices, export customs declarations, bills of lading, customer receipts, and sales remittance documents in relation to the sales transactions, on sample basis, recorded in current year. We also sent confirmations on accounts receivable balances at period-end for existence of revenue.</p> <p data-bbox="829 1608 1351 1888">(6) Performing analytical procedures, including revenue, cost, and gross margin fluctuations analysis between the current and previous periods; flux analysis by month in relation to revenue, cost, and gross margin fluctuations; using factor analysis to evaluate the impact of various factors on gross profit and assessing the reasonableness of these impacts.</p> <p data-bbox="829 1899 1351 1955">(7) Cut-off test on revenue recognized before and after the balance sheet date, including</p>

Key Audit Matters	How these matters were addressed in the audit
	<p>examining delivery notes, customs declarations, bills of lading, and other supporting documents to ensure that revenue was recorded in the correct accounting period.</p> <p>(8) Understanding and observing client's business operations status and their collaboration with TKC through email interviews and public information research.</p>
<p>2. Inventory provision</p>	
<p>Description of the matter</p> <p>Refer to Note V (6) to the financial statements, as at 31 December 2025, TKC's inventory balance was CNY 215,823,595.28, with an inventory provision of CNY 22,105,533.83.</p> <p>Management performs impairment tests on inventory as at balance sheet date. Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price of the inventory, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Significant judgments and assumptions are involved by management in these forecasts, particularly regarding future selling prices, production costs, operating expenses, and related taxes. Given the complexity involved in the inventory impairment testing process on yearly basis, which requires critical judgments and estimates, inventory provision is determined as a key audit matter.</p>	<p>Audit response</p> <p>Regarding inventory provisions for TKC, the audit procedures we performed primarily included:</p> <p>(1) Understanding and evaluating the design and operating effectiveness of internal controls related to inventory provisions made by management.</p> <p>(2) Understanding inventory impairment provision policy, and comparing it with those of peer companies in the same industry, to evaluate whether it complies with the Accounting Standards for Enterprises.</p> <p>(3) Reviewing costing data and performing analysis on material, labor, and overhead costs for major products by year and by month.</p> <p>(4) Obtaining an inventory aging analysis prepared by management and evaluating inventory aging and inventory turnover, collaborating discussing with management on TKC's inventory provision policies to assess the reasonableness of inventory provisions.</p> <p>(5) Physical inventory count observation to examine the quantity and condition of inventory items. Special attention was given to high-value or slow-moving inventory items.</p> <p>(6) For products where public market sales prices are available, independently querying public market price information and comparing it with the estimated selling prices used by management in determining inventory provision.</p>

Key Audit Matters	How these matters were addressed in the audit
	<p>(7) For products where public market sales prices are not available, comparing the estimated selling prices with actual selling prices from recent transactions or post-period sales, on sample basis.</p> <p>(8) Comparing the costs incurred to complete similar raw materials and work-in-progress during the year, on sample basis, to evaluate the reasonableness of TKC's estimates of costs to complete production.</p>

### Other Information

Management of TKC (“Management”) is responsible for the other information. The other information comprises all of the information included in the 2025 annual report of TKC, other than the financial statements and our auditor's report thereon.

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

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

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**BDO CHINA Shu Lun Pan**  
**Certified Public Accountants LLP**

**Certified Public Accountant of China:**  
**(Engagement Partner)**



**Certified Public Accountant of China:**



**Shanghai, China**

**7 March, 2026**



**Tsan Kuen (China) Enterprise Co., Ltd.**  
**Consolidated Balance Sheet**  
 (All amounts in RMB Yuan unless otherwise stated)  
 (English Translation for Reference Only)

Item	Notes	31/12/2025	31/12/2024
<b>Current Assets:</b>			
Cash at bank and on hand	V.1	460,847,776.00	444,377,943.52
Settlements provision			
Loans to banks and other financial institutions			
Financial assets held for trading	V.2		50,942,083.33
Derivative financial instrument			
Notes receivable			
Accounts receivable	V.3	139,969,323.13	203,955,899.80
Financing receivable			
Prepayments	V.4	4,955,253.01	4,318,758.91
Insurance premium receivable			
Due from reinsurers			
Provision of reinsurance contract reserve receivable			
Other receivables	V.5	21,608,192.98	27,902,480.51
Financial assets purchased under agreements to resell			
Inventories	V.6	193,718,061.45	194,399,523.78
including: Data Resources			
Contractual asset			
<b>Held for sale assets</b>			
Current portion of non-current assets	V.7	555,877,899.74	51,260,694.44
Other current assets	V.8	288,286,038.04	554,336,979.01
<b>Total Current Assets</b>		<b>1,665,262,544.35</b>	<b>1,531,494,363.30</b>
<b>Non-Current Assets:</b>			
Loans and advances			
Debt investment	V.9	208,602,148.68	540,534,660.69
Other debt investment			
Long-term receivables			
Long-term equity investment	V.10	7,884,938.82	
Other equity instrument investment	V.11	40,000.00	40,000.00
Other non-current financial instrument			
Investments properties	V.12	18,560,118.67	19,287,755.23
Fixed assets	V.13	162,861,863.08	146,795,190.83
Construction in process	V.14	14,770,911.87	3,462,300.89
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.15	340,387,210.22	353,943,869.92
Intangible assets	V.16	10,806,092.17	11,947,318.66
including: Data Resources			
Development expenditures			
including: Data Resources			
Goodwill			
Long-term prepaid expenses	V.17	3,395,913.29	5,571,380.26
Deferred tax assets	V.18	15,842,586.55	11,872,802.85
Other non-current assets	V.19	6,273,764.94	10,099,186.11
<b>Total Non-current Assets</b>		<b>789,425,548.29</b>	<b>1,103,554,465.44</b>
<b>Total Assets</b>		<b>2,454,688,092.64</b>	<b>2,635,048,828.74</b>

Legal Representative:

Chief Financial Officer:

Finance Manager:



**Tsana Kuen (China) Enterprise Co., Ltd.**  
**Consolidated Balance Sheet (continued)**  
**(All amounts in RMB Yuan unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Notes	31/12/2025	31/12/2024
<b>Current Liabilities:</b>			
Short-term borrowings			
Borrowing from the central bank			
Deposits and balances from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	V.21	2,224,816.88	19,418,627.35
Accounts payable	V.22	383,868,393.34	517,321,517.29
Received in advance	V.23	2,382,045.58	2,924,333.25
Contractual liability	V.24	23,617,663.18	16,296,739.65
Financial assets sold under agreements to buy			
Customer deposits and balances from banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee Benefits Payable	V.25	58,319,624.45	53,957,022.40
Taxes payable	V.26	7,067,320.13	18,310,394.76
Other payables	V.27	28,579,322.67	40,877,557.33
Fees and commission payable			
Payable reinsurance			
Liabilities classified as held for sale			
Current portion of non-current liabilities	V.28	476,624.15	922,678.70
Other current liabilities			
<b>Total Current Liabilities</b>		<b>506,535,810.38</b>	<b>670,028,870.73</b>
<b>Non-current Liabilities:</b>			
Insurance reserves			
Long-term borrowings			
Bonds payable			
including: Preference share			
Perpetual debt			
Lease liabilities	V.29	401,559,564.79	396,004,620.97
Long-term payables			
Long-term employee payables			
Provisions			
Deferred income			
Deferred Tax liabilities			
Other non-current liabilities			
<b>Total Non-current Liabilities</b>		<b>401,559,564.79</b>	<b>396,004,620.97</b>
<b>Total Liabilities</b>		<b>908,095,375.17</b>	<b>1,066,033,491.70</b>
<b>Owners' Equity (or Shareholders' Equity):</b>			
Share Capital	V.29	185,391,680.00	185,391,680.00
Other equity instrument			
including: preference share			
perpetual capital securities			
Capital reserves	V.31	296,808,965.79	296,808,965.79
Less: Treasury stock			
Other comprehensive income	V.32	8,287,226.27	11,252,746.52
Special reserves			
Surplus reserves	V.33	86,780,627.31	81,427,732.56
General reserve			
Retained earnings	V.34	512,340,440.03	527,518,517.81
Equity attributable to owners of the company		1,089,608,939.40	1,102,399,642.68
Non-controlling interests		456,983,778.07	466,615,694.36
<b>Total Equity</b>		<b>1,546,592,717.47</b>	<b>1,569,015,337.04</b>
<b>Total Liabilities and Equity</b>		<b>2,454,688,092.64</b>	<b>2,635,048,828.74</b>

Legal Representative:

Chief Financial Officer:

Finance Manager:



**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Company's Balance Sheet**  
**(All amounts in RMB Yuan unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Notes	31/12/2025	31/12/2024
<b>Current Assets:</b>			
Cash at bank and on hand		21,849,532.74	9,893,016.08
Financial assets held for trading			
Derivative financial instrument			
Notes receivable			
Accounts receivable	XV.1	4,371.17	201,780.44
Financing receivable			
Prepayments			21,287.13
Other receivables	XV.2	5,020,385.44	6,555,310.24
Inventories		862,258.78	2,264,166.58
including: Data Resources			
Contractual asset			
Held for sale assets			
Current portion of non-current assets			
Other current assets			
<b>Total Current Assets</b>		<b>27,736,548.13</b>	<b>18,935,560.47</b>
<b>Non-Current Assets:</b>			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	XV.3	923,414,701.56	923,414,701.56
Other equity instrument investment		40,000.00	40,000.00
Other non-current financial instrument			
Investments properties		18,488,476.01	19,301,965.49
Fixed assets		729,555.26	294,240.38
Construction in process		80,198.02	97,676.45
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
including: Data Resources			
Development expenditures			
including: Data Resources			
Goodwill			
Long-term prepaid expenses		736,503.51	1,016,860.33
Deferred tax assets		696,346.82	824,852.10
Other non-current assets			
<b>Total Non-current Assets</b>		<b>944,185,781.18</b>	<b>944,990,296.31</b>
<b>Total Assets</b>		<b>971,922,329.31</b>	<b>963,925,856.78</b>

Legal Representative:

Chief Financial Officer:

Finance Manager:



**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Company's Balance Sheet (continued)**  
**(All amounts in RMB Yuan unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Notes	31/12/2025	31/12/2024
<b>Current Liabilities:</b>			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		556,027.25	1,815,877.06
Received in advance		2,170,012.42	2,403,680.33
Contractual liability		73,127.34	153,646.35
Employee Benefits Payable		7,323,253.61	8,589,134.60
Taxes payable		5,312,866.63	5,127,289.98
Other payables		3,666,211.88	13,173,843.37
Liabilities classified as held for sale			
Current portion of non-current liabilities			
Other current liabilities			
<b>Total Current Liabilities</b>		<b>19,101,499.13</b>	<b>31,263,471.69</b>
<b>Non-current Liabilities:</b>			
Long-term borrowings			
Bonds payable			
including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payables			
Long-term employee payables			
Provisions			
Deferred income			
Deferred Tax liabilities			
Other non-current liabilities			
<b>Total Non-current Liabilities</b>			
<b>Total Liabilities</b>		<b>19,101,499.13</b>	<b>31,263,471.69</b>
<b>Owners Equity (or Shareholders Equity):</b>			
Share Capital		185,391,680.00	185,391,680.00
Other equity instrument			
Including: preference share			
perpetual capital securities			
Capital reserves		271,490,289.82	271,490,289.82
Less: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		86,780,627.31	81,427,732.56
Retained earnings		409,158,233.05	394,352,682.71
<b>Total Equity</b>		<b>952,820,830.18</b>	<b>932,662,385.09</b>
<b>Total Liabilities and Equity</b>		<b>971,922,329.31</b>	<b>963,925,856.78</b>

Legal Representative

Chief Financial Officer:

Finance Manager:



**Xiamen Kuen (China) Enterprise Co., Ltd.**  
**Consolidated Income Statement**  
 (All amounts in RMB Yuan unless otherwise stated)  
 (English Translation for Reference Only)

Item	Notes	2025	2024
<b>I. Total revenue</b>		1,344,775,556.24	1,701,115,450.56
Including: Insurance revenue	V.35	1,344,775,556.24	1,701,115,450.56
Interest income			
Net earned premiums			
Net fee and commission revenue			
<b>II. Total cost of sales</b>		1,347,440,334.84	1,621,904,892.41
Including: Cost of sales	V.35	1,164,647,541.66	1,442,304,059.99
Interest expenses			
Fees and commission expenses			
Surrenders			
Net payments for insurance claims			
Net provision of insurance reserve			
Policyholder dividends			
Reinsurance expenses			
Taxes and surcharges	V.36	8,309,667.68	9,575,256.08
Selling and distribution expenses	V.37	22,681,766.27	32,229,714.35
General and Administrative Expenses	V.38	76,651,233.17	71,475,902.71
Research and Development Expenses	V.39	61,494,511.72	64,932,266.81
Financial expenses	V.40	13,655,614.34	1,387,692.47
Including: Interest expenses	V.40	21,174,939.96	21,700,670.25
Interest income	V.40	6,644,317.40	9,148,448.06
add: other income	V.41	7,797,792.60	2,474,270.98
investment income (Loss listed with "-")	V.42	29,022,384.02	37,678,574.75
Including: income from investments in associates and joint ventures		-1,713,478.49	
Gain arising from derecognition of financial asset measured at amortized cost			
Exchange gain (Loss listed with "-")			
Net exposure hedging gains/Loss listed with "-")			
Gain on the changes in fair value (Loss listed with "-")	V.43	-942,083.33	-2,066,950.01
Credit impairment losses(Loss listed with "-")	V.44	-828,311.85	1,247,974.06
Assets impairment losses(Loss listed with "-")	V.45	-3,642,607.37	-9,171,148.75
Gain on asset disposal(Loss listed with "-")	V.46		756,104.15
<b>III. Operating profit (Loss listed with "-")</b>		28,742,395.47	110,129,383.33
Add: Non-operating income	V.47	2,062,990.74	488,343.55
Less: Non-operating expenses	V.48	121,321.05	86,992.81
<b>IV. Total profit (Loss listed with "-")</b>		30,684,065.16	110,530,734.07
Less: Income tax expenses	V.49	2,335,334.43	14,439,043.79
<b>V. Net profit (Net loss listed with "-")</b>		28,348,730.73	96,091,690.28
1. Classification by continuity			
(1) Net profit from continuing operation		28,348,730.73	96,091,690.28
(2) Net profit from discontinuing operation			
2. Classification by ownership			
(1) Net profit attributable to equity holders( shareholders) of the Company		23,545,319.37	72,782,642.48
(2) Net profit attributable to non-controlling interests		4,803,411.36	23,309,047.80
<b>VI. Other comprehensive income net off tax</b>		-3,954,027.00	1,367,590.68
Other comprehensive income, net of tax, attributable to owners of the company		-2,965,520.25	1,025,693.01
1. Other comprehensive income that will not be reclassified to profit or loss			
(1) Remeasurement gains or losses of a defined benefit plan			
(2) Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value of enterprise's own credit risk			
2. Other comprehensive income to be reclassified to profit or loss		-2,965,520.25	1,025,693.01
(1) Under equity method, proportionate share of other comprehensive income invested company			
(2) FV change of other debt investment			
(3) Financial instrument reclassified into other comprehensive income			
(4) Credit impairment provision of other debt investment			
(5) Cash flow hedges effective portion			
(6) Foreign currency translation difference		-2,965,520.25	1,025,693.01
(7) Others			
Total comprehensive income attributable to non-controlling interests		-988,506.75	341,897.67
<b>VII. Total comprehensive income</b>		24,394,703.73	97,459,280.96
Total comprehensive income attributable to the company		20,579,799.12	73,808,335.49
Total comprehensive income attributable to minority interest		3,814,904.61	23,650,945.47
<b>VIII. Earnings per share</b>			
1. Basic earnings per share (Yuan / share)		0.13	0.39
2. Diluted earnings per share (Yuan / share)		0.13	0.39

Legal Representative:

Chief Financial Officer:

Finance Manager:



**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Company's Income Statement**  
**(All amounts in RMB Yuan unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Notes	2025	2024
I. Operating income	XV.4	65,033,846.93	62,577,021.03
Less: Cost of sales	XV.4	40,233,757.88	38,198,806.71
Taxes and surcharges		3,622,720.97	3,493,800.18
Selling and distribution expenses		1,156,996.31	4,969,111.32
General and Administrative Expenses		3,249,234.00	3,756,259.59
Research and Development Expenses			
Financial expenses		-181,169.83	669,696.35
Including: Interest expenses			
Interest income		96,993.71	238,136.71
Add: Other income		146,330.80	253,036.51
Investment income (Loss listed with "-")	XV.5	40,989,673.41	50,748,305.69
Including: income from investments in associates and joint ventures			
Gain arising from derecognition of financial asset measured at amortized cost			
Net exposure hedging gains (Loss listed with "-")			
Gain on the changes in fair value (Loss listed with "-")			
Credit impairment losses (Loss listed with "-")		10,865.60	-90,756.57
Assets impairment losses (Loss listed with "-")		-493,604.13	-465,206.38
Gain on asset disposal (Loss listed with "-")			
II. Operating profit (Loss listed with "-")		57,605,573.28	61,934,726.13
Add: Non-operating income		87,670.00	145,283.80
Less: Non-operating expenses			
III. Total profit (Loss listed with "-")		57,693,243.28	62,080,009.93
Less: Income tax expenses		4,164,295.79	2,817,567.94
IV. Net profit (Net loss listed with "-")		53,528,947.49	59,262,441.99
(1) Net profit from continuing operation		53,528,947.49	59,262,441.99
(2) Net profit from discontinuing operation			
V. Other comprehensive income net off tax			
1. Other comprehensive income that will not be reclassified to profit or loss			
(1) Remeasurement gains or losses of a defined benefit plan			
(2) Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value of enterprise's own credit risk			
2. Other comprehensive income to be reclassified to profit or loss			
(1) Under equity method, proportionate share of other comprehensive income invested company			
(2) FV change of other debt investment			
(3) Financial instrument reclassified into other comprehensive income			
(4) Credit impairment provision of other debt investment			
(5) Cash flow hedges effective portion			
(6) Foreign currency translation difference			
(7) Others			
VI. Total comprehensive income		53,528,947.49	59,262,441.99

Legal Representative:

Chief Financial Officer:

Finance Manager:



**Tsan Kuen (China) Enterprise Co., Ltd.**  
**Consolidated Statement of Cash Flows**  
**(All amounts in RMB Yuan unless otherwise stated)**

(English Translation for Reference Only)

Item	Notes	2025	2024
<b>I. Cash flow from operating activities</b>			
Cash receipts from the sale of goods and the rendering of services		1,387,747,083.34	1,684,727,339.30
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Refunds of taxes		115,274,285.06	130,736,109.49
Cash received relating to other operating activities	V.51	122,840,857.51	105,745,612.01
<b>Sub-total of cash inflows from operating activities</b>		<b>1,625,862,225.91</b>	<b>1,921,209,060.80</b>
Cash payments for goods and services acquired		1,173,380,815.04	1,282,912,066.78
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash payments to and on behalf of employees		315,057,361.50	333,654,754.29
Tax and duties payments		29,575,058.55	72,142,459.95
Cash paid relating to other operating activities	V.51	122,836,112.72	96,116,367.69
<b>Sub-total of cash outflows from operating activities</b>		<b>1,640,849,347.81</b>	<b>1,784,825,648.71</b>
<b>Net cash flows from operating activities</b>		<b>-14,987,121.90</b>	<b>136,383,412.09</b>
<b>II. Cash flows from investing activities</b>			
Cash receipts from return of investments		51,074,481.69	467,496,463.16
Cash receipts from investments income		16,361,358.78	29,616,139.06
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		16,039,064.48	3,436,879.76
Net cash receipts from disposal of subsidiaries and other businesses			
Cash received relating to other investing activities	V.51	635,349,329.98	546,076,871.65
<b>Sub-total of cash inflows from investing activities</b>		<b>718,824,234.93</b>	<b>1,046,626,353.63</b>
Cash payments for acquired fixed assets, intangible assets and other long-term assets		83,287,810.76	43,665,792.26
Cash payments for investment		214,439,000.00	481,500,000.00
Net increase of pledged loan			
Net cash payments for acquisition of subsidiaries and other businesses			
Other cash payments in investing activities	V.51	325,728,783.59	699,587,632.10
<b>Sub-total of cash outflows from investing activities</b>		<b>623,455,594.35</b>	<b>1,224,753,424.36</b>
<b>Net cash flows from investment activities</b>		<b>95,368,640.58</b>	<b>-178,127,070.73</b>
<b>III. Cash flows from financing activities</b>			
Cash received from capital injection			
Including: Cash received by subsidiaries from investment absorption of minority interest			
Cash receipts from borrowings		35,841,800.00	21,282,600.00
Other cash receipts in financing activities	V.51	4,748,170.39	11,360,910.42
<b>Sub-total of cash inflows from financing activities</b>		<b>40,589,970.39</b>	<b>32,643,510.42</b>
Cash paid for settlement of borrowings		35,730,000.00	21,309,000.00
Cash paid for dividends, profits appropriation or payments of interest		51,550,436.52	68,274,838.64
Including: Dividends and profits paid to minority interest		13,446,820.90	16,479,864.07
Other cash payments in financing activities	V.51	15,555,306.89	21,446,503.68
<b>Sub-total of cash outflows from financing activities</b>		<b>102,835,743.41</b>	<b>111,030,342.32</b>
<b>Net cash flows from financing activities</b>		<b>-62,245,773.02</b>	<b>-78,386,831.90</b>
<b>IV. Effect of changes in foreign exchange rate on cash and cash equivalents</b>		<b>821,302.84</b>	<b>210,946.51</b>
<b>V. Net increases in cash and cash equivalents</b>		<b>18,957,048.50</b>	<b>-119,919,544.03</b>
Add: the beginning balance of cash and cash equivalent		441,890,727.50	561,810,271.53
<b>VI. The ending balance of cash and cash equivalent</b>		<b>460,847,776.00</b>	<b>441,890,727.50</b>

Legal Representative:

Chief Financial Officer:

Finance Manager:



**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Company's Statement of Cash Flows**  
 (All amounts in RMB Yuan unless otherwise stated)  
 (English Translation for Reference Only)

Items	Notes	2025	2024
<b>I. Cash flow from operating activities</b>			
Cash receipts from the sale of goods and the rendering of services		1,914,120.68	3,439,524.96
Refunds of taxes			
Cash received relating to other operating activities		69,655,986.18	64,957,580.15
Sub-total of cash inflows from operating activities		71,570,106.86	68,397,105.11
Cash payments for goods and services acquired		1,973,804.82	1,759,781.26
Cash payments to and on behalf of employees		3,286,950.69	2,951,729.61
Tax and duties payments		10,946,438.15	8,283,951.05
Cash paid relating to other operating activities		50,143,940.24	57,599,761.90
Sub-total of cash outflows from operating activities		66,351,133.90	70,595,223.82
<b>Net cash flows from operating activities</b>		<b>5,218,972.96</b>	<b>-2,198,118.71</b>
<b>II. Cash flows from investing activities</b>			
Cash receipts from return of investments			
Cash receipts from investments income		40,989,673.41	50,748,305.69
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets			
Net cash receipts from disposal of subsidiaries and other businesses			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		<b>40,989,673.41</b>	<b>50,748,305.69</b>
Cash payments for acquired fixed assets, intangible assets and other long-term assets		1,004,782.17	297,569.26
Cash payments for investment			
Net cash payments for acquisition of subsidiaries and other businesses			
Other cash payments in investing activities			
Sub-total of cash outflows from investing activities		1,004,782.17	297,569.26
<b>Net cash flows from investment activities</b>		<b>39,984,891.24</b>	<b>50,450,736.43</b>
<b>III. Cash flows from financing activities</b>			
Cash received from capital injection			
Cash receipts from borrowings			
Other cash receipts in financing activities			
Sub-total of cash inflows from financing activities			
Cash paid for settlement of borrowings			
Cash paid for dividends, profits appropriation or payments of interest		33,370,502.40	46,347,920.00
Other cash payments in financing activities			
Sub-total of cash outflows from financing activities		33,370,502.40	46,347,920.00
<b>Net cash flows from financing activities</b>		<b>-33,370,502.40</b>	<b>-46,347,920.00</b>
<b>IV. Effect of changes in foreign exchange rate on cash and cash equivalents</b>		<b>123,154.86</b>	<b>-1,238.75</b>
<b>V. Net increases in cash and cash equivalents</b>		<b>11,956,516.66</b>	<b>1,903,458.97</b>
Add: the beginning balance of cash and cash equivalent		9,893,016.08	7,989,557.11
<b>VI. The ending balance of cash and cash equivalent</b>		<b>21,849,532.74</b>	<b>9,893,016.08</b>

Legal Representative: Chief Financial Officer:

Finance Manager:

Financial statements

**Isann Kuen (China) Enterprise Co., Ltd.**  
**Consolidated Statement of Changes in Shareholder's Equity**  
**(All amounts in RMB Yuan unless otherwise stated)**

(English Translation for Reference Only)

2025

Item	Share capital	Other equity instruments				Preference shares			Perpetual capital securities				Subtotal	Non-controlling interests	Total shareholders' equity		
		Preference shares	Perpetual capital securities	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General reserve	Retained earnings						
I. Balance at the end of previous year	185,391,680.00				296,808,965.79			11,252,746.52			81,427,732.56			527,518,517.81	1,102,399,642.68	466,615,694.36	1,569,015,337.04
Add: Changes in accounting policies																	
Correction of prior period errors																	
Business combination under common control																	
Others																	
II. Balance at the beginning of the year	185,391,680.00				296,808,965.79			11,252,746.52			81,427,732.56			527,518,517.81	1,102,399,642.68	466,615,694.36	1,569,015,337.04
III. Increase/ Decrease for current year																	
(Decrease listed with "+")																	
1. Total of comprehensive income																	
2. Capital contribution and reduction																	
(1) Ordinary shares contributed by shareholders																	
(2) Capital contributed by holders of other equity instruments																	
(3) Share-based payments recognised in owners' equity																	
4. Others																	
3. Profit appropriations																	
(1) Transfer to surplus reserve																	
2. Transfer to General Reserve																	
3. Distribution to shareholders																	
4. Others																	
4. Transfer within equity capital																	
(1) Capital reserves converted to share capital																	
(2) Surplus reserves converted to share capital																	
(3) Loss made up by surplus reserves																	
(4) Changes in the defined benefit plan transferred to retained earnings																	
(5) Other comprehensive income transferred to retained earnings																	
6. Others																	
5. Special reserves																	
(1) Additions																	
(2) Utilisation																	
6. Others																	
IV. Balance at end of current year	185,391,680.00				296,808,965.79			8,287,226.27			86,780,627.31			512,340,440.03	1,089,608,939.40	456,983,778.07	1,546,592,717.47

Legal Representative: 

Chief Financial Officer: 

Finance Manager: 

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**Tsam Kuen (China) Enterprise Co., Ltd.**  
**Consolidated Statement of Changes in Shareholder's Equity (continued)**  
**(All amounts in RMB Yuan unless otherwise stated)**

(English Translation for Reference Only)

Item	2024										Total shareholders' equity			
	Share capital	Preference shares	Perpetual capital securities	Other equity instruments	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General reserve		Retained earnings	Subtotal	Non-controlling interests
I. Balance at the end of previous year	185,391,680.00				296,808,965.79		10,227,053.51		75,501,488.36		507,010,039.53	1,074,939,227.19	459,444,612.96	1,534,383,840.15
Add: Changes in accounting policies														
Correction of prior period errors														
Business combination under common control														
Others														
II. Balance at the beginning of the year	185,391,680.00				296,808,965.79		10,227,053.51		75,501,488.36		507,010,039.53	1,074,939,227.19	459,444,612.96	1,534,383,840.15
III. Increase/ Decrease for current year (Decrease listed with "-")														
1. Total of comprehensive income														
2. Capital contribution and reduction														
(1) Ordinary shares contributed by shareholders														
(2) Capital contributed by holders of other equity instruments														
(3) Share-based payments recognised in owners' equity														
(4) Others														
3. Profit appropriations														
(1) Transfer to surplus reserve														
(2) Transfer to general Reserve														
(3) Distribution to shareholders														
(4) Others														
4. Transfer within equity														
(1) Capital reserves converted to share capital														
(2) Surplus reserves converted to share capital														
(3) Loss made up by surplus reserves														
(4) Changes in the defined benefit plan transferred to retained earnings														
(5) Other comprehensive income transferred to retained earnings														
(6) Others														
5. Special reserves														
(1) Additions														
(2) Utilization														
(3) Others														
6. Others														
IV. Balance at end of current year	185,391,680.00				296,808,965.79		11,252,746.52		81,427,732.55		527,518,517.81	1,102,399,642.68	466,615,694.36	1,569,015,337.04

Legal Representative: 

Chief Financial Officer: 

Finance Manager: 

**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Company's Statement of Changes in Shareholder's Equity**  
**(All amounts in RMB Yuan unless otherwise stated)**

(English Translation for Reference Only)

2025

Item	Share capital				Other equity instruments			Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Subtotal
	Share capital	Preference shares	Perpetual capital securities	Others	Capital reserves	Other comprehensive income	Surplus reserves						
I. Balance at the end of previous year	185,391,680.00				271,490,289.82						81,427,732.56	394,352,682.71	932,662,385.09
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
II. Balance at the beginning of the year	185,391,680.00				271,490,289.82						81,427,732.56	394,352,682.71	932,662,385.09
III. Increase/ Decrease for current year (Decrease listed with "+")													
1. Total of comprehensive income													
2. Capital contribution and reduction													
(1) Ordinary shares contributed by shareholders													
(2) Capital contributed by holders of other equity instruments													
(3) Share-based payments recognised in owners' equity													
(4) Others													
3. Profit appropriations													
(1) Transfer to surplus reserve											5,352,894.75	-38,723,397.15	-33,370,502.40
(2) Distribution to shareholders											5,352,894.75	-5,352,894.75	
(3) Others												-33,370,502.40	-33,370,502.40
4. Transfer within equity													
(1) Capital reserves converted to share capital													
(2) Surplus reserves converted to share capital													
(3) Loss made up by surplus reserves													
(4) Changes in the defined benefit plan transferred to retained earnings													
(5) Other comprehensive income transferred to retained earnings													
(6) Others													
5. Special reserves													
(1) Additions													
(2) Utilisation													
6. Others													
IV. Balance at end of current year	185,391,680.00				271,490,289.82						86,780,627.31	409,158,233.05	952,820,830.18

Legal Representative: 

Chief Financial Officer:



Finance Manager:



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**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Company's Statement of Changes in Shareholder's Equity (continued)**  
**(All amounts in RMB Yuan unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	2024						Subtotal				
	Share capital	Preference shares	Perpetual capital securities	Others	Capital reserves	Less: Treasury stock		Other comprehensive income	Special reserves	Surplus reserves	Retained earnings
I. Balance at the end of previous year	185,391,680.00				271,490,289.82				75,501,488.36	387,364,404.92	919,747,863.10
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at the beginning of the year	185,391,680.00				271,490,289.82				75,501,488.36	387,364,404.92	919,747,863.10
III. Increase/ Decrease for current year (Decrease listed with "+")									5,926,244.20	6,988,277.79	12,914,521.99
1. Total of comprehensive income										59,262,441.99	59,262,441.99
2. Capital contribution and reduction											
(1) Ordinary shares contributed by shareholders											
(2) Capital contributed by holders of other equity instruments											
(3) Share-based payments recognised in owners' equity											
(4) Others											
3. Profit appropriations									5,926,244.20	-52,274,164.20	-46,347,920.00
(1) Transfer to surplus reserve									5,926,244.20	-5,926,244.20	
(2) Distribution to shareholders										-46,347,920.00	-46,347,920.00
(3) Others											
4. Transfer within equity											
(1) Capital reserves converted to share capital											
(2) Surplus reserves converted to share capital											
(3) Loss made up by surplus reserves											
(4) Changes in the defined benefit plan transferred to retained earnings											
(5) Other comprehensive income transferred to retained earnings											
(6) Others											
5. Special reserves											
(1) Additions											
(2) Utilisation											
6. Others											
IV. Balance at end of current year	185,391,680.00				271,490,289.82				81,427,732.56	394,352,682.71	932,662,385.09

Legal Representative:

Chief Financial Officer:

Finance Manager:

**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025**  
(All amounts in RMB Yuan unless otherwise stated)  
(English Translation for Reference Only)

**I. The basic information of company**

TsannKuen (China) Enterprise Co., Ltd. (hereafter “the Company or TKC”) was established in the People’s Republic of China (“the PRC”) in 1988 as a wholly owned foreign investment enterprise, the Company named in TsannKuen China (Xiamen) Ltd., firstly, invested by the Fordchee Development Limited, EUPA Industry Corporation Limited and Fillman Investments Limited. On 16 February 1993, with the approval of the Ministry of Foreign Trade and Economic Co-operation, the Company was reorganized into an incorporated company and was renamed as TsannKuen (China) Enterprise Co., Ltd. In June 1993, the Company issued 40,000,000 new shares pursuant to an international placing and public offer and these new shares (“B shares” “B shares”) were then listed on the Shenzhen Stock Exchange on 30 June 1993. According to the “Intended Implementation of Share Reducing Proposal” of the 5th extraordinary board of director of 2012 and the 3rd extraordinary shareholders’ general meeting of 2012, obtained the consent from the Investment Promotion Bureau of Xiamen which is authorized by the Ministry of Commerce and the approval documents “The Approval by Investment Promotion Bureau of Xiamen to Consent the Capital Reduction of TsannKuen (China) Enterprise Co., Ltd.” (IPB audit [2012] NO. 698), as the base 1,112,350,077 shares of the total original share capital, for implementation of share reducing model that all registered shareholders who was recorded on 28 December 2012 with the proportion 6:1 to reduce the shares. After the implementation of share reducing model, total share capital was reduced from 1,112,350,077 shares to 185,391,680 shares of the company. Until 31 December 2025, the Company’s share capital is CNY 185,391,680.

Following The Ministry of Commerce of the People’s Republic of China approved (The No. [2005]3107 “Agreed in Principle to the Ministry of Commerce on TsannKuen (China) Enterprise Co., Ltd. Shares Traded Sponsor of the Approval”), On 6 December 2006, the Company received the [2006] No.266 file “The notice of TsannKuen (China) Enterprise Co., Ltd, concerning the Approval of non-listed Foreign Shares Traded” from China

Securities Regulatory Commission. The China Securities Regulatory Commission agreed 700,476,830 unlisted shares (account for 62.97% of the share capital) held by the Company's shareholders, EUPA Industry Corporation Limited, Fordchee Development Limited, and Fillman Investments Limited to transfer into B shares. On 29 November 2007, these B shares could be listed and exercised on Shenzhen Stock Exchange. Up to 31 December 2025, total B shares held by the three legal shareholders (EUPA Industry Corporation Limited, Fordchee Development Limited, and Fillman Investments Limited) are 82,830,966 shares after the implementation of share reducing model (Accounts for 44.68% of the share capital).

Legal representative: CAI, Yuansong

Place of registration: No.88 Xinglong Road, Huli Industrial District, Xiamen, Fujian Province

The parent company: STAR COMGISTIC CAPITAL CO., LTD.

The Company operates within the electrical machinery and equipment manufacturing industry.

The industry of the company: electrical machinery and equipment manufacturing.

The company is actually engaged in the main business activities are: Develop, produce and manufacture small home appliances of gourmet cooking, home helper, tea and coffee; design and manufacture molds related to the above products, sell the products at home and abroad, and provide after-sales service.

The financial statements approved by the resolution of the Board of Directors on 07 March 2026, in accordance with the Articles of Association, the financial statements will be submitted to the shareholders meeting for consideration.

## **II.The basis for the preparation of financial statements**

### **1.Basis of preparation**

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and various specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, as well as the relevant provisions of the "General Provisions on Financial Reporting, No. 15 of the Rules

Governing the Preparation of Information Disclosures by Companies Issuing Public Securities" of the China Securities Regulatory Commission.

## **2.Going concern**

These financial statements are prepared on a going concern basis.

The Company has assessed its ability to continually operate for the next twelve months from the end of the reporting period, and no matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

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

### **1.Declaration for compliance with Accounting Standards for Business Enterprises**

The Company prepares its financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises, truly and completely reflecting the consolidate and company's financial position as at 31 December 2025, and the consolidated and company's operating results, changes in shareholders' equity, cash flows and other related information for the year then ended.

### **2.Accounting period**

The accounting year of the Company is from 1 January to 31 December in calendar year.

### **3.Operating cycle**

The normal operating cycle of the Company is one year.

### **4.Functional Currency**

The Company takes Renminbi Yuan ("CNY") as the functional currency.

The Company's overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

### **5.Accounting for business combination under same control and not under same control**

Business combinations under common control: Assets and liabilities acquired by the consolidating party in a business combination (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party) are measured at the carrying value of the consolidated party's assets and liabilities in the consolidated

financial statements of the ultimate controlling party at the date of the combination. The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total nominal value of shares issued) is adjusted against the equity premium in capital surplus, and if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted.

Business combinations not under common control: The cost of the combination is the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the purchaser to obtain control of the acquiree at the date of acquisition. The difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill; the difference between the cost of the combination and the share of the fair value of the acquiree's identifiable net assets acquired in the combination is recognized in profit or loss for the period. Each identifiable asset, liability and contingent liability of the acquiree acquired in a merger that meets the recognition criteria is measured at fair value at the date of acquisition.

Directly related costs incurred for a business combination are recognized in profit or loss as incurred; transaction costs for issuing equity securities or debt securities for a business combination are included in the initial recognition amount of the equity securities or debt securities.

## **6.Criteria for determining control and Method of preparation of consolidated financial statements**

### **(1)Criteria for determining control**

The scope of consolidation in the consolidated financial statements is determined on the basis of control, and the scope of consolidation includes the Company and all of its subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns.

### **(2)Consolidation procedures**

The Company considers the entire enterprise group as one accounting entity and

prepares consolidated financial statements in accordance with uniform accounting policies to reflect the financial position, results of operations and cash flows of the enterprise group as a whole. The effects of internal transactions that occur between the Company and its subsidiaries and between subsidiaries are eliminated. If an internal transaction indicates an impairment loss on the related asset, the full amount of such loss is recognized. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements. The share of ownership equity, net profit or loss for the period and comprehensive income for the period attributable to minority shareholders of the subsidiaries are presented separately in the consolidated balance sheet under the item of ownership equity, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The balance resulting from the subsidiary's minority share of current loss exceeding the minority's share of the subsidiary's opening ownership interest is eliminated to reduce shareholders' equity.

① Increase number of subsidiaries or operations

During the reporting period, if a subsidiary or business is added as a result of a business combination under the same control, the operating results and cash flows of the subsidiary or business from the beginning of the period in which the subsidiary or business is combined to the end of the reporting period are included in the consolidated financial statements, while the opening balance of the consolidated financial statements and the relevant items in the comparative statements are adjusted as if the consolidated reporting entity had existed since the point when the ultimate controlling party began to control it.

If control over an investee under the same control can be exercised due to additional investment, equity investments held prior to the acquisition of control over the investee are eliminated from the opening retained earnings or current profit or loss for the comparative statement period, respectively, for the relevant gains or losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity interest and the date when the consolidated party and the investee are under the

same control and the date of consolidation.

During the reporting period, the addition of subsidiaries or operations as a result of a business combination not under common control is included in the consolidated financial statements from the date of acquisition based on the fair value of each identifiable asset, liability and contingent liability determined at the date of acquisition.

If, for example, additional investments enable the exercise of control over an investee not under common control, the equity interest in the investee held prior to the date of acquisition is remeasured at the fair value of that equity interest at the date of acquisition, and the difference between the fair value and its carrying amount is recognized as investment income for the current period. The difference between the fair value and its

carrying amount is recognized as investment income for the period. The equity interest in the investee held prior to the date of acquisition is transferred to investment income for the period to which the equity interest is transferred under the equity method.

## ② Disposal of subsidiaries

### 1) General treatment

When control over an investee is lost due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated on a continuing basis from the date of acquisition or the date of consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income and other changes in owners' equity under the equity method of accounting related to the equity investment in the original subsidiary that can be reclassified to profit or loss in the future are transferred to investment income in the current period when control is lost.

### 2) Step-by-step disposal of subsidiaries

Disposal of equity investments in subsidiaries through multiple transactions in steps until the loss of control, the terms and conditions of the disposal of equity

investments in subsidiaries and the economic impact of each transaction is consistent with one or more of the following, usually indicating that the multiple transactions are a package deal:

- i. The transactions are entered into simultaneously or after taking into account their mutual effects;
- ii. These transactions as a whole to achieve a complete business result;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. A transaction is not economical when viewed alone, but is economical when considered together with other transactions.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment before the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to profit or loss in the period in which control is lost.

If each transaction is not a package transaction, the accounting treatment is based on partial disposal of the equity investment in the subsidiary without loss of control before the loss of control; upon the loss of control, the accounting treatment is based on the general treatment of disposal of subsidiaries.

③ Purchase of minority interests in subsidiaries

The difference between the newly acquired long-term equity investment due to the purchase of minority interest and the share of net assets of the subsidiary calculated in proportion to the newly acquired shareholding on an ongoing basis from the date of acquisition or the date of consolidation is adjusted to the equity premium in capital surplus in the consolidated balance sheet; if the equity premium in capital surplus is not sufficient for elimination, it is adjusted to retained earnings.

(4) Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price and the share of net assets of the subsidiary calculated on a continuing basis from the date of acquisition or the date of consolidation corresponding to the disposal of the long-term equity investment is adjusted to the equity premium in capital surplus in the consolidated balance

sheet, and if the equity premium in capital surplus is not sufficient to offset it, retained earnings are adjusted.

## **7.Cash and cash equivalent**

The cash listed on the cash flow statements of the Group refers to cash on hand and bank deposit. The cash equivalents refer to short-term (normally with original maturities of three months or less) and liquid investments which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

## **8.Translation of foreign currency**

### **(1)Foreign currency transaction**

At the initial recognition of foreign currency transactions, the entity uses the spot exchange rate on the date of the transaction or an approximate spot exchange rate determined using a systematic and rational method that is close to the spot rate at the date of the transaction (hereinafter referred to as the approximate spot rate) for conversion into the functional currency.

On the balance sheet date, for foreign currency monetary items, the spot exchange rate on the balance sheet date is used for conversion. The exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot rate at the date of initial recognition or the previous balance sheet date are recognized in profit or loss. For non-monetary foreign currency items measured at historical cost, the spot exchange rate at the date of the transaction continues to be used; for non-monetary foreign currency items measured at fair value, the spot exchange rate on the date when the fair value is determined is used, and the difference between the amount in the functional currency after conversion and the original amount in the functional currency is recognized in profit or loss.

### **(2)Translation of foreign currency financial statements**

Before translating the financial statements of a foreign operation, adjust the accounting periods and accounting policies of the foreign operation to align with those of the reporting entity. Then, prepare the financial statements in the relevant currency (other than the functional currency) based on the adjusted accounting policies and periods. The translation of the financial statements of the foreign operation should be performed as follows:

① Assets and Liabilities in the Statement of Financial Position:

Assets and liabilities are translated at the spot exchange rate on the balance sheet date.

For equity items, except for "retained earnings," other equity items are translated at the spot exchange rates prevailing at the dates of the transactions.

② Income and Expense Items in the Statement of Profit or Loss:

Income and expense items are translated at the spot exchange rates on the dates of the transactions or using an approximate exchange rate that is a reasonable approximation of the spot rate on the transaction date.

③ Foreign Currency Cash Flows and Cash Flows of Foreign Subsidiaries:

Foreign currency cash flows and cash flows of foreign subsidiaries are translated at the spot exchange rates on the dates of the cash flows or using an approximate exchange rate that is a reasonable approximation of the spot rate on the date of the cash flow.

The effect of exchange rate changes on cash and cash equivalents should be reported as a separate reconciling item in the statement of cash flows.

④ Translation Differences Arising from the Translation of Foreign Financial Statements:

In the preparation of consolidated financial statements, the resulting translation differences are presented separately in the consolidated statement of financial position under equity as "other comprehensive income."

When a foreign operation is disposed of and control is lost, the cumulative translation differences related to that foreign operation, which are presented in the equity section of the balance sheet, should be transferred to profit or loss in full or proportionally, depending on the extent of the disposal.

## **9. Financial instrument**

The Company recognizes a financial asset, a financial liability or an equity instrument when it becomes a party to a financial instrument contract.

### **(1) Classification of financial instruments**

Based on the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at initial recognition as financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, and financial

assets at fair value through profit or loss.

The Company classifies financial assets at amortized cost that are not designated as financial assets at fair value through profit or loss if they both meet the following criteria:

- The business model is to collect the contractual cash flows;
- The contractual cash flows are only payments of principal and interest based on the outstanding principal amount.

The Company classifies financial assets as financial assets at fair value through other comprehensive income (debt instruments) that are not designated as at fair value through profit or loss if they also meet the following criteria:

- Operating model with the objective of both collecting the contractual cash flows and selling the financial asset;
- The contractual cash flows are only payments on the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may irrevocably designate them at initial recognition as financial assets at fair value through other comprehensive income (equity instruments). This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets at fair value through profit or loss. On initial recognition, the Company may irrevocably designate financial assets that would otherwise be classified as financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if it can eliminate or significantly reduce the accounting mismatch.

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

A financial liability maybe designated as a financial liability at fair value through profit or loss at initial measurement if one of the following conditions is met:

- ① The designation eliminates or significantly reduces an accounting mismatch.
- ② The management and performance evaluation of a portfolio of financial

liabilities or a portfolio of financial assets and financial liabilities is performed on a fair value basis in accordance with the enterprise's risk management or investment strategy as set out in formal written documentation and reported to key management personnel on this basis within the enterprise.

③ The financial liability contains embedded derivatives that are subject to separate splitting.

## **(2) Recognition basis and measurement method of financial instruments**

① Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; accounts receivable that do not contain significant financing components and those that the Company has decided not to consider financing components that do not exceed one year are initially measured at contractual transaction prices.

Interest calculated using the effective interest rate method during the holding period is recognized in profit or loss.

On recovery or disposal, the difference between the acquisition price and the carrying amount of the financial asset is recognized in profit or loss for the current period.

② Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets (debt instruments) at fair value through other comprehensive income include receivables financing and other debt investments, which are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in other comprehensive income, except for interest, impairment loss or gain and exchange gain or loss calculated using the effective interest rate method.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss for the current period.

③ Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets (equity instruments) at fair value through other comprehensive income, including investments in other equity instruments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount. The financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income. Dividends received are recognized in current profit or loss.

Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in retained earnings.

④ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

⑤ Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and derivative financial liabilities, which are initially measured at fair value, with related transaction costs recognized in profit or loss. The financial liabilities are subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period.

Upon derecognition, the difference between the carrying amount and the consideration paid is recognized in profit or loss for the current period.

⑥ Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value, with related transaction costs included in the initial recognition amount.

Interest calculated using the effective interest rate method during the holding period is recognized in profit or loss.

Upon derecognition, the difference between the consideration paid and the carrying

amount of the financial liability is recognized in profit or loss for the current period.

**(3) Basis of recognition and measurement of financial asset derecognition and financial asset transfers**

The Company derecognizes a financial asset when one of the following conditions is met:

- The contractual rights to receive cash flows from the financial asset are terminated;
- The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferring party;
- A financial asset has been transferred and control over the financial asset is not retained, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When the Company modifies or renegotiates a contract with a counterparty and the modification constitutes a material change, the original financial asset is derecognized and a new financial asset is recognized in accordance with the modified terms.

A financial asset is not derecognized if substantially all the risks and rewards of ownership of the financial asset are retained when a transfer of the financial asset occurs.

In determining whether a transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is applied.

The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets. If the transfer of a financial asset as a whole meets the derecognition condition, the difference between the following two amounts is recognized in profit or loss for the current period:

- ① The carrying amount of the financial asset transferred;
- ② The sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized directly in owners' equity (in the case where the transferred financial asset is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If a partial transfer of a financial asset satisfies the derecognition condition, the carrying amount of the financial asset transferred as a whole is apportioned

between the derecognized portion and the unrecognized portion according to their respective relative fair values, and the difference between the following two amounts is recognized in profit or loss:

- ① The carrying amount of the derecognized portion;
- ② The sum of the consideration for the derecognized portion and the amount corresponding to the derecognized portion of the cumulative amount of changes in fair value previously recognized directly in owners' equity (in the case where the financial asset involved in the transfer is a financial asset (debt instrument) measured at fair value through other comprehensive income).

If the transfer of a financial asset does not meet the derecognition condition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

#### **(4) Derecognition of financial liabilities**

A financial liability or a portion thereof is derecognized when the present obligation of the financial liability is discharged in whole or in part. If the Company enters into an agreement with a creditor to replace an existing financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the existing financial liability, the existing financial liability is derecognized and a new financial liability is recognized at the same time.

If all or part of the contractual terms of an existing financial liability are substantially modified, the existing financial liability or part of it is derecognized, and the modified financial liability is recognized as a new financial liability at the same time.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

If the Company repurchases a portion of a financial liability, the carrying amount of the financial liability as a whole is allocated on the repurchase date based on the relative fair values of the portion that continues to be recognized and the portion

that is derecognized. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

**(5) Methods to determine the fair value of financial assets and financial liabilities**

The fair value of financial instruments for which there is an active market is determined by quoted prices in an active market. The fair value of financial instruments for which no active market exists is determined using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the asset or liability considered by market participants in transactions for the relevant asset or liability, and gives preference to the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are not available or not practicable to obtain.

**(6) Methods of testing and accounting for impairment of financial instrument**

The Company estimates the expected credit losses on financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial guarantee contracts, etc.

The Company recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

For receivables and contract assets resulting from transactions governed by ASBE No. 14, Revenue, the Company always measures its allowance for losses at an amount equal to the expected credit losses over the entire duration, regardless of whether or not there is a significant financing component.

For lease receivables resulting from transactions regulated by ASBE No. 21, "Leases," the Company has elected to always measure its allowance for losses at an amount equal to the expected credit losses over the entire duration.

For other financial instruments, the Company assesses at each balance sheet date

the change in credit risk of the related financial instruments since initial recognition.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instrument. The Company generally considers that the credit risk of a financial instrument has increased significantly if it is more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of a financial instrument has increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the financial instrument; if the credit risk of a financial instrument has not increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses of the financial instrument in the next 12 months. The resulting increase or reversal amount of the loss allowance is recognized as an impairment loss or gain in profit or loss. For financial assets (debt instruments) that are measured at fair value through other comprehensive income, the allowance for losses is recognized in other comprehensive income and the impairment loss or gain is recognized in profit or loss for the current period and does not reduce the carrying amount of the financial asset as stated in the balance sheet.

The Company classifies the remaining financial instruments into several groups based on their credit risk characteristics and determines the expected credit losses on a collective basis. The categories of groups for which the Company recognizes expected credit losses, including notes receivable, accounts receivable, financing receivables, other receivables, contract assets, and long-term receivables, and the basis for determining these groups are as follows:

① Receivables

For the notes receivable, accounts receivable, other receivables, accounts

receivable financing, and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the Company shall individually assess for impairment and recognize the loss allowance for expected credit losses. If the Company determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing, and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing, and long-term receivables shall be divided into several groups based on similar credit risk characteristics and calculate collectively on the expected credit loss. The determination basis of groups is as following:

1)Notes Receivables

For notes receivable classified as portfolios, the Company calculates expected credit losses based on default exposure and expected credit loss rates throughout the life of the Company, considering historical credit loss experience, combined with current conditions and the forecast of the future economic conditions.

Item	Basis for determining the groups
Bank acceptance bill	The acceptor is a bank with less credit risk.
Commercial acceptance bill	According to the credit risk of the acceptor, it should be the same as the portfolios of accounts receivable.

2)Accounts Receivables

For receivables that do not contain significant financing components, our company measures the loss provision based on the expected credit loss amount over the entire duration of the receivable.

For receivables that contain significant financing components and lease receivables, our company always measures the loss provision based on the expected credit loss amount over the duration of the receivable.

Except for accounts receivable that are assessed individually for credit risk, they are categorized into different groups based on their credit risk characteristics.:

Item	Basis for determining the groups
Aging of Accounts Receivables	This group uses the accounts receivables aging as the credit risk characteristics.
Related parties	Related party relationships (Unless there is evidence that a credit loss may occur).

### 3) Other Receivables

The Company assesses whether the credit risk of other receivables has significantly increased since initial recognition, and utilizes the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measures the impairment loss accordingly. Besides the other receivables that have individually assessed credit risk, the rest of the other receivables are classified into different groups based on their credit risk characteristics:

Item	Basis for determining the groups
Deposit guarantee	This group of receivables includes deposit receivables, advances on behalf of others and quality guarantee deposits to be collected in daily activities.
Export tax refund	This group is the declared export tax refund funds that have not been received.
Open credits	This group uses the age of accounts receivable as the credit risk characteristics.
Related parties	Related party relationships (Unless there is evidence that a credit loss may occur)

The Company's aging calculation method based on the combination of aging recognition credit risk characteristics:

The aging of accounts receivables for the portfolio of credit risk features recognized by aging is calculated as follows:

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Aging	Accrual ratio (%)
Not overdue	0.50
1-30 days overdue	4.50
31-60 days overdue	20.00
61-90 days overdue	45.00
More than 90 days overdue	100.00

The aging of other receivables for the portfolio of credit risk features recognized by aging is calculated as follows:

Aging	Accrual ratio (%)
1-90 days	0.00
90-180 days	10.00
180-270 days	30.00
270-360 days	50.00
More than one year	100.00

② Debt investment and other debt investment

For debt investment and other debt investment, the Company shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

1) Low credit risk

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

2) Significant increase in credit risk

The Company shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at

the date of initial recognition.

To make that assessment, the Company shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the Company are as following:

Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception

Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;

An actual or expected significant change in the operating results of the borrower;  
An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;

Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;

Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;

Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;

Significant changes in the expected performance and behavior of the borrower;

Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the Company shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the Company can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the Company shall determine the credit risk on a financial asset has

increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can only rebut this presumption if the Company has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

If the company no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, the carrying amount of that financial asset shall be directly reduced.

## **10. Inventory**

### **(1)Category and cost of inventory**

Inventories are classified as: raw materials, work-in-progress, in-house semi-finished goods, finished goods, low-value consumables, and goods in transit, etc.

Inventories are initially measured at cost, which includes purchase costs, processing costs, and other expenditures incurred to bring the inventories to their present location and condition.

### **(2)Valuation method of issued inventory**

The cost of inventories used or sold is determined on the weighted average basis.

### **(3)inventory system**

Adoption of perpetual inventory system.

### **(4)Amortization method of low-value consumables and packaging**

- ① Low-value consumables are amortized using the one-time reversal method;
- ② The one-time reversal method is used for packaging.

### **(5)Recognition criteria and accrual method for provision for decline in value of inventories**

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognised as provision for impairment of inventory, and recognised in current profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and impact of post balance sheet event shall be considered.

- ① In normal operation process, finished goods, products and materials for direct

sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated based on contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices. Net realizable value of materials held for sale shall be measured based on market price.

② For materials in stock need to be processed, in the ordinary course of production and business, net realisable value is determined at the estimated selling price less the estimated costs of completion, the estimated selling expenses and relevant taxes. If the net realisable value of the finished products produced by such materials is higher than the cost, the materials shall be measured at cost; if a decline in the price of materials indicates that the cost of the finished products exceeds its net realisable value, the materials are measured at net realisable value and differences shall be recognised at the provision for impairment.

③ The company generally makes provision for inventory impairment based on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis. Provision for impairment in the value of inventories is made for inventories held in stock for more than 180 days based on the estimated realisable value of inventories sold by material category group.

④ If any factor rendering write-downs of the inventories has been eliminated at the reporting date, the amounts written down are recovered and reversed to the extent of the inventory impairment, which has been provided for. The reversal shall be included in profit or loss.

## **11. Contract assets**

### **(1) Methods and criteria for recognition of contract assets**

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and payments from customers. The right to receive consideration for goods transferred or services provided by the Company to the customer (and which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are shown on a net basis. The

Company's unconditional (depending only on the passage of time) right to receive consideration from customers is shown separately as receivables.

**(2) Method of determining expected credit losses on contract assets and accounting treatment**

The methods of determining expected credit losses on contract assets and the accounting treatment are described in detail in Note "III.9. (6) Methods of testing and accounting treatment for impairment of Financial instrument" in this Note.

**12. Long-term equity investments**

**(1) Criteria for determining joint control and significant influence**

Joint control refers to the control shared by an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control. If the Company exercises joint control over an investee together with other joint venture parties and has rights to the investee's net assets, the investee is a joint venture of the Company.

Significant influence means having the power to participate in the financial and operating decisions of the investee, but not being able to control or exercise joint control with other parties over the formulation of those policies. Where the Company is able to exercise significant influence over an investee, the investee is an associate of the Company.

**(2) Determination of initial investment**

**① Long-term equity investments resulting from business combinations**

For long-term equity investments in subsidiaries formed by business combinations under common control, the initial investment of long-term equity investments is determined at the date of consolidation based on the acquisition of the share of the ownership interest of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid is adjusted against the equity premium in capital surplus; if the equity premium in capital surplus is not sufficient for elimination, retained earnings are adjusted. If the Company is able to exercise control over an investee

under the same control due to additional investment, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principle and the sum of the book value of the long-term equity investment before reaching the consolidation plus the book value of the consideration paid for further acquisition of shares at the date of consolidation is adjusted against equity premium, and if the equity premium is not sufficient for elimination, it is reduced against retained earnings.

For long-term equity investments in subsidiaries formed through business combinations not under common control, the initial investment cost of the long-term equity investment is based on the cost of the combination determined at the date of acquisition. If it is possible to exercise control over the investee under non-same control due to additional investment, the sum of the book value of the equity investment originally held plus the cost of the additional investment is used as the initial investment cost.

② Long-term equity investments acquired through other means instead of business combination

Long-term equity investments acquired by cash payment are recorded at initial investment cost based on the actual purchase price paid.

Long-term equity investments acquired by issuing equity securities are recorded at the initial investment cost based on the fair value of the equity securities issued.

**(3) Subsequent measurement and profit or loss recognition methods**

① Long-term equity investments accounted for under the cost method

The Company accounts for its long-term equity investments in subsidiaries using the cost method unless the investments meet the conditions of being held for sale. Except for the declared but unpaid cash dividends or profits included in the actual price or consideration paid for the investment, the Company recognizes investment income for the current period based on the Company's entitlement to the declared cash dividends or profits of the investee.

② Long-term equity investments accounted for under the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee at the time of investment is not adjusted to the initial investment cost of the long-term

equity investment; the difference between the initial investment cost and the share of the fair value of the identifiable net assets of the

investee at the time of investment is recognized in profit or loss for the current period and the cost of the long-term equity investment is also adjusted.

The Company recognizes investment income and other comprehensive income according to the share of net profit or loss and other comprehensive income realized by the investee, respectively, and adjusts the carrying value of the long-term equity investment at the same time; the portion to which the Company is entitled according to the profit or cash dividends declared by the investee is calculated, and the carrying value of the long-term equity investment is reduced accordingly; for the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution For changes in the equity of the investee other than net profit or loss, other comprehensive income and profit distribution ("changes in other owners'equity"), the carrying amount of the long-term equity investment is adjusted and recognized in owners' equity.

In recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners'equity, the fair value of the investee's identifiable net assets at the time of acquisition is used as the basis for recognition, and the net profit and other comprehensive income of the investee are adjusted in accordance with the Company's accounting policies and accounting periods.

Unrealized gains or losses on internal transactions between the company and associate and joint ventures that are attributable to the Company on the basis of their proportionate share are offset and investment income is recognized on this basis, except when the assets invested or sold constitute a business. Unrealized losses on internal transactions with investees are recognized in full if there are impairment losses on assets.

The net loss incurred by the company in a joint venture or an associate, except for the obligation to assume additional losses, is limited to a write-down to zero of the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associate. If the joint venture or associate subsequently realizes net profit, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

③ Disposal of long-term equity investments

The difference between the carrying amount and the actual acquisition price of a long-term equity investment is recognized in profit or loss for the current period.

If a long-term equity investment accounted for under the equity method is partially disposed of and the remaining equity interest is still accounted for under the equity method, the other comprehensive income recognized under the former equity method is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity are carried forward in proportion to the current profit or loss.

If the common control or significant influence over the investee is lost due to the disposal of equity investments, etc., other comprehensive income recognized as a result of the adoption of the equity method of accounting for the original equity investment is accounted for on the same basis as the direct disposal of the related assets or liabilities of the investee upon the termination of the adoption of the equity method of accounting, and all changes in other owners' equity are transferred to current profit or loss upon the termination of the adoption of the equity method of accounting.

If control over the investee is lost due to disposal of part of the equity investment, the remaining equity interest that can exercise joint control or significant influence over the investee is accounted for under the equity method in the preparation of individual financial statements, and the remaining equity interest is adjusted as if it had been accounted for under the equity method from the time of acquisition, and other comprehensive income recognized prior to the acquisition of control over the investee is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities. If the remaining equity interest cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its carrying amount at the date of loss of control is recognized in profit or loss for the current period, and for other comprehensive income and other owner's equity recognized prior to the acquisition of control of the investee, the remaining equity interest is recognized in profit or loss for the current period. All other comprehensive income and other changes in owners' equity recognized prior to the

acquisition of control of the investee are carried forward.

If the disposal of an equity investment in a subsidiary through multiple transactions until the loss of control is a package transaction, each transaction is accounted for as a disposal of an equity investment in a subsidiary and the loss of control; the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity interest disposed of before the loss of control is recognized as other comprehensive income in the individual financial statements, and then recognized as other comprehensive income when control is lost. The difference between the disposal price and the carrying amount of the long-term equity investment before the loss of control is recognized as other comprehensive income in the individual financial statements, and then transferred to profit or loss in the period in which control is lost. If it is not a package transaction, each transaction is accounted for separately.

### **13. The measurement model of investment property**

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. It includes land use rights that have been leased out, land use rights held and intended to be transferred after appreciation, and buildings that have been leased out (including buildings constructed or developed by the company for leasing purposes, as well as buildings under construction or development intended for future leasing).

Subsequent expenditures related to investment property shall be included in the cost of the investment property if it is probable that the associated economic benefits will flow to the entity and the cost can be measured reliably; otherwise, they are recognized in profit or loss for the period when incurred.

The company measures existing investment property using the cost model. For investment property - leased buildings measured at cost, the same depreciation policy applied to the company's fixed assets is used. The amortization policy for leased land use rights follows the same approach as for intangible assets.

## **14. Fixed Assets**

### **(1) Recognition and initial measurement of fixed assets**

Fixed assets are tangible assets held for the production of goods, provision of services, rental or management, and with a useful life of more than one fiscal year .

A fixed asset is recognized when both of the following conditions are met:

① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;

② The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (taking into account the effect of expected disposal costs).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow to the enterprise and their cost can be measured reliably; for the replaced part, the carrying amount is derecognized; all other subsequent expenditures are charged to current profit or loss when incurred.

## **(2) Depreciation Method**

Depreciation of fixed assets is provided using the average annual method, and the depreciation rate is determined based on the category of fixed assets, estimated useful life and estimated net residual value rate. For fixed assets with provision for impairment, the depreciation amount is determined in future periods based on the carrying amount after deducting the provision for impairment and based on the remaining useful life. If each component of fixed assets has different useful lives or provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciated separately.

The depreciation methods, useful lives, residual value rate and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciation method	Residual rates (%)	Estimated useful life (year)	Annual depreciation rates (%)
Buildings and constructions	Straight-line method	7.00-10.00	12-20	4.50-7.50
Machinery equipment	Straight-line method	0.00	4-15	6.67-25.00
Electrical equipment, Model, and other	Straight-line method	0.00	5-6	16.67-20.00
Vehicles	Straight-line method	0.00	6-11	9.09-16.67
Improvement expenditure of leased fixed assets	Straight-line method	0.00	Amortisation shall be made according to the shorter of benefit period and lease period	

### **(3) Disposal of fixed assets**

Fixed assets are derecognized when they are disposed of, or when no economic benefits are expected to arise from their use or disposal. The disposal proceeds from the sale, transfer, scrapping or destruction of fixed assets, net of their book value and related taxes and fees, are recognized in profit or loss for the current period.

## **15. Construction in progress**

Construction in progress is measured at its actual incurred costs. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other necessary expenditures incurred to bring the construction in progress to its intended usable state. When the construction in progress reaches its intended usable state, it is transferred to property, plant, and equipment (fixed assets) and depreciation begins from the following month.

For fixed assets that have reached their intended usable state but have not yet completed final settlement procedures, they are provisionally transferred to fixed assets at estimated values based on project budgets, cost estimates, or actual incurred costs from the date they reach their intended usable state. Depreciation is calculated according to the company's fixed asset depreciation policy. Once the final settlement procedures are completed, the originally estimated provisional values are adjusted to reflect the actual costs, but previously recognized depreciation amounts are not adjusted.

## **16. Borrowing Costs**

### **(1) Recognition Principles for Capitalization of Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized and included in the cost of those assets. Other borrowing costs are recognized as an expense when they are incurred and included in profit or loss for the period.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale, such as property, plant, and equipment, investment property, and inventories.

## **(2) Period of Capitalization of Borrowing Costs**

The capitalization period refers to the duration from the start of capitalizing borrowing costs until the cessation of capitalization, excluding periods when capitalization is suspended.

Borrowing costs begin to be capitalized when all the following conditions are met:

① Expenditure on the asset has been incurred, which includes payments made in cash, non-cash consideration, or liabilities bearing interest for the acquisition or production of a qualifying asset.

② Borrowing costs have been incurred.

③ Activities necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset is ready for its intended use or sale.

## **(3) Suspension of Capitalization Period**

If there is an abnormal interruption during the construction or production of a qualifying asset and the interruption lasts continuously for more than three months, the capitalization of borrowing costs should be suspended. However, if the interruption is a necessary part of the process for preparing the asset for its intended use or sale, borrowing costs continue to be capitalized. During the suspension period, borrowing costs are recognized as an expense until the construction or production activities resume.

## **(4) Calculation Methods for Capitalization Rate and Amount of Borrowing Costs**

For specific borrowings taken out to acquire or construct a qualifying asset, the amount of borrowing costs to be capitalized is determined by subtracting the interest income earned from depositing unused funds in a bank or from temporary investments from the actual borrowing costs incurred during the period.

For general borrowings used to acquire or construct a qualifying asset, the amount of borrowing costs to be capitalized is calculated by multiplying the weighted average of the expenditures exceeding the amount of specific borrowings by the capitalization rate of the general borrowings. The capitalization rate is based on the weighted average effective interest rate of the general borrowings.

During the capitalization period, exchange differences arising from foreign currency denominated specific borrowings and their interest are capitalized and

included in the cost of qualifying assets. Exchange differences arising from other foreign currency borrowings and their interest are recognized as expenses in profit or loss.

## **17.Intangible assets**

### **(1)Valuation method of intangible assets**

①The company initially measures intangible assets at cost when they are acquired; The cost of an externally acquired intangible asset includes the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended use.

#### **②Subsequent measurement**

The useful life of an intangible asset is analyzed and determined at the time of acquisition.For intangible assets with finite useful lives, they are amortized over the period in which they bring economic benefits to the enterprise; if the period in which the intangible assets bring economic benefits to the enterprise cannot be foreseen, they are considered to be intangible assets with indefinite useful lives and are not amortized.

### **(2)The useful life and amortisation of intangible assets**

Category	Estimated useful life	Basis
Land use right	20-50years	Legal right of use
Software	3-5years	The service life is determined by reference to the period that can bring economic benefits to the Company

### **(3)Criteria for Judging Indefinite-Lived Intangible Assets and Procedures for Reviewing Their Useful Lives Indefinite-Lived Intangible Assets**

For intangible assets with an indefinite useful life, no amortization is recognized. These assets are not amortized because their useful lives cannot be reliably estimated.

At the end of each annual period, the useful life of indefinite-lived intangible assets should be reviewed. If evidence indicates that the useful life of an intangible asset is actually finite, its useful life should be estimated, and the asset should be

amortized systematically and rationally over its estimated useful life.

**(4) Scope of Research and Development (R&D) expenditure Classification**

The Company classifies all costs directly related to the conduct of research and development activities as research and development expenses, including research and development employee compensation, depreciation and amortisation expenses, testing expenses, maintenance expenses, patent fees and other expenses.

**(5) Specific criteria for classifying research and development phases**

Expenditures on in-house research and development projects are categorized into research stage expenditures and development stage expenditures.

Research stage: the stage of original and planned investigation and research activities for the purpose of acquiring and understanding new scientific or technological knowledge.

Development phase: the stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products and other activities before commercial production or use.

**(6) The specific conditions for capitalization of development stage expenditures**

Expenditures in the research stage are recognized in profit or loss when they are incurred. Expenditures in the development phase are recognized as intangible assets if the following conditions are met. Expenditures in the development phase that do not meet the following conditions are recognized in the current period's profit or loss:

- ① It is technically feasible to complete the intangible asset so that it can be used or sold;
- ② There is an intention to complete the intangible asset for use or sale;
- ③ The manner in which the intangible asset will generate economic benefits, including the ability to demonstrate the existence of a market for the products produced by applying the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it will be used internally;
- ④ The availability of sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible asset can

be measured reliably.

If it is not possible to distinguish between research-phase expenditures and development-phase expenditures, all research and development expenditures incurred are recognized in the current period's profit or loss.

### **18. Impairment of long term assets**

Long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, oil and gas assets and other long-term assets are tested for impairment if there is an indication of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and an impairment loss is recorded.

The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

For goodwill resulting from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a serviceable status, impairment tests are performed once a year at the end of each year, regardless of whether there is an indication of impairment.

The Company conducts goodwill impairment tests and apportions the carrying value of goodwill formed as a result of a business combination to the relevant asset group from the date of purchase in accordance with a reasonable method; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant asset group combination. A relevant asset group or a combination of asset groups is an asset group or a combination of asset groups that can benefit from the synergistic effect of a business combination. When impairment test of the relevant asset group or combination of asset groups that contain goodwill, if there is an indication of impairment of the asset group or combination of asset groups related to goodwill, the asset group or combination of asset groups that do not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and a corresponding impairment loss is recognized. If the recoverable amount is less than the carrying amount, the impairment

loss is first reduced by the carrying amount of goodwill apportioned to the asset group or group of assets, and then reduced by the carrying amount of each asset group or group of assets other than goodwill in proportion to its proportionate share of the carrying amount of the other assets. The carrying value of each asset is then reduced by the carrying value of each asset other than goodwill.

Once the above impairment loss is recognized, it will not be reversed in subsequent accounting periods.

### **19. Long-term Deferred Expenses**

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

Long-term deferred expenses are amortized on a straight-line basis during the benefit period.

### **20. Contract liability**

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Contract asset and contract liability originate from same contract shall be listed at net amount.

### **21. Employee compensation**

#### **(1) Accounting for short-term compensation**

The Company recognizes actual short-term compensation incurred by employees as a liability in the accounting period in which the employees provide services to the Company, and recognizes it in the current profit or loss or the cost of related assets.

The social insurance premiums and housing fund paid by the Company for its employees, as well as the labor union funds and employee education funds withdrawn in accordance with regulations, are used to determine the corresponding amount of employee compensation in accordance with the prescribed accrual basis and accrual ratio during the accounting period in which the employees provide services to the Company.

Employee benefit expenses incurred by the Company are charged to current profit or loss or the cost of related assets based on the actual amount incurred when incurred, of which non-monetary benefits are measured at fair value.

## (2) Accounting for post-employment benefits

### ① Defined contribution plan

The Company contributes to basic pension and unemployment insurance for employees in accordance with the relevant local government regulations. During the accounting period in which the employees provide services to the Company, the amount payable is calculated based on the contribution base and ratio set by the local regulations, recognized as a liability, and charged to current profit or loss or cost of related assets. In addition, the Company participates in an enterprise annuity plan/supplemental pension fund approved by the relevant state authorities. The Company contributes a certain percentage of the employees' total salaries to the annuity plans/local social insurance agencies, and the corresponding expenses are recognized in the current profit or loss or cost of related assets.

### ② Defined benefit plans

The Company attributes the benefit obligations arising from the defined benefit plans to the period in which the employees render services in accordance with the formula determined by the expected accumulated benefit unit method, and recognizes them in current profit or loss or cost of related assets.

The deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. If a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus or asset limit of the defined benefit plan.

All defined benefit plan obligations, including those expected to be paid within twelve months after the end of the annual reporting period in which employees render services, are discounted based on market yields on treasury bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan obligations as of the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are recognized in profit or loss or the cost of the related assets; changes resulting from the remeasurement of the net liabilities or net assets of the defined benefit plan are recognized in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and the entire portion previously recognized in other

comprehensive income is carried forward to unrecognized earnings to the extent of equity upon termination of the original defined benefit plan. The portion of other comprehensive income withinequity is transferred to unappropriated earnings upon termination of the defined benefit plan.

Upon settlement of a defined benefit plan, gain or loss on settlement is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined at the settlement date.

### **(3) Accounting for termination benefits**

If the Company provides termination benefits to employees, it recognizes employee compensation liabilities arising from termination benefits and recognizes them in profit or loss at the earlier of: when the Company cannot unilaterally withdraw termination benefits provided as a result of a termination plan or a proposed reduction in force; and when the Company recognizes costs or expenses related to a restructuring involving the payment of termination benefits.

## **22. Accrued liabilities**

The Company recognizes an obligation related to a contingent event as an accrued liabilities when the following conditions are simultaneously met:

- ① The obligation is a present obligation assumed by the Company;
- ② It is probable that the performance of the obligation will result in an outflow of economic benefits to the Company;
- ③ The amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

In determining the best estimate, the risks associated with the contingency, uncertainty and the time value of money are considered. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

Where a continuous range of expenditures required exists and it is equally probable that various outcomes will occur within that range, the best estimate is determined at the mid-point of the range; in other cases, the best estimate is treated separately as follows:

- Where the contingency relates to a single item, the best estimate is determined in accordance with the most probable occurrence amount.
- If the contingency involves multiple items, it is determined on the basis of various

possible outcomes and related probabilities.

If all or part of the expenditure required to settle the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the estimated liability.

The Company reviews the carrying amount of the estimated liability at the balance sheet date, and if there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted in accordance with the current best estimate.

## **23. Revenue**

### **(1) Accounting policies used for revenue recognition and measurement**

The Company recognizes revenue when it has fulfilled its performance obligations under a contract, i.e., when the customer obtains control of the relevant goods or services. The acquisition of control of the relevant goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

If a contract contains two or more performance obligations, the Company apportions the transaction price to each individual performance obligation on the contract commencement date in proportion to the relative share of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract, taking into account its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by

an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration using the effective interest rate method over the term of the contract.

Performance obligations are fulfilled within a certain period of time if one of the following conditions is met, otherwise, performance obligations are fulfilled at a certain point in time:

- The customer obtains and consumes the economic benefits resulting from the Company's performance at the sametime as the Company's performance.
- The customer is able to control the goods under construction in the course of the Company's performance.
- The goods produced in the course of the Company's performance have irreplaceable use and the Company is entitled to receive payment for the portion of the performance that has been completed to date in the aggregate throughout the term of the contract.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period,

except when the progress of performance cannot be reasonably determined. The Company uses the output method or input method to determine the progress of performance, taking into account the nature of the goods or services. When the progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

For performance obligations performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has acquired control of the goods or services, the Company considers the following indications:

- The Company has a present right to receive payment for the goods or services, i.e., the customer has a present obligation to pay for the goods or services.
- The Company has transferred legal title to the goods to the customer, i.e., the customer has legal title to the goods.
- The Company has transferred physical possession of the goods to the customer, i.e. the customer has taken physical possession of the goods.
- The Company has transferred the principal risks and rewards of ownership of the goods to the customer, i.e., the customer has acquired the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

The Company determines whether its status is that of a principally liable person or an agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services prior to transferring them to the customer, the Company is the principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or fees it expects to be entitled to receive.

**(2) Disclosure of specific revenue recognition and measurement methods by business type**

① Sale of goods

The sales contract between the Company and the customer includes the performance obligation of transferring the goods, which belongs to the performance obligation at a certain point in time.

Recognition of domestic sales product revenue must meet the following conditions: the Company has delivered the products to the customer according to the contract and the customer has accepted the products; 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 of the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred.

Recognition of exporting revenue must meet the following conditions: The Company recognizes revenue for exporting goods based on the sales contracts or sales orders, regardless of the sales model adopted. For sales model of FOB, the

revenue is recognised after the products are shipped and the customs declaration and export formalities are handled; For sales model of FCA, the revenue is recognised when products are delivered to the carrier designated by the buyer

Treatment of sales return: according to the general rules of international trade, the adoption of FOB and CIF settlement indicates that the buyer has accepted the purchased goods at the place of shipment, and the relevant risks have been undertaken by the buyer after the acceptance and shipment. Therefore, the Company does not make provision for the above matters separately, but directly records them into the profits and losses in the current period.

Processing of product claims: the estimated claim expense rate is calculated based on the actual claim amount in the past two years (excluding special claims) as a percentage of the annual sales revenue, and accrued at period end based on the current sales revenue and the estimated claim expense rate to recognize the claim expenses for products sold in the current period.

② Service contract

The performance obligation of the service contract between the Company and the customer. Since the customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company fulfills the contract, the Company recognises it as a performance obligation performed within a certain period of time, and amortized equally during the service provision period.

③ Construction contract

For the performance obligation of the construction contract between the Company and the customer, since the customer can control the goods under construction in the process of the Company's performance, the Company takes it as the performance obligation to perform in a certain period of time, and recognizes the income according to the performance progress, except that the performance progress cannot be reasonably determined. The Company determines the progress of the performance of providing services in accordance with the output method. The progress of the performance shall be determined according to the proportion of the completed contract workload to the expected total contract workload. On the balance sheet date, the Company re-estimates the progress of completed performance or completed services to reflect the changes in performance.

## **24. Government grants**

### **(1) Types**

Government grants, which are monetary or non-monetary assets acquired by the Company from the government without compensation, are classified as asset-related government grants and revenue-related government grants.

Government grants related to assets are obtained by the Company for the acquisition and construction or otherwise forming long-term assets. Revenue-related government grants refer to government grants other than asset-related government grants.

The specific criteria for the Company to classify government grants as asset-related are: government grants obtained by the Company and used for the acquisition and construction or otherwise forming long-term assets.

The Company's specific criteria for classifying government grants as revenue-related are: government grants other than those related to assets.

### **(2) Recognition point**

Government grants are recognized when the Company is able to meet the conditions attached to them and when they can be received.

### **(3) Accounting treatment**

Government grants related to assets are reduced to the carrying amount of the relevant assets or recognized as deferred income. If recognized as deferred income, it is recognized in profit or loss in accordance with a reasonable and systematic method in installments over the useful life of the relevant assets (if it is related to the Company's daily activities, it is recognized in other income; if it is not related to the Company's daily activities, it is recognized in non-operating income);

Government grants related to revenue, which are used to compensate the Company for relevant costs and expenses or losses in subsequent periods, are recognized as deferred revenue and charged to current profit or loss (to other income if they are related to the Company's ordinary activities; to non-operating income if they are not related to the Company's ordinary activities) or offset against relevant costs and expenses or losses in the period in which the relevant costs and expenses or losses are recognized; to compensate the Company for If it is used to compensate the Company for the related costs or losses incurred, it is directly recognized in profit or loss (other income if it is related to the Company's daily activities; non-operating

income if it is not related to the Company's daily activities) or reduced by the related costs or losses.

The company receives preferential loan subsidies under two distinct scenarios, each requiring specific accounting treatment:

① If the fiscal authority provides the subsidy funds to the lending bank, which then offers loans to the company at a preferential interest rate, we record the loan at the actual amount received. The borrowing costs are calculated based on the principal amount of the loan and the preferential interest rate.

② If the fiscal authority directly pays the subsidy funds to the company, we offset the corresponding subsidy against the related borrowing costs.

## **25. Deferred income tax assets and deferred income tax liabilities**

Income taxes consist of current income taxes and deferred income taxes. The Company recognizes current income tax and deferred income tax in profit or loss, except for income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference between the tax basis of assets and liabilities and their carrying amounts (temporary differences).

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to future years, deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences, except under special circumstances.

The special circumstances under which deferred tax assets or deferred tax liabilities are not recognized include

- Initial recognition of goodwill;
- Transactions or events that are neither business combinations nor, at the time of their occurrence, affect accounting profit and taxable income (or deductible losses), and for which the initial recognition of assets and liabilities does not result in taxable temporary

differences and deductible temporary differences of an equivalent amount.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in

subsidiaries, associates and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the periods when the related assets are expected to be recovered or the related liabilities settled, in accordance with the tax laws.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are stated at the net amount after offsetting.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or to different taxable entities, but in each future period in which it is significant that the deferred income tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or to acquire the assets and The reversal of deferred income tax assets and liabilities is a significant transaction.

## **26. Lease**

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of the contract, the Company assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If a contract contains several separate leases, the Company splits the contract and accounts for each separate lease separately. If a contract contains both lease and non-lease components, the lessee and the lessor split the lease and non-lease components.

### **(1)The Company as lessee**

#### ①Right-of-use assets

At the commencement date of the lease term, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- the initial measurement amount of the lease liability;
- the amount of lease payments made on or before the commencement date of the lease term, net of amounts related to lease incentives taken if lease incentives exist;
- the initial direct costs incurred by the Company;
- costs that the Company expects to incur to disassemble and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the condition agreed upon under the terms of the lease, excluding costs that are part of the costs incurred to produce the inventory.

The Company subsequently depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note III.9, "Impairment of Long-lived Assets".

#### ②Lease liabilities

The Company recognizes a lease liability for leases other than short-term leases and leases of low-value assets at the commencement date of the lease term. Lease liabilities are initially measured at the present value of the outstanding lease payments. Lease payments consist of

- fixed payments (including material fixed payments), net of amounts related to lease incentives, if lease incentives exist;
- variable lease payments that are dependent on an index or rate;
- payments expected to be payable based on the residual value of the guarantee provided by the company;
- the exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;
- the amount to be paid upon exercise of the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate, which is included in the current profit or loss or the cost of the related asset. Variable lease payments that are not included in the measurement of the lease liability are charged to current profit or loss or the cost of the related assets when they are actually incurred.

After the commencement date of the lease term, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference is recognized in profit or loss for the current period:

- When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Company remeasures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the

index or rate used to determine the lease payment amount, the Company remeasures the lease liability at the present value calculated from the changed lease payment amount and the original discount rate. However, if the change in the lease payment amount results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

③ Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to recognize the related lease payments in current profit or loss or the cost of the related assets on a straight-line basis over each period of the lease term. Short-term leases, which are leases with a lease term of not more than 12 months at the commencement date of the lease term and do not include a purchase option. Low-value asset leases, which are leases with a lower value when the single leased asset is a brand-new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

④ Change of lease

If a lease is changed and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- the lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate. If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to partial termination or complete termination of the lease in profit or loss for the current period. If other lease changes result in the remeasurement of the lease liability, the Company adjusts the carrying value of the right-of-use asset accordingly.

## **(2)The Company as lessor**

At the commencement date of the lease, the Company classifies leases into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases. When the company acts as a sublease lessor, it classifies the sublease based on the right-to-use assets arising from the original lease.

### **①Accounting for operating leases**

Lease receipts under operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Company capitalizes the initial direct costs incurred in connection with operating leases and apportions them to current profit or loss over the lease term on the same basis as rental income is recognized. Variable lease payments that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred. If a change in an operating lease occurs, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is regarded as the amount of payments received under the new lease.

### **②Accounting for finance leases**

On the commencement date of the lease, the Company recognizes finance lease receivables for finance leases and derecognizes finance lease assets. When the Company makes initial measurement of the finance lease receivable, the net lease investment is used as the recorded value of the finance lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with Note III.9 "Financial Instruments" of this note. Variable lease payments that are not included in the net

lease investment measurement are recognized in profit or loss when they are actually incurred.

If a change in a finance lease occurs and the following conditions are met, the Company accounts for the change as a separate lease:

- the change expands the scope of the lease by adding the right to use one or more leased assets;
- the increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted for the circumstances of that contract.

If a change in a finance lease is not accounted for as a separate lease, the Company treats the changed lease separately in the following circumstances:

- If the change becomes effective on the lease commencement date and the lease would be classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset;
- If the change becomes effective on the lease commencement date and the lease is classified as a finance lease, the Company accounts for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note III.9 Financial Instruments.

**27.Methodology for determining materiality criteria and basis for selection**

Items	Materiality Criteria
Significant debt investments	Amount ≥ CNY 50,000,000.00
Significant non-wholly owned subsidiaries	The Company identifies subsidiaries whose total revenue exceeds 50% of the total group profits as significant non-wholly owned subsidiaries

**28.Changes in significant accounting policies and accounting estimates**

**(1)Changes in significant accounting policies**

Accounting Treatment for Standard Warehouse Receipt Transactions under the Financial Instruments Standards Implementation Q&A

On July 8, 2025, the Ministry of Finance issued the Implementation Q&A regarding the accounting treatment for standard warehouse receipt transactions. It

explicitly states that, in accordance with the Accounting Standards for Financial Instruments (Recognition and Measurement), enterprises engaging in frequent contracts to buy and sell standard warehouse receipts on futures exchanges for the purpose of generating profits from price differentials, without taking physical delivery of the underlying commodities, typically indicate a business practice of acquiring contract assets and subsequently reselling them within a short period to profit from short-term market fluctuations. Such contracts shall be treated as financial instruments, and their accounting treatment shall follow the requirements of the financial instruments standards.

When enterprises acquire standard warehouse receipts under such contracts and sell them within a short period, sales revenue shall not be recognized. Instead, the difference between the consideration received and the carrying amount of the sold standard warehouse receipts shall be recognized in investment income. Standard warehouse receipts held at the reporting period and not yet sold shall be classified as other current assets.

Pursuant to the requirements of the Notice on Strictly Implementing Enterprise Accounting Standards and Effectively Preparing Enterprise Annual Reports for 2025 (Caihui [2025] No. 33), adjustments to accounting policies due to the implementation of the above provisions shall require restatement of comparable period information in the financial statements. The adoption of this regulation has not had a material impact on the Company's financial position or operating results.

**(2)Changes in significant accounting estimates**

There were no changes in the Company's significant accounting estimates during the reporting period.

**IV.Taxation**

**1.The main applicable tax and rate to the Group as follows**

Tax	Tax base	Tax rate
Value-added tax (VAT)	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and after deducting the input tax allowed to be deducted in the current period, the difference is the value-added tax	0%、1%、 5%、6%、 9%、11%、 13%

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Tax	Tax base	Tax rate
	payable	
City construction tax	Payable turnover tax, tax exemption	7%、 5%
Educational surcharge	Payable turnover tax, tax exemption	3%
Local education surcharge	Payable turnover tax, tax exemption	2%
Enterprise income tax	Taxable profits	25%、 22%、 20%、 15%

**EIT rate for different taxpayer**

Tax principles	EIT rate
TsannKuen (Zhangzhou) Enterprise Co., Ltd. (hereafter, TKL)	15%
TsannKuen China (Shanghai) Enterprise Co., Ltd. (hereafter, TKS)	25%
Xiamen TsannKuen Property Service Co., Ltd. (hereafter, TKW)	20%
Pt.Star Comgistic Indonesia	22%

**2. Tax preference**

(1) According to the principle of “The Second Batch of High-tech Enterprise Filing List of Fujian Province's Accreditation Organisations for 2023 Accreditation Reporting”, TKL was identified as Fujian Province High-tech Enterprise, and the certification was valid for 3 years (Certification No. GR202335003031), in accordance with the Enterprise Income Tax Law of the People's Republic of China, the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China and other relevant provisions, the income tax rate of Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. enjoys a 10% reduction for three years from 2023, which the income tax rate is 15%.

(2) According to the provisions of the Announcement on Further Supporting the Development of Small and Micro Enterprises and Self-Employed Individuals with Tax and Fee Policies (Announcement No. 12 of 2023 by the Ministry of Finance and the State Administration of Taxation):"3. The policy allowing small and micro-profit enterprises to calculate taxable income at 25% of the statutory rate and pay enterprise income tax at a 20% tax rate has been extended until December 31, 2027.Xiamen Cankun Property Services Co., Ltd., a subsidiary of the Company, is entitled to the above tax preferential policies."

## V. Notes to Consolidated Financial Statements

### 1. Cash at bank and on hand

Items	Closing balance	Opening balance
Monetary Funds	814,719.21	887,987.84
Digital Currency		
Cash in bank	460,016,679.73	440,872,233.11
Other cash and cash equivalents	16,377.06	2,617,722.57
Deposits with Financial Companies		
Total	460,847,776.00	444,377,943.52
Including: The total amount deposited overseas	42,799,561.10	37,357,738.79
Restricted Funds Held Overseas		

CNY 16,377.06 is the balance of the company's Alipay account. In addition, there are no funds other than the deposit for letter of credit in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezes.

### 2. Financial assets held for trading

Items	Closing balance	Opening balance
Financial asset measured at fair value through P&L		50,942,083.33
Including: Equity instrument investment		
Structured Deposit Investment		50,942,083.33
Total		50,942,083.33

### 3. Account receivable

#### (1) Category of accounts receivable listed by age

Aging	Closing Balance	Opening balance
Within 1 year	142,623,608.17	205,640,866.11
Including: Within 90 days	126,361,373.98	190,204,917.49
91 days to 180 days	16,260,251.66	15,422,144.41

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Aging	Closing Balance	Opening balance
181 days to 270 days		13,804.21
271 days to 365 days	1,982.53	
1 year to 2 years	748.23	40.24
2 years to 3 years		20,000.00
3 years to 4 years		9,677.56
4 years to 5 years	9,677.56	110,740.52
Over 5 years	15,740.52	5,000.00
Subtotal	142,649,774.48	205,786,324.43
Less: provision for bad debt	2,680,451.35	1,830,424.63
Total	139,969,323.13	203,955,899.80

**(2) Category of accounts receivable**

Items	Closing Balance				Opening Balance					
	Booking balance		Provision		Booking balance		Provision		Booking value	
	Amount	%	Amount	%	Amount	%	Amount	%		
Accounts receivable with individual bad debt provision										
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	142,649,774.48	100.00	2,680,451.35	1.88	139,969,323.13	100.00	1,830,424.63	0.89	205,786,324.43	203,955,899.80
Including:										
-Portfolio by age	139,200,837.18	97.58	2,680,451.35	1.93	136,520,385.83	99.54	1,830,424.63	0.89	204,835,409.81	203,004,985.18
-Portfolio by related parties	3,448,937.30	2.42			3,448,937.30	0.46			950,914.62	950,914.62
Total	142,649,774.48	100.00	2,680,451.35		139,969,323.13	100.00	1,830,424.63		205,786,324.43	203,955,899.80

Provision for Bad Debts Based on Aging Portfolio:

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Proportion (%)
Not overdue	120,294,774.42	601,159.83	0.50
Overdue 1 - 30 days	11,130,636.17	500,878.63	4.50
Overdue 31 - 60 days	7,744,043.75	1,548,808.75	20.00
Overdue 61 - 90 days	3,234.00	1,455.30	45.00
Overdue more than 90 days	28,148.84	28,148.84	100.00
<b>Total</b>	<b>139,200,837.18</b>	<b>2,680,451.35</b>	

**(3) Provision for bad debts charged off, reversed or recovered during the period**

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collect/carry over	Written-off	others	
Accounts receivable with individual bad debt provision						
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	1,830,424.63	2,680,451.35				4,510,875.98
Including: Portfolio by age	1,830,424.63	2,680,451.35				4,510,875.98
Portfolio by related parties						

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Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collect/carry over	Written-off	others	
Total	1,830,424.63	2,680,451.35				4,510,875.98

**(4)Accounts receivable written off in current period**

There Were No Actual Write-Offs of Accounts Receivable in the Current Period.

**(5)Top five of closing balances of customers**

The aggregated amount of the top five accounts receivable and contract assets based on the balance owed by each debtor at the end of the period is CNY 99,647,986.06, representing 69.85% of the total combined balances of accounts receivable and contract assets. The corresponding aggregate bad debt provision at the end of the period for these amounts is CNY 2,350,723.71.

**4. Advances to Suppliers**

**(1)Advances to suppliers by aging**

Items	Closing Balance		Opening Balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	4,955,253.01	100.00	4,318,758.91	100.00
Total	4,955,253.01	100.00	4,318,758.91	100.00

**(2)Top five of closing balances of suppliers**

The total amount of the top five suppliers with the largest prepaid amounts at the end of the year is CNY 1,903,219.05, accounting for 38.41% of the total amount of the prepayment at the end of the year.

**5.Other receivables**

Items	Closing Balance	Opening Balance
Interest receivable		
Dividend receivable		
Other receivable	21,608,192.98	27,902,480.51

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Items	Closing Balance	Opening Balance
Total	21,608,192.98	27,902,480.51

**(1)Other receivables**

①Disclosure by aging

Aging	Closing Balance	Closing Balance
Within 1 year (including 1year)	20,499,731.51	26,709,851.91
Including: Within 90 days	20,311,115.49	26,401,440.21
91 days to 180 days	93,830.21	290,303.70
181 days to 270 days	21,629.94	18,108.00
271 days to 365 days	73,155.87	
1year to 2 years	180,171.75	625,214.28
2 years to 3 years	376,622.68	35,500.00
3 years to 4 years	5,000.00	
Over 5 years	1,026,725.63	1,048,404.94
Subtotal	22,088,251.57	28,418,971.13
Less: provision for bad debt	480,058.59	516,490.62
Total	21,608,192.98	27,902,480.51

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②Categories of other receivable

Items	Book balance		Provision		Carrying amount	Booking balance		Provision		Carrying amount
	Amount	%	Amount	%		Amount	%	Amount	%	
Provision for bad debts is made on an individual basis	326,422.64	1.48	326,422.64	100.00		1.15	326,422.64	326,422.64	100.00	
Including:										
Other current balances	326,422.64	1.48	326,422.64	100.00		1.15	326,422.64	326,422.64	100.00	
Provision for bad debts by portfolio	21,761,828.93	98.52	153,635.95	0.71	21,608,192.98	98.85	28,092,548.49	190,067.98	0.68	27,902,480.51
Including:										
Export tax refund	12,000,000.00	54.33			12,000,000.00	63.34	18,000,000.00			18,000,000.00
Other current balances	8,634,103.30	39.09	153,635.95	1.78	8,480,467.35	31.27	8,887,143.55	190,067.98	2.14	8,697,075.57
Deposit	1,127,725.63	5.11			1,127,725.63	4.24	1,205,404.94			1,205,404.94
Total	22,088,251.57	100.00	480,058.59		21,608,192.98	100.00	28,418,971.13	516,490.62		27,902,480.51

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Provision for bad debts is made on an individual basis:

Items	Closing Balance			Reason for accrual	Opening Balance	
	Booking balance	Bad debts	Accrual rate(%)		Booking balance	bad debts
Guangdong Songqing Intelligent Technology Co., Ltd	326,422.64	326,422.64	100.00	The financial situation of the trading partner has deteriorated and the amount is expected to be unrecoverable	326,422.64	326,422.64
<b>Total</b>	<b>326,422.64</b>	<b>326,422.64</b>			<b>326,422.64</b>	<b>326,422.64</b>

Provision for Bad Debts Based on Portfolio:

Items	Closing Balance		
	Other receivables	Bad debts	Accrual rate(%)
Other current balances	8,634,103.30	153,635.95	1.78
<b>Total</b>	<b>8,634,103.30</b>	<b>153,635.95</b>	

③Bad debt provision of other receivable

Provision for bad debt	1st stage	2nd stage	3rd stage	Total
	Expected credit loss within following 12 months	Expected credit loss within life time (unimpaired)	Expected credit loss within life time (impaired)	

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Provision for bad debt	1st stage	2nd stage	3rd stage	Total
	Expected credit loss within following 12 months	Expected credit loss within life time (unimpaired)	Expected credit loss within life time (impaired)	
Balance on January 1, 2024	190,067.98		326,422.64	516,490.62
On January 1, 2024 Other receivable carrying amount on the book				
transfer to 2nd stage				
transfer to 3rd stage				
reverse to 2nd stage				
reverse to 1st stage				
Accrued	141,983.73			141,983.73
Reversed	178,415.76			178,415.76
Recollected				
Written off				
Others				
Closing Balance	153,635.95		326,422.64	480,058.59

④ Provision for bad debts charged off, reversed or recovered during the period

Items	Opening balance	Change during the year				Closing Balance
		Accrued	Collected/reversed	Written-off	others	
Other current balances	190,067.98	141,983.73	178,415.76			153,635.95
Total	190,067.98	141,983.73	178,415.76			153,635.95

⑤ The categories of other receivable by nature

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Items	Closing Balance	Opening balance
Export tax refund	12,000,000.00	18,000,000.00
Other current balances	8,960,525.95	9,213,566.19
Deposit	1,127,725.63	1,205,404.94
Total	22,088,251.58	28,418,971.13

⑥ Other receivables from the top 5 debtors

Company name	Category	closing balance	Againg	Rate of other receivables	Bad debts
Zhangzhou Taiwan investment zone State Administration of Taxation	Export tax refund	12,000,000.00	1-90 days	54.33	
State Grid Fujian Longhai Power Supply Co., Ltd	Other current balances	2,824,073.65	1-90 days	12.79	
China Export & Credit Insurance Corporation Fujian Branch	Security deposit	648,450.00	over 5years	2.94	
Sunshine Property Insurance Co., Ltd., Xiamen Branch	Other current balances	437,550.00	1-90 days	1.98	
PT. PLN (PERSERO)	Security deposit	378,275.63	over 5years	1.71	
Total		16,288,349.28		73.75	

**6. Inventories**

**(1) Inventories by category**

Items	Closing Balance			Closing Balance		
	Book value	Provision for decline in value of inventories / provision for impairment of contract performance costs	Net book value	Book value	Provision for decline in value of inventories / provision for impairment of contract performance costs	Net book value
Raw materials	74,015,782.16	14,946,461.02	59,069,321.14	74,560,733.28	13,095,705.30	61,465,027.98
Materials in transit	7,796,782.08	-	7,796,782.08	3,073,604.45	-	3,073,604.45
Self-manufactured semi-finished goods	16,516,601.91	1,876,938.57	14,639,663.34	27,333,598.54	3,193,768.90	24,139,829.64
Work in process	31,803,251.23	-	31,803,251.23	29,574,402.53	-	29,574,402.53
Finished goods	69,675,139.12	5,282,134.24	64,393,004.88	78,687,157.30	6,285,683.77	72,401,473.53
Low-value consumables	16,016,038.78	-	16,016,038.78	3,745,185.65	-	3,745,185.65
Total	215,823,595.28	22,105,533.83	193,718,061.45	216,974,681.75	22,575,157.97	194,399,523.78

**(2) Provision for impairment**

Items	Opening Balance	Increase		Decrease		Closing Balance
		Accrual	other	Reverse/Written -off	other	
Raw materials	13,095,705.30	3,143,935.72	-109,391.73	1,183,788.27	-	14,946,461.02
Self-manufactured semi-finished goods	3,193,768.90	714,281.93	-11,928.35	2,019,183.91	-	1,876,938.57
Finished goods	6,285,683.77	3,378,000.10	-9,556.14	4,371,993.49	-	5,282,134.24
Total	22,575,157.97	7,236,217.75	-130,876.22	7,574,965.67	-	22,105,533.83

### 7. Current portion of non-current assets

Items	Closing balance	Opening balance
Debt investments due within one year	555,877,899.74	51,260,694.44
<b>Total</b>	<b>555,877,899.74</b>	<b>51,260,694.44</b>

### 8. Other current assets

Items	Closing balance	Opening balance
Financial investment	279,745,858.28	544,439,535.72
Reclassification of VAT debit balances, etc.	8,540,179.76	9,897,443.29
<b>Total</b>	<b>288,286,038.04</b>	<b>554,336,979.01</b>

### 9. Debt investment

#### (1) Situation of debt investment

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Large certificate of deposit	736,100,000.00		736,100,000.00	581,500,000.00		581,500,000.00
Interest Accrual for Large certificate of deposit	28,380,048.42		28,380,048.42	10,295,355.13		10,295,355.13
<b>Subtotal</b>	<b>764,480,048.42</b>		<b>764,480,048.42</b>	<b>591,795,355.13</b>		<b>591,795,355.13</b>
Less: Debt investments due within one year	555,877,899.74		555,877,899.74	51,260,694.44		51,260,694.44
<b>Total</b>	<b>208,602,148.68</b>		<b>208,602,148.68</b>	<b>540,534,660.69</b>		<b>540,534,660.69</b>

**(2) Significant debt investments at the end of the period**

Items	Closing balance				Opening balance					
	Face Value	Coupon Rate	Actual Rate	Maturity Date	Principal Due	Face Value	Coupon Rate	Actual Rate	Maturity Date	Principal Due
Quanzhou Bank Time Deposit Certificate						51,500,000.00	2.75%	2.75%	2026/9/12	
Xiamen Bank Large Certificates of Deposit						50,000,000.00	3.30%	3.30%	2026/12/21	
Xiamen Bank Large Certificates of Deposit						50,000,000.00	3.30%	3.30%	2026/12/26	
Xiamen International Bank Time Deposit Certificate						50,000,000.00	2.85%	2.85%	2026/4/9	
Chiyu Bank Time Deposit Certificate						50,000,000.00	2.85%	2.85%	2026/5/11	
Xiamen International Bank Time Deposit Certificate						50,000,000.00	2.75%	2.75%	2026/5/23	
Quanzhou Bank Time						30,000,000.00	2.85%	2.85%	2026/6/25	

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Items	Closing balance				Opening balance					
	Face Value	Coupon Rate	Actual Rate	Maturity Date	Principal Due	Face Value	Coupon Rate	Actual Rate	Maturity Date	Principal Due
Deposit Certificate										
Quanzhou Bank Time Deposit Certificate						50,000,000.00	2.85%	2.85%	2026/7/4	
Quanzhou Bank Time Deposit Certificate						50,000,000.00	2.75%	2.75%	2026/9/9	
Quanzhou Bank Time Deposit Certificate						50,000,000.00	2.75%	2.75%	2026/9/11	
Quanzhou Bank Time Deposit Certificate						50,000,000.00	2.75%	2.75%	2026/9/12	
Quanzhou Bank Time Deposit Certificate	30,000,000.00	2.50%	2.50%	2027/1/16						
Xiamen Bank Large Certificates of Deposit	50,000,000.00	2.40%	2.40%	2027/1/17						
Quanzhou Bank Time Deposit Certificate	50,000,000.00	2.15%	2.15%	2028/9/5						
Quanzhou Bank Time	74,600,000.00	2.50%	2.50%	2027/1/16						

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Items	Closing balance				Opening balance					
	Face Value	Coupon Rate	Actual Rate	Maturity Date	Principal Due	Face Value	Coupon Rate	Actual Rate	Maturity Date	Principal Due
Deposit Certificate										
Total	204,600,000.00					531,500,000.00				

**10. Long-term equity investment**

Invested entity	Opening balance(Carrying amount)	Opening balance of depreciation reserves	Changes in the current period							Closing balance(Carrying amount)	Closing balance of depreciation reserves	
			Follow-on investment	Reduce investment	Investment gains or losses recognized under equity method	Adjustment of other comprehensive income	Changes in other rights and interests	Declaration of issuing cash dividends or profits	Accrual of impairment provision			Other
Associate Company												
Shanghai Upa Smart Chain Home Appliances Co., Ltd.			9,800,000.00			-1,713,478.49					-201,582.69	7,884,938.82

## 11. Other equity instrument investment

Items	Closing balance	Opening balance
Non-trading investments in equity instruments	40,000.00	40,000.00
Total	40,000.00	40,000.00

## 12. Investment property

### (1) Investment property measured as cost method

Items	Building and plants	Land use rights	Total
1. Initial Cost			
(1) Opening Balance	80,814,358.80	29,260,577.51	110,074,936.31
(2) Increase	39,000.00		39,000.00
—Purchase	39,000.00		39,000.00
—Transferred from fixed assets			
(3) Decrease			
—Disposal			
(4) Closing Balance	80,853,358.80	29,260,577.51	110,113,936.31
2. Accumulated Depreciation			
(1) Opening Balance	72,758,196.24	18,028,984.84	90,787,181.08
(2) Opening Balance	144,524.76	622,111.80	766,636.56
—Accrued	144,524.76	622,111.80	766,636.56
—Transfer from fixed assets			
(3) Decrease			
—Disposal			
(4) Closing Balance	72,902,721.00	18,651,096.64	91,553,817.64
3. Impairment Reserve			
(1) Opening Balance			
(2) Increase			

Items	Building and plants	Land use rights	Total
—Accrued			
(3) Decrease			
—Decrease			
(4) Closing Balance			
<b>4. Book Value</b>			
(1) Closing book value	7,950,637.80	10,609,480.87	18,560,118.67
(2) Opening book value	8,056,162.56	11,231,592.67	19,287,755.23

**(2) Investment properties without certificate of title**

Item	Carrying amount	Reason
Lvyuan three country villa	742,403.57	
<b>Total</b>	<b>742,403.57</b>	

Note: Lvyuan three country villa is the houses with limited property rights purchased by the TsannKuen China (Shanghai) Enterprise Co., Ltd. which is the subsidiary of the Company from Shanghai Lvsheng Real State Development Co., Ltd. in 1999. In January 2006, Shanghai Lvsheng Real State Development Co., Ltd. and Shanghai Jiading district, Huangdu town Lvyuan community residents' committees issued the certificate jointly to prove the right of this property belongs to TsannKuen China (Shanghai) Enterprise Co., Ltd.

**13.Fixed assets**

**(1)Fixed assets and fixed assets liquidation**

Items	Closing balance	Opening balance
Fixed assets	162,861,863.08	146,795,190.83
Disposal of fixed assets		
<b>Total</b>	<b>162,861,863.08</b>	<b>146,795,190.83</b>

**(2) Fixed assets detail**

Items	Houses and buildings	Machinery	Electronic devices, modules and others	Vehicles	Improvement expense of leased fixed assets	Total
I. Initial Cost						
(1) Opening Balance	89,810,823.21	154,643,353.55	849,500,172.53	16,444,897.00	20,762,399.27	1,131,161,645.56
(2) Increase	3,762,005.54	21,079,322.79	23,735,476.41	1,352,877.09	805,430.92	50,735,112.75
—Purchase	288,755.29	11,889,687.37	20,851,515.12	1,084,735.52	805,430.92	34,920,124.22
—Transferred from construction- in-progress	3,473,250.25	9,189,635.42	2,883,961.29	268,141.57		15,814,988.53
—Impact of changes in exchange rates						
(3) Decrease	1,134,427.87	7,071,340.63	1,897,975.50	115,394.07	234,017.67	10,453,155.74
—Disposal		5,994,708.96	794,598.00	2,861.50		6,792,168.46
—Transfer out to investment property						
—Impact of changes in exchange rates	1,134,427.87	1,076,631.67	1,103,377.50	112,532.57	234,017.67	3,660,987.28
(4) Closing Balance	92,438,400.88	168,651,335.71	871,337,673.44	17,682,380.02	21,333,812.52	1,171,443,602.57

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Items	Houses and buildings	Machinery	Electronic devices, modules and others	Vehicles	Improvement expense of leased fixed assets	Total
<b>2. Accumulated Depreciation</b>						
(1) Opening Balance	56,173,349.46	89,331,263.33	777,633,498.27	15,424,464.62	18,962,663.07	957,525,238.75
(2) Increase	3,195,990.73	10,069,529.47	19,014,925.94	350,726.54	301,314.07	32,932,486.75
—Accrued	3,195,990.73	10,069,529.47	19,014,925.94	350,726.54	301,314.07	32,932,486.75
—Impact of changes in exchange rates						
(3) Decrease	534,339.53	5,157,408.59	1,345,398.52	97,583.03	182,860.70	7,317,590.37
—Disposal		4,581,616.61	575,728.28	2,344.66		5,159,689.55
—Transfer out to investment property						
—Impact of changes in exchange rates	534,339.53	575,791.98	769,670.24	95,238.37	182,860.70	2,157,900.82
(4) Closing Balance	58,835,000.66	94,243,384.21	795,303,025.69	15,677,608.13	19,081,116.44	983,140,135.13
<b>3. Impairment Reserve</b>						
(1) Opening Balance		6,971,735.34	19,849,759.00	8,499.92	11,221.72	26,841,215.98
(2) Increase		130,586.68	47,471.57			178,058.25
—Accrued		130,586.68	47,471.57			178,058.25

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Items	Houses and buildings	Machinery	Electronic devices, modules and others	Vehicles	Improvement expense of leased fixed assets	Total
—Impact of changes in exchange rates						
(3) Decrease		1,479,092.95	97,682.04	645.70	249.18	1,577,669.87
—Disposal		1,413,092.35	46,646.04	516.84		1,460,255.23
—Impact of changes in exchange rates		66,000.60	51,036.00	128.86	249.18	117,414.64
(4) Closing Balance		5,623,229.07	19,799,548.53	7,854.22	10,972.54	25,441,604.36
4. Book value						
(1) Closing book value	33,603,400.22	68,784,722.43	56,235,099.22	1,996,917.67	2,241,723.54	162,861,863.08
(2) Opening book value	33,637,473.75	58,340,354.88	52,016,915.26	1,011,932.46	1,788,514.48	146,795,190.83

### (3) Temporary idle fixed assets

Item	Initial cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Electronic device	1,795,904.21	1,725,799.51	70,104.70		
Improvement expense of leased fixed assets	44,883.99	44,406.67	477.32		
Machinery equipment	6,390,364.61	6,390,364.61			
Machinery equipment	7,881,387.12	5,346,129.04	1,854,341.69	680,916.39	
Total	16,112,539.93	13,506,699.83	1,924,923.71	680,916.39	

### (4) Fixed assets as pending certificate of ownership

Item	Carrying amount on 31 December 2024	Reason
Telecommunications project expenses	53,052.16	In Process
Houses and buildings renovation expenses	297,722.28	In Process

## 14. Construction-in-progress

### (1) Construction in progress and construction materials

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction in progress	14,770,911.87		14,770,911.87	3,462,300.89		3,462,300.89
Engineering materials						
Total	14,770,911.87		14,770,911.87	3,462,300.89		3,462,300.89

**(2)Construction in progress details**

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Sporadic project	4,818,922.51		4,818,922.51	2,107,628.32		2,107,628.32
Equipment to be inspected	9,951,989.36		9,951,989.36	1,354,672.57		1,354,672.57
<b>Total</b>	<b>14,770,911.87</b>		<b>14,770,911.87</b>	<b>3,462,300.89</b>		<b>3,462,300.89</b>

### 15.Right-of-use assets

Items	Houses and buildings	Total
1. Initial Cost		
( 1 ) Opening Balance	408,735,436.56	408,735,436.56
(2) Increase	1,374,156.36	1,374,156.36
—New Leases	1,374,156.36	1,374,156.36
(3) Decrease		
—Transferred to Fixed Assets		
—Disposal		
( 4 ) Closing Balance	410,109,592.92	410,109,592.92
2.Accumulated Depreciation		
( 1 ) Opening Balance	54,791,566.64	54,791,566.64
(2) Increase	14,930,816.06	14,930,816.06
—Accrued	14,930,816.06	14,930,816.06
(3) Accrued		
—Transferred to Fixed Assets		
—Disposal		
( 4 ) Closing Balance	69,722,382.70	69,722,382.70
3. Impairment Reserve		
( 1 ) Opening Balance		
(2) Increase		
—Accrued		
(3) Decrease		
—Transferred to Fixed Assets		
—Disposal		
( 4 ) Closing Balance		
4. Book value		
(1) Closing book value	340,387,210.22	340,387,210.22
(2) Opening book value	353,943,869.92	353,943,869.92

## 16. Intangible assets

Items	Land use rights	Software	Total
1. Initial cost			
(1) Opening balance	19,423,602.68	53,847,562.20	73,271,164.88
(2) Increase	61,495.51	27,477.88	88,973.39
—Purchase		27,477.88	27,477.88
—Impact of changes in exchange rates	61,495.51		61,495.51
(3) Decrease	707,100.09		707,100.09
—Disposal			
—Impact of changes in exchange rates	707,100.09		707,100.09
(4) Closing balance	18,777,998.10	53,875,040.08	72,653,038.18
2. Amortization			
(1) Opening balance	7,589,198.59	53,734,647.63	61,323,846.22
(2) Increase	645,020.94	122,073.85	767,094.79
—Accrual	645,020.94	122,073.85	767,094.79
—Impact of changes in exchange rates			
(3) Decrease	243,995.00		243,995.00
—Disposal			

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Items	Land use rights	Software	Total
—Impact of changes in exchange rates	243,995.00		243,995.00
(4) Closing balance	7,990,224.53	53,856,721.48	61,846,946.01
<b>3. Provision for impairment</b>			
(1) Opening balance			
(2) Increase			
—Accrual			
(3) Decrease			
—Disposal			
(4) Closing balance			
<b>4. Book value</b>			
(1) Closing Book value	10,787,773.57	18,318.60	10,806,092.17
(2) Opening Book value	11,834,404.09	112,914.57	11,947,318.66

### 17. Long-term prepaid expenses

Items	Closing balance	Increase	Amortization	Other Decrease	Opening balance
Building improvement expenses	5,487,181.12	300,229.17	2,438,208.26		3,349,202.03
Telecommunications project expenses	84,199.14		37,487.88		46,711.26
Total	5,571,380.26	300,229.17	2,475,696.14		3,395,913.29

### 18. Deferred tax assets and deferred tax liabilities

#### (1) Deferred tax assets before offsetting

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	7,227,889.86	1,084,183.48		
Provision for asset impairment	2,314,728.83	358,528.48	36,745,296.24	5,756,204.14
Provision for credit impairment	36,428,524.38	5,683,315.53	2,087,383.34	325,513.21
Unrealized intragroup profit	274,674.72	68,668.68	445,561.88	111,390.47
Accrued expenses	6,777,249.76	1,064,770.17	8,188,555.64	1,301,408.77
Lease liabilities	402,036,188.94	60,305,428.34	396,776,679.42	59,538,736.82
Total	455,059,256.49	68,564,894.68	444,243,476.52	67,033,253.41

#### (2) Deferred tax liabilities before offsetting

Items	Closing balance	Opening balance
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	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Financial assets held for trading			942,083.33	141,312.50
Depreciation of fixed assets accelerates	11,094,844.01	1,664,226.60	12,850,383.83	1,927,557.57
Right-of-use Assets	340,387,210.22	51,058,081.53	353,943,869.92	53,091,580.49
合计	351,482,054.23	52,722,308.13	367,736,337.08	55,160,450.56

**(3)Deferred tax assets or liabilities on a net basis after elimination**

Items	Closing balance		Opening balance	
	Offset Amount Between Deferred Tax Assets and Liabilities	Balance after offsetting	Offset Amount Between Deferred Tax Assets and Liabilities	Balance after offsetting
Deferred tax assets	52,722,308.13	15,842,586.55	55,160,450.56	11,872,802.85
Deferred tax liabilities	52,722,308.13		55,160,450.56	

**(4)Unrecognized deferred tax assets**

Items	Closing balance	Opening balance
Provision for asset impairment	10,949,534.40	12,501,998.30
Provision for credit impairment	845,781.10	259,531.91
Accrued expenses	7,502,466.81	16,484,156.08
Payroll liability	4,674,110.43	2,119,054.60
Undistributed deficit	33,440,943.64	24,592,204.05
Total	57,412,836.38	55,956,944.94

**(5)Deductible losses not recognised as deferred tax assets will expire in the following periods**

Year	Closing balance	Opening balance	Memo
2026			
2027	6,631,108.51	6,631,108.51	
2028	5,538,094.86	5,538,094.86	
2029	12,423,000.68	12,423,000.68	
2030-2035	8,848,739.59		
Total	33,440,943.64	24,592,204.05	

**19.Other non-current assets**

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepaid mold fee and equipment fee	6,273,764.94		6,273,764.94	10,099,186.11		10,099,186.11
Total	6,273,764.94		6,273,764.94	10,099,186.11		10,099,186.11

**20. Assets with restricted ownership or use**

Items	Closing balance		Opening balance	
	Book Balance	Book Value	Book Balance	Book Value
Monetary funds			2,487,216.02	2,487,216.02
Total			2,487,216.02	2,487,216.02
				Letter of credit margin

## 21. Notes payable

Classification	Closing balance	Opening balance
Bank acceptance notes	2,224,816.88	19,418,627.35
<b>Total</b>	<b>2,224,816.88</b>	<b>19,418,627.35</b>

## 22. Accounts Payable

Items	Closing balance	Opening balance
Within 1 year	380,458,300.99	513,873,164.01
Over 1 year	3,410,092.35	3,448,353.28
<b>Total</b>	<b>383,868,393.34</b>	<b>517,321,517.29</b>

## 23. Received in advance

Items	Closing balance	Opening balance
Within 1 year	2,250,671.08	2,803,884.45
Over 1 year	131,374.50	120,448.80
<b>Total</b>	<b>2,382,045.58</b>	<b>2,924,333.25</b>

## 24. Contractual liability

Items	Closing balance	Opening balance
Advance from merchandise	23,384,580.98	15,988,527.98
Advance for Management Fees	233,082.20	308,211.67
<b>Total</b>	<b>23,617,663.18</b>	<b>16,296,739.65</b>

## 25. Employee Benefits Payable

### (1) Details of employee benefits payable

Items	Opening balance	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	Closing balance
Short-term	53,950,714.15	292,297,404.43	289,887,426.86	-104,169.99	56,256,521.73

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Items	Opening balance	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	Closing balance
benefits					
Post-employment benefits – Defined contribution plan	6,308.25	24,133,339.41	24,134,544.74	-10.20	5,092.72
Termination benefits		2,470,772.55	412,762.55		2,058,010.00
<b>Total</b>	<b>53,957,022.40</b>	<b>318,901,516.39</b>	<b>314,434,734.15</b>	<b>-104,180.19</b>	<b>58,319,624.45</b>

**(2)Details of short-term employee benefits**

Items	Opening balance	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	Closing balance
(1) Wages or salaries, bonuses, allowances and subsidies	34,998,217.81	253,982,472.24	254,028,807.88	-104,149.64	34,847,732.53
(2) Staff welfare		16,177,008.48	16,177,008.48		
(3) Social security contributions	4,662.77	12,665,588.72	12,667,190.31	-20.35	3,040.83
Include: Medical insurance	3,512.85	9,455,899.28	9,456,556.74	-9.64	2,845.75
Work injury insurance	1,149.92	2,485,699.56	2,486,643.69	-10.71	195.08
Maternity insurance		723,989.88	723,989.88		

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Items	Opening balance	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	Closing balance
(4) Housing funds	15,982,742.50	8,883,565.18	6,158,797.16		18,707,510.52
(5) Labor union and employee education costs		855,623.03	855,623.03		
(6) Short-term paid leave	2,965,091.07	-266,853.22			2,698,237.85
<b>Total</b>	<b>53,950,714.15</b>	<b>292,297,404.43</b>	<b>289,887,426.86</b>	<b>-104,169.99</b>	<b>56,256,521.73</b>

**(3)Details of defined contribution plans**

Items	Opening balance	Increase during the reporting period	Decrease during the reporting period	Impact of changes in exchange rate	Closing balance
Basic pension insurance	6,122.54	23,376,350.81	23,377,519.61	-10.20	4,943.54
Unemployment insurance	185.71	756,988.60	757,025.13		149.18
<b>Total</b>	<b>6,308.25</b>	<b>24,133,339.41</b>	<b>24,134,544.74</b>	<b>-10.20</b>	<b>5,092.72</b>

**26.Taxes payable**

Items	Closing balance	Opening balance
Value-added tax	467,002.43	952,185.68
Enterprise income tax	3,642,909.01	13,505,915.29
Individual income tax	562,112.35	809,831.82
City maintenance and construction tax	315,000.00	601,276.22
Education surcharge	189,000.00	360,765.73

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Items	Closing balance	Opening balance
local education surcharge	126,000.00	240,510.49
Real estate tax	1,428,496.70	1,456,280.69
Land use tax	175,232.82	175,232.78
Stamp duty	157,324.77	202,995.02
Other	4,242.05	5,401.04
<b>Total</b>	<b>7,067,320.13</b>	<b>18,310,394.76</b>

**27.Other payables**

Items	Closing balance	Opening balance
Interest payable		
Dividend payable		
Other payables	28,579,322.67	40,877,557.33
<b>Total</b>	<b>28,579,322.67</b>	<b>40,877,557.33</b>

**(1)Other accounts payable**

①Other payables categorized by payments nature

Items	Closing balance	Opening balance
Bid security deposits	7,983,586.79	8,735,043.85
Current payments and others	5,351,553.34	7,474,779.27
Accrued expenses	15,244,182.54	24,667,734.21
<b>Total</b>	<b>28,579,322.67</b>	<b>40,877,557.33</b>

②Material Other Payables with Aging Over One Year or Overdue

Items	Closing balance	Reason for Unrepaid or Unsettled
Bid security deposits	7,371,222.79	To be returned upon contract termination

**28.Current portion of non-current liabilities**

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Items	Closing balance	Opening balance
Lease liabilities due within one year	476,624.15	922,678.70
Total	476,624.15	922,678.70

**29. Lease liabilities**

Items	Closing balance	Opening balance
Lease payments	687,431,273.71	698,687,752.67
Less: unrecognized financing charges	285,395,084.77	301,760,453.00
Less: Lease liabilities due within one year	476,624.15	922,678.70
Total	401,559,564.79	396,004,620.97

**30. Share Capital**

Items	Opening Balance	Change for current period					Closing balance
		New shares issued	Share donation	Capitalization of capital reserve	Others	Subtotal	
Number of total shares	185,391,680.00						185,391,680.00

**31. Capital reserve**

Items	Opening Balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	210,045,659.80			210,045,659.80
Other capital reserves	86,763,305.99			86,763,305.99
Total	296,808,965.79			296,808,965.79

### 32. Other Comprehensive Income

Items	Opening Balance	Current year					Closing balance
		Amount for the year before tax	Less: previously recognized in other comprehensive income transferred into profit or loss	Less: previously recognized in other comprehensive income transferred into retained earnings	Less: Income tax expense	After tax attributable to the company	
1. Other comprehensive income that will not be reclassified to profit or loss	41,036.56						41,036.56
Including: Remeasurement gains or losses of a defined benefit plan	41,036.56						41,036.56
Other comprehensive income using the equity method that will not be reclassified to profit or							

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Items	Opening Balance	Current year					Closing balance
		Amount for the year before tax	Less: previously recognized in other comprehensive income transferred into profit or loss	Less: previously recognized in other comprehensive income transferred into retained earnings	Less: Income tax expense	After tax attributable to the company	
loss							
Changes in fair value of other equity instrument investments							
Changes in fair value of enterprise's own credit risk							
2. Other comprehensive income to be reclassified to profit or loss	11,211,709.96	-3,954,027.00			-2,965,520.25	-988,506.75	8,246,189.71
Including: Under equity method, proportionate share of other comprehensive							

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Items	Opening Balance	Current year					Closing balance
		Amount for the year before tax	Less: previously recognized in other comprehensive income transferred into profit or loss	Less: previously recognized in other comprehensive income transferred into retained earnings	Less: Income tax expense	After tax attributable to the company	
income invested company							
FV change of other debt investment							
Financial instrument reclassified into other comprehensive income							
Credit impairment provision of other debt investment							
Cash flow hedges effective portion							
Foreign currency translation	11,211,709.96	-3,954,027.00			-2,965,520.25	-988,506.75	8,246,189.71

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Items	Opening Balance	Current year					Closing balance
		Amount for the year before tax	Less: previously recognized in other comprehensive income transferred into profit or loss	Less: previously recognized in other comprehensive income transferred into retained earnings	Less: Income tax expense	After tax attributable to the company	
difference							
Total	11,252,746.52	-3,954,027.00			-2,965,520.25	-988,506.75	8,287,226.27

### 33. Surplus reserves

Items	Opening Balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	81,427,732.56	5,352,894.75		86,780,627.31
Total	81,427,732.56	5,352,894.75		86,780,627.31

### 34. Retained earnings

Items	Current year	Prior year
Closing balance of prior year	527,518,517.81	507,010,039.53
Adjustments for the opening balance (increase)/(decrease))		
Balance at the beginning of the reporting period after adjustments	527,518,517.81	507,010,039.53
Add: net profit attributable to owners of the company for the reporting period	23,545,319.37	72,782,642.48
Less: Provision for statutory surplus reserves	5,352,894.75	5,926,244.20
Provision for any surplus reservesC		
Provision of general risk		
Dividends payable for common shares	33,370,502.40	46,347,920.00
Share dividends		
Closing balance of current year	512,340,440.03	527,518,517.81

### 35. Operating income and costs of sales

#### (1) Operating income and cost

Items	Current year		Prior year	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal operating activities	1,297,894,653.32	1,152,791,463.09	1,648,161,362.22	1,428,347,528.54
Others	46,880,902.92	11,856,078.57	52,954,088.34	13,956,531.45
Total	1,344,775,556.24	1,164,647,541.66	1,701,115,450.56	1,442,304,059.99

**(2) Revenue from principal activities (by industry or business)**

Industry (business)	Current year		Prior year	
	Revenue	Costs of sales	Revenue	Costs of sales
Household appliances industry	1,297,894,653.32	1,152,791,463.09	1,648,161,362.22	1,428,347,528.54
<b>Total</b>	<b>1,297,894,653.32</b>	<b>1,152,791,463.09</b>	<b>1,648,161,362.22</b>	<b>1,428,347,528.54</b>

**(3) Revenue from principal activities (by product)**

Product	Current year		Prior year	
	Revenue	Costs of sales	Revenue	Costs of sales
Catering and Cooking	834,493,669.53	742,912,713.79	1,046,951,475.35	904,917,723.90
Home helper	369,884,920.65	330,792,146.03	450,085,933.70	397,179,916.97
Tea/Coffee makers	86,053,300.56	75,142,750.98	136,456,159.10	118,649,027.25
Other	7,462,762.58	3,943,852.29	14,667,794.07	7,600,860.42
<b>Total</b>	<b>1,297,894,653.32</b>	<b>1,152,791,463.09</b>	<b>1,648,161,362.22</b>	<b>1,428,347,528.54</b>

**(4) Revenue from principal activities (by region)**

Region	Current year		Prior year	
	Revenue	Costs of sales	Revenue	Costs of sales
Australia	15,643,467.49	12,598,553.83	20,751,971.71	16,716,180.90
Africa	2,953,785.89	2,792,390.70	15,758,618.31	12,986,861.43
America	595,844,245.75	541,878,569.80	847,408,182.11	744,335,500.91
Europe	391,841,744.63	341,404,334.99	483,962,735.10	414,623,825.78
Asia	291,611,409.56	254,117,613.77	280,279,854.99	239,685,159.52
<b>Total</b>	<b>1,297,894,653.32</b>	<b>1,152,791,463.09</b>	<b>1,648,161,362.22</b>	<b>1,428,347,528.54</b>

### 36. Taxes and Surcharges

Items	Current year	Prior year
City construction tax	2,131,395.21	2,673,626.01
Education surcharge	1,224,129.01	1,560,402.93
Local Education surcharge	817,043.13	1,040,268.65
Property tax	2,988,346.37	2,953,530.94
Property tax	398,846.80	398,846.80
Stamp duty	687,684.95	905,265.36
Others	62,222.21	43,315.39
Total	8,309,667.68	9,575,256.08

### 37. Selling and Distribution Expenses

Items	Current year	Prior year
Employee benefit	14,069,531.81	16,454,435.95
Advertisements charges and sales promotion	2,503,856.95	2,875,696.67
Sales commission and after sales service fees	42,945.64	6,028,629.94
Travel expenses	620,068.05	1,110,026.40
Administrative expenses	152,129.82	128,595.30
Leasing	21,842.16	22,718.34
Claims experiment expenses	960,771.13	1,401,804.99
Travel expense	4,310,620.71	4,207,806.76
Total	22,681,766.27	32,229,714.35

### 38. Administrative expenses

Items	Current year	Prior year
Employee benefit	47,908,724.21	42,423,111.23
Depreciation and amortization of assets	7,979,119.02	10,137,390.28
Employee benefit	3,391,599.30	2,975,629.69

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Items	Current year	Prior year
Consultant fees	2,440,849.27	2,122,571.44
Maintenance expenses	3,801,226.60	3,745,323.37
Insurance expenses	1,947,554.90	2,402,559.65
Administrative expenses	1,707,776.06	1,676,235.64
Rental expenses	184,983.65	306,785.03
Other expense	7,289,400.16	5,686,296.38
<b>Total</b>	<b>76,651,233.17</b>	<b>71,475,902.71</b>

### 39. Research and Development Expenses

Items	Current year	Prior year
Employee remunerations	44,742,516.32	47,317,568.07
Depreciation and amortization of assets	2,742,821.79	3,827,800.32
Test expenses	6,274,061.42	6,578,389.27
Maintenance expenses	2,094,668.66	1,837,472.13
Certification expenses	1,810,373.01	1,539,557.35
Patent expenses	903,881.82	705,579.71
Travel expenses	575,609.06	551,259.50
Consultant fees	342,498.96	256,246.64
Rental expenses	38,287.43	40,310.01
Others	1,969,793.25	2,278,083.81
<b>Total</b>	<b>61,494,511.72</b>	<b>64,932,266.81</b>

### 40. Financial expenses

Items	Current year	Prior year
Interest expenses	21,174,939.96	21,700,670.25
Including: interest expense on lease liabilities	16,441,826.74	16,253,615.68
Less: Interest income	6,644,317.40	9,148,448.06
Foreign exchange losses	-1,583,059.60	-11,924,910.07

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Items	Current year	Prior year
Add: Others expenditure	708,051.38	760,380.35
<b>Total</b>	<b>13,655,614.34</b>	<b>1,387,692.47</b>

**41.Other income**

Items	Current year	Prior year
Government grant	7,683,398.57	2,373,328.56
Withholding of personal income tax handling fee	114,394.03	100,942.42
<b>Total</b>	<b>7,797,792.60</b>	<b>2,474,270.98</b>

**42.Investment income**

Items	Current year	Prior year
Income from long-term equity investments accounted for using the equity method	-1,713,478.49	
Investment income earned during the holding period of a trading financial asset	1,487,355.87	14,792,090.85
Investment income from the disposal of trading financial assets	-33,700.00	321,250.00
Other current assets' investment and wealth management	29,282,206.64	22,565,233.90
<b>Total</b>	<b>29,022,384.02</b>	<b>37,678,574.75</b>

**43.Gains from changes in fair value**

Sources of gains on changes in fair value	Current year	Prior year
Tradable financial asset	-942,083.33	-2,066,950.01
Including: Changes in fair value of derivatives		-432,800.00
Financial products	-942,083.33	-1,634,150.01
<b>Total</b>	<b>-942,083.33</b>	<b>-2,066,950.01</b>

#### 44.Credit impairment losses

Items	Current year	Prior year
Bad debt of accounts receivables	864,743.88	-1,300,562.02
Bad debt of other receivables	-36,432.03	52,587.96
Total	828,311.85	-1,247,974.06

#### 45.Assets impairment losses

Items	Current year	Prior year
Inventory impairment loss & Impairment loss on contract performance costs	3,464,673.48	6,812,241.66
Fixed asset impairment loss	177,933.89	2,358,907.09
Total	3,642,607.37	9,171,148.75

#### 46.Gains from disposal of assets

Items	Current year	Prior year	Amount included in non-recurring profit or loss in the current period
Income from the disposal of fixed assets		756,104.15	
Total		756,104.15	

#### 47.Non-operating income

Items	Current year	Prior year	Amount included in non-recurring profit or loss in the current period
Other	2,062,990.74	488,343.55	2,062,990.74
Total	2,062,990.74	488,343.55	2,062,990.74

#### 48. Non-operating expenses

Items	Current year	Prior year	Amount included in non-recurring profit or loss in the current period
Donations		61,242.81	
Loss from damage or scrapping of non-current assets	4,472.80		4,472.80
Penalty and late payment	116,848.25	25,750.00	116,848.25
others			
<b>Total</b>	<b>121,321.05</b>	<b>86,992.81</b>	<b>121,321.05</b>

#### 49. Income tax expenses

##### (1) Income tax expenses

Items	Current year	Prior year
Current income tax expenses	6,305,118.13	17,927,037.97
Deferred income tax expenses	-3,969,783.70	-3,487,994.18
<b>Total</b>	<b>2,335,334.43</b>	<b>14,439,043.79</b>

##### (2) Reconciliation of income tax expenses to the accounting profit

Items	Current year
Total profit	30,684,065.16
Income tax expense at the statutory [or applicable] tax rate	7,671,016.29
Effect of different tax rates applied to subsidiaries	-1,444,080.93
Effect of adjustments to income taxes of prior periods	928,579.71
Impact of non-taxable income	287,259.18
Effect of non-deductible costs, expenses and losses	981,015.41
Effect of non-deductible costs, expenses and losses	-2,561,168.09

Items	Current year
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	3,023,683.03
R&D expenses plus deduction	-6,550,970.17
Income tax expense	2,335,334.43

## 50. Earnings per share

### (1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net income attributable to ordinary shareholders of the company by the weighted average number of ordinary shares of the Company in issue:

Item	Current year	Prior year
Consolidated net income attributable to ordinary shareholders of the company	23,545,319.37	72,782,642.48
Weighted average number of common shares of the Company issued and outstanding	185,391,680.00	185,391,680.00
Basic earnings per share	0.13	0.39
Include: Basic earnings per share from continuing operations	0.13	0.39
Basic earnings per share from discontinued operations		

### (2) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net income attributable to ordinary shareholders of the company (diluted) by the weighted average number of ordinary shares of the Company in issue (diluted):

Item	Current year	Prior year
Consolidated net income attributable to ordinary shareholders of the company (diluted)	23,545,319.37	72,782,642.48

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Item	Current year	Prior year
Weighted average number of common shares of the company issued and outstanding (diluted)	185,391,680.00	185,391,680.00
Diluted earnings per share	0.13	0.39
Include: Diluted earnings per share from continuing operations	0.13	0.39
Diluted earnings per share from discontinued operations		

**51. Notes to the Statement of Cash Flow**

**(1) Cash relating to operating activities**

**① Cash received relating to other operating activities**

Item	Current year	Prior year
Government grants	7,683,398.57	2,373,328.56
Interest income	6,644,317.43	9,148,448.06
Rent income	40,130,936.58	35,225,301.36
Funds in current account and others	68,382,204.93	58,998,534.03
Total	122,840,857.51	105,745,612.01

**② Other cash payments relating to operating activities**

Item	Current year	Prior year
Penalties and donations	116,848.25	86,992.81
Bank charges	708,051.41	760,380.35
Sales expenses, general and administrative expenses, and research and development expenses paid by cash	53,328,190.19	34,510,721.88
Current accounts and others	68,683,022.87	60,758,272.65
Total	122,836,112.72	96,116,367.69

**(2) Cash relating to investing activities**

**① Cash received relating to other investing activities**

Item	Current year	Prior year
A term deposit deposited with a financial institution to earn interest income at maturity	635,349,329.98	546,076,871.65
Total	635,349,329.98	546,076,871.65

**② Cash paid relating to other investing activities**

Item	Current year	Prior year
A term deposit deposited with a financial institution for earning interest income	325,728,783.59	699,587,632.10
Total	325,728,783.59	699,587,632.10

**(3) Cash relating to financing activities**

**① Cash receipts relating to other financing activities**

Item	Current year	Prior year
Letter of credit margin	4,748,170.39	11,360,910.42
Total	4,748,170.39	11,360,910.42

**② Cash payments relating to other financing activities**

Item	Current year	Prior year
Lease payments of right-of-use assets	13,294,352.52	12,950,682.48
Letter of credit deposit	2,260,954.37	8,495,821.20
Total	15,555,306.89	21,446,503.68

## 52. Supplementary information to the cash flow statement

### (1) Supplementary information to the cash flow statement

additional materials	Current year	Prior year
1. Adjust net profit to cash flow from operating		
Net profit	28,348,730.73	96,091,690.28
Add: Impairment loss of credit	828,311.85	-1,247,974.06
Provision for impairment losses of assets	3,642,607.37	9,171,148.75
Depreciation of fixed assets, Investments properties	33,635,783.30	34,045,644.99
Depreciation of right-of-use assets	14,930,816.06	14,620,121.76
Amortisation of intangible assets	755,060.01	1,651,783.01
Amortisation of Long-term prepaid expenses	2,475,696.14	2,968,396.31
Gain on disposal of fixed assets, intangible assets, and other long-term assets (Gain expressed with “-”)		-756,104.15
Loss on scrapping of fixed assets (Gain expressed with “-”)	4,472.80	
Loss on changes in fair value (Gain expressed with “-”)	942,083.33	2,066,950.01
Financial expense (Income expressed with “-”)	19,591,880.37	9,775,760.26
Investment loss (Income expressed with “-”)	-29,022,384.02	-37,678,574.75
Decreases in deferred tax assets (Increase expressed with “-”)	-3,969,783.70	-3,487,994.18
Increases in deferred tax liabilities (Decrease expressed with “-”)		
Decrease in inventories (Increase expressed with “-”)	153,722.73	-4,097,528.45
Decrease in operating receivables (Increase expressed with “-”)	60,928,810.20	105,722.03
Increases in operating payables (Decrease expressed with “-”)	-148,232,929.07	13,154,370.28

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additional materials	Current year	Prior year
Others		
Net cash flows from operating activities	-14,987,121.90	136,383,412.09
2.Net increases in cash and cash equivalents		
Cash at the end of the reporting period	460,847,776.00	441,890,727.50
Less: Cash at the beginning of the reporting period	441,890,727.50	561,810,271.53
Add: Cash equivalents at the end of the reporting period		
Less: Cash equivalents at the beginning of the reporting period		
Net increase in cash and cash equivalents	18,957,048.50	-119,919,544.03

**(2)Composition of cash and cash equivalents**

Item	Current year	Prior year
1.Cash	460,847,776.00	441,890,727.50
Including: Cash on hand	814,719.21	887,987.84
Digital Currency		
Bank deposits	460,016,679.73	440,872,233.11
Other monetary funds	16,377.06	130,506.55
Deposits with the central bank		
Deposits with other banks		
Placements with banks		
2.Cash equivalents		
Including: Investments in debt securities due within three months		
3.Closing balance of cash and cash equivalents	460,847,776.00	441,890,727.50
Including: Restricted cash and cash equivalents of the Company and subsidiaries within the Group		

Monetary Funds Not Belonging to Cash and Cash Equivalents:

Item	Closing balance	Opening balance	Reasons
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Item	Closing balance	Opening balance	Reasons
Letter of credit margin		2,487,216.02	Not withdrawable at any time
Total		2,487,216.02	

**53.Foreign currency monetary items**

**(1)Foreign currency monetary items**

Items	Closing balance	Converted exchange rate	Closing balance converted CNY
Money funds			130,186,633.20
Include: USD	17,351,446.60	7.03	121,959,847.86
Euro	26,368.20	8.24	217,155.31
HKD	208,447.78	0.90	188,274.20
JPY	144,238,105.42	0.04	6,461,434.41
HUF	81,016.00	0.02	1,728.80
IDR	3,075,782,176.71		1,291,828.51
GBP	7,034.12	9.43	66,364.11
Accounts receivables			137,352,795.82
Include: USD	19,116,456.38	7.03	134,365,528.63
IDR	639,959,400.00		269,887.53
JPY	60,659,858.00	0.04	2,717,379.66
Accounts payables			43,825,342.58
Include: USD	5,794,801.72	7.03	40,730,502.33
Euro	66,306.00	8.24	546,063.06
JPY	1,666,084.47	0.04	74,635.59
IDR	5,887,596,790.50		2,472,790.65
HKD	1,495.70	0.90	1,350.95
Other receivables			1,036,138.74

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Items	Closing balance	Converted exchange rate	Closing balance converted CNY
Include: USD	8,089.73	7.03	56,861.09
IDR	2,331,613,442.00		979,277.65
HKD			
Other payables			2,897,152.27
Include: USD	316,548.47	7.03	2,224,955.89
HKD	73,851.42	0.90	66,704.08
IDR	1,358,227,347.52		570,455.49
JPY	782,124.00	0.04	35,036.81

**(2)Description of foreign operations: for significant foreign operations, major domicile and functional currency and its basis of selection shall be disclosed, and reasons for foreign operations changing their functional currencies shall also be disclosed.**

Name of the overseas operating entity: Pt.Star Comgistic Indonesia

Main business area: Indonesia

Accounting standard currency: US dollars

#### **54.Lease**

##### **(1)The Company as the lessee**

Items	Current year	Prior year
Interest Expense on Lease Liabilities	16,441,826.74	16,253,615.68
Short-term Lease Expenses Recognized in Related Asset Costs or Simplified as Current Period Gains and Losses	270,908.41	441,127.08
Income from Subleasing Right-of-Use Assets	14,263,468.92	13,758,179.15
Total Cash Outflows Related to Leases	12,707,093.83	12,950,682.48

The future potential cash outflows not included in the lease liability measurement mainly arise from leases committed to by the lessee but not yet commenced.

The expected future cash outflows for leases committed to but not yet commenced are as follows:

Remaining Lease Term	Unamortized Lease Payment
	Amount
Within 1 Year	12,460,484.07
1 to 2 Years	11,979,524.07
2 to 3 Years	25,554,549.71
Over 3 Years	637,436,715.87
Total	687,431,273.72

**(2)The company shall be the lessor**

Operation lease

	Current year	Prior year
Operating Lease Income	17,151,696.10	18,876,240.86

**VI.R&D expenditures (Research and Development)**

Items	Current year			Prior year		
	Research and Development Expenses	Development expenditures	Total	Research and Development Expenses	Development expenditures	Total
Employee remunerations	44,742,516.32		44,742,516.32	47,317,568.07		47,317,568.07
Depreciation and amortization of assets	2,742,821.79		2,742,821.79	3,827,800.32		3,827,800.32
Test expenses	6,274,061.42		6,274,061.42	6,578,389.27		6,578,389.27
Maintenance expenses	2,094,668.66		2,094,668.66	1,837,472.13		1,837,472.13
Certification expenses	1,810,373.01		1,810,373.01	1,539,557.35		1,539,557.35
Patent expenses	903,881.82		903,881.82	705,579.71		705,579.71
Travel expenses	575,609.06		575,609.06	551,259.50		551,259.50
Consultant fees	342,498.96		342,498.96	256,246.64		256,246.64
Rental expenses	38,287.43		38,287.43	40,310.01		40,310.01
Others	1,969,793.25		1,969,793.25	2,278,083.81		2,278,083.81
<b>Total</b>	<b>61,494,511.72</b>		<b>61,494,511.72</b>	<b>64,932,266.81</b>		<b>64,932,266.81</b>

**VII.Changes in the scope of consolidation**

The company did not experience any changes in the scope of consolidation during the current period.

In October 2025, the Company established an indirect subsidiary, Xiamen Yipengxin Trading Co., Ltd., with a registered capital of RMB 2,000,000. As of December 31, 2025,

no capital contribution had been made to the subsidiary, and it had not commenced operations. Therefore, it was not included in the consolidation scope.

**VIII. Interest in other entity**

**1. Equity of subsidiaries**

**(1) Organization structure of group company**

Name of Subsidiary	Registered capital	Principal place of business	Place of Registration	Business Nature	Shareholding (%)		Acquisition method
					Direct	Indirect	
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	160 million US dollars	Zhangzhou	Zhangzhou	Manufactures home electronic appliance	75.00		Acquired through establishment
Tsann Kuen China (Shanghai) Enterprise Co., Ltd.	40 million US dollars	Shanghai	Shanghai	Manufactures home electronic appliance		46.875	Acquired through business combination under common control
Xiamen Tsamkuen Property Services Co., Ltd.	1.5 million CNY	Xiamen	Xiamen	Property services	100.00		Acquired through establishment
East Sino Development Limited	412.39 million HKD	Hong Kong	Hong Kong	Investment, Trading		75.00	Acquired through business combination under common control
Pt.StarComgistic Indonesia	53 million US dollars	Indonesia	Indonesia	Manufactures home electronic appliance		75.00	Acquired through business combination under common control
Pt.Star Comgistic Property Development Indonesia	5.01 million US dollars	Indonesia	Indonesia	Real estate development		75.00	Acquired through establishment

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Name of Subsidiary	Registered capital	Principal place of business	Place of Registration	Business Nature	Shareholding (%)		Acquisition method
					Direct	Indirect	
Orient Star Investments Limited	185,000 US dollars	Hong Kong	Hong Kong	Investment, Trading		75.00	Acquired through business

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

Name of subsidiary	Shareholding ratio of non-controlling interests	Profit or loss attributable to non-controlling interests during the reporting period	Dividends declared to distribute to non-controlling interests during the reporting period	Non-controlling interests at the end of the reporting period
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	25.00%	6,451,173.16	13,446,820.90	333,654,327.07
Pt.StarComgistic Indonesia	25.00%	-2,430,463.78		50,930,578.97

**(3) Main financial information of significant non-wholly owned subsidiaries**

Name of subsidiary	Closing balance					Opening balance						
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,317,356,645.48	873,294,984.74	2,190,651,630.22	454,474,757.15	401,559,564.79	856,034,321.94	1,228,298,524.91	1,154,739,765.97	2,383,038,290.88	624,433,770.65	396,004,620.97	1,020,438,391.62
PtStarComgistic Indonesia	150,489,209.26	106,466,891.84	256,956,101.10	53,233,785.24		53,233,785.24	102,474,804.83	72,771,781.63	175,246,586.46	43,364,035.38		43,364,035.38

Name of subsidiary	Current year				Prior year			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	1,199,152,943.42	25,804,692.63	25,804,692.63	9,790,353.55	1,596,844,436.87	59,763,648.46	59,763,648.46	170,908,401.59

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Name of subsidiary	Current year				Prior year			
	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities	Revenue	Net profit/(loss)	Total comprehensive income	Net cash flows from operating activities
Pt.StarComgistic Indonesia	212,799,909.87	-9,721,855.11	-9,721,855.11	-35,877,985.13	116,123,437.72	-14,284,130.44	-14,284,130.44	16,832,872.96

**(4) Aggregated Financial Information of Non-material Joint Ventures and Associate Companies**

	Closing balance/Current year	Opening balance/Prior year
Associate Company:		
Total Carrying Amount of Investments	9,800,000.00	
Total Amounts Adjusted Based on Equity Interest		
—Net Profit	-1,285,108.87	
—Other Comprehensive Income		
—Total Comprehensive Income	-1,285,108.87	

**IX. Government Grants**

**1. Government grants recognized in profit or loss**

Item in P&L statement	Current year	Prior year
asset-related government grants		
revenue-related government grants	7,683,398.57	2,373,328.56
Total	7,683,398.57	2,373,328.56

**2. Refund of Government Grants**

No refunds of government grants occurred during the current period.

**X. Risk Related to Financial Instruments**

**1. Types of risks arising from financial instruments**

The company faces various financial risks during its operations, including credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risks). The following describes these financial risks and the risk management policies adopted by the company to mitigate them:

The Board of Directors is responsible for planning and establishing the company's risk management framework, formulating risk management policies and related guidelines, and overseeing the implementation of risk management measures. The

company has established risk management policies to identify and analyze the risks it faces. These policies provide clear regulations for specific risks, covering aspects such as market risk, credit risk, and liquidity risk management. The company regularly assesses changes in the market environment and its business activities to determine whether updates to its risk management policies and systems are necessary. Risk management is conducted by the Risk Management Committee according to policies approved by the Board of Directors. The Risk Management Committee collaborates closely with other business departments to identify, evaluate, and mitigate relevant risks. The company's internal audit department conducts regular reviews of risk management controls and procedures and reports the results to the Audit Committee.

The company diversifies financial instrument risks through appropriate investment and business portfolio strategies and reduces concentration risks associated with single industries, specific regions, or particular counterparties by implementing corresponding risk management policies.

#### **(1)Credit Risk**

Credit risk refers to the risk of financial loss arising from a counterparty's failure to fulfill its contractual obligations.

The main sources of credit risk for the company include cash and bank balances, notes receivable, accounts receivable, receivables financing, contract assets, other receivables, debt investments, other debt investments, and financial guarantee contracts, as well as debt instruments measured at fair value through profit or loss and derivative financial assets that are not subject to impairment assessment. As of the balance sheet date, the carrying amount of the company's financial assets represents its maximum exposure to credit risk.

The company's cash and bank balances are primarily held with state-owned banks and other large and medium-sized listed banks with high credit ratings. The company believes there is no significant credit risk, and it is unlikely that major losses will arise from bank defaults.

For notes receivable, accounts receivable, receivables financing, contract assets, and other receivables, the company has established policies to control credit risk exposure. The company assesses the creditworthiness of customers based on their financial condition, the possibility of obtaining guarantees from third parties, credit

history, and other factors such as current market conditions, and sets appropriate credit terms accordingly. The company monitors customer credit records regularly. For customers with poor credit records, the company may take actions such as written reminders, shortening credit periods, or canceling credit periods to ensure that its overall credit risk remains within a manageable range.

## **(2)Liquidity Risk**

Liquidity risk refers to the risk of a shortage of funds when a company needs to settle obligations denominated in cash or other financial assets.

The company's policy is to maintain sufficient cash to repay maturing debts. Liquidity risk is centrally controlled by the finance department. The finance department monitors cash balances, readily marketable securities, and rolling forecasts of cash flows for the next 12 months to ensure that the company has adequate funds to meet its debt obligations under all reasonable scenarios. Additionally, the company continuously monitors compliance with loan agreements and secures commitments from major financial institutions to provide sufficient standby funding to meet both short-term and long-term capital requirements.

## **(3)Market Risk**

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk, and other price risks.

### **①Interest Rate Risk**

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

Fixed-rate and floating-rate interest-bearing financial instruments expose the company to fair value interest rate risk and cash flow interest rate risk, respectively. The company determines the proportion of fixed-rate versus floating-rate instruments based on market conditions and maintains an appropriate mix of fixed and floating rate instruments through regular reviews and monitoring. When necessary, the company uses interest rate swaps to hedge interest rate risks.

### **②Foreign Exchange Risk**

Foreign exchange risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The company continuously monitors foreign currency transactions and the scale of foreign currency assets and liabilities to minimize its exposure to foreign exchange risks. Additionally, the company may enter into forward foreign exchange contracts or currency swap contracts to hedge against foreign exchange risks. During the current and previous periods, the company did not enter into any forward foreign exchange contracts or currency swap contracts.

The company's exposure to foreign exchange risk mainly arises from financial assets and liabilities denominated in US dollars. The amounts of foreign currency financial assets and liabilities converted into CNY are listed below:

Items	Closing balance	Opening balance
Cash and cash equivalent	130,186,633.20	112,054,855.83
Accounts receivable	137,352,795.82	203,496,159.10
Other receivables	1,036,138.74	609,593.63
Accounts payable	43,825,342.58	46,143,775.01
Other payables	2,897,152.27	1,274,139.73
<b>Total</b>	<b>315,298,062.61</b>	<b>363,578,523.30</b>

## **XI.Fair value disclosures**

The inputs used in fair value measurements are divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the related asset or liability.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level to which the fair value measurement results belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong.

### **1.Closing fair value of assets and liabilities measured at fair value**

Items	F V at the year end			Total
	1st Level FV Measurement	2nd Level FV Measurement	3rd Level FV Measurement	

Items	F V at the year end			Total
	1st Level FV Measurement	2nd Level FV Measurement	3rd Level FV Measurement	
◆Other equity instrument investment		40,000.00		40,000.00
<b>Total assets measured at fair value on an ongoing basis</b>		40,000.00		40,000.00

## **2.Determination for the Quoted Prices of Fair Value Measurement in Level 2 on a Recurring or Nonrecurring Basis**

The fair value measurement of derivative financial assets is based on the valuation provided by the bank for the outstanding forward foreign exchange on the balance sheet date; The fair value of debt instrument investment is measured on the basis of the principal of the structural deposit that is not due on the balance sheet date and the interest rate agreed with the bank.

## **XII.Related Parties Relationship and Transactions**

### **1.Status of the Wafangdian Bearing Company Limited's parent company**

Parent company	Registered address	Business nature	Registered capital	Shareholding percentage (%)	Voting power percentage (%)
STAR COMGISTIC CAPITAL CO., LTD.	Taiwan(China)	Manufactures and sales electrical equipment	NTD 3,000,000,000.00	42.90	44.68

Note: The ultimate controlling party of the Company is STAR COMGISTIC CAPITAL CO., LTD.

### **2.Status of the Company's subsidiaries**

For details of the Company's subsidiaries, please refer to "VIII. Interests in other entities" in this note.

### 3. Joint Ventures and Associates

Name of related party	Related party relationship
Shanghai Upa Smart Chain Home Appliances Co., Ltd.	Associates of the Company's Subsidiaries

### 4. Other related parties

Name of related party	Related party relationship
Thermaster Electronic (Xiamen) Ltd.	The company is directly controlled by the key management and closed family members
Tsann Kuen Enterprise Co., Ltd.	Same actual controller
Tsann Kuen (Japan) Electric Co., Ltd.	Same actual controller

### 5. Related Party Transactions

#### (1) Purchases or sales of goods, rendering or receiving of services

Purchases of goods, receiving of services:

Related parties	Nature of the transaction(s)	Current year	Prior year
Thermaster Electronic (XIAMEN) Limited	Purchase of goods	24,452,903.82	31,150,562.96
Thermaster Electronic (XIAMEN) Limited	Accept labor service	1,200.00	
STAR COMGISTIC CAPITAL CO., LTD.	Quality claim payment	278.98	939.26
Tsann Kuen (Japan) Electric Co., Ltd.	Accept labor service	1,419,763.92	1,385,755.32

Sales of goods/provide labour services

Related parties	Nature of the transaction(s)	Current year	Prior year
STAR COMGISTIC CAPITAL CO., LTD.	Sales of goods	3,217,115.49	3,417,248.26
Shanghai Upa Smart Chain Home Appliances Co., Ltd.	Sales of goods	7,200,207.60	

Note: Shanghai Upa Smart Chain Home Appliances Co., Ltd. is an associate company in which the Company's subsidiary, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd., holds an equity interest.

**(2) Management remuneration**

**Unit: Ten thousand yuan**

Items	Current year	Prior year
Management remuneration	355.24	422.85

**6. Unsettled receivables and payables from related parties**

**(1) Receivables**

Items	Related party	Closing balance		Opening balance	
		Book balance	Provision	Book balance	Provision
Accounts receivable	Shanghai Upa Smart Chain Home Appliances Co., Ltd.	2,837,533.62			
	STAR COMGISTIC CAPITAL CO., LTD.	611,403.68		950,914.62	

Note: Shanghai Upa Smart Chain Home Appliances Co., Ltd. is an associate company in which the Company's subsidiary, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd., holds an equity interest.

**(2) Payables**

Items	Related party	Closing Balance	Opening balance
Accounts payable	Thermaster Electronic (Xiamen) Ltd.	5,975,170.05	6,936,867.52

**XIII. Commitments and contingencies**

**1. Significant Commitments**

As of December 31, 2025, the company has issued but not yet fulfilled irrevocable letters of credit amounting to CNY 59,795,039.28 and USD 5,275,505.28.

As of December 31, 2025, the outstanding balance of guarantees provided by Tsann Kuen (Zhangzhou) Enterprise Co., Ltd. as a joint liability guarantor for its subsidiary PT. Star Comgistic Indonesia amounted to USD 721,008.00.

Apart from the above, there are no other significant commitments that the company is required to disclose.

**2. Contingencies**

As of 31st December 2025, The Company has no significant contingencies need to be disclosed.

**XIV. Events after the Balance Sheet Date**

**1. Significant Non-Adjusting Events**

The company has no significant non-adjusting events.

**2. Profit Distribution**

On 7 March 2026, the first Board Meeting of 2026 held by the Company reviewed and approved the profit distribution plan for 2025. Based on the total share capital of 185,391,680 shares as at the end of 2025, cash dividend of CNY1.00 per 10 shares will be distributed to all shareholders of the Company (tax included). The profit for distribution of the Company is CNY 18,539,168.00 The proposal still needs to be approved by the shareholders' general meeting of the Company.

**XV. Notes to the Main Items of Company's Financial Statements**

**1. Accounts receivable**

**(1) Accounts receivable with the bad debt provisions under accounting aging analysis method**

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Aging	Closing Balance	Opening balance
Within 1 year	4,480.88	117,163.04
Including: Within 90 days	4,480.88	102,845.83
91 days to 180 days		513.00
181 days to 270 days		13,804.21
271 days to 365 days		
1 year to 2 years	107.83	40.24
2 years to 3 years		20,000.00
3 years to 4 years		9,677.56
4 years to 5 years	9,677.56	110,740.52
Over 5 years	15,740.52	5,000.00
Subtotal	30,006.79	262,621.36
Less: provision for bad debt	25,635.62	60,840.92
Total	4,371.17	201,780.44

**(2) Category of accounts receivable**

Items	Closing Balance				Opening Balance					
	Booking balance		Provision		Booking value	Booking balance		Provision		
	Amount	%	Amount	%		Amount	%	Amount	%	
Accounts receivable with individual bad debt provision										
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	30,006.79	100.00	25,635.62	85.43	4,371.17	100.00	60,840.92	23.17	201,780.44	
Including:										
-Portfolio by age	27,963.91	100.00	25,635.62	23.17	2,328.29	98.24	60,840.92	2.11	201,780.44	
-Portfolio by related parties	2,042.88				2,042.88	1.76				
Total	30,006.79	100.00	25,635.62		4,371.17	100.00	60,840.92		201,780.44	

Provision for Bad Debts Based on Aging Portfolio:

Aging	Closing Balance		
	Accounts receivable	Provision for bad debts	Proportion (%)
Not overdue			
Overdue 1 - 30 days	2,438.00	109.71	4.50
Overdue 31 - 60 days			
Overdue 61 - 90 days			
Overdue more than 90 days	25,525.91	25,525.91	100.00
Total	27,963.91	25,635.62	

**(3) Provision for bad debts charged off, reversed or recovered during the period**

Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collect/carry over	Written-off	others	
Accounts receivable with individual bad debt provision						
Accounts receivable with bad debt provision based on the characters of credit risk portfolio	60,840.92	-35,205.30				25,635.62
Including: Portfolio by age	60,840.92	-35,205.30				25,635.62

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Category	Opening balance	Change during the year				Closing Balance
		Accrued	Collect/carry over	Written-off	others	
Portfolio by related parties						
Total	60,840.92	-35,205.30				25,635.62

**(4)Top five of closing balances of customers**

The aggregated amount of the top five accounts receivable and contract assets based on the balance owed by each debtor at the end of the period is CNY 30,006.79, representing 100% of the total combined balances of accounts receivable and contract assets. The corresponding aggregate bad debt provision at the end of the period for these amounts is CNY 25,635.62.

**2.Other receivables**

Items	Closing Balance	Opening Balance
Interest receivable		
Dividend receivable		
Other receivable	5,020,385.44	6,555,310.24
Total	5,020,385.44	6,555,310.24

**(1)Other receivables**

①Disclosure by aging

Aging	Closing Balance	Closing Balance
Within 1 year	4,933,605.68	6,472,526.44
Including: 1 – 90 days	4,888,067.24	6,435,216.14
91 – 180 days	21,372.44	37,310.30
181 – 270 days		
271 – 365 days	24,166.00	
1-2 years	174,335.66	115,500.00

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Aging	Closing Balance	Closing Balance
2-3 years		30,500.00
4-5 years		
Subtotal	5,107,941.34	6,618,526.44
Less: provision for bad debt	87,555.90	63,216.20
Total	5,020,385.44	6,555,310.24

②Categories of other receivable

Items	Closing Balance				Opening Balance				
	Book balance		Provision		Booking balance		Provision		Booking value
	Amount	%	Amount	%	Amount	%	Amount	%	
Provision for bad debts is made on an individual basis									
Provision for bad debts by portfolio	5,107,941.34	100.00	87,555.90	1.71	6,618,526.44	100.00	63,216.20	0.96	6,555,310.24
Including:									
1.Export tax refund									
2.Other current balances	3,391,221.61	66.39	87,555.90	2.58	3,036,610.37	45.88	63,216.20	2.08	2,973,394.17
3.Deposit	101,000.00	1.98			87,000.00	1.31			87,000.00
4.Due from related parties	1,615,719.73	31.63			3,494,916.07	52.81			3,494,916.07
Total	5,107,941.34	100.00	87,555.90		6,618,526.44	100.00	63,216.20		6,555,310.24

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Provision for Bad Debts Based on Portfolio:

Items	Closing Balance		
	Other receivables	Bad debts	Accrual rate(%)
Other current balances	3,391,221.61	87,555.90	2.58
Total	3,391,221.61	87,555.90	

③Bad debt provision of other receivable

Provision for bad debt	1st stage	2nd stage	3rd stage	Total
	Expected credit loss within following 12 months	Expected credit loss within life time (unimpaired)	Expected credit loss within life time (impaired)	
Balance on January 1, 2024	63,216.20			63,216.20
On January 1, 2041 Other receivable carrying amount on the book				
transfer to 2nd stage				
transfer to 3rd stage				
reverse to 2nd stage				
reverse to 1st stage				
Accrued	141,983.73			141,983.73
Reversed	117,644.03			117,644.03
Recollected				
Written off				
Others				
Closing Balance	87,555.90			87,555.90

④Provision for bad debts charged off, reversed or recovered during the period

Items	Opening	Change during the year	Closing
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	Accrued	Collected/reversed	Written-off	others	
Other current balances	87,555.90				87,555.90
Total	87,555.90				87,555.90

⑤ The categories of other receivable by nature

Items	Closing Balance	Opening balance
Other current balances	3,391,221.61	3,036,610.37
Deposit	101,000.00	87,000.00
Total	3,492,221.61	3,123,610.37

⑥ The top significant other receivable categorized by debtors

Company name	Category	closing balance	Ageing	Rate of other receivables (%)	Bad debts
TsannKuen (Zhangzhou) Enterprise Co., Ltd.(TKL)	Related party	1,615,719.73	Within 90 days	31.63	
XIAO GUANG LIU	Accounts Receivable	109,806.20	Within 2 years	2.15	
JD Self-operated Flagship Store	Accounts Receivable	100,000.00	Within 180 days	1.96	
State Grid Fujian Electric Power Co., Ltd. Xiamen Power Supply Company	Accounts Receivable	89,164.87	Within 90 days	1.75	
Xiamen Lurenjia Sports Culture Co., Ltd.	Accounts Receivable	75,488.30	Within 90 days	1.48	
Total		1,990,179.10		38.97	

### 3.Long-term Equity Investments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	923,414,701.56		923,414,701.56	923,414,701.56		923,414,701.56
Total	923,414,701.56		923,414,701.56	923,414,701.56		923,414,701.56

**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December, 2025**  
(English Translation for Reference Only)

**Investments in subsidiaries**

Investee Company	Balance at the End of Last Year	Impairment Reserve Balance at the End of Last Year	Increase in Current Period	Decrease in Current Period	Balance at the End of Current Period	Impairment Provision for Current Period	Impairment Reserve Balance at the End of Current Period
TsannKuen (Zhangzhou) Enterprise Co., Ltd. (TKL)	921,914,701.56				921,914,701.56		
Xiamen Tsannkuen Property Services Co., Ltd. (TKW)	1,500,000.00				1,500,000.00		
Total	923,414,701.56				923,414,701.56		

#### 4.Revenue and Cost of Sales

Items	Current year		Prior year	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal operating activities	1,878,640.77	1,433,292.81	2,160,490.71	1,371,709.94
Others	63,155,206.16	38,800,465.07	60,416,530.32	36,827,096.77
<b>Total</b>	<b>65,033,846.93</b>	<b>40,233,757.88</b>	<b>62,577,021.03</b>	<b>38,198,806.71</b>

#### 5.Investment Income

Items	Current year	Prior year
Investment income from long-term equity investments under cost method	40,989,673.41	50,748,305.69
<b>Total</b>	<b>40,989,673.41</b>	<b>50,748,305.69</b>

### XVI.Supplementary Information

#### 1.Non-operating profit or loss in current year

Items	Amounts	Instruction
Gains and losses on disposal of non-current assets, including the offsetting portion of the provision for asset impairment already made		
Government grants recognized in profit or loss for the current period,except for government grants that are closely related to the Company's normal business operations, in compliance with national policies and in accordance with defined criteria, and that have a sustainable impact on the Company's profit or loss	7,797,792.60	
In addition to the effective hedging business related to the normal operation of the company, the fair value change gains and losses arising from the holding of	-1,401,348.54	

**Tsann Kuen (China) Enterprise Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December, 2025**  
(English Translation for Reference Only)

Items	Amounts	Instruction
financial assets and financial liabilities by non-financial enterprises and the gains and losses arising from the disposal of financial assets and financial liabilities		
Other profit or loss items that meet the definition of non-recurring profit or loss	1,941,669.69	
Subtotal	8,338,113.75	
Income tax effect	1,264,519.35	
Minority interests impact amount (after tax)	1,720,848.00	
<b>Total</b>	<b>5,352,746.40</b>	

**2.Return on equity and earnings per share**

Profit of report period	Weighted average return on net assets (%)	Earnings per share (EPS)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of parent company	2.15	0.13	0.13
Net profit after deducting non-recurring gains and losses attributable to shareholders of parent company	1.66	0.10	0.10

**Tsann Kuen (China) Enterprise Co., Ltd.**

**7 March, 2026**



# 营业执照

(副本)

统一社会信用代码

91310101568093764U

证照编号: 0100000202508060042



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出资额 人民币15450.0000万元整

成立日期 2011年01月24日

主要经营场所 上海市黄浦区南京东路61号四楼



立信会计师事务所  
(普通合伙)  
立信会计师事务所  
(普通合伙)

执行事务合伙人 朱建弟, 杨志国

经营范围

审查企业会计报表,出具审计报告;验证企业资本,出具验资报告;办理企业合并、分立、清算事宜中的审计业务,出具有关报告;基本建设年度决算审计;代理记账;会计咨询、税务咨询、管理咨询、会计培训;信息系统集成服务;法律、法规规定的其他业务。  
【依法须经批准的项目,经相关部门批准后方可开展经营活动】

登记机关



2025年08月06日

证书序号: 0001247



# 会计师事务所 执业证书

名称: 立信会计师事务所(特殊普通合伙)

首席合伙人: 朱建弟

主任会计师:

经营场所: 上海市黄浦区南京东路61号四楼

组织形式: 特殊普通合伙制

执业证书编号: 31000006

批准执业文号: 沪财会[2000]26号(转制批文 沪财会[2010]82号)

批准执业日期: 2000年6月13日(转制日期 2010年12月31日)

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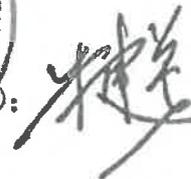


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立信  
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（特殊普通合伙）  
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 Sex  
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 Date of birth  
 工作单位 立信会计师事务所(特殊普通  
 Working unit  
 身份证号码 350211740707001  
 Identity card No.



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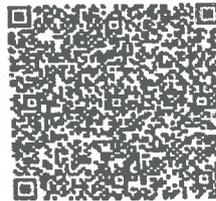
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胡敬东 350200160793

13 年 3 月 21 日



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李普麟  
 姓名 Full name  
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 出生日期 Date of birth 1989-09-22  
 工作单位 Working unit 立信会计师事务所（特殊普通合伙）厦门分所  
 身份证号码 Identity card No. 350881198909221031



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年 月 日有效



李普麟 31000060684

2015 年 2 月 18 日