

TOPBAND 拓邦

Semi-annual Report 2025

Shenzhen Topband Co., Ltd.

Stock code 002139.SZ

August 2025

Semi-annual Report 2025

Section I Important Notes, Contents and Definitions

The Board of Directors, the Board of Supervisors and directors, supervisors and senior executives of the Company hereby assure that the content set out in the semi-annual report is true, accurate and complete. It shall be free from false records, misleading statements or major omissions, and shall bear individual and joint legal liabilities therein.

Wu Yongqiang, Chairman of the Company, and Luo Muchen, head of accounting and the accounting department, hereby declare that: the data disclosed in financial reports of the semi-annual report is true, accurate and complete.

All directors have attended the Board Meeting at which this Semi-annual Report was scrutinized.

Forward-looking statements such as future plans and development strategies covered in the Report involve uncertainty, so they do not represent the Company's profit forecasts, nor are they regarded as the substantive commitment to investors.

The Company is not faced with significant risks affecting its financial position and sustainable profitability, but may be with such risks as adverse effects on business confidence and investment due to trade frictions and geopolitical tensions, technology upgrading, fluctuations in the prices of raw materials, fluctuations in exchange rates, and customer credit risks. For more detailed risk information, please see "Risks faced by the Company and countermeasures" in Section III of the Report. Investors are kindly requested to be alert to investment risks.

The Company plans not to pay cash dividend, to issue bonus shares, or to increase the share capital by capital reserve.

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

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Directory of documents for future reference

I. Accounting statements containing the signatures and seals of the legal representative, the finance chief and the accounting department head.

II. The originals of all the company documents publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the reporting period and the original manuscripts of announcements.

III. Original copy of the Semi-annual Report 2025 bearing the signature of the Chairman

All the above documents are ready and complete, and are available for reference at the office of the Board of Directors of the Company.

Interpretations

Terms	Refer to	Contents
Company, the Company, Topband	Refer to	Shenzhen Topband Co., Ltd.
RMB, RMB ten thousand	Refer to	RMB, RMB ten thousand
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting period	Refer to	From January 1, 2025 to June 30, 2025
Articles of Association	Refer to	Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Refer to	Huizhou Topband Electrical Technology Co., Ltd.
YAKO Automation	Refer to	Shenzhen YAKO Automation Technology Co., Ltd.
Allied	Refer to	Shenzhen Allied Control System Co., Ltd.
Topband Software	Refer to	Shenzhen Topband Software Technology Co., Ltd.
ORVIBO	Refer to	Shenzhen ORVIBO Technology Co., Ltd.
Ningbo Topband	Refer to	Ningbo Topband Intelligent Control Co., Ltd.
Meanstone Intelligent	Refer to	Shenzhen Meanstone Intelligent Technology Co., Ltd.
HANSC Intelligent	Refer to	Shenzhen HANSC Intelligent Technology Co., Ltd.
Hong Kong Topband	Refer to	Topband (Hong Kong) Co., Ltd.
Topband Romania	Refer to	Topband Smart Europe Company Limited
Topband Mexico	Refer to	Topband Mexico Company Limited
Topband Battery	Refer to	Shenzhen Topband Battery Co., Ltd.
"Four electrics and one network"	Refer to	electric control, motor, battery, power and IoT platform
AI	Refer to	Artificial intelligence
BMS	Refer to	Battery management system, for monitoring battery status
IPD	Refer to	Integrated Product Development
ISC	Refer to	Integrated Supply Chain
1C1C3S	Refer to	Cell, cloud platform, BMS, PCS, EMS
PCS	Refer to	Power conversion system, for controlling discharge/charge and current direction change
EMS	Refer to	Energy management system, for monitoring the status of the energy system

Section II Company Profile and Primary Financial Indicators

I. Company profile

Stock abbreviation	Topband	Stock code	002139
Listed stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Shenzhen Topband Co., Ltd.		
Chinese abbreviation of the Company name (if any)	Topband		
Name of the Company in foreign language (if any)	Shenzhen Topband Co., Ltd		
Abbreviation of name of the Company in foreign language (if any)	Topband		

II. Contact person and contact information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Wen Zhaohui	Zhang Yuhua
Address	Topband Industrial Park, Keji Second Road, Shiyan Sub-district, Bao'an District, Shenzhen	Topband Industrial Park, Keji Second Road, Shiyan Sub-district, Bao'an District, Shenzhen
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III. Miscellaneous

1. Contact information of the Company

Whether the registered address, office address and its postal code, website, e-mail address and other information of the Company have changed during the reporting period

☐ Applicable ☒ Not applicable

The registered address, office address and its postal code, website, E-mail address, etc. of the Company were not changed during the reporting period, and are as given in the Annual Report 2024.

2. Information disclosure and storage place

Whether the information disclosure and storage locations of the Semi-annual Report have changed during the reporting period

☐ Applicable ☒ Not applicable

The stock exchange website and the names and websites of the media on which the semi-annual report of the Company was disclosed and the location where the semi-annual report of the Company is kept were not changed during the reporting period, and are as given in the Annual Report 2024.

3. Other relevant information

Whether other relevant information of the Company has changed during the reporting period

☐ Applicable ☒ Not applicable

IV. Main accounting data and financial indicators

Whether the Company is required to retroactively adjust or restate the accounting data of previous years

☐ Yes ☒ No

	Reporting period	Same period previous year	Increase or decrease in this reporting period over the same period of last year
Operating income (RMB)	5,502,335,729.18	5,015,785,165.59	9.70%
Net profit attributable to shareholders of listed companies (RMB)	330,078,194.08	388,828,515.18	-15.11%
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss (RMB)	310,205,414.77	373,156,776.26	-16.87%
Net cash flow from operating activities (RMB)	353,354,566.49	470,314,174.67	-24.87%
Basic earnings per share (RMB/share)	0.27	0.31	-12.90%
Diluted earnings per share (RMB/share)	0.27	0.31	-12.90%
Weighted return on average equity	4.82%	6.10%	-1.28%
	End of the reporting period	End of the previous year	Change at the end of the current reporting period compared with the end of the previous year
Total assets (RMB)	13,676,921,355.66	12,848,865,960.24	6.44%
Net assets attributable to shareholders of listed companies (RMB)	6,976,290,180.59	6,672,327,751.46	4.56%

Net profit after deducting the impact of share-based payments

	Reporting period	Same period previous year	Increase or decrease in this reporting period over the same period of last year
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Net profit after deducting the impact of share-based payments (RMB)	382,525,364.47	388,828,515.18	-1.62%
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V. Differences in accounting data under domestic and foreign accounting standards

1. Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with Chinese Accounting Standards at the same time

☐ Applicable ☒ Not applicable

There is no difference in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with Chinese Accounting Standards during the reporting period.

2. Difference between the net profit and net assets in the financial reports disclosed in accordance with both Overseas Accounting Standards and Chinese Accounting Standards at the same time

☐ Applicable ☒ Not applicable

There is no difference in net profit and net assets between financial reports disclosed in accordance with Overseas Accounting Standards and those disclosed in accordance with Chinese Accounting Standards during the reporting period.

VI. Items and amount of non-recurring profit and loss

☒ Applicable ☐ Not applicable

Unit: RMB

Items	Amount	Description
Profits and losses on disposal of non-current assets (including the offset of the provision for impairment of assets accrued)	-1,707,477.44	
Government grants credited to income statement (except for government grants that are closely related to the normal operation of the Company, comply with national policies and regulations, enjoy in accordance with determined criteria, and have a continuous impact on the profit and loss of the Company)	17,853,105.34	
Profit/loss arising from changes in fair value of financial assets and liabilities held by non-financial enterprises, and profits and losses on disposal of financial assets and liabilities, except for the effective hedging business related to the normal operation of the Company,	5,158,641.83	
Reversal of impairment of receivables individually tested for impairment	37,257.93	
Other non-operating income and expenses other than those mentioned above	1,209,460.74	
Other profit and loss items that meet the definition of nonrecurring gains and losses	1,340,601.69	
Minus: amount affected by income tax	4,018,285.89	
Amount affected by minority shareholders' equity (after tax)	524.89	

Total	19,872,779.31	
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Details of other items of profits and losses that conform to the definition of non-recurring profit and loss:

☐ Applicable ☒ Not applicable

None.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss as recurring profit and loss items

☐ Applicable ☒ Not applicable

There is no such situation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss as recurring profit and loss items in the Company

Section III Management Discussion and Analysis

I. Main business engaged by the Company during the reporting period

1. Basic situation of the industry

Intelligent controllers, as high-tech products integrated with advanced automatic control technology, computer technology, sensing technology, microelectronics and power electronics technology, play the role of "nerve center" and "brain" in electronic products, like the nervous system of people. By collecting, processing and analyzing various information and commands, intelligent controllers can realize the intelligent driving and control of the controlled object, so as to complete various tasks. As the trend of intelligent substitution becomes increasingly prominent, it has not only changed our lifestyle, but also revolutionized our working mode. As one of the core components of intelligence, intelligent controllers have a wide range of applications, including home appliances, smart homes, smart buildings, power tools, industrial automation, automobile electronics, new energy, medical equipment and so on.

In recent years, benefiting from the emergence of new technologies in the industry such as 5G, IoT, communication technology, and AI, as well as the growing penetration in downstream industries and the ongoing expansion of application scenarios, the global intelligent controller market has been growing steadily. According to the Special Research Report on the Survey and Industry Prospect Prediction of the Global Intelligent Controller Market during 2025-2030 and Special Research Report on the Survey and Industry Prospect Prediction of the Chinese Intelligent Controller Market during 2025-2030 released by China Commerce Industry Research Institute, the size of the global intelligent controller market will reach USD 2.0588 trillion, and that of the Chinese intelligent controller market will reach RMB 4.2826 trillion by 2025. In this development process, China has gradually established its dominant position in the global industrial chain with its well-established electronic supply chain system and the technological upgrading capabilities of local companies. Data shows that the share of the Chinese intelligent controllers market has jumped from 16% in 2016 to over 30% in 2024, marking the structural shift of "east rising and west declining" in the global industrial landscape, and this trend is expected to keep deepening in the future.

Technological progress not only accelerates the iteration of products, but also indicates a broader development prospect of the intelligent controller sector. We are at the forefront of the intelligent technology revolution. The deep integration of intelligent controllers with artificial intelligence and robotics is redefining the way we live and work, opening up unprecedented possibilities. In the future, with the continuous progress and innovation of technology, we can look forward to the emergence of more new products, new business formats and new models, which will further promote the development of the intelligent controller sector.

2. Position in industry

As a leading leader in intelligent control solutions, Topband has always adhered to the core values of "agility, innovation and partnership", and has built a complete technological ecosystem covering hardware development and cloud services through the "four electrics and one network" (electric control, motor, battery, power and IoT platform) technology matrix. The Company provides customized solutions to global customers through in-depth services in three major fields: tools and home appliances, digital energy and intelligent vehicles, and robot, and keeps consolidating its benchmark position in the industry.

In 2024, the Company received the title of "Manufacturing Single Champion Enterprise (Smart Home Control Modules)" from the Ministry of Industry and Information Technology, marking the national-level recognition of its technological strength and market leadership in this segment. In addition, the Company has ranked stably among the top 500 manufacturing companies in Guangdong Province for many consecutive years. It ranked 62nd in 2024, an increase of 5 places from 2022, demonstrating sustained growth in industry competitiveness.

Topband's core competitiveness lies in "platform-based technology innovation capability, partner-style customer service capability, and systematic agile service capability". Based on these three capabilities, the Company has gradually built a global production base network covering Asia, Europe and America and created an efficient supply chain collaboration mechanism, not only promoting the Company's continuous progress and development, but also helping us establish close and lasting cooperative relationships with many leading customers in many industries. Currently, we hold a leading position in intelligent control solutions for the tool and home appliance industries, and have become an innovative leader in the fields of digital energy, intelligent vehicles and robot.

II. Analysis of core competitiveness

1. Platform-based technological innovation ability

The Company takes technology as the gene of enterprise development and considers innovation as the core competence of the Company. With industry-leading platform technology innovation capabilities, we have built a comprehensive integrated intelligent control solution technology platform that covers all core fields.

Our professional team has a deep understanding of various control mechanisms, and has the ability of independent realization and continuous innovation. This covers a wide range of fields, from intelligent control algorithms and motor control to lithium battery and sodium battery technologies, sensing technologies, human-computer interaction interfaces, image recognition, digital power management, embedded software development, and temperature control (including heating and cooling). Through the integration and application of these core technologies, we can provide customers with advanced intelligent control solutions.

On top of that, we also have a rich product line and numerous core product platforms that have been validated through mass production. Every product platform complies strictly with the quality assurance process to ensure high product quality and reliability. Based on these sophisticated technologies and product platforms, we can respond to customer needs quickly, provide customized high-quality solutions, and meet diversified customer needs.

It is worth mentioning that we have the unique overall solution capability of "electronic control + motor + battery + power + IoT" in the industry. This comprehensive technological integration enables us not only to maintain leadership in individual fields, but also develop new category solutions to help customers stand out in fierce market competition. Whether in improving the performance of existing products or exploring brand-new market opportunities, we are committed to creating maximum value for our customers and helping them win through innovation in their respective industries.

2. Partnering customer service ability

The Company values long-term development, takes value co-creation and value win-win as the development concept, and develops long-term partnerships with customers. Supported by platform-based technology innovation capabilities, the Company continues to gain insights into customer needs, and keeps

bushing the boundaries of cooperation through in-depth co-creation. On this basis, the Company strives to build an organized customer relationship system, and create partner-style customer service capabilities featuring efficient collaboration, mutual trust and symbiosis systematically.

Through deployment in many regions, we have established international production bases in the Pearl River Delta, Yangtze River Delta, Southeast Asia, North America and Europe, have built an international market platform to improve the local service ability from in terms of management ability and resource allocation, and have set up a number of overseas offices to cooperate closely with customers. We have established in-depth cooperative partnership with outstanding brand customers at home and abroad in various business fields. Through long-term cooperation and mutual development, we have gained public praises and a good brand reputation in the industry, and have been widely recognized and praised by our customers.

3. Systematic agile service capabilities

As intelligent technology evolves and uncertainty increases, the pace of global innovation iteration is accelerating, and companies increasingly need to be more agile in their operations to serve their customers. Based on a deep understanding of the intelligent control business, the Company has implemented IPD ideas in the R&D and design process, the core customer ISC changes in the supply chain system, the laboratory and quality assurance system, and the intelligent manufacturing platform. By building a customer-centric process-oriented organization, the Company integrates its core advantages into its operational system, forming efficient and agile endogenous capabilities. This agile system further enhances its competitive advantages, and the two aspects develop in a mutually beneficial benign manner, thereby achieving sustainable high-quality business growth.

III. Analysis of main business

In the first half of 2025, trade conflicts kept escalating, and global industry chains faced restructuring pressure under the impact of tariff policy adjustments, bringing multiple challenges to business operations. Faced with the complex environment, the Company made breakthroughs actively: On the one hand, it increased efforts in product innovation and structural optimization, launched competitive product solutions, and consolidated cooperation with top customers through the continuous verification of innovative categories, improving customer stickiness constantly; on the other hand, in the field of digital energy, it focused on

advantageous categories, optimized the customer structure, and promoted local delivery based on its global presence, reducing the impact of tariff barriers effectively and capturing market growth opportunities successfully.

During the reporting period, the Company's basic business (tools and home appliances) kept growing steadily, a structural adjustment was completed in the digital energy sector, new businesses (intelligent vehicles and robot) achieved rapid growth, overall business resilience was prominent, and operating revenue achieved year-on-year growth. In the future, with the gradual release of overseas production capacity, the continual improvement of operational efficiency, the recovery of digital energy demand, and the large-scale realization of new businesses, the Company's profitability is expected to recover steadily, injecting stronger momentum into performance growth.

During the reporting period, the Company achieved revenue of RMB 5.502 billion, a year-on-year increase of 9.70%; a net profit attributable to shareholders of listed companies of RMB 330 million, a year-on-year decrease of 15.11%; after deducting nonrecurring gains and losses, the net profit attributable to shareholders of listed companies was RMB 310 million, a year-on-year decrease of 16.87%. After the impact of share-based payment expenses is eliminated, the net profit attributable to shareholders of listed companies during the reporting period was RMB 383 million, a year-on-year decrease of 1.62%.

The following is the operation status of each sector:

(I) Tool and home appliance sectors: Revenue of RMB 4.377 billion was achieved during the reporting period, a year-on-year increase of 16.15%, and gross profit margin was 22.22%, a year-on-year decrease of 1.98 percentage points. Among them, the growth rate of tools was 5.67%, and that of home appliances was 27.60%.

1. Tool sector:

Business performance: During the reporting period, the tool sector achieved revenue of RMB 2.079 billion, a year-on-year increase of 5.67%, and maintained a steady development trend supported by industry trends and its own layout.

Core competitiveness: Currently, the trend of electrification and cordlessness is constantly driving up the penetration rate of power tools. Downstream customers in this sector are mainly overseas and have a highly concentrated market share. In this regard, the Company makes a presence actively based on its core advantages:

(1) Consolidation of core advantages and steady growth in high-value fields: As a core partner for globally leading power tool brands, the Company focuses on high-value products such as industrial and professional ones. By improving the speed of response to core customers, accelerating innovative R&D, meeting their needs for technological upgrading and functional innovation, the Company promotes steady growth in core categories while expanding its industry share in other component businesses actively.

(2) Double expansion of customers and categories, with incremental contributions emerging gradually: With deep insights into market demand, a global supply system, and the capability to design differentiated solutions, the Company promotes downstream customer and product category expansion actively, and has made smooth progress in its cooperation with some Japanese and domestic top customers, and realized new incremental contributions.

(3) Resisting external risks effectively through global operations: Faced with external uncertainties brought by tariff policies, the Company has alleviated the phased impact of lead times and other factors, and resisted external disturbances effectively by adjusting its global supply chain flexibly, and responding to customer needs quickly.

Looking ahead, due to external factors such as tariffs, market share will further concentrate on enterprises with global operational capabilities. With its global presence, solution R&D capabilities, and rapid response mechanism, the Company is expected to further consolidate its leadership in the industry and achieve long-term steady development.

2. Home appliance sector:

Business performance: During the reporting period, sales revenue reached RMB 2.298 billion, a year-on-year increase of 27.60%, and strong growth driven by industry changes and technological innovation was achieved.

Core competitiveness: The home appliance industry is undergoing profound changes – the constant penetration of new technologies such as AI is driving the industry from scale expansion to technology leadership, and the extreme segmentation of consumer demand is giving rise to a large number of innovative product categories. Leading customers in the industry extend their core competitiveness to the fields of smart home and AI integration; top domestic enterprises are accelerating their efforts to "go global" and build global brands; consumption upgrading in emerging markets and the increasing demand for localization open up market

spaces for the home appliance controller industry jointly. In face of industry trends, the Company has built full-stack technological capabilities of hardware design + underlying software + cloud services + AI algorithms by delving into core technologies of intelligent control in the field of home appliances, and has intelligent controller R&D and design capabilities for a full range of products. It is transforming from a "functional implementer" to a "scenario-based intelligent solution" provider.

(1) Large home appliances: Cost reduction, efficiency improvement, and reliability enhancement are achieved by improving R&D efficiency through digital device libraries, adapting to complex scenarios through highly integrated design and low-level hardware upgrading; supply chain security is ensured, local delivery needs of top customers are matched, the stickiness of core customers is enhanced, main product categories grow rapidly, and economies of scale are emerging based on a multi-region layout.

(2) Innovative product categories and small household appliances: With a stable R&D system and a rich product platform, we have built technological capabilities such as multimodal perception and scenario-based algorithms to improve product interaction performance, empower downstream brand customers' innovative demand and product realization quickly, promote the growth of categories such as cleaning, kitchens and bathrooms, and personal care, and create multidimensional growth drivers.

(3) Overseas market expansion: The demand for commercial air conditioners, HVAC equipment and other categories remains strong. The Company deepens cooperation opportunities with existing customers, conducts vertical category expansion, and enhances customer value coverage; it expands horizontally to other top HVAC brand customers, and increases shares in overseas commercial air conditioner and HVAC markets; it seizes opportunities in emerging markets, deepens cooperation with customers for upgrading needs of the Indian air conditioner market, strengthens local R&D and partner-style services based on local specific market demand, offers highly competitive products, and creates new incremental spaces.

In the future, the Company will continue to deepen intelligent innovation and global market presence, strengthen strategic collaboration with top customers, seize opportunities from industry technology upgrading and market expansion, and promote the sustained high-quality growth of the home appliance business.

(II) Digital energy and intelligent vehicles: During the reporting period, revenue of RMB 848 million was achieved, a year-on-year decrease of 16.98%, and gross profit margin was 22.77%, a year-on-year increase of 1.09 percentage points.

1. Digital energy

Business performance: During the reporting period, revenue of RMB 588 million was achieved, a year-on-year decrease of 33.30%, mainly due to the impact of the industry's destocking cycle.

Core competitiveness: As an innovation leader in this field, based on the "one chip, one cloud and 3S" (cells, cloud platform, BMS, PCS, EMS) core technology system, we have built a full chain product ecosystem of "cloud, photovoltaics, storage and charging", and formed full solution capabilities from core components to system integration, covering multiple scenarios such as outdoor portability, and home, industrial and commercial use.

Strategic adjustment and breakthroughs: In face of the industry environment, the Company optimizes its product structure actively, shrinks homogeneous categories with low gross profit margins, focuses on high value-added fields, and builds differentiated advantages through technological iteration and scenario matching:

(1) Core components BMS/PCS/EMS and cloud platform: BMS covers multi scenario demand from low-voltage energy storage to large-scale storage, and with millisecond level thermal runaway detection technology, it improves system safety and lifespan greatly, and supports the stable operation of batteries under extreme working conditions throughout their lifecycle; PCS achieves comprehensive upgrading from architecture to control, covering multiple voltage levels and multiple built-in communication protocol stacks, which can adapt to local protocols and be remotely upgraded automatically; the EMS has strong network stability and can be tailored to customer needs; the zero carbon cloud platform combines AI algorithms, weather forecasting, and load curves to optimize charging and discharging strategies dynamically, and help users maximize economic benefits of energy storage assets.

(2) Home storage field: We offer a full range of high/low voltage products, with the high voltage stacked system supporting flexible expansion. We achieve remote intelligent control and multi-energy-source collaboration, and create a "smart energy" experience based on our self-developed cloud platform;

(3) Industrial and commercial storage, and large-scale storage field: The intelligent liquid cooling and heating management system improves heat dissipation efficiency and environmental adaptability effectively. The zero carbon cloud platform helps optimize energy dispatching. The main products have been certified to European standards and entered the North American, European, South Asian, and Southeast Asian markets successfully, achieving the continuous delivery of multiple large-scale system projects.

In the future, global green and low-carbon transformation will drive the accelerated evolution of energy storage technology towards high safety, high efficiency and intelligence, centralized and distributed collaborative development will become a trend, and market demand will continue to grow. The Company has completed technology and product reserves for multiple categories and scenarios, and established overseas channels and service platforms. With its global operational capabilities and technological accumulation, this sector is expected to recover momentum in the new round of industry growth and become a core incremental sector in the medium and long term.

2. Intelligent vehicle business:

Business performance: During the reporting period, revenue reached RMB 260 million, a year-on-year increase of 86.03%, with strong growth momentum.

Core layout: The Company has built a product matrix centered around electrification and advanced intelligent driving, with laser radar motors and charging piles being the core:

(I) Lidar motor: With the accelerated penetration of intelligent driving technology in the field of new energy vehicles, the lidar motor developed jointly by the Company and top customers has achieved mass production and stable shares among core customers. The Company engages in platform development actively, and keeps expanding more automaker customers, optimizing technical parameters to improve cross vehicle and cross-solution adaptability, and building product reuse advantages. In the future, as intelligent driving upgrades to L3 and above, the assembly rate of lidars is expected to further increase. With the accumulation of automotive grade motor technology and the first mover advantage among customers, the Company is expected to benefit deeply from the industry's growth.

(II) Charging piles: Revenue doubled during the reporting period. Against the backdrop of rapid growth in the global ownership of new energy vehicles, the demand for charging facilities is rising significantly. With focus on liquid cooled supercharging technology, the Company has built a full scenario product matrix covering AC and DC charging piles to meet diversified charging needs such as home, commerce, and public transit.

(III) Robots: During the reporting period, sales revenue reached RMB 277 million, a year-on-year increase of 22.72%, and gross profit margin was 26.95%, a year-on-year decrease of 1.96 percentage points.

In the wave of technological change, the robotics industry is standing at the forefront of explosive growth. From home robots that serve daily life to industrial robots that lead industrial transformation, and highly-anticipated humanoid robots, the application scope of robots is expanding, changing the way in which all industries operate profoundly. In this booming industry trend, the Company makes an active presence in the robot sector, driving rapid business development with keen market insights and solid technological strength.

Currently, the Company is expanding into the sophisticated complete robot category in the market steadily based on the component business in the robot sector. Our products are applied widely to the fields of service robots, humanoid robots, industrial robots, and related equipment. We offer control, motor, drive, and AI complete robot products, forming a full-chain, multidimensional product system that meets diversified needs of different customers and application scenarios.

During the reporting period, the Company's robot sector grew rapidly. Complete stir-frying, mowing and sweeping robot solutions are growing rapidly, and the competitiveness of our products also keeps improving. In the field of humanoid robots, the Company has established close cooperation with leading humanoid robot manufacturers in the industry for hollow cup motors, as well as actuator assemblies that integrate hollow cup motor bodies with gearboxes, encoders, and screws with excellent performance and reliability, and received lots of orders. These core components serve as "joints" and "muscles" of humanoid robots, and provide critical support for their precise and flexible movements. In the field of service robots, the Company develops multifunctional service robots, and provides users with more convenient and intelligent life and work experiences with focus on home and commercial service scenarios. In terms of industrial robots, the Company focuses on breakthroughs in high precision, reliability, and integrated performance to meet intelligent upgrading needs of the manufacturing industry;

In the future, on the one hand, the Company will further increase R&D investment, establish a top R&D team, deeply integrate frontier technologies such as AI, IoT, and big data, keep optimizing product performance, and expand application scenarios. On the other hand, the Company will further strengthen market expansion and accelerate technological response: accelerating the conversion of existing customer orders, improving customer satisfaction and loyalty with high-quality products and efficient services, carrying out cooperation and engagement with leading complete robot enterprises actively, and promoting the realization of products and scenarios.

Year-on-year changes in major financial metrics

Unit: RMB

	Reporting period	Same period previous year	Year-on-year increase/decrease	Reason for change
Operating revenue	5,502,335,729.18	5,015,785,165.59	9.70%	No significant changes
Operating cost	4,261,763,382.25	3,817,211,001.65	11.65%	No significant changes
Selling expenses	220,686,080.56	180,788,131.47	22.07%	This was mainly due to the increase in remunerations of employees for new business development, as well as the increase in exhibition advertising expenses and equity incentive expenses incurred for market development.
Management expenses	222,560,862.57	190,587,638.62	16.78%	It was mainly due to the increase in equity incentive expenses during the reporting period.
Finance expenses	-38,757,798.52	-28,781,584.15	-34.66%	It was mainly due to the decrease in interest expenses.
Income tax expenses	25,988,052.59	36,778,573.81	-29.34%	No significant changes
R&D investment	524,842,516.77	455,397,817.14	15.25%	It was mainly due to the increase in R&D investment during the reporting period.
Net cash flow from operating activities	353,354,566.49	470,314,174.67	-24.87%	It was mainly due to the year-on-year increase in remuneration payment during the reporting period.
Net cash flow from investment activities	-161,606,599.96	-313,160,118.83	48.39%	It was mainly due to the increase in net amount arising from cash management and the decrease in cash payments for purchasing long-term during the reporting period.
Net cash flow from financing activities	-19,230,084.46	-120,296,374.28	84.01%	It was mainly due to the repurchase of shares in the same period of last year.
Net increase in cash and cash equivalents	206,373,931.40	78,953,413.52	161.39%	It was mainly due to the increase in net cash flows from investment and financing activities.

Significant changes in the Company's composition or source of profit in the reporting period

☐ Applicable ☒ Not applicable

There was no significant change in the Company's composition or source of profit in the reporting period.

Composition of operating income

Unit: RMB

	2025		2024		Year-on-year increase/decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	5,502,335,729.18	100%	5,015,785,165.59	100%	9.70%
By industry					

Intelligent control electronics industry	5,502,335,729.18	100.00%	5,015,785,165.59	100.00%	9.70%
By product					
Tools and home appliances	4,376,806,478.26	79.55%	3,768,104,602.98	75.12%	16.15%
Digital energy and intelligent vehicles	848,096,798.91	15.41%	1,021,618,215.64	20.37%	-16.98%
Robots	277,432,452.01	5.04%	226,062,346.97	4.51%	22.72%
By region					
PRC (mainland)	1,756,187,461.66	31.92%	1,777,778,390.12	35.44%	-1.21%
Overseas	3,746,148,267.52	68.08%	3,238,006,775.47	64.56%	15.69%
By sales model					
Basing production on sales volume	5,502,335,729.18	100.00%	5,015,785,165.59	100.00%	9.70%

The situation of industries, products or regions accounting for more than 10% of the Company's operating income or operating profit

☒ Applicable ☐ Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit rate	Increase or decrease of operating income over the same period of last year	Increase or decrease of operating costs over the same period of last year	Increase or decrease of gross profit rate over the same period of last year
By industry						
Intelligent control electronics industry	5,502,335,729.18	4,261,763,382.25	22.55%	9.70%	11.65%	-1.35%
By product						
Tools and home appliances	4,376,806,478.26	3,404,098,742.46	22.22%	16.15%	19.18%	-1.98%
Digital energy and intelligent vehicles	848,096,798.91	654,991,044.58	22.77%	-16.98%	-18.14%	1.09%
By region						
PRC (mainland)	1,756,187,461.66	1,378,958,201.89	21.48%	-1.21%	-2.35%	0.91%
Overseas	3,746,148,267.52	2,882,805,180.36	23.05%	15.69%	19.86%	-2.67%
By sales model						
Basing production on sales volume	5,502,335,729.18	4,261,763,382.25	22.55%	9.70%	11.65%	-1.35%

The Company's main business data for the last period adjusted according to the caliber at the end of the reporting period when the statistical caliber of the Company's main business data is adjusted in the reporting period

☐ Applicable ☒ Not applicable

IV. Analysis of non-main business

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of reasons	Whether it is sustainable
Investment income	6,143,016.93	1.73%	Mainly return on investment from purchased structured deposits	No
Profit and loss from changes in fair value	-106,506.00	-0.03%	Mainly fair value gains and losses corresponding to foreign exchange derivatives	No
Asset impairment loss	-25,099,491.27	-7.05%	Mainly due to provision for inventory depreciation reserves	No
Non-operating income	3,789,204.87	1.06%	Mainly breach compensation and various penalties	No
Non-operating expenses	4,113,078.34	1.16%	Mainly scrapping losses of noncurrent assets	No

V. Analysis of assets and liabilities

1. Significant changes in asset composition

Unit: RMB

	End of the reporting period		End of the previous year		Increase or decrease of proportion	Explanation of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,854,938,875.14	13.56%	1,713,976,263.34	13.34%	0.22%	No significant changes
Accounts receivable	3,128,723,591.98	22.88%	2,992,784,497.73	23.29%	-0.41%	No significant changes
Inventory	2,183,308,352.70	15.96%	1,810,510,580.57	14.09%	1.87%	No significant changes
Investment property	99,146,840.34	0.72%	100,566,027.85	0.78%	-0.06%	No significant changes
Long-term equity investment	39,837,141.24	0.29%	38,959,272.14	0.30%	-0.01%	No significant changes
Fixed assets	2,751,625,689.48	20.12%	2,737,959,115.57	21.31%	-1.19%	No significant changes
Construction in progress	815,879,584.23	5.97%	768,223,670.57	5.98%	-0.01%	No significant changes
Right-of-use assets	75,393,526.08	0.55%	67,227,073.11	0.52%	0.03%	No significant changes
Short-term loans	1,508,128,644.65	11.03%	1,224,214,110.41	9.53%	1.50%	No significant changes
Contractual liabilities	154,412,242.00	1.13%	131,435,683.97	1.02%	0.11%	No significant changes

Long-term loans	412,270,000.00	3.01%	245,740,474.88	1.91%	1.10%	Mainly due to the increase in long-term loans for the construction of Huizhou Industrial Park during the reporting period.
Lease liabilities	48,146,092.89	0.35%	42,076,530.36	0.33%	0.02%	No significant changes

2. Major overseas assets

☒ Applicable ☐ Not applicable

Unit: RMB

Asset details	Reasons of formation	Asset size	Location	Operation mode	Control measures to ensure the safety of assets	Earning position	Proportion of foreign assets to net assets of the Company	Whether there is a significant risk of impairment
Operation Center in India	Investment and establishment	655,931,218.04	Pune, India	R&D, production and sales	Financial supervision and external audit	41,047,382.32	9.40%	No
Vietnam Dong Nai Operation Center	Investment and establishment	1,189,632,607.83	Dong Nai Province, Vietnam	R&D, production and sales	Financial supervision and external audit	74,402,441.59	17.05%	No
Other disclosures	None.							

3. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Items	Opening balance	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Amount sold in the current period	Other changes	Amount at the end of the year
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	739,448,691.77		238,079,377.13		1,455,014,088.18	1,606,727,285.67	580,066.58	588,315,560.86

2. Other equity instrument investments	45,012,776.00		3,819,826.00					45,012,776.00
3. Receivables financing	131,217,672.56						40,780,097.53	171,997,770.09
Subtotal of financial assets	915,679,140.33		241,899,203.13		1,455,014,088.18	1,606,727,285.67	41,360,164.11	805,326,106.95
Total of the above	915,679,140.33		241,899,203.13		1,455,014,088.18	1,606,727,285.67	41,360,164.11	805,326,106.95
Financial liabilities	444,281.13	106,506.00	106,506.00			444,281.13		106,506.00

Contents of other changes

None.

Whether there are significant changes in the measurement attributes of the Company's main assets during the reporting period

☐ Yes ☒ No

4. Restricted asset rights by the end of the reporting period

Refer to Section VIII Financial Report, VII. Notes to Items in Consolidated Financial Statements, 31. Assets with limited ownership or use right for details.

VI. Investment analysis

1. General situation

☐ Applicable ☒ Not applicable

2. Major equity investment obtained during the reporting period

☐ Applicable ☒ Not applicable

3. Major non-equity investment obtained during the reporting period

☐ Applicable ☒ Not applicable

4. Investment in financial assets**(1) Securities investment**

☐ Applicable ☒ Not applicable

There was no securities investment during the reporting period.

(2) Derivatives investment

☒ Applicable ☐ Not applicable

1) Derivative investments for hedging during the reporting period

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand

Types of derivatives investment	Initial investment amount	Beginning amount	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Purchase amount during the reporting period	Amount sold during the reporting period	Ending amount	Proportion of investment amount at the end of the period in net assets of the Company at the end of the reporting period
Trading of foreign exchange derivatives	8,626.08	8,626.08	0	0	0	8,626.08	0	0.00%
Swap	37,224.72	0	-10.65	-10.65	37,224.72	14,317.2	22,907.52	3.28%
Total	45,850.80	8,626.08	-10.65	-10.65	37,224.72	22,943.28	22,907.52	3.28%
Explanation of accounting policies and specific accounting principles for hedging business during the reporting period, as well as whether there have been significant changes compared to the last reporting period	<p>The Company has made corresponding accounting and presentation for foreign-exchange derivative transaction to be done according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments issued by Ministry of Finance, and other regulations and guides. Foreign exchange derivative contracts were initially and subsequently measured using tradable financial assets, which fair value is priced by financial institutions based on open market trading data, and there has been no significant change compared to the last reporting period.</p>							

Explanation of actual profits and losses in the reporting period	The amount of our foreign exchange derivative transactions credited to the current actual profits and losses during the reporting period is RMB 743,400.
Explanation of hedging effect	The Company conducted forward exchange transaction, effectively reducing the risk of exchange fluctuations through reasonable RMB forward exchange transaction, focusing on future transaction costs and incomes, and achieving asset hedging with the aim of avoiding risks.
Capital sources of derivatives investment	Self-own capitals
Risk analysis and control measures of derivatives positions in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>I. Risk analysis of forward exchange transaction</p> <p>The forward exchange transaction business carried out by the Company and its subsidiaries followed the principle of locking in exchange rate risk and not engaging in speculative or arbitrage trading operations. However, there were still certain risks in forward exchange transaction operations:</p> <ol style="list-style-type: none"> 1. Exchange rate fluctuation risk: In the event of significant fluctuations in exchange rates, if the forward settlement exchange rate stipulated in the confirmation letter for forward exchange transactions was lower than the real-time exchange rate on the settlement day, it will cause exchange losses. 2. Internal control risk: Because forward exchange transactions are highly specialized, risks may arise due to inadequate internal control systems. 3. Customer default risk: If the customer's accounts receivable are overdue and the payment cannot be collected within the predicted payment period, it will cause a delay in forward exchange settlement and result in losses for the Company. 4. Risk of payment collection prediction: In general, the Sales Department of the Company predicts payment collection based on customer orders and expected orders. Nonetheless, during the actual execution process, customers may adjust their own orders and the Company may make an inaccurate payment prediction, leading to the risk of delayed delivery of forward exchange settlement. 5. Legal risk: Changes in relevant laws or violations of relevant legal systems by counterparties may result in contracts being unable to be executed normally and cause losses to the Company. <p>II. Risk control measures</p> <ol style="list-style-type: none"> 1. The Company has formulated the Internal Control System for Forward Exchange Transactions, which provides clear regulations on the Company's foreign exchange transaction operating principles, approval authority, internal operating procedures, responsible departments and individuals, information isolation measures, and risk management for forward exchange transaction, and can meet the needs of practical operations, and its internal control and risk management measures formulated are practical and effective. 2. The finance center and audit department of the Company, as relevant responsible departments, have clear management positioning and responsibilities, and responsibilities are assigned to their positions. Through this hierarchical management, the risks of single person or individual department operations are fundamentally eliminated, and the speed of risk response is also improved while effectively controlling risks. 3. To prevent delayed delivery of forward exchange transactions, the Company attaches great importance to the management of accounts receivable and actively collects accounts receivable to avoid the phenomenon of overdue accounts receivable. 4 The Company engages in financial derivative transaction business with large commercial banks with legal qualifications, closely monitors relevant laws and regulations in the field, avoiding potential legal risks. 5. The Company's forward exchange transactions must be based on a cautious prediction for foreign currency receipts (payments) of the Company, and the foreign currency amount of the foreign exchange transaction contract must not exceed 90% of the annual planned total amount of foreign currency receipts (payments). The delivery period of forward exchange transactions needs to match the Company's predicted foreign currency collection time.

Changes in market price or fair value of products of the invested derivatives during the reporting period, and the disclosure of specific methods used and relevant assumptions and parameters set in the analysis of the fair value of derivatives	Determine changes in fair value based on market quotes from external financial institutions.
Litigation (if applicable)	Not applicable
Disclosure date of Board of Directors announcement for approval of derivatives investment (if any)	January 4, 2025

2) Derivative investments for speculation during the reporting period

☐ Applicable ☒ Not applicable

We had no derivative investments for speculation during the reporting period.

5. Usage of raised capitals

☐ Applicable ☒ Not applicable

The Company did not use any raised fund during the reporting period.

VII. Sale of major assets and equity

1. Sale of major assets

☐ Applicable ☒ Not applicable

The Company did not sell any major assets during the reporting period.

2. Sale of major equity

☐ Applicable ☒ Not applicable

VIII. Analysis of major holding and equity participating companies☒ Applicable ☐ Not applicable

Situation of major subsidiaries and equity participating companies with an impact of 10% or more on net profit of the Company

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic components	300 million	5,226,777,998.13	2,402,725,467.55	2,888,623,127.57	195,000,362.57	172,384,008.13
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	Subsidiary	R&D, production, sales, import and export of electronic components	USD 33.5 million	1,189,632,607.83	662,807,598.59	757,666,410.81	84,600,924.26	74,402,441.59
TOPBAND INDIA PRIVATE LIMITED	Subsidiary	R&D, production, sales, import and export of electronic components	INR 1.96 billion	655,931,218.04	381,629,113.51	359,526,270.04	45,666,828.27	41,047,382.32

Situation of acquisition and disposal of subsidiaries during the reporting period

☒ Applicable ☐ Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production and operations and results
YOLANESS AFRICA (PTY) LTD	Cancellation	There is no significant impact on the performance of this report.

Explanation of major shareholding companies

None.

IX. Situation of structured entity controlled by the Company☐ Applicable ☒ Not applicable

X. Risks faced by the Company and countermeasures

1. External risks such as the macro environment

Trade frictions and geopolitical tensions will also produce adverse influences on business confidence and investment. The Company may continue to face an uncertain external environment, so we will further strengthen risk identification and control for various businesses and regions and adjust strategies timely to minimize external influences.

2. Risks of technology upgrading

The intelligent controller industry technology, as the main business of the Company, is developing rapidly with fast product upgrading and short life cycle. Although the Company continues to invest in R&D and owns a number of invention and utility patents, there is still a risk that the technology will not be updated in time to meet market demand, or lag behind competitors in launching new products, resulting in a decline in the market share and profitability of the Company.

3. Exchange rate risk

The overseas revenue of the Company accounted for nearly 60% of the total revenue. In order to cope with the fluctuation risk of China Yuan, the Company will mitigate and hedge foreign exchange risks through hedging against China Yuan, international procurement, and repricing of new products.

4. Other risks

There are many uncertainties in the current macro environment at home and abroad, and there are some factors that are unfavorable to the operation of the Company. For example, the China-United States trade war, shortage of raw materials, rising price, insufficient labor and customer credit risk will increase the uncertainty of the Company's operation.

XI. Formulation and implementation of the market capitalization management system and valuation improvement plan

Whether the Company formulated a market capitalization management system

☐ Yes ☒ No

Whether the Company disclosed the valuation improvement plan

☐ Yes ☒ No

XII. Implementation of "Double Improvement of Return on Quality" Action Plan

Whether the Company disclosed the "Double Improvement of Return on Quality" Action Plan.

☒ Yes ☐ No

The Company implements the call of the meeting of the Political Bureau of the CPC Central Committee to "activate the capital market and boost investor confidence", and the call of the executive meeting of the State Council to "vigorously improve the quality and investment value of listed companies" actively. In order to further improve the quality and investment value of listed companies, enhance investor confidence, and protect the interests of all shareholders, the Company has formulated the "Double Improvement of Return on Quality" Action Plan based on its own development strategy, business status, and financial status. Refer to the Announcement on the "Double Improvement of Return on Quality" Action Plan (announcement No.: 2025010) disclosed by the Company on <http://www.cninfo.com.cn> on January 23, 2025 for details.

Section IV Corporate Governance, Environment and Society

I. Changes in directors, supervisors and senior executives

☒ Applicable ☐ Not applicable

Name	Position	Type	Date	Reason
Dai Huijuan	Chairman of the Board of Supervisors	Outgoing	2025/04/22	No longer serves as a supervisor because the Board of Supervisors is cancelled after the revision of the Articles of Association
Kang Weiquan	Supervisor	Outgoing	2025/04/22	No longer serves as a supervisor because the Board of Supervisors is cancelled after the revision of the Articles of Association
Chen Jinzhou	Worker supervisor	Outgoing	2025/02/18	Personal reason

II. Profit distribution and conversion of capital surplus to share capital during the reporting period

☐ Applicable ☒ Not applicable

The Company plans not to pay cash dividend, to issue bonus shares, or to increase the share capital by capital reserve for the first half.

III. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

☒ Applicable ☐ Not applicable

1. Equity incentive

Implementation of the stock option incentive plan in 2024:

(1) On November 6, 2024, the 15th (Extraordinary) Meeting of the 8th Board of Directors deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Abstract, the Proposal on the Measures for the Implementation Evaluation and Management of the Company's 2024 Stock Option Incentive Plan, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's 2024 Stock Option Incentive Plan, approving the Company to grant not more than 33 million stock options to not more than 1,200 incentive recipients. The stock source of this plan is A-shares of the Company's common stock to be issued to incentive recipients in a targeted manner and/or A-shares of the Company's common stock repurchased from the secondary market. The exercise periods of the stock options granted this time are 12 months, 24 months and 36 months from the date of granting of stock options, to be exercised at ratios of 30%, 30% and 40%. The 10th (Extraordinary) Meeting of the 8th Board of Supervisors deliberated and passed the above proposals and verified the list of incentive recipients for this incentive plan. The lawyer issued a legal opinion and the independent financial consultant issued an independent financial consultant report.

(2) On November 11, 2024, the Company disclosed the names and positions of 1,061 proposed incentive recipients in this incentive plan through the internal OA office system for the period of November 11-20, 2024. During the disclosure period, the Board of Supervisors did not receive any objection related to the incentive recipients of this incentive plan. On November 21, 2024, the Company disclosed the Note and Verification Opinion of the Board of Supervisors on the Disclosure of the List of Incentive Recipients for the 2024 Stock Option Incentive Plan of the Company. The Board of Supervisors thinks that the incentive recipients of this

incentive plan meet the conditions stipulated by relevant laws, and are lawful and effective as the incentive receipts of this incentive plan.

(3) On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders in 2024, which deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Abstract, the Proposal on the Measures for the Implementation Evaluation and Management of the Company's 2024 Stock Option Incentive Plan, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's 2024 Stock Option Incentive Plan. On the same day, the Company disclosed the Self-inspection Report on the Trading of the Company's Stock by Insiders and Incentive Recipients under the 2024 Stock Option Incentive Plan.

(4) On December 9, 2024, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors, which deliberated and passed the Proposal on Adjusting Relevant Matters of the 2024 Stock Option Incentive Plan, and the Proposal on Granting Stock Options to Incentive Recipients. As of December 9, 2024, four incentive recipients originally determined through deliberation had resigned or submitted resignation applications, and no longer meet the conditions for becoming incentive recipients; seven incentive recipients voluntarily gave up their eligibility to be granted stock options for personal reasons; 100,000 stock options to be granted to the above 11 incentive recipients were cancelled. After the adjustment, there were 1,050 incentive recipients under the Company's stock option incentive plan, and the total number of stock options granted was adjusted from 33 million to 32.9 million; the grant date for this incentive plan was fixed to be December 9, 2024 along. The Board of Supervisors conducted an audit and issued an audit opinion, the lawyer issued a legal opinion, and the independent financial consultant issued an independent financial consultant report.

(5) On December 26, 2024, after review and confirmation by the Shenzhen Stock Exchange and the China Securities Depository and Clearing Corporation Shenzhen Branch, the Company completed the registration of 32.9 million stock options to be granted under the 2024 stock option incentive plan.

(6) On June 11, 2025, the Company held the 20th Meeting of the 8th Board of Directors, which deliberated and passed the Proposal on Adjusting the Exercise Price of the 2024 Stock Option Incentive Plan, approving the adjustment of the exercise price of stock options under the 2024 stock option incentive plan from RMB

9.6/share to RMB 9.53/share, with no change in the number of options. The lawyer issued a legal opinion, and the independent financial consultant issued an independent financial consultant report.

For details of the implementation of the 2024 stock option incentive plan, refer to the announcements disclosed by the Company on November 7, 2024, November 26, 2024, December 11, 2024, December 27, 2024, and June 12, 2025 on the Securities Times and <http://www.cninfo.com.cn>.

2. Implementation of employee stock ownership plan

☒ Applicable ☐ Not applicable

All employee stock ownership plans valid during the reporting period

Scope of employees	Number of employees	Total number of stocks held (shares)	Changes	Proportion to the share capital of the listed company	Funding source for plan implementation
Directors (excluding independent directors), senior executives, and core backbone personnel of the Company	45	5,181,200	Not applicable	0.4155%	Special incentive funds provided for by the Company and funds raised by other means as permitted by laws and administrative regulations

Shareholding of directors, supervisors, and senior executives under the employee stock ownership plan during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period (shares)	Number of shares held at the end of the reporting period (shares)	Proportion to the share capital of the listed company
Directors: Ma Wei, Zheng Sibin, Peng Ganquan; senior executives: Wen Chaohui, Luo Muchen	Directors and senior executives	1,300,000	1,300,000	0.1043%

Note: Since the supervisors left office and the Board of Supervisors was cancelled during the reporting period, the number of shares held by the supervisors prior to that is not included in the above data.

Changes in the asset management agency during the reporting period

☐ Applicable ☒ Not applicable

Changes in equity arising from the disposal of shares by holders during the reporting period

☐ Applicable ☒ Not applicable

The exercise of rights by shareholders during the reporting period

☐ Applicable ☒ Not applicable

Other relevant situations of the employee stock ownership plan during the reporting period and notes

☐ Applicable ☒ Not applicable

Changes in members of the Employee Stock Ownership Plan Management Committee

☐ Applicable ☒ Not applicable

Financial impact of the employee stock ownership plan on the listed company during the reporting period and related accounting treatment

☐ Applicable ☒ Not applicable

Termination of the employee stock ownership plan during the reporting period

☐ Applicable ☒ Not applicable

Other description:

None

3. Other employee incentives

☐ Applicable ☒ Not applicable

IV. Disclosure of environmental information

Whether the listed company and its major subsidiaries are included in the list of enterprises disclosing environmental information according to law

☐ Yes ☒ No

V. Social responsibility

Not applicable.

Section V Important Matters

I. Completed commitments in the reporting period and uncompleted commitments within the time limit by the end of the reporting period by the Company's actual controller, shareholders, related parties, acquirers, the Company and other committed related parties

☒ Applicable ☐ Not applicable

Reasons for commitments	Commitment Party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Commitments to horizontal competition	Mr. Wu Yongqiang, the actual controller of the Company, has promised that during the period of being the controlling shareholder and/or actual controller of the Company, he would not directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future.	2006/06/12	Long standing	Fulfill the commitment strictly
Whether the commitment was fulfilled on schedule	Yes					
If the commitment was not fulfilled within the time limit, the specific reasons for the failure and the next work plan shall be explained in detail.	Not applicable					

II. Non-operating capital occupation of listed companies by controlling shareholders and their related parties

☐ Applicable ☒ Not applicable

There was no non-operating capital occupation of listed companies by controlling shareholders and their related parties in the reporting period of the Company.

III. External guarantee in violation of regulations

☐ Applicable ☒ Not applicable

The Company had no external guarantee in violation of regulations during the reporting period.

IV. Appointment and dismissal of accounting firms

Whether the half-year financial statements have been audited

☐ Yes ☒ No

V. Explanation of the "non-standard audit report" of the Accounting Firm in the reporting period by the Board of Directors and the Board of Supervisors

☐ Applicable ☒ Not applicable

VI. Explanation of the Board of Directors on the "non-standard audit report" of the previous year

☐ Applicable ☒ Not applicable

VII. Matters related to bankruptcy reorganization

☐ Applicable ☒ Not applicable

There were no matter related to bankruptcy reorganization during the reporting period.

VIII. Lawsuit

Major litigation and arbitration matters

☐ Applicable ☒ Not applicable

The Company had no major litigation and arbitration matters during the reporting period.

Other lawsuits

☐ Applicable ☒ Not applicable

IX. Punishment and rectification

☐ Applicable ☒ Not applicable

The Company was not subject to any penalty or rectification during the reporting period.

X. Integrity condition of the Company, its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

XI. Major related transactions

1. Related transactions connected with the daily operation

☐ Applicable ☒ Not applicable

The Company had no related transactions connected with daily operations during the reporting period.

2. Related transactions arising from acquisition and sale of assets or equity

☐ Applicable ☒ Not applicable

The Company had no related transaction of acquisition or sale of assets or equity during the reporting period.

3. Related transactions of joint foreign investment

☐ Applicable ☒ Not applicable

The Company had no related transaction of joint foreign investment during the reporting period.

4. Related creditor's right and debt transaction

☐ Applicable ☒ Not applicable

The Company had no related creditor's right and debt transaction during the reporting period.

5. Transactions with associated financial companies

☐ Applicable ☒ Not applicable

There was no deposit, loan, credit extension or other financial business between the Company and its related financial companies or between the related parties.

6. Transactions between financial companies controlled by the Company and related parties

☐ Applicable ☒ Not applicable

There was no deposit, loan, credit or other financial business between financial companies controlled by the Company and related parties.

7. Other major related transactions

☐ Applicable ☒ Not applicable

The Company had no other major related transaction during the reporting period.

XII. Major contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

☐ Applicable ☒ Not applicable

The Company had no trusteeship during the reporting period.

(2) Contracting

☐ Applicable ☒ Not applicable

The Company had no contracting during the reporting period.

(3) Lease

☒ Applicable ☐ Not applicable

Disclosure of lease

Refer to VII. 82 in Section X.

Item with profits and losses reaching 10% of the total profit of the Company during the reporting period

☐ Applicable ☒ Not applicable

The Company had no lease item with profits and losses reaching 10% of the total profit of the Company during the reporting period.

2. Material guarantee

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand

External guarantee of the Company and its subsidiaries (excluding guarantee for subsidiaries)										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Not applicable										
Guarantee of the Company to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Not applicable										
Guarantee of the subsidiaries to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Huizhou YAKO Automation	2023/01/11	20,000	2023/01/16	3,000	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/04/24	1,200	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/06/29	2,000	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No

Huizhou YAKO Automation	2023/01/11		2023/07/31	1,200	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2023/08/29	1,779.74	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/01/08	1,500	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/01/31	1,685.98	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/03/28	1,500	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/05/08	1,250.82	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Huizhou YAKO Automation	2023/01/11		2024/05/28	450.21	Joint liability guaranty			3 years from maturity date of debts of guaranteed parties	No	No
Total amount of approved guarantee for subsidiaries at the end of the reporting period (C3)		20,000		Total actual balance of guarantee for subsidiaries at the end of the reporting period (C4)		During the reporting period, the above master guarantee contracts were closed and the guarantees were terminated.				
Total amount of the corporate guarantee (i.e. the sum of the first three items)										
Total amount of guarantee approved at the end of the reporting period (A3+B3+C3)		20,000		Total actual balance of guarantee at the end of the reporting period (A4+B4+C4)		During the reporting period, the above master guarantee contracts were closed and the guarantees were terminated.				
Including:										

3. Finance management agent

☒ Applicable ☐ Not applicable

Unit: RMB ten thousand

Specific types	Capital source of entrusted financing	Amount of entrusted financial	Unexpired balance	Overdue amount not recovered	Accrued impairment amount
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		management			of overdue and unrecovered wealth management
Bank financial products	Self-own capitals	135,501.41	14,538.92	0	0
Wealth management products of securities dealers	Self-own capitals	10,000	10,000	0	0
Total		145,501.41	24,538.92	0	0

Specific situation of high-risk entrusted financial management with the significant single amount or low security and poor liquidity

☐ Applicable ☒ Not applicable

Entrusted financial management was expected to be unable to recover the principal or there were other situations that may lead to impairment

☐ Applicable ☒ Not applicable

4. Others major contracts

☐ Applicable ☒ Not applicable

There were no other significant contracts in the reporting period of the Company.

XIII. Explanation of other major matters

☒ Applicable ☐ Not applicable

On January 23, 2025, the repurchase plan adopted at the 6th (Extraordinary) Meeting of the 8th Board of Directors expired. The Company has repurchased 11,779,000 shares through centralized bidding, accounting for 0.94% of the Company's current total share capital, with a highest transaction price of RMB 9.51/share, a lowest transaction price of RMB 6.34/share, and a cumulative payment amount of RMB 95,702,125.00 (excluding transaction costs). The repurchase amount meets the requirement of the share repurchase plan, which has been fully implemented.

XIV. Major matters of subsidiaries of the Company

☐ Applicable ☒ Not applicable

Section VI Share Change and Shareholders

I. Share change

1. Share change

Unit: Share

	Before this change		Increase or decrease of change this time (+, -)					After this change	
	Quantity:	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	Quantity:	Proportion
I. Shares with non-tradable conditions	175,745,142	14.0953%	0	0	0	79,902	79,902	175,825,044	14.1017%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	
3. Shares held by other domestic capital	175,745,142	14.0953%	0	0	0	79,902	79,902	175,825,044	14.1017%
Including: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	
Shares held by domestic natural person	175,745,142	14.0953%	0	0	0	79,902	79,902	175,825,044	14.1017%
4. Shares held by foreign investment	0	0.00%	0	0	0	0	0	0	
Including: shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	
Shares held by overseas natural persons	0	0.00%	0	0	0	0	0	0	
II. Shares with unlimited tradable conditions	1,071,089,846	85.9047%	0	0	0	-79,902	-79,902	1,071,009,944	85.8983%
1. A shares	1,071,089,846	85.9047%	0	0	0	-79,902	-79,902	1,071,009,944	85.8983%
2. Domestic listed foreign shares	0	0.00%	0	0	0	0	0	0	
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	
4. Others	0	0.00%	0	0	0	0	0	0	
III. Total number of shares	1,246,834,988	100.00%	0	0	0	0	0	1,246,834,988	100%

Reasons for share change

☐ Applicable ☒ Not applicable

Approval of share change

☐ Applicable ☒ Not applicable

Transfer of share change

☐ Applicable ☒ Not applicable

Implementation progress of share repurchase

☒ Applicable ☐ Not applicable

On January 23, 2025, the repurchase plan adopted at the 6th (Extraordinary) Meeting of the 8th Board of Directors expired. The Company has repurchased 11,779,000 shares through centralized bidding, accounting for 0.94% of the Company's current total share capital, with a highest transaction price of RMB 9.51/share, a lowest transaction price of RMB 6.34/share, and a cumulative payment amount of RMB 95,702,125.00 (excluding transaction costs). The repurchase amount meets the requirement of the share repurchase plan, which has been fully implemented.

Progress in the implementation of the reduction of share repurchase through centralized bid

☐ Applicable ☒ Not applicable

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share in the latest year and the latest period, net assets per share attributable to ordinary shareholders of the Company, etc.

☐ Applicable ☒ Not applicable

Other contents deemed necessary by the Company or required to be disclosed by the securities regulatory institution

☐ Applicable ☒ Not applicable

2. Changes in non-tradable shares

☒ Applicable ☐ Not applicable

Unit: Share

Name of shareholder	Number of non-tradable shares at the beginning of the period	Deterioration number of non-tradable shares in the current period	Increase number of non-tradable shares in the current period	Number of non-tradable shares at the end of the period	Reasons for non-trading	Date of lifting sales restriction
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Wu Yongqiang	159,006,536	0	0	159,006,536	Executives lock-in shares	Not applicable
Ma Wei	6,389,800	0	0	6,389,800	Executives lock-in shares	Not applicable
Peng Ganquan	3,642,675	1	0	3,642,674	Executives lock-in shares	Not applicable (see Note 1)
Zheng Sibin	4,472,902	0	0	4,472,902	Executives lock-in shares	Not applicable
Wen Zhaohui	1,982,270	0	0	1,982,270	Executives lock-in shares	Not applicable
Dai Huijuan	239,709	0	79,903	319,612	Executives lock-in shares	See Note 2
Luo Muchen	11,250	0	0	11,250	Executives lock-in shares	Not applicable
Total	175,745,142	1	79,903	175,825,044	--	--

Note:

1. Due to the cancellation of the restricted stock, Mr. Peng Ganquan's transferable limit was adjusted systematically in the previous year and re-adjusted at the beginning of this year.

2. Due to the cancellation of the Board of Supervisors and supervisors, according to the provisions on share changes and reduction of the former China Securities Regulatory Commission and the Shenzhen Stock Exchange, a supervisor of a listed company are not allowed to transfer the shares held by him/her in the Company within 6 months from the date when he/she actually leaves office, and during the term of office determined at the time of appointment and within 6 months after its expiry, the number of shares transferred annually shall not exceed 25% of the total number of shares held by him/her. Therefore, the sales restriction release dates for the shares held by Ms. Dai Huijuan are the day after the expiry of six months from the date on which she leaves office, the beginning of the following year from the date on which she leaves office, and the day after the expiry of her term of office. The shares held by her can be unlocked and circulated according to the above statutory proportion.

II. Issuance and listing of securities

☐ Applicable ☒ Not applicable

III. Number of shareholders and shareholding situation of the Company

Unit: Share

Total number of ordinary shareholders at the end of the reporting period		103,893		Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)			0
Shareholding status of shareholders holding more than 5% shares or top 10 shareholders (excluding shares lent via refinancing)							
Name of shareholder	Nature of shareholders	Proportion of	Number of shares held	Changes in increase or	Number of shares with	Number of shares	Pledge, marking or freezing

		shareholding	at the end of the reporting period	decrease in the reporting period	trading restriction conditions	without trading restriction conditions	Share status	Quantity:
Wu Yongqiang	Domestic natural person	17.00%	212,008,715	0	159,006,536	53,002,179	Pledge	38,860,000
Industrial Bank Co., Ltd. – China IC Robot Trading Open-ended Index Securities Investment Fund	Others	2.24%	27,916,600	18,728,400	0	27,916,600	Not applicable	0
Xie Renguo	Domestic natural person	1.96%	24,495,088	320,000	0	24,495,088	Not applicable	0
Ji Shuhai	Domestic natural person	1.87%	23,329,130	-300,000	0	23,329,130	Not applicable	0
China Merchants Bank – Southern IC 1000 Trading Open-ended Index Securities Investment Fund	Others	0.92%	11,519,000	1,222,100	0	11,519,000	Not applicable	0
Guotai Junan Securities Co., Ltd. – Tianhong IC Robot Trading Open-ended Index Securities Investment Fund	Others	0.91%	11,305,225	8,152,225	0	11,305,225	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	0.87%	10,826,180	-7,419,362	0	10,826,180	Not applicable	0
ONLINK (HK) INDUSTRIAL LIMITED	Domestic non-state-owned legal person	0.71%	8,846,700	1,076,900	0	8,846,700	Not applicable	0
Agricultural Bank of China Limited – Guotai Intelligent Vehicle Stock Securities Investment Fund	Others	0.69%	8,644,600	5,587,900	0	8,644,600	Not applicable	0
Ma Wei	Domestic natural person	0.68%	8,519,734	0	6,389,800	2,129,934	Not applicable	0
The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	Not applicable							
Explanation of the above shareholders' relationship or concerted action	Not applicable							

Explanation of the above shareholders' entrusting/entrusted voting rights and waiver of voting rights	Not applicable		
Special explanations for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 11)	At the end of the reporting period, the Company held 18,045,600 shares in total through the special securities account for repurchase, accounting for 1.45% of the total equity issued by the Company.		
Shareholding status of top 10 shareholders without restriction conditions (excluding shares lent via refinancing and locked shares held by executives)			
Name of shareholder	Number of shares held without trading restriction conditions at the end of the reporting period	Type of shares	
		Type of shares	Quantity:
Wu Yongqiang	53,002,179	A shares	53,002,179
Industrial Bank Co., Ltd. – China IC Robot Trading Open-ended Index Securities Investment Fund	27,916,600	A shares	27,916,600
Xie Renguo	24,495,088	A shares	24,495,088
Ji Shuhai	23,329,130	A shares	23,329,130
China Merchants Bank – Southern IC 1000 Trading Open-ended Index Securities Investment Fund	11,519,000	A shares	11,519,000
Guotai Junan Securities Co., Ltd. – Tianhong IC Robot Trading Open-ended Index Securities Investment Fund	11,305,225	A shares	11,305,225
Hong Kong Securities Clearing Company Ltd.	10,826,180	A shares	10,826,180
ONLINK (HK) INDUSTRIAL LIMITED	8,846,700	A shares	8,846,700
Agricultural Bank of China Limited – Guotai Intelligent Vehicle Stock Securities Investment Fund	8,644,600	A shares	8,644,600
Zhong Mingyu	7,940,757	A shares	7,940,757
Explanation of the relationship or concerted action between the top 10 shareholders without trading restriction conditions and between the top 10 shareholders with trading restriction conditions and the top 10 shareholders	Not applicable		
Explanation of the participation of the top 10 ordinary shareholders in securities margin trading (if any) (see Note 4)	Not applicable		

Participation in lending shares via refinancing by shareholders holding over 5% shares, top 10 shareholders and top 10 circulating share shareholders without restriction

☐ Applicable ☒ Not applicable

Changes from prior period due to lending via refinancing/return of shares by top 10 shareholders and top 10 circulating share shareholders without restriction

☐ Applicable ☒ Not applicable

Whether the top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions have conducted the agreed repurchase transactions during the reporting period

☐ Yes ☒ No

No agreed repurchase transaction was conducted by the top 10 common shareholders and top 10 common shareholders without restriction conditions of the Company during the reporting period.

IV. Variations in shareholding of directors, supervisors and senior executives

☐ Applicable ☒ Not applicable

The shareholding of the directors, supervisors and senior executives did not change during the reporting period.
For details, refer to the 2024 Annual Report.

V. Variations in controlling shareholders or real controlling parties

Change of controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

The controlling shareholder of the Company did not change during the reporting period.

Change of actual controller during the reporting period

☐ Applicable ☒ Not applicable

The actual controller of the Company did not change during the reporting period.

VI. Information on preferred shares

☐ Applicable ☒ Not applicable

The Company did not have preferred shares during the reporting period.

Section VII Information on Bonds

☐ Applicable ☒ Not applicable

Section VIII Financial Report

I. Audit report

Whether the semi-annual report was audited

☐ Yes ☒ No

The half-year financial statements of the Company have not been audited.

II. Financial Statements

The unit of statements in the financial notes is: RMB

1. Consolidated Balance Sheet

Prepared by: Shenzhen Topband Co., Ltd.

June 30, 2025

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	1,854,938,875.14	1,713,976,263.34
Settlement of provisions		
Lending funds		
Tradable financial assets	588,315,560.86	739,448,691.77
Derivative financial assets		
Notes receivable	42,510,889.66	48,461,335.38
Accounts receivable	3,128,723,591.98	2,992,784,497.73
Receivables financing	171,997,770.09	131,217,672.56
Prepayments	32,253,492.80	26,932,435.21
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	33,973,857.81	38,621,875.39
Including: interest receivable		
Dividends receivable		
Repurchase of financial assets for resale		
Inventory	2,183,308,352.70	1,810,510,580.57

Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	506,445,553.89	359,556,873.79
Total current assets	8,542,467,944.93	7,861,510,225.74
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investment	40,000,000.00	0.00
Long-term receivables		
Long-term equity investment	39,837,141.24	38,959,272.14
Other equity instrument investment	45,012,776.00	45,012,776.00
Other non-current financial assets		
Investment property	99,146,840.34	100,566,027.85
Fixed assets	2,751,625,689.48	2,737,959,115.57
Construction in progress	815,879,584.23	768,223,670.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets	75,393,526.08	67,227,073.11
Intangible assets	694,699,598.80	643,784,398.36
Including: data resources		
Development expenditure	74,128,950.33	125,214,759.99
Including: data resources		
Goodwill	108,769,151.72	108,769,151.72
Long-term deferred expenses	186,463,200.53	188,924,525.82
Deferred tax assets	121,924,131.47	102,678,537.20
Other non-current assets	81,572,820.51	60,036,426.17
Total non-current assets	5,134,453,410.73	4,987,355,734.50
Total assets	13,676,921,355.66	12,848,865,960.24
Current liabilities:		
Short-term loans	1,508,128,644.65	1,224,214,110.41
Loan from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	106,506.00	444,281.13
Derivative financial liabilities		
Notes payable	1,394,340,467.78	1,194,662,037.01
Accounts payable	2,507,554,381.64	2,310,872,258.62
Accounts collected in advance	4,358,984.56	3,915,096.80

Contractual liabilities	154,412,242.00	131,435,683.97
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	175,170,318.05	276,437,375.57
Taxes payable	58,011,387.83	48,126,598.87
Other payables	287,725,931.02	450,563,068.15
Including: interest payable		
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	50,649,752.88	136,488,765.75
Other current liabilities	65,874,025.67	77,931,203.31
Total current liabilities	6,206,332,642.08	5,855,090,479.59
Non-current liabilities		
Insurance contract reserve		
Long-term loans	412,270,000.00	245,740,474.88
Bonds payable		
Including: preferred shares		
Perpetual capital securities		
Lease liabilities	48,146,092.89	42,076,530.36
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	13,221,844.71	13,358,627.74
Deferred tax liabilities	20,826,856.68	20,219,592.39
Other non-current liabilities		
Total non-current liabilities	494,464,794.28	321,395,225.37
Total liabilities	6,700,797,436.36	6,176,485,704.96
Owner's equity:		
Share capital	1,246,834,988.00	1,246,834,988.00
Other equity instruments		
Including: preferred shares		
Perpetual capital securities		
Capital reserves	2,144,634,901.21	2,089,578,011.17
Minus: treasury shares	155,694,936.18	155,694,936.18
Other comprehensive income	-27,434,301.81	-32,276,903.98

Special reserves		
Surplus reserves	248,359,297.47	248,359,297.47
General risk provision		
Retained earnings	3,519,590,231.90	3,275,527,294.98
Total owner's equity attributable to the parent company	6,976,290,180.59	6,672,327,751.46
Minority shareholders' equity	-166,261.29	52,503.82
Total owners' equity	6,976,123,919.30	6,672,380,255.28
Total liabilities and owners' equity	13,676,921,355.66	12,848,865,960.24

Legal representative: Wu

Person in charge of accounting: Luo

Head of accounting firm: Luo

Yongqiang

Muchen

Muchen

2. Balance Sheet of Parent Company

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	690,879,110.06	737,724,723.09
Tradable financial assets	442,132,886.74	353,132,886.74
Derivative financial assets		
Notes receivable	14,981,734.57	36,071,948.51
Accounts receivable	1,812,621,394.28	1,749,091,674.76
Receivables financing	67,401,718.13	36,369,236.89
Prepayments	8,247,450.76	16,727,322.45
Other receivables	492,484,899.73	269,840,253.20
Including: interest receivable		
Dividends receivable		
Inventory	505,284,743.69	376,080,117.00
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	32,011,123.71	25,734,118.81
Total current assets	4,066,045,061.67	3,600,772,281.45
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	4,309,343,425.85	4,299,877,436.17
Other equity instrument investment		

Other non-current financial assets		
Investment property		
Fixed assets	173,371,814.54	182,839,226.06
Construction in progress	724,155.81	10,857,827.42
Productive biological assets		
Oil and gas assets		
Right-of-use assets	23,747,376.37	12,182,431.45
Intangible assets	232,944,111.24	186,874,312.66
Including: data resources		
Development expenditure	56,160,470.77	98,813,454.74
Including: data resources		
Goodwill		
Long-term deferred expenses	9,848,947.72	12,473,333.17
Deferred tax assets	14,528,848.27	4,272,297.23
Other non-current assets	13,629,797.91	12,437,360.68
Total non-current assets	4,834,298,948.48	4,820,627,679.58
Total assets	8,900,344,010.15	8,421,399,961.03
Current liabilities:		
Short-term loans		100,000,000.00
Financial liabilities held for trading		345,711.00
Derivative financial liabilities		
Notes payable	2,037,058,216.21	1,895,000,000.00
Accounts payable	1,051,131,588.45	780,481,701.30
Accounts collected in advance		
Contractual liabilities	55,370,418.00	40,861,225.32
Employee compensation payable	96,706,180.44	152,318,345.79
Taxes payable	15,947,429.38	22,347,082.81
Other payables	642,941,007.34	365,916,776.73
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	11,366,538.81	4,262,274.85
Other current liabilities	24,179,856.60	56,848,533.19
Total current liabilities	3,934,701,235.23	3,418,381,650.99
Non-current liabilities		
Long-term loans		30,250,000.00
Bonds payable		
Including: preferred shares		
Perpetual capital securities		

Lease liabilities	13,240,588.19	8,978,187.76
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,562,328.56	2,953,580.27
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	15,802,916.75	42,181,768.03
Total liabilities	3,950,504,151.98	3,460,563,419.02
Owner's equity:		
Share capital	1,246,834,988.00	1,246,834,988.00
Other equity instruments		
Including: preferred shares		
Perpetual capital securities		
Capital reserves	2,266,733,223.74	2,211,676,333.70
Minus: treasury shares	155,694,936.18	155,694,936.18
Other comprehensive income		
Special reserves		
Surplus reserves	248,330,779.01	248,330,779.01
Retained earnings	1,343,635,803.60	1,409,689,377.48
Total owners' equity	4,949,839,858.17	4,960,836,542.01
Total liabilities and owners' equity	8,900,344,010.15	8,421,399,961.03

3. Consolidated Income Statement

Unit: RMB

Items	First half of 2025	First half of 2024
I. Total operating income	5,502,335,729.18	5,015,785,165.59
Including: operating income	5,502,335,729.18	5,015,785,165.59
Interest income		
Premium earned		
Service charge and commission income		
II. Total operating cost	5,151,514,039.22	4,578,211,459.86
Including: operating cost	4,261,763,382.25	3,817,211,001.65
Interest expense		
Service charge and commission payment		
Surrender value		
Net compensation expenditure		
Net reserve amount set aside for insurance liability		

Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	24,474,734.66	29,865,374.27
Selling expenses	220,686,080.56	180,788,131.47
Management expenses	222,560,862.57	190,587,638.62
R&D expenses	460,786,777.70	388,540,898.00
Finance expenses	-38,757,798.52	-28,781,584.15
Including: interest expenses	19,345,176.16	28,863,971.32
Interest income	12,672,976.09	15,326,718.58
Plus: other income	31,729,942.66	21,414,975.09
Investment income (loss indicated by "-")	6,143,016.93	2,025,727.35
Including: income from investment in associated enterprises and joint ventures	877,869.10	-133,536.05
Derecognized gains from financial assets measured at amortized cost		
Exchange gain (loss indicated by "-")		
Net gain from exposure hedges (loss indicated by "-")		
Gain from fair-value changes (loss indicated by "-")	-106,506.00	
Loss from credit impairment (loss indicated by "-")	-7,143,154.02	-7,181,453.97
Loss from asset impairment (loss indicated by "-")	-25,099,491.27	-21,090,974.63
Gain from disposal of assets (loss indicated by "-")	-174,143.23	-2,580,837.22
III. Operating profit (loss indicated by "-")	356,171,355.03	430,161,142.35
Plus: non-operating income	3,789,204.87	1,739,303.34
Minus: non-operating expenses	4,113,078.34	5,563,887.00
IV. Total profit (total loss indicated by "-")	355,847,481.56	426,336,558.69
Minus: income tax expense	25,988,052.59	36,778,573.81
V. Net profit (net loss indicated by "-")	329,859,428.97	389,557,984.88
(I) Classification according to business continuity		
1. Net profit on continuing operations (net loss indicated by "-")	329,859,428.97	389,557,984.88
2. Net profit on discontinued operations (net loss indicated by "-")		
(II) Classification according to ownership		
1. Net profit attribute to shareholders of parent company (net loss indicated by "-")	330,078,194.08	388,828,515.18
2. Profit/loss attributable to minority shareholders (net loss indicated by "-")	-218,765.11	729,469.70
VI. Net after-tax amount of other comprehensive income	4,842,602.17	-33,937,857.88
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	4,842,602.17	-33,937,857.88
(I) Other comprehensive income that cannot be reclassified into profits and losses		
1. Re-measurement of changes in the defined benefit plans		

2. Other comprehensive income not available for transferring to profits or losses under equity method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	4,842,602.17	-33,937,857.88
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference in translation of foreign currency financial statements	4,842,602.17	-33,937,857.88
7. Others		
Net after-tax amount of other comprehensive income attributed to the minority of shareholders		
VII. Total comprehensive income	334,702,031.14	355,620,127.00
Total consolidated income attributable to the owners of the parent company	334,920,796.25	354,890,657.30
Total consolidated income attributable to minority shareholders	-218,765.11	729,469.70
VIII. Earnings per share:		
(I) Basic earnings per share	0.27	0.31
(II) Diluted earnings per share	0.27	0.31

In case of business merger involving enterprises under the same control in the current period, the net profit realized by the merged party before the merger is: RMB 0.00, and the net profit realized by the merged party in the prior period is: RMB 0.00.

Legal representative: Wu
Yongqiang

Person in charge of accounting: Luo
Muchen

Head of accounting firm: Luo
Muchen

4、Income statement of parent company

Unit: RMB

Items	First half of 2025	First half of 2024
I. Operating income	3,030,817,124.28	2,408,336,475.85
Minus: operating cost	2,444,612,210.50	1,950,338,909.54
Taxes and surcharges	7,689,681.60	8,506,336.53
Selling expenses	162,178,963.66	116,036,258.24
Management expenses	110,681,666.72	96,839,658.18

R&D expenses	312,112,396.97	222,191,120.63
Finance expenses	-10,480,489.96	-24,745,298.32
Including: interest expenses	8,812,732.76	8,930,422.33
Interest income	3,771,948.94	7,037,069.58
Plus: other income	10,623,873.75	12,305,323.68
Investment income (loss indicated by "-")	3,430,061.62	470,417.09
Including: income from investment in associated enterprises and joint ventures		-9,317.40
Derecognized gains from financial assets measured at amortized cost		
Net gain from exposure hedges (loss indicated by "-")		
Gain from fair-value changes (loss indicated by "-")		
Loss from credit impairment (loss indicated by "-")	3,035,324.53	-3,339,018.66
Loss from asset impairment (loss indicated by "-")	-5,480,177.90	-5,513,253.27
Gain from disposal of assets (loss indicated by "-")	15,747.89	-83,340.41
II. Operating profit (loss indicated by "-")	15,647,524.68	43,009,619.48
Plus: non-operating income	874,146.36	191,262.62
Minus: non-operating expenses	2,508,748.26	1,961,918.17
III. Total profit (total loss indicated by "-")	14,012,922.78	41,238,963.93
Minus: income tax expense	-5,948,760.50	-4,930,788.21
IV. Net profit (net loss indicated by "-")	19,961,683.28	46,169,752.14
(I) Net profit on continuing operations (net loss indicated by "-")	19,961,683.28	46,169,752.14
(II) Net profit on discontinued operations (net loss indicated by "-")		
V. Net after-tax amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into profits and losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income not available for transferring to profits or losses under equity method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses		
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	19,961,683.28	46,169,752.14
VII. Earnings per share:		

(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Items	First half of 2025	First half of 2024
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	5,357,724,545.20	4,987,452,982.82
Net increase in deposits with other banks		
Net increase in borrowing from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash from receipt of original insurance contract premiums		
Receipt of net cash for reinsurance operations		
Net increase in savings and investment funds of the insured		
Cash from receipt of interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds from repurchase operations		
Net cash received for acting trading securities		
Refund of tax and levies	257,799,901.26	282,746,532.49
Other cash received related to operating activities	75,448,632.75	71,969,813.90
Subtotal of cash inflow from operating activities	5,690,973,079.21	5,342,169,329.21
Cash paid for purchasing goods and accepting labor services	3,876,615,932.07	3,517,455,046.31
Net increase in loans and advances of clients		
Net increase in deposits with central banks and interbanks		
Cash in compensation funds paid for the original insurance contract		
Net increase in lending funds		
Cash for payment of interest, service charges and commissions		
Cash for payment of policy dividends		
Cash paid to and for employees	1,124,181,576.86	986,965,195.81
Tax payments	112,150,708.98	160,449,258.75
Other cash paid in connection with operating activities	224,670,294.81	206,985,653.67
Subtotal of cash outflow from operating activities	5,337,618,512.72	4,871,855,154.54
Net cash flow from operating activities	353,354,566.49	470,314,174.67
II. Cash flow from investing activities:		
Cash received from investment recovery	468,705,428.72	320,623,714.10
Cash received as return on an investment	6,349,205.30	6,726,780.63
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	907,801.09	706,000.00
Net cash received from disposal of subsidiaries and other business units		

Other cash received relating to investment activities		2,235,246.36
Subtotal of cash inflow from investment activities	475,962,435.11	330,291,741.09
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	335,169,146.89	276,431,701.74
Cash paid for investment	302,014,088.18	359,752,158.18
Net increase in pledged loans		
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	385,800.00	7,268,000.00
Subtotal of cash outflow from investment activities	637,569,035.07	643,451,859.92
Net cash flow from investment activities	-161,606,599.96	-313,160,118.83
III. Cash flow from financing activities:		
Cash received from absorbing investment		
Including: cash received by subsidiaries' absorption of minority shareholders' investment		
Cash received from loan	1,465,520,964.66	837,696,102.40
Other cash received relating to financing activities	12,920,862.51	5,021,283.53
Subtotal of cash inflow from financing activities	1,478,441,827.17	842,717,385.93
Cash paid for repayments of debts	1,376,531,207.44	727,060,000.01
Cash paid to distribute dividends, profits or pay interest	97,302,974.69	98,468,158.57
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	23,837,729.50	137,485,601.63
Subtotal of cash outflow from financing activities	1,497,671,911.63	963,013,760.21
Net cash flow from financing activities	-19,230,084.46	-120,296,374.28
IV. Impact of exchange rate fluctuations on cash and cash equivalents	33,856,049.33	42,095,731.96
V. Net increase in cash and cash equivalents	206,373,931.40	78,953,413.52
Plus: balance of cash and cash equivalents at the beginning of the period	1,596,352,534.73	1,494,743,705.76
VI. Balance of cash and cash equivalents at the end of the period	1,802,726,466.13	1,573,697,119.28

6. Cash flow statement of the parent company

Unit: RMB

Items	First half of 2025	First half of 2024
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	3,416,577,143.54	2,174,049,368.22
Refund of tax and levies	139,986,431.70	122,565,220.28
Other cash received related to operating activities	833,941,238.94	1,370,428,415.47
Subtotal of cash inflow from operating activities	4,390,504,814.18	3,667,043,003.97
Cash paid for purchasing goods and accepting labor services	2,620,561,929.50	1,580,535,393.06
Cash paid to and for employees	487,373,843.50	422,141,949.13
Tax payments	21,804,220.23	23,631,911.02
Other cash paid in connection with operating activities	955,226,056.32	1,186,205,200.13

Subtotal of cash outflow from operating activities	4,084,966,049.55	3,212,514,453.34
Net cash flow from operating activities	305,538,764.63	454,528,550.63
II. Cash flow from investing activities:		
Cash received from investment recovery	155,000,000.00	200,000,000.00
Cash received as return on an investment	3,552,838.80	1,949,141.49
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	271,203.20	0.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities		14,235,246.36
Subtotal of cash inflow from investment activities	158,824,042.00	216,184,387.85
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	51,829,590.11	59,832,583.11
Cash paid for investment	194,014,088.18	231,761,025.80
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	235,200.00	7,268,000.00
Subtotal of cash outflow from investment activities	246,078,878.29	298,861,608.91
Net cash flow from investment activities	-87,254,836.29	-82,677,221.06
III. Cash flow from financing activities:		
Cash received from absorbing investment		
Cash received from loan		131,000,000.00
Other cash received relating to financing activities	12,920,862.51	
Subtotal of cash inflow from financing activities	12,920,862.51	131,000,000.00
Cash paid for repayments of debts	130,750,000.00	200,000,000.00
Cash paid to distribute dividends, profits or pay interest	92,637,009.74	85,212,715.51
Other cash paid related to financing activities	6,098,593.91	88,026,170.65
Subtotal of cash outflow from financing activities	229,485,603.65	373,238,886.16
Net cash flow from financing activities	-216,564,741.14	-242,238,886.16
IV. Impact of exchange rate fluctuations on cash and cash equivalents	17,440,999.77	22,503,553.14
V. Net increase in cash and cash equivalents	19,160,186.97	152,115,996.55
Plus: balance of cash and cash equivalents at the beginning of the period	654,542,035.33	530,273,423.70
VI. Balance of cash and cash equivalents at the end of the period	673,702,222.30	682,389,420.25

7. Consolidated statement of changes in owner's equity

Amount in the current period

Unit: RMB

Items	First half of 2025														
	Owner's equity attributable to the parent company													Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Retained earnings	Others	Subtotal		
		Preferred shares	Perpetual capital securities	Others											
I. Ending balance of last year	1,246,834,988.00				2,089,578,011.17	155,694,936.18	-32,276,903.98		248,359,297.47		3,275,527,294.98		6,672,327,751.46	52,503.82	6,672,380,255.28
Plus: changes in accounting policies															
Early error correction															
Others															
II. Beginning balance of the current year	1,246,834,988.00				2,089,578,011.17	155,694,936.18	-32,276,903.98		248,359,297.47		3,275,527,294.98		6,672,327,751.46	52,503.82	6,672,380,255.28
III. Amount of changes in increase/decrease in the current period (decrease indicated by "-")					55,056,890.04		4,842,602.17				244,062,936.92		303,962,429.13	-218,765.11	303,743,664.02
(I) Total comprehensive income							4,842,602.17				330,078,194.08		334,920,796.25	-218,765.11	334,702,031.14
(II) Capital invested and reduced by owners					55,056,890.04								55,056,890.04		55,056,890.04

1. Common share contribution from owners															
2. Capital contribution from other equity instrument holders															
3. Share-based payment recorded in owner's equity					52,447,170.39								52,447,170.39		52,447,170.39
4. Others					2,609,719.65								2,609,719.65		2,609,719.65
(III) Profit distribution											-86,015,257.16		-86,015,257.16		-86,015,257.16
1. Appropriation of surplus reserve															
2. Accrual of general risk reserve															
3. Distribution to owner (or shareholder)											-86,015,257.16		-86,015,257.16		-86,015,257.16
4. Others															
(IV) Internal carryover of owner's equity															
1. Capital reserve transferred to paid-in capital (or equity)															
2. Surplus reserve transferred to paid-in capital (or equity)															
3. Recover of loss by surplus reserve															
4. Defined benefit															

plan changed amount carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserves															
1. Accrual in the current period															
2. Utilization in the current period															
(VI) Others															
IV. Ending balance in the current period	1,246,834,988.00				2,144,634,901.21	155,694,936.18	-27,434,301.81		248,359,297.47		3,519,590,231.90		6,976,290,180.59	-166,261.29	6,976,123,919.30

Amount of prior year

Unit: RMB

Items	First half of 2024														
	Owner's equity attributable to the parent company													Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Retained earnings	Others	Subtotal		
		Preferred shares	Perpetual capital securities	Others											
I. Ending balance of last year	1,246,834,988.00				2,212,629,919.51	112,426,101.24	11,932,029.41		219,446,936.59		2,706,499,696.23		6,284,917,468.50	84,680,252.94	6,369,597,721.44
Plus: changes in accounting															

policies															
Early error correction															
Others															
II. Beginning balance of the current year	1,246,834,988.00				2,212,629,919.51	112,426,101.24	11,932,029.41		219,446,936.59		2,706,499,696.23		6,284,917,468.50	84,680,252.94	6,369,597,721.44
III. Amount of changes in increase/decrease in the current period (decrease indicated by "-")					-79,998,327.85	82,354,021.60	-33,937,857.88				315,325,821.90		119,035,614.57	-84,340,202.45	34,695,412.12
(I) Total comprehensive income							-33,937,857.88				388,828,515.18		354,890,657.30	729,469.70	355,620,127.00
(II) Capital invested and reduced by owners						82,354,021.60							-82,354,021.60		-82,354,021.60
1. Common share contribution from owners															
2. Capital contribution from other equity instrument holders															
3. Share-based payment recorded in owner's equity															
4. Others						82,354,021.60							-82,354,021.60		-82,354,021.60
(III) Profit distribution											-73,502,693.28		-73,502,693.28		-73,502,693.28
1. Appropriation of surplus reserve															

2. Accrual of general risk reserve															
3. Distribution to owner (or shareholder)											-73,502,693.28		-73,502,693.28		-73,502,693.28
4. Others															
(IV) Internal carryover of owner's equity															
1. Capital reserve transferred to paid-in capital (or equity)															
2. Surplus reserve transferred to paid-in capital (or equity)															
3. Recover of loss by surplus reserve															
4. Defined benefit plan changed amount carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special reserves															
1. Accrual in the current period															

2. Utilization in the current period															
(VI) Others					-79,998,327.85								-79,998,327.85	-85,069,672.15	-165,068,000.00
IV. Ending balance in the current period	1,246,834,988.00				2,132,631,591.66	194,780,122.84	-22,005,828.47		219,446,936.59		3,021,825,518.13		6,403,953,083.07	340,050.49	6,404,293,133.56

8. Parent company's statement of changes in owner's equity

Amount in the current period

Unit: RMB

Items	First half of 2025											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual capital securities	Others								
I. Ending balance of last year	1,246,834,988.00				2,211,676,333.70	155,694,936.18			248,330,779.01	1,409,689,377.48		4,960,836,542.01
Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,246,834,988.00				2,211,676,333.70	155,694,936.18			248,330,779.01	1,409,689,377.48		4,960,836,542.01
III. Amount of changes in increase/decrease in the current period (decrease indicated by "-")					55,056,890.04					-66,053,573.88		-10,996,683.84
(I) Total comprehensive income										19,961,683.28		19,961,683.28

(II) Capital invested and reduced by owners					55,056,890.04							55,056,890.04
1. Common share contribution from owners												
2. Capital contribution from other equity instrument holders												
3. Share-based payment recorded in owner's equity					52,447,170.39							52,447,170.39
4. Others					2,609,719.65							2,609,719.65
(III) Profit distribution										-86,015,257.16		-86,015,257.16
1. Appropriation of surplus reserve												
2. Distribution to owner (or shareholder)										-86,015,257.16		-86,015,257.16
3. Others												
(IV) Internal carryover of owner's equity												
1. Capital reserve transferred to paid-in capital (or equity)												
2. Surplus reserve transferred to paid-in capital (or equity)												

3. Recover of loss by surplus reserve												
4. Defined benefit plan changed amount carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Accrual in the current period												
2. Utilization in the current period												
(VI) Others												
IV. Ending balance in the current period	1,246,834,988.00				2,266,733,223.74	155,694,936.18			248,330,779.01	1,343,635,803.60		4,949,839,858.17

Amount of prior year

Unit: RMB

Items	First half of 2024											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual capital securities	Others								
I. Ending balance of last year	1,246,834,988.00				2,254,729,914.19	112,426,101.24			219,418,418.13	1,222,980,822.83		4,831,538,041.91
Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,246,834,988.00				2,254,729,914.19	112,426,101.24			219,418,418.13	1,222,980,822.83		4,831,538,041.91
III. Amount of changes in increase/decrease in the current period (decrease indicated by "-")						82,354,021.60				-27,332,941.14		-109,686,962.74
(I) Total comprehensive income										46,169,752.14		46,169,752.14
(II) Capital invested and reduced by owners						82,354,021.60						-82,354,021.60

1. Common share contribution from owners												
2. Capital contribution from other equity instrument holders												
3. Share-based payment recorded in owner's equity												
4. Others						82,354,021.60						-82,354,021.60
(III) Profit distribution										-73,502,693.28		-73,502,693.28
1. Appropriation of surplus reserve												
2. Distribution to owner (or shareholder)										-73,502,693.28		-73,502,693.28
3. Others												
(IV) Internal carryover of owner's equity												
1. Capital reserve transferred to paid-in capital (or equity)												
2. Surplus reserve transferred to paid-in capital (or equity)												
3. Recover of loss by surplus reserve												

4. Defined benefit plan changed amount carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Accrual in the current period												
2. Utilization in the current period												
(VI) Others												
IV. Ending balance in the current period	1,246,834,988.00				2,254,729,914.19	194,780,122.84			219,418,418.13	1,195,647,881.69		4,721,851,079.17

III. Basic information of the Company

Shenzhen Topband Co., Ltd. (hereinafter referred to as the Company), former name: Shenzhen Topband Electronic Equipment Co., Ltd., was incorporated and registered at Shenzhen Municipal Administration of Industry & Commerce on February 9, 1996, and obtained the Enterprise Legal Person Business License (Registration No. 19241377-3). On January 10, 2001, after approval, Shenzhen Topband Electronic Equipment Co., Ltd. Was renamed to Shenzhen Topband Electronics & Technology Co., Ltd. On July 15, 2002, with the approval of the People's Government of Shenzhen Municipality by issuing the Reply on the Approval of the Reorganization and Establishment of Shenzhen Topband Electronics & Technology Co., Ltd. (SFG [2002] No. 24), Guangdong Province, it was agreed to reorganize Shenzhen Topband Electronics & Technology Co., Ltd. as a whole into a company limited by shares, with five shareholders as the promoter. On June 26, 2007, with the approval of the China Securities Regulatory Commission by issuing the Notice on Approving the IPO of Shenzhen Topband Electronics & Technology Co., Ltd. (ZJH No. 2007135), Topband issued shares to the public and was listed on the Shenzhen Stock Exchange (stock code: 002139).The company name was changed to Shenzhen Topband Co., Ltd. in September 2009.

The registered address of the Company is F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen. The unified social credit identifier on the business license is 91440300192413773Q. The legal representative of the Company is Wu Yongqiang. As of June 30, 2025, the share capital was RMB 1,246,834,988.00.

Main business activities of the Company: the accumulation of technical experience and product solutions in the intelligent control industry, and the research, development, production and sales of components and complete robot products based on the core technology system of "four electrics and one network" (electric control, motor, battery, power and IoT platform), where components include intelligent controllers, high-efficiency motors, battery packs, power products, etc., and complete machine products mainly include AC/DC charging piles, integrated industrial and commercial storage machines, integrated home storage machines, and AI complete machines. These products are applied widely in three major fields: tools and home appliances, digital energy and intelligent vehicles, and robots. The Company provides innovative, efficient, and reliable customized services to global customers, and green, intelligent and innovative products to consumers.

IV. Preparation basis of the financial statement

1. Basis of preparation

The financial statements are prepared on a going concern basis based on actual transactions and matters in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, and their application guides and interpretations. In addition, the Company discloses relevant financial information in accordance with the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15—General Provisions on Financial Reports (2023 Revision) of the China Securities Regulatory Commission.

2. Continuation

The Company has evaluated its ability to continue as a going concern for the past 12 months from the end of the reporting period and has not identified any issue that may affect its ability to continue as a going concern, so it is reasonable for the Company to prepare the financial statements on a going concern basis.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates reminders:

The following important accounting policies and estimates of the Company were determined in accordance with the Accounting Standards for Business Enterprises. The businesses not mentioned are based on the relevant accounting policies in the Accounting Standards for Business Enterprises.

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company give a true and full view of the financial position, operating results, owner's equity, cash flows and other relevant information of the Company, and conform to the requirements of the latest Accounting Standards for Business Enterprises.

2. Accounting period

The fiscal year of the Company is from January 1 to December 31 every Gregorian calendar year.

3. Operating cycle

The normal operating cycle of the Company is one year.

4. Recording currency

The bookkeeping base currency of the Company is RMB. The Company's overseas branches and subsidiaries may determine their own bookkeeping base currencies based on the currencies in the main economic environments in which they operate.

5. Determination method and selection basis of importance criteria

☒ Applicable ☐ Not applicable

Items	Criteria of importance
Receivables on individual basis for material bad debt provision	The balance of individual accounts receivables and other receivables at the end of the period is more than RMB 1 million
Recovery or reversal of bad debt provisions for important receivables	Single item recovery or reversal amount of over RMB 1 million
Write-off of important receivables	Individual write-off amount of over RMB 1 million
Important contract liabilities with aging of over one year	Amounts of contract liabilities of over RMB 5 million with individual aging of over 1 year
Important accounts payable and other payables	Accounts payable/other payables of over RMB 5 million with individual aging of over 1 year
Important construction in progress	Individual projects with a budget of over RMB 100 million
Important non-wholly-owned subsidiaries	Minority shareholder equity of over RMB 50 million

6. Accounting treatment for business merger involving enterprises under the same control and under different control**(1) Consolidation of enterprises under common control**

The assets and liabilities obtained by the Company in business merger are measured at the book value of the assets and liabilities of the merged party in the consolidated financial statements of the final controller on the consolidation date. Among them, if the accounting policies and accounting periods adopted by the merged party and the Company before the merger are different, the accounting policies and accounting periods shall be unified based on the principle of materiality, that is, the book value of the assets and liabilities of the merged party shall be adjusted according to the accounting policies and accounting periods of the Company. If there is a difference between the book value of the net assets obtained by the Company in a business merger and the book value of the consideration paid, the capital reserve (capital premium or share premium) is adjusted first. If the

balance of the capital reserve (capital premium or share premium) is insufficient for offsetting, the surplus reserve and the undistributed profits shall be offset sequentially.

The accounting treatment method for the merger of enterprises under common control step by step is described in 7 (5) of Section VIII Financial Report.

(2) Consolidation of enterprises not under common control

The identifiable assets and liabilities of the acquiree acquired by the Company in the business merger are measured at their fair value at the date of acquisition. Among them, if the accounting policies and accounting periods adopted by the acquiree and the Company before the merger are different, the accounting policies and accounting periods shall be unified based on the principle of materiality, that is, the book value of the assets and liabilities of the acquiree shall be adjusted according to the accounting policies and accounting periods of the Company. The difference between the merger cost of the Company on the acquisition date and the fair value of the identifiable assets and liabilities acquired from the acquiree in a business merger is recognized as goodwill; if the merger cost is less than the difference between the fair value of the identifiable assets and liabilities acquired from the acquiree in the business merger, the merger cost and the fair value of the identifiable assets and liabilities acquired from the acquiree in the business merger shall be reviewed first; if the merger cost is still less than the fair value of the identifiable assets and liabilities acquired from the acquiree after the review, the difference shall be recognized in the consolidated current profits and losses.

The accounting treatment method for the merger of enterprises not under common control step by step is described in 7 (5) of Section VIII Financial Report.

(3) Treatment of transaction costs in business mergers

The intermediary fees such as audit, legal services, appraisal, and consulting, and other related management expenses incurred for the purpose of a business merger shall be included in the current profits and losses when incurred. The transaction costs of equity securities or debt securities issued as merger consideration shall be included in the initial recognition amount of equity securities or debt securities.

7. Criteria of control and methods for preparation of consolidated financial statements

(1) Judgment criteria for control and determination of the consolidation scope

Control means that the Company has power over the investee, enjoys variable returns by participating in related activities of the investee, and has the ability to use its power over the investee to influence the amount of returns. The definition of control includes three basic elements: First, the investor has power over the investee; second, it enjoys variable return due to participation in the investee's related activities; third, it is able to use its power over the investee to influence its return amount. When the Company's investment in an investee has the above three elements, the Company is able to control the investee.

The consolidation scope of the consolidated financial statements is determined based on control, including not only subsidiaries determined based on voting rights (or similar voting rights) themselves or in combination with other arrangements, but also structured entities determined based on one or more contractual arrangements.

Subsidiaries refer to entities controlled by the Company (including divisible parts of enterprises and investees, as well as structured entities controlled by enterprises). A structured entity refers to an entity for which voting rights or similar rights are not designed as a determining factor when its controller is determined. (Note: They are sometimes also referred to as special-purpose entities).

(2) Method for preparing consolidated financial statements

The Company prepares the consolidated financial statements based on its own and its subsidiaries' financial statements, as well as other relevant information.

When preparing the consolidated financial statements, the Company treats the entire enterprise group as one accounting entity to reflect the overall financial position, operating performance, and cash flows of the enterprise group based on unified accounting policies and accounting periods in accordance with the recognition, measurement, and reporting requirements of relevant accounting standards for business enterprises.

① Merge the assets, liabilities, owner's equity, income, expenses, and cash flows of the parent company and its subsidiaries.

② Offset the parent company's long-term equity investment in subsidiaries and its share in subsidiaries' owner's equity.

③ Offset the impact of internal transactions between the parent company and its subsidiaries, as well as among subsidiaries. Where an internal transaction indicates an impairment loss of the underlying asset, the loss shall be fully recognized.

④ Adjust special transactions from the perspective of the enterprise group.

(3) Treatment of added or reduced subsidiaries during the reporting period

① Addition of subsidiaries or businesses

A. Subsidiaries or businesses added by merger of enterprises under common control

(a) When the consolidated balance sheet is prepared, the opening amounts of the consolidated balance sheet shall be adjusted in comparison with the relevant items in the statement, as if the merged reporting entity has been in existence since the time point of control by the final controller.

(b) When the consolidated income statement is prepared, the revenue, expenses, and profits of the subsidiary from the beginning of the current period of the business merger to the end of the reporting period shall be included in the consolidated income statement in comparison with the relevant items in the statement, as if the merged reporting entity has been in existence since the time point of control by the final controller.

(c) When the consolidated cash flow statement is prepared, the cash flows of the subsidiary from the beginning of the current period of the business merger to the end of the reporting period shall be included in the consolidated cash flow statement in comparison with the relevant items in the statement, as if the merged reporting entity has been in existence since the time point of control by the final controller.

B. Subsidiaries or businesses added by mergers of enterprises not under common control

(a) When the consolidated balance sheet is prepared, the opening amounts of the consolidated balance sheet shall not be adjusted.

(b) When the consolidated income statement is prepared, the revenue, expenses, and profits of the subsidiary from the date of business purchase to the end of the reporting period shall be included in the consolidated profit statement.

(c) When the consolidated cash flow statement is prepared, the cash flows of the subsidiary from the purchase date to the end of the reporting period shall be included in the consolidated cash flow statement.

② Disposal of subsidiaries or businesses

A. When the consolidated balance sheet is prepared, the opening amounts of the consolidated balance sheet shall not be adjusted.

B. When the consolidated income statement is prepared, the income, expenses, and profits of from the subsidiary the beginning of the business period to the disposal date shall be included in the consolidated income statement.

C. When the consolidated cash flow statement is prepared, the cash flows of from the subsidiary the beginning of the business period to the disposal date shall be included in the consolidated cash flow statement.

(4) Special considerations in combined offsetting

① Long-term equity investments held by subsidiaries in the Company shall be regarded as treasury shares of the Company and a deduction from owner's equity, and listed under the "Less: Treasury Shares" item in the consolidated balance sheet.

Long-term equity investments held mutually by subsidiaries shall be offset against their corresponding shares in their owner's equity using the offsetting method for the Company's equity investments in subsidiaries.

② As the "special reserve" and "general risk reserve" items are not paid-in capital (or share capital) or capital surplus, and differ from retained earnings and undistributed profits, they shall be restored according to the share attributable to the owner of the parent company after offsetting long-term equity investments against subsidiary owner's equity.

③ If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and their tax basis in the tax entity due to the offsetting of unrealized internal sales gains and losses, deferred income tax assets or deferred income tax liabilities shall be recognized in the consolidated balance sheet, and the income tax expenses in the consolidated income statement shall be adjusted accordingly, except for deferred income tax related to transactions or matters directly included in owner's equity and business mergers.

④ Unrealized internal transaction gains and losses arising from the sale of assets by the Company to its subsidiaries shall be fully offset against the "net profit attributable to the owner of the parent company". Unrealized internal transaction gains and losses arising from the sale of assets by a subsidiary to the Company shall be allocated and offset between the "net profit attributable to the owner of the parent company" and the "minority shareholders' gains and losses" at the Company's distribution ratio to the subsidiary. Unrealized internal transaction gains and losses arising from the sale of assets between subsidiaries shall be allocated and

offset between the "net profit attributable to the owner of the parent company" and the "minority shareholders' gains and losses" at the Company's distribution ratio to the selling subsidiary.

⑤ If the current losses shared by minority shareholders of a subsidiary exceed their share in the beginning owner's equity of the subsidiary, the balance shall still be offset against the minority shareholders' equity.

(5) Accounting treatment of special transactions

① Purchase of minority shareholders' equity

In individual financial statements, when the Company purchases equity in a subsidiary owned by minority shareholders, the investment cost of long-term equity investments acquired through the purchase of minority equity shall be measured at the fair value of the consideration paid. In the consolidated financial statements, the difference between long-term equity investments acquired through the purchase of minority equity and the net asset share of the subsidiary that shall be calculated continuously from the date of purchase or merger based on the newly increased shareholding ratio shall be adjusted to the capital reserve (capital premium or share premium). If the capital reserve is insufficient for offsetting, the surplus reserve and the undistributed profits shall be offset sequentially.

② Acquisition of control over a subsidiary through multiple transactions step by step

A. Realizing the merger of enterprises under common control through multiple transactions step by step

On the merger date, the Company determines the initial investment cost of long-term equity investments in individual financial statements based on the share of the net assets of the subsidiary to which it is entitled after the merger in the book value of the final controller's consolidated financial statements; the difference between the initial investment cost and the book value of long-term equity investments before the merger plus the book value of the newly paid consideration for the acquisition of further shares on the merger date shall be adjusted to the capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is insufficient for offsetting, the surplus reserve and the undistributed profit shall be offset sequentially.

In the consolidated financial statements, the assets and liabilities acquired by the merging party from the merged party shall be measured at their carrying amount in the consolidated financial statements of the final controller on the merger date, except for adjustments made due to different accounting policies and accounting periods; the difference between the book value of investments held before the merger and the book value of the newly paid consideration on the merger date, and the book value of the net assets obtained during the merger

shall be adjusted to the capital reserve (share premium/capital premium). If the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted.

Equity investments held by the merging party before acquiring control over the merged party shall be offset against the beginning retained earnings or current period gains and losses during the period of the comparative statements from the later of the date of acquisition of the original equity and the date when both the merging party and the merged party are finally under common control to the merger date.

B. Realizing the merger of enterprises not under common control through multiple transactions step by step

On the merger date, the initial investment cost of long-term equity investments on the merger date in individual financial statements shall be determined by adding the book value of long-term equity investments originally held to the newly added investment cost on the merger date.

In the consolidated financial statements, the equity held in the acquired party before the purchase date shall be re-measured at its fair value on the purchase date. If the equity held in the acquired party before the purchase date is designated as a financial asset measured at fair value with changes included in other comprehensive income, the difference between its fair value and book value shall be included in retained earnings, and the cumulative fair value change of the equity originally included in other comprehensive income shall be transferred to retained earnings; if the equity held by the purchased party before the purchase date is used as a financial asset measured at fair value with changes included in the current profits and losses or as a long-term equity investment accounted for using the equity method, the difference between its fair value and book value shall be included in the current investment income; if the equity held by the purchased party before the purchase date involves other comprehensive income under equity method accounting and other changes in owner's equity under equity method accounting except for the net profits and losses, other comprehensive income, and profit distribution, the other comprehensive income related to it shall be accounted for on the same basis as the direct disposal of underlying assets or liabilities by the investee on the purchase date, and other changes in owner's equity related to it shall be converted into the current investment income on the purchase date.

③ The Company disposes of long-term equity investments in subsidiaries without losing control

If the parent company disposes of its long-term equity investments in a subsidiary partially without losing control, the difference between the disposal price and the net asset share of the subsidiary calculated continuously from the date of purchase or merger corresponding to the disposal of long-term equity investments

in the consolidated financial statements shall be adjusted to the capital reserve (capital premium or share premium). If the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted.

④ The Company disposes of long-term equity investments in subsidiaries and loses control

A. Single-transaction disposal

If the Company loses control over the investee due to the disposal of some equity investments or for any other reason, the remaining equity shall be re-measured at its fair value on the date of loss of control when the consolidated financial statements are prepared. The difference between the consideration from equity disposal and the fair value of the remaining equity minus the sum of the share of the net assets of the original subsidiary to which it is entitled calculated continuously at the original shareholding ratio from the purchase date or merger date and goodwill shall be included in the investment income of the period in which control is lost.

Other comprehensive income related to equity investments in subsidiaries shall be accounted for on the same basis as the direct disposal of underlying assets or liabilities by the original subsidiary when control is lost, and other changes in owner's equity related to the original subsidiary under the equity method shall be transferred to the profits and losses of the period in which control is lost.

B. Step-by-step disposal through multiple transactions

In the consolidated financial statements, it shall be first judged whether a step-by-step transaction belongs to a "package transaction".

If step-by-step transactions are not a "package transaction", in the individual financial statements, for each transaction before the control over the subsidiary is lost, the book value of long-term equity investments corresponding to each equity disposal shall be carried forward, and the difference between the price and the book value of the disposal of long-term equity investments shall be included in the current investment income; in the consolidated financial statements, it shall be handled according to the relevant provisions of the situation that "the parent company disposes of long-term equity investments in subsidiaries without losing control".

If step-by-step transactions are a "package transaction", each transaction shall be accounted for as a transaction for disposing of the subsidiary and losing control; in individual financial statements, the difference between the disposal price before loss of control and the book value of long-term equity investments corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profits and losses upon loss of control; in the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposal price and the corresponding

share of the subsidiary's net assets attributable to the disposal investment shall be recognized as other comprehensive income, and transferred to the current profits and losses upon loss of control.

If the terms, conditions, and economic impact of each transaction meet one or more of the following conditions, multiple transactions shall be usually accounted for as a "package transaction":

(a) These transactions are entered into concurrently or taking into account their mutual impacts.

(b) A complete business outcome can be achieved only when these transactions are regarded as a whole.

(c) The occurrence of a transaction depends on the occurrence of at least one other transaction.

(d) It is not economical to consider a transaction alone, but it is economical to consider it together with other transactions.

⑤ Dilution of the proportion of equity owned by the parent company due to capital increase by minority shareholders of subsidiaries

Other shareholders (minority shareholders) of a subsidiary increase their capital in the subsidiary, thereby diluting the parent company's equity ratio in the subsidiary. In the consolidated financial statements, the share of the net assets of the subsidiary before the capital increase shall be calculated based on the parent company's equity ratio before the capital increase, and the difference between this share and the share of the subsidiary's net assets after the capital increase calculated based on the parent company's equity ratio after the capital increase shall be adjusted to the capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is insufficient for offsetting, the retained earnings shall be adjusted.

8. Classification of joint venture arrangements and accounting treatment for joint operation

1. Identification and classification of joint venture arrangements

Joint venture arrangement refers to an arrangement under joint control by two or more parties. The joint venture arrangement has the following features: (1) all parties are bound by the arrangement; (2) two or more parties jointly control the arrangement. No single party can control the arrangement solely, and any party with joint control over the arrangement can prevent other parties or a combination of party alliance from controlling the arrangement alone.

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties holding control right before the

decision can be made.

Joint venture arrangement includes joint operation and joint venture. Joint operation is the joint venture arrangement in which the joint venture party holds the relevant assets of the arrangement and assumes the relevant liabilities. Joint venture refers to a joint venture arrangement in which the joint venture party has rights only to the net assets of the arrangement.

2. Accounting treatment for joint venture arrangement

Parties in joint operation shall recognize the following items related to their share of interests in joint operation, and perform accounting treatment in accordance with the relevant provisions of the Accounting Standards for Business Enterprises: (1) recognize the assets held separately and those held jointly as per their share; (2) recognize the liabilities assumed separately and those assumed jointly as per their share; (3) recognize the income generated from the sale of its share of joint operation output; (4) recognize the income from the sale of the output of the joint operation as per its share; (5) recognize the expenses incurred separately and those incurred in the joint operation as per its share.

The parties of a joint venture shall make accounting treatment for the investment in the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 - Long-Term Equity Investment.

9. Standards for determining cash and cash equivalents

Cash refers to cash on hand and deposits that are available for payment at any time. Cash equivalents refer to investments with short term (generally due within three months from the date of purchase), strong liquidity, easy to convert into known amount of cash and low risk of value change.

10. Foreign currency transaction and translation of foreign currency financial statements

(1) Determination of exchange rate for conversion of foreign currency transactions

In the initial recognition of foreign currency transactions, the Company adopts the spot exchange rate on the occurrence date of the transaction or an exchange rate determined using a systematic and reasonable method, which is approximate to the spot exchange rate on the occurrence date of the transaction (hereinafter referred to as the approximate exchange rate of the spot exchange rate) for conversion into the recording currency.

(2) Conversion of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted using the spot exchange rate

on the balance sheet date. any exchange difference arising from the difference between the spot exchange rate on the balance sheet date and that upon initial recognition or on the previous balance sheet date shall be included in the current profits and losses. For foreign currency nonmonetary items measured at historical cost, the spot exchange rate on the transaction date shall still be used for conversion; for inventories measured at the lower of cost and net realizable value, when inventories are purchased in a foreign currency and the net realizable value is reflected in the foreign currency on the balance sheet date, the net realizable value shall be first converted into the accounting currency amount at the spot exchange rate on the balance sheet date, and then compared with the inventory cost reflected in the accounting currency to determine the ending value of the inventories; for foreign currency nonmonetary items measured at fair value, the spot exchange rate on the determination date of the fair value shall be used for conversion; for financial assets measured at fair value with changes included in the current profits and losses, the difference between the converted amount in the accounting currency and the original amount in the accounting currency shall be included in the current profits and losses; for non-trading equity instrument investments designated as measured at fair value with changes included in other comprehensive income, the difference between the converted amount in the accounting currency and the original amount in the accounting currency shall be included in other comprehensive income.

(3) Conversion of foreign currency financial statements

Before the financial statements of an overseas business of an enterprise are converted, the accounting periods and accounting policies of the overseas business shall be adjusted to be consistent with those of the enterprise, and then the financial statements in the corresponding currency (currency other than the accounting currency) shall be prepared based on the adjusted accounting policies and accounting periods, and converted using the following method:

① The asset and liability items in the balance sheet shall be converted at the spot exchange rate on the balance sheet date, while the owner's equity items, except for "undistributed profits", shall be converted at the spot exchange rate at the time of occurrence.

② The income and expense items in the income statement shall be converted at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate.

③ Foreign currency cash flows and cash flows of overseas subsidiaries shall be converted using the spot exchange rate on the date of cash flow occurrence or the approximate exchange rate of the spot exchange rate. The impact of exchange rate fluctuations on cash shall be presented separately as an adjustment item in the cash

flow statement.

④ Any difference arising from the conversion of the foreign currency financial statements shall be presented under "other comprehensive income" in the owner's equity section of the consolidated balance sheet when the consolidated financial statements are prepared.

When an overseas business is disposed of with control lost, any difference arising from the conversion of the foreign currency financial statements related to the overseas business presented under owner's equity in the balance sheet shall be transferred to the current profits and losses in full or at the proportion of disposal of the overseas business.

11. Financial instruments

1. Recognition and derecognition of financial instruments

When the Company becomes one party of the financial instrument contract, it shall recognize a financial asset or financial liability.

The trading of financial assets in a conventional manner shall be recognized and derecognized according to the accounting of the trading day. Conventional trading of financial assets refers to the collection or delivery of financial assets within the time limit specified by laws and regulations or common practice in accordance with the terms of the contract. Trading day refers to the date when the Company promises to buy or sell financial assets.

If the following conditions are met, the financial assets (or a part of financial assets, or a part of a set of similar financial assets) shall be derecognized, i.e., they shall be written off from its accounts and balance sheets:

(1) The right to receive cash flow of financial assets has expired;

(2) The right to receive cash flow of financial assets has been transferred, or the Company has assumed the obligation to timely pay the full amount of the cash flow received to a third party under the "transfer agreement"; and (a) has transferred substantially all the risks and rewards from the ownership of financial assets, or (b) abandoned the control of the financial asset, though almost all risks and rewards from the ownership of the financial asset are neither transferred nor retained.

2. Classification and measurement of financial assets

At the time of initial recognition, the financial assets of the Company are classified according to the

Company's business model for the management of financial assets and the contractual cash flow characteristics of financial assets as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profits and losses. The subsequent measurement of financial assets depends on its classification.

The classification of financial assets is based on the Company's business model for the management of financial assets and the cash flow characteristics of financial assets.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: the Company's business mode of managing the financial assets is to collect the contract cash flow as the target; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the effective interest rate method is adopted, and subsequent measurement is made at amortized cost, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

(2) Debt instruments investment measured at fair value with changes included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value with their changes included in other comprehensive income: the Company's business mode of managing the financial assets aims to collect the contract cash flow and sell them; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, fair value is adopted for subsequent measurement. The discount or premium is amortized using the effective interest rate method and recognized as interest income or expense. Except the impairment loss and the exchange difference of foreign currency monetary financial assets are recognized as the current profits and losses, the changes in the fair value of such financial assets are recognized as other comprehensive income until their accumulated gains or losses are transferred into the current profits and losses when the financial asset is derecognized. Interest income related to such financial assets is included in the current profits and losses.

(3) Equity instruments investment measured at fair value with changes included in other comprehensive income

The Company irrevocably chooses to designate part of the non-tradable equity instrument investment as financial assets measured at fair value through other comprehensive income. Only the relevant dividend income is included in the current profits and losses, and the changes in fair value are recognized as other comprehensive income, until their accumulated gains or losses are transferred into retained earnings when the financial asset is derecognized.

(4) Financial assets measured at fair value with changes included in the current profits and losses

The financial assets other than the above financial assets measured at amortized cost and those at fair value through other comprehensive income are classified as financial assets measured at fair value with changes included in the current profits and losses. At the time of initial recognition, for the purpose of elimination or significant reduction of accounting mismatch, financial assets can be designated as those measured at fair value with changes included in the current profits and losses. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in the current profits and losses.

If and only when the Company changes the business model for managing financial assets, it will reclassify all the affected financial assets.

For the financial assets measured at fair value and whose changes are included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses, and such costs of other categories of financial assets are included in the initial recognition amount.

3. Classification and measurement of financial liabilities

During initial recognition, the Company's financial liabilities are classified as: "financial liabilities measured at amortization cost" and "financial liabilities measured at fair value with their changes included into the current profit and loss".

Financial liabilities satisfying one of the following requirements can be designated as financial liabilities measured at fair value with their changes included in the current profit and loss during initial measurement: (1) Such designation can eliminate or remarkably reduce the accounting mismatch; (2) According to group risk management or investment strategy in the formal written documents, the management and performance evaluation of the portfolio of financial liabilities or portfolio of financial assets and financial liabilities are conducted on the basis of fair price, and within the group, it is reported to the key management personnel on such basis; (3) Such financial liabilities include embedded derivatives requiring separate splitting.

The Company determines the classification of financial liabilities at the time of the initial recognition. For

the financial liabilities measured at fair value with changes included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses, and such costs of other financial liabilities are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on its classification:

(1) Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest rate method is adopted and the subsequent measurement is conducted as per the amortized cost.

(2) Financial liabilities measured at fair value with changes included in the current profits and losses

Such financial liabilities include tradable financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated upon initial recognition as those measured at fair value with changes included in the current profits and losses.

4. Set off of financial instruments

If the following conditions are met at the same time, financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other: the Company has the legal right to offset the recognized amount, which is currently enforceable; they plan to settle at the net amount, or realize the financial assets and pay off the financial liabilities at the same time.

5. Impairment of financial assets

The Company recognizes the loss provision based on the expected credit loss for the financial assets measured at the amortized cost, the debt instrument investment and financial guarantee contract measured at the fair value and whose changes are included in other comprehensive income. The term "credit loss" refers to the difference between all the contractual cash flows that the Company discounted at the original effective interest rate and received according to the contract and all the expected cash flows, i.e., the present value of all the cash shortage.

Upon considering all reasonable and well-founded information (including forward-looking information), the Company estimates the expected credit impairment loss is withdrawn for "financial assets measured at amortized cost" and "financial asset (debt instruments) measured at fair value with their changes included in other comprehensive income" in single or combined manner.

(1) General model of expected credit loss

If the credit risk of this financial instrument has increased obviously since initial recognition, the Company

will measure the loss reserves according to the expected credit loss amount of such financial instrument in the whole duration; if the credit risk of this financial instrument hasn't increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the next 12 months. The increased or reversed amount of the loss provisions arising therefrom shall be included in the current profits and losses as impairment losses or gains. For details about specific assessment of credit risks by the Company, refer to the Note "XI. Risks Associated with Financial Instruments".

Generally, in case of overdue for more than 30 days, the Company will consider that the credit risk of such financial instrument has increased obviously, unless conclusive evidence is available to prove that the credit risk of such financial instrument hasn't obviously increased since the initial recognition.

To be specific, the Company divides the credit impairment process of financial instruments that have not been impaired at the time of purchase or origination into three stages, with different accounting treatment for the impairment of financial instruments at different stages:

First stage: credit risk has not increased significantly since initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss in the next 12 months, and calculate the interest income as per its book balance (i.e. without deducting the impairment provision) and the actual interest rate (if the instrument is a financial asset, the same below).

Second stage: the credit risk has increased significantly since the initial recognition, but credit impairment has not occurred

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss of the instrument thought the whole duration, and calculate the interest income as per its book balance and the actual interest rate.

Third stage: credit impairment occurs after initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss of the instrument thought the whole duration, but the calculation of interest income is different from the financial assets at the first two stages. For the financial assets with credit impairment, the enterprise shall calculate the interest income according to its amortized cost (book balance minus accrued provision for impairment, i.e. book value) and the actual interest rate.

For the financial assets with credit impairment at the time of purchase or origination, the enterprise shall

only recognize the change of expected credit loss in the whole duration after initial recognition as loss provision, and calculate the interest income as per its amortized cost and the effective interest rate adjusted by credit.

(2) Receivables and lease receivables

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards).

The Company makes accounting policy choices to adopt a simplified model for expected credit loss, i.e., measuring the loss provisions as per the amount equivalent to the expected credit loss throughout the whole duration for receivables including significant financing components and lease receivables regulated by Accounting Standards for Business Enterprises No. 21 - Leasing.

6. Transfer of financial assets

The financial assets shall be derecognized when the Company has transferred all the risks and rewards on the ownership of the financial assets to the transferee. The financial assets shall not be derecognized if the Company retains all the risks and rewards on the ownership of the financial assets.

If the Company neither transfers nor retains almost all the risks and rewards in the ownership of the financial asset, the following conditions shall be referred to: if it gives up the control over the financial asset, it shall terminate the recognition of the financial asset and recognize the assets and liabilities generated; if it does not abandon the control over the financial asset, the relevant financial assets shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the financial guarantee is provided to the transferred financial assets to continue to be involved, the assets generated from the continued involvement shall be recognized according to the lower of the book value of the financial assets and the amount of financial guarantee. Financial guarantee amount refers to the maximum amount that will be required to be repaid out of consideration received.

12. Notes receivable

The Company divides notes receivable into two portfolios of bank acceptance bills and commercial

acceptance bills by type of financial instrument.

For notes receivable divided into portfolios, the Company calculates expected credit losses based on default risk exposure and the expected credit loss rate during the entire period of continued existence by reference to its historical credit loss experience, the current status and the prediction of future economic conditions.

With respect to bank acceptance bills, the Company considers its overdue default risk to be 0 for its risk of overdue credit loss is low and has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due.

In respect of commercial acceptance bills, the Company believes that the probability of default is correlated with the aging, and bad debts shall be accrued for the expected credit loss of accounts receivables according to the accounting policy.

13. Accounts receivable

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards). The increased or reversed amount of loss provisions generated therefrom shall be included in the current profits and losses as impairment losses or gains.

The Company has implemented Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments (CK [2017] No. 7) since January 1, 2019. The Company believes that the probability of default is related to the aging, which is still a mark of whether the credit risk of the Company's accounts receivable increases significantly, after it has reviewed the appropriateness of the provision for bad debts receivable in previous years based on the Company's historical bad debt losses. Therefore, credit risk loss of the Company's accounts receivable is still estimated on the basis of aging according to the original loss ratio of previous years. The accounting policies for measuring overdue credit loss of accounts receivable adopted by the Company are as follows:

If there is objective evidence that impairment occurs and other accounts receivable suitable for individual assessment are subject to an impairment test separately, the expected credit losses are recognized and

impairment provisions are made separately. For accounts receivable without objective evidence of impairment or when a single financial asset cannot be appraised for expected credit losses at a reasonable cost, the Company divides accounts receivable into several portfolios based on credit risk characteristics and calculates expected credit losses on the basis of these portfolios.

1. Receivables with individual provision for bad debts

Individual receivables are subject to an impairment test separately at the end of the period. If there is objective evidence that it is impaired, the impairment loss shall be recognized with provision for bad debts according to the difference between the present value of future cash flow and the book value.

2. Receivables with provision for bad debts by portfolio

Receivables that have not been impaired after separate test are divided into several portfolios with aging being the credit risk feature, and the impairment loss is calculated and determined at a certain proportion of the ending balance of these portfolios (the impairment test can be conducted separately), with provision for bad debts.

Except for the receivables for which impairment provision has been made separately, the Company determines the proportion for following bad debt provision based on the actual loss rate of the portfolio of the same or similar receivables in previous years with the aging of receivables as the credit risk feature and in combination with the current situation:

Aging	Estimated credit loss rate of accounts receivable (%) (note)
Within 1 year (including 1 year)	3.10%
1-2 years (including 2 years)	9.04%
2-3 years (including 3 years)	22.11%
3-4 years (including 4 years)	47.51%
4-5 years (including 5 years)	84.26%
Above 5 years	100.00%
Including: those that have been determined to be irrecoverable	Write-off

Note: When measuring the expected credit loss of account receivables, the Company has referred to the historical experience of credit loss and adjusted it based on forward-looking estimates.

14. Receivables financing

Financial assets that meet the following conditions at the same time are classified as financial assets

measured at fair value with their changes included in other comprehensive income: the Company's business mode of managing the financial assets aims to collect the contract cash flow and sell them; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

The receivables, bank acceptance bills, etc. held by the Company transferred in the discounted or endorsed form that such transactions are frequent and involve significant amounts and the management mode aims to collect the contract cash flow and sell them in nature are classified as financial assets measured at fair value with their changes included in other comprehensive income in accordance with the relevant provisions of the Financial Instruments Standards.

For receivables financing divided into portfolios, the Company calculates expected credit losses based on default risk exposure and the expected credit loss rate during the entire period of continued existence by reference to its historical credit loss experience, the current status and the prediction of future economic conditions.

With respect to bank acceptance bills, the Company considers its overdue default risk to be 0 for its risk of overdue credit loss is low and has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due.

In case of division into aging portfolio, the Company believes that there is a correlation between the probability of default and aging, and provides for bad debts in accordance with the accounting policy for expected credit losses of accounts receivable.

15. Other receivables

Recognition method and accounting treatment method for expected credit loss of other receivables

Recognition methods and accounting treatment of expected credit losses of other receivables. The Company measures the impairment loss by an amount equivalent to the expected credit loss within the next 12 months or over the entire duration, depending on whether the credit risk of other receivables has increased significantly since the initial recognition. In addition to other receivables with individual credit risk assessment, they are divided into different portfolios based on their credit risk characteristics:

Portfolio name	Basis for determining the portfolios	Provision methods
Portfolio I	Risk-free portfolio	Risk-free accounts receivable from related parties within the scope of consolidation

Portfolio II	Aging portfolio	The credit risk of the portfolio is characterized by the aging.
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For other receivables divided into portfolios, the Company calculates expected credit losses based on default risk exposure and the credit loss rate in the next 12 months or the entire period of continued existence by reference to its historical credit loss experience, the current status and the prediction of future economic conditions, and determines the following proportions of provision for bad debts based on the current status:

Aging	Estimated credit loss rate of other receivables
Within 1 year (including 1 year)	5.00%
1-2 years (including 2 years)	10.00%
2-3 years (including 3 years)	30.00%
3-4 years (including 4 years)	50.00%
4-5 years (including 5 years)	80.00%
Above 5 years	100.00%
Including: those that have been determined to be irrecoverable	Write-off

16. Contract assets

1. Recognition methods and standards for the contractual assets

The Company presents contractual assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for goods or services transferred to customers (excluding receivables) is listed as contractual assets.

2. The recognition method and accounting treatment for expected credit loss of contractual assets

For contract assets without material financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards) as specified in the Accounting Standards for Business Enterprises No. 14 - Income, the Company measures provisions for losses as per the amount of expected credit losses throughout the whole duration by using a simplified model for the expected credit loss. The increased or reversed amount of loss provisions generated therefrom shall be credited to the current profits and losses as impairment losses or gains.

For contract assets with material financing components, the Company measures provisions for losses as per the amount of expected credit losses throughout the whole duration by using a simplified model for the expected credit loss.

17. Inventory

(1) Classification of inventories

Inventories refer to finished products or goods held by the Company for sale in daily activities, work in progress, and materials and supplies consumed in the production process or provision of services, including raw materials, work in progress, semi-finished products, goods in stock, materials consigned for processing, low value consumables, etc.

(2) Pricing method of delivered inventories

The delivered inventories are subject to the weighted-average system.

(3) Inventory system

The Company adopts the perpetual inventory system for inventories, conducts an inventory check at least once a year, and includes any inventory gain or loss in the current profits and losses.

(4) Determination criteria and accrual method of provision for impairment on inventories

On the balance sheet date, an inventory shall be measured at the lower of cost and net realizable value. If its cost is higher than its net realizable value, a provision for inventory impairment shall be made and included in the current profits and losses.

When the net realizable value of an inventory is determined, factors such as the purpose of holding it and the impact of matters after the balance sheet date are considered with the reliable evidence obtained being the basis.

① The net realizable value of any inventory used directly for sale, such as finished products, goods, and materials for sale, shall be determined by subtracting the estimated sales expenses and related taxes from the estimated selling price during normal production and operation. Any inventory held for executing any sales or service contract shall be measured at the contract price as the basis for its net realizable value; if the quantity of the inventory held exceeds the quantity ordered in the sales contract, the net realizable value of the excess is measured at the general selling price. For materials for sale, the net realizable value is measured based on the market price.

② The net realizable value of any material inventory that require processing shall be determined by subtracting the estimated costs to be incurred until completion, estimated sales expenses, and related taxes from the estimated selling price of the finished product made from it during normal production and operation. If the

net realizable value of the finished product made from it is higher than the cost, the material shall be measured at cost; if the decrease in material prices indicates that the net realizable value of the finished product is lower than the cost, the material shall be measured at its net realizable value and an inventory impairment provision shall be made based on the difference.

③ The Company usually provides for inventory impairment based on individual inventory items; for any inventory with a large quantity and a low unit price, provision shall be made according to the inventory category.

④ If the influencing factor for the past write-down of the inventory value has disappeared on the balance sheet date, the written-down amount shall be restored and reversed within the amount of the provision for inventory impairment already made, and the reversed amount shall be included in the current profits and losses.

(5) Amortization method for turnover materials

① Amortization method for low value consumables: The one-time write-off method is applied at the time of receipt.

② Amortization method of packages: The one-time write-off method is applied at the time of receipt.

18. Assets held for sale

(1) Classification of noncurrent assets held for sale or disposal groups

The Company divides noncurrent assets or disposal groups that meet the following conditions as held for sale:

① According to the convention of selling such assets or disposing of groups in similar transactions, they can be sold immediately in the current situation;

② Sale is highly likely to occur, i.e., the Company has already made a resolution on a sales plan and obtained a definite purchase commitment, and sale is expected to be completed within one year. If the relevant provisions require approval from the relevant authority or regulatory department of the Company before it can be sold, such approval has been obtained.

If any noncurrent asset or disposal group acquired by the Company specifically for resale meets the condition that "sale is expected to be completed within one year" on the acquisition date, and is likely to meet other classification criteria for being held for sale in the short term (usually 3 months), the Company will classify it as held for sale on the acquisition date.

If the Company loses control over a subsidiary due to the sale of its investment in the subsidiary or for any

other reason, regardless of whether the Company retains some equity investments after the sale, when the proposed investment in the subsidiary meets the criteria for being held for sale, the overall investment in the subsidiary shall be classified as held for sale in the individual financial statements of the parent company, and all assets and liabilities of the subsidiary shall be classified as held for sale in the consolidated financial statements.

(2) Measurement of noncurrent assets held for sale or disposal groups

Other relevant accounting standards shall apply to the measurement of investment properties measured using the fair value model, biological assets measured at the net amount of fair value minus selling expenses, assets formed by employee compensation, deferred income tax assets, financial assets regulated by accounting standards for financial instruments, and rights arising from insurance contracts regulated by accounting standards for insurance contracts, respectively.

When any noncurrent asset or disposal group held for sale are initially measured or re-measured on the balance sheet date, if its carrying value is higher than the net amount of fair value minus selling expenses, the carrying value shall be reduced to the net amount of fair value minus selling expenses, and the reduced amount shall be recognized as an asset impairment loss and included in the current profits and losses. In addition, a provision for impairment of held for sale assets shall be made. If the net amount of fair value minus selling expenses of any noncurrent asset or disposal group held for sale increases on any subsequent balance sheet date, the previously reduced amount shall be restored and reversed within the impairment loss amount recognized after being classified as held for sale, and the reversed amount shall be included in the current profits and losses. The book value of goodwill that has been offset shall not be reversed.

When any noncurrent asset or disposal group is no longer classified as held for sale because it no longer meets the classification criteria, or any noncurrent asset is removed from the held for sale disposal group, it shall be measured at the lower of the following:

- ① The book value before being classified as held for sale, adjusted for depreciation, amortization, or impairment that would have been recognized if not classified as held for sale;
- ② Recoverable amount.

(3) Identification criteria for operation discontinuation

Operation discontinuation refers to a separately distinguishable component of the Company that meets one of the following conditions and has been disposed of or classified as held for sale:

① Such component represents an independent main business or a separate main operating area;

② Such component is part of a related plan to dispose of an independent major business or a separate major operating area;

③ Such component is a subsidiary acquired specifically for resale.

(4) Presentation

The Company presents noncurrent assets held for sale or assets in disposal groups held for sale separately from other assets, and liabilities in disposal groups held for sale separately from other liabilities in the balance sheet. Noncurrent assets held for sale or assets held for sale in disposal groups shall not be offset against liabilities in disposal groups held for sale, and shall be presented as current assets and current liabilities, respectively.

The Company presents the profits and losses of operation continuation and operation discontinuation separately in the income statement. For operation discontinuation presented in the current period, the Company presents the information previously presented as the profits and losses of operation continuation in the current financial statements as those of operation discontinuation in the comparable accounting period. If operation discontinuation no longer meets the classification criteria for being held for sale, the Company presents the information previously presented as the profits and losses of operation discontinuation in the current financial statements as those of operation continuation in the comparable accounting period.

19. Debt investment

Refer to "11. Financial instruments" in "V. Significant accounting policies and accounting estimates" in this section.

20. Other debt investment

Refer to "11. Financial instruments" in "V. Significant accounting policies and accounting estimates" in this section.

21. Long-term receivables

Refer to "11. Financial instruments" in "V. Significant accounting policies and accounting estimates" in this section.

22. Long-term equity investment

The Company's long-term equity investments include equity investments that exercise control or significant influence over investees, as well as equity investments in joint ventures. An investee over which the Company can exert significant influence is an associated enterprise of the Company.

(1) Basis for determining joint control and significant influence over the investee

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties holding control right before the decision can be made. When it is judged whether there is joint control, it shall be first judged whether all parties or combinations of parties collectively control such arrangement. If all parties or a group of parties must act in concert to decide on the relevant activities of an arrangement, then it is deemed that all parties or a group of parties collectively control(s) such arrangement. It is then judged whether the decision to arrange related activities must be unanimously agreed upon by the parties who collectively control the arrangement. Common control does not exist if two or more combinations of parties can control an arrangement collectively. When it is judged whether there is joint control, the protective rights enjoyed shall not be considered.

Significant influence means that the investor has the power to participate in decision-making on financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with any other party. When it is judged whether significant influence can be exerted on the investee, the impact of the investor's direct or indirect holding of voting shares in the investee, as well as the potential voting rights held by the investor and other parties in the current period that are assumed to be converted into equity in the investee shall be considered, including the impact of convertible warrants, stock options, and convertible corporate bonds issued by the investee in the current period.

When the Company directly or indirectly owns 20% or more but less than 50% of the voting shares of the investee through its subsidiaries, it is generally considered to have significant influence on the investee, unless there is clear evidence that it cannot participate in production and operation decisions of the investee, when significant influence does not exist.

(2) Determination of initial investment cost

The investment cost of any long-term equity investment formed by a business merger shall be determined as follows:

A. For the merger of enterprises under common control, if the merging party pays cash, transfers non-cash

assets, or assumes debt as the consideration for the merger, the initial investment cost of any long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the final controller's consolidated financial statements on the merger date. The capital reserve shall be adjusted for the difference between the initial investment cost of the long-term equity investment and the cash paid, non-cash assets transferred, and the book value of debts assumed; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted;

B. For the merger of enterprises under common control, if the merging party issues equity securities as the consideration for the merger, the initial investment cost of any long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the final controller's consolidated financial statements on the merger date. The capital reserve shall be adjusted for the difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares with the total face value of the issued shares as the share capital; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted;

C. For the merger of enterprises not under common control, the fair value of assets paid, liabilities incurred or assumed, and equity securities issued for the acquisition of control over the acquiree on the acquisition date shall be determined as the initial investment cost of any long-term equity investment. The intermediary fees such as audit, legal services, appraisal, and consulting, and other related management expenses incurred by the merging party in the business merger shall be included in the current profits and losses when incurred.

Except for long-term equity investments formed by business mergers, the investment cost of any long-term equity investment acquired by other means shall be determined as follows:

A. Any long-term equity investment acquired through cash payment shall be recognized as the investment cost based on the actually paid purchase price. The initial investment cost includes expenses, taxes, and other necessary expenditures directly related to the acquisition of the long-term equity investment;

B. The initial investment cost for any long-term equity investment acquired through the issuance of equity securities shall be based on the fair value of the issued equity securities;

C. For any long-term equity investment obtained through nonmonetary asset exchange, if the exchange has commercial substance and the fair value of the assets received or exchanged can be measured reliably, the fair value of the exchanged assets and related taxes and fees shall be used as the initial investment cost, and the difference between the fair value and book value of the exchanged assets shall be included in the current profits

and losses; if the exchange of nonmonetary assets does not meet both of the above conditions, the initial investment cost shall be based on the book value of the exchanged assets and related taxes and fees.

D. Any long-term equity investment obtained through debt restructuring shall be recognized at the fair value of the abandoned debt and other costs directly attributable to the asset, such as taxes, and the difference between the fair value and book value of the abandoned debt shall be included in the current profits and losses.

(3) Subsequent measurement and profit and loss recognition methods

The Company is able to use the cost method to account for long-term equity investments in investees over which it has control; long-term equity investments in associated enterprises and joint ventures shall be accounted for using the equity method.

① Cost method

For long-term equity investments accounted for using the cost method, the cost of long-term equity investments shall be adjusted at the time of additional investment or disinvestment; the cash dividend or profit declared by the investee shall be recognized as the current investment income.

② Equity method

The general accounting treatment of long-term equity investments accounted for using the equity method shall be as follows:

If the investment cost of any long-term equity investment of the Company is greater than the fair value share of the investee's identifiable net assets to which it is entitled at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost of any long-term equity investment is less than the fair value share of the identifiable net assets of the investee to which it is entitled at the time of investment, the difference shall be included in the current profits and losses, and the cost of the long-term equity investment shall also be adjusted.

The Company recognizes investment income and other comprehensive income separately based on the share in the net profit or loss and other comprehensive income realized by the investee to be enjoyed or shared, and adjusts the book value of the long-term equity investment; the Company calculates the portion to be enjoyed based on the profits or cash dividends declared by the investee, and reduces the book value of the long-term equity investment accordingly; other changes in the owner's equity of the investee except for net profit or loss, other comprehensive income, and profit distribution shall be adjusted to the book value of the long-term equity investment and included in the owner's equity. When the share in the net profit or loss of the investee to

be enjoyed is confirmed, the fair value of the investee's identifiable net assets at the time of investment acquisition shall be used as the basis for adjusting the investee's net profit before recognition. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted to those of the Company, and the investment income and other comprehensive income shall be recognized accordingly. Unrealized internal transaction gains and losses between the Company and its associated enterprises and joint ventures shall be offset against the portion attributable to the Company based on the proportion to which it is entitled, and investment gains and losses shall be recognized on this basis. Any unrealized internal transaction loss incurred between the Company and the investee that is an asset impairment loss shall be recognized in full.

If significant influence can be exerted on the investee or joint control can be implemented due to additional investment or for any other reason, but control does not exist, the initial investment cost for accounting using the equity method shall be the sum of the fair value of the equity investment originally held and the additional investment cost. If the equity investment originally held is classified into other equity instrument investments, the difference between its fair value and book value, as well as the cumulative gain or loss originally included in other comprehensive income shall be transferred from other comprehensive income in the current period when accounting is changed to the equity method and included in the retained earnings.

If joint control or significant influence over the investee is lost due to the disposal of some equity investments or for any other reason, the remaining equity after the disposal shall be measured at fair value, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be included in the current profits and losses. The other comprehensive income recognized from the original equity investment due to accounting using the equity method shall be accounted for on the same basis as the direct disposal of underlying assets or liabilities by the investee when accounting using the equity method is terminated.

(4) Equity investments held for sale

See Section V 18 of the Financial Report for details about equity investments in joint ventures or associated enterprises that are classified as held for sale assets in whole or in part, the relevant accounting treatment.

For residual equity investments that are not classified as held for sale assets, the equity method shall be used for accounting treatment.

Equity investments in associated enterprises or joint ventures that have been classified as held for sale and no longer meet the classification criteria for held for sale assets shall be adjusted retrospectively using the equity method from the date of classification. The financial statements of the period when they are classified as held for sale shall be adjusted accordingly.

(5) Impairment testing method and impairment provision method

See Section V 30 of the Financial Report for details about the asset impairment provision method for investments in subsidiaries, joint ventures, and associated enterprises.

23. Investment property

Measurement model of investment property

Measurement with cost method

Depreciation or amortization method

1. Investment property includes leased land use rights, land use rights held and ready to be assigned after appreciation, and leased buildings.

2. Investment property is measured initially at cost and subsequently with cost model. The provision for depreciation and amortization of the investment property are made in the way as used for fixed assets and intangible assets. If there is any sign showing that the investment property is impaired on the balance sheet date, the provision of impairment reserve shall be made accordingly based on the difference between the book value and the recoverable amount.

See Section V 30 "Long-term Assets Impairment" of the Financial Report for details about the methods for impairment testing and provision for impairment applicable to investment properties.

If the real estate for private use or inventory is converted to an investment property or the investment property is converted to a real estate for private use, the book value before such conversion shall be deemed as the entry value after the conversion.

If the purpose of an investment property is changed to private use, this investment property shall be converted into a fixed or intangible asset from the date of change. If the purpose of a property is changed to rent gains or capital appreciation from private use, the fixed asset or intangible asset shall be converted into an investment property from the date of change. If the purpose of a property is changed to rent gains or capital appreciation from private use, the fixed asset or intangible asset shall be converted into an investment property

from the date of change. If any asset is converted into an investment property measured with the cost model, the book value before the conversion shall be deemed as the entry value after the conversion. If any asset is converted into an investment property measured with the fair value model, the fair value on the conversion date shall be deemed as the entry value after the conversion.

An investment property shall be derecognized if this investment property is disposed of or permanently retired, and it is expected that no economic benefits can be obtained from its disposal. The disposal income from the sale, transfer, scrapping or damage of an investment property shall be included in the current profits and losses after deducting its book value and relevant taxes and dues. The disposal income from the sale, transfer, scrapping or damage of an investment property shall be included in the current profits and losses after deducting its book value and relevant taxes and dues.

24. Fixed assets

(1) Conditions for recognition

Fixed assets refer to the tangible assets that are held for production of goods, provision of labor services, lease or operation management and of which the service life exceeds one fiscal year.

Fixed assets shall be recorded at the actual cost upon the acquisition and subject to the provision for straight-line depreciation from the next month following the date when they are ready for use as intended.

(2) Depreciation method

Category	Depreciation method	Depreciable life	Residual rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-40 years	5%	2.375%-4.75%
Machinery and equipment	Straight-line method	10 years	5%	9.50%
Transportation equipment	Straight-line method	5 years	5%	19.00%
Electronic equipment and other equipment	Straight-line method	5 years	5%	19.00%

25. Construction in progress

(1) Construction in progress is accounted for by category of approved projects.

(2) Criteria and timing for converting construction in progress into fixed assets

All expenses incurred before the construction of any asset reaches its intended usable state shall be recognized as the entry value of the fixed assets for construction in progress. This includes construction costs,

original prices of machinery and equipment, other necessary expenses incurred to bring construction in progress to the intended usable state, borrowing costs incurred specifically for the project before the assets reach the intended usable state, and borrowing costs incurred for general borrowings occupied. When the installation or construction of a project is completed so that it reaches the intended usable state, the Company shall transfer the construction in progress to fixed assets. Fixed assets that have reached the intended usable state but have not undergone final accounting shall be transferred to fixed assets based on the estimated value according to the project budget, cost, or actual project cost from the date of reaching the intended usable state. The depreciation of fixed assets shall be calculated according to the Company's fixed asset depreciation policy. After final accounting is completed, the original estimated value shall be adjusted to the actual cost, but the originally calculated depreciation amount shall not be adjusted.

26. Borrowing costs

(1) Recognition principle for capitalizing borrowing costs and capitalization period

Borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of assets that meet the capitalization criteria shall be capitalized and included in the cost of underlying assets when the following conditions are met concurrently:

- ① Asset expenditures have incurred;
- ② Borrowing costs have incurred;
- ③ Acquisition, construction or production activities necessary for assets to reach the intended usable state have begun.

Other loan interests, discounts or premiums, and exchange differences are included in the current profits and losses.

If the acquisition, construction, or production of any asset that meets the capitalization criteria is interrupted abnormally for over three successive months, the capitalization of borrowing costs shall be suspended.

When the acquisition, construction or production of any asset that meets the capitalization criteria reaches the intended usable or saleable state, the capitalization of borrowing costs shall be discontinued; subsequent borrowing costs shall be recognized as expenses in the period in which they are incurred.

(2) Calculation method for capitalization rate and capitalization amount of borrowing costs

If special borrowings are incurred for the acquisition, construction or production of assets that meet the capitalization criteria, the capitalized amount of interest to be capitalized shall be determined by subtracting the interest income arising from depositing unused loan funds in the bank or the investment income arising from temporary investments from the actual interest expenses incurred in the current period.

If general borrowings are occupied for the acquisition, construction or production of assets that meet the capitalization criteria, the amount of interest that shall be capitalized for general borrowings shall be calculated by multiplying the weighted average of the accumulated asset expenditures in excess of the special borrowings by the capitalization rate of the occupied general borrowings, and the amount of interest to be capitalized shall be determined for general borrowings. The capitalization rate shall be determined by calculating the weighted average interest rate on general borrowings.

27. Biological assets

None.

28. Oil and gas assets

None.

29. Intangible assets**(1) Service life and its determination criteria, estimation, amortization method or review procedure****(1) Valuation method of intangible assets**

Entered at actual cost at the time of acquisition.

(2) Service lives and amortization of intangible assets**① Estimation of service lives of intangible assets with a limited service life:**

The land usage right shall be averagely amortized within the remaining service life (generally 50 years), the software shall be averagely amortized within 3-5 years, and the patent rights and non-patent technologies within 5-10 years.

At the end of each year, the Company reviews service lives of intangible assets with a limited service life and the amortization method. After review, service lives of intangible assets at the end of the current period and

the amortization method are not different from past estimates.

② Intangible assets that cannot be foreseen to bring economic benefits to the Company within a certain period are considered as intangible assets with an uncertain service life. For intangible assets with an uncertain service life, the Company reviews their service lives at the end of each year. If its life is still uncertain after the review, an impairment test is conducted on the balance sheet date.

③ Amortization of intangible assets

For intangible assets with a limited service life, the Company determines their service lives upon acquisition and uses the straight-line method to amortize them systematically and reasonably over their service life. The amortization amount is included in the current profits and losses or included in the cost of underlying assets based on the benefit item. The specific amount to be amortized is the amount after deducting the estimated residual value from the cost. For intangible assets for which an impairment provision has been made, the cumulative amount of the impairment provision for intangible assets that has been made shall also be deducted. An intangible asset with a limited service life is considered to have zero residual value, except in the following cases: A third party promises to purchase the intangible asset at the end of its service life or can obtain estimated residual value information based on an active market, and the market is likely to exist at the end of the service life of the intangible asset.

Intangible assets with an uncertain service life shall not be amortized. At the end of each year, service lives of intangible assets with an uncertain service life are reviewed. If there is evidence that the service life of an intangible asset is limited, its service life shall be estimated and amortized systematically and reasonably over the expected service life.

(2) Collection range of R&D expenditures and relevant accounting treatment

The Company collects various expenses directly related to R&D activities as R&D expenses, including R&D personnel salaries, direct input expenses, depreciation expenses and long-term deferred expenses, design expenses, equipment debugging expenses, intangible asset amortization expenses, commissioned external R&D expenses, other expenses, etc.

1. Specific criteria for dividing the research and development stages of internal R&D projects

① The Company will prepare materials and related activities for further development activities as the research stage, and expenses incurred during the intangible asset research stage will be included in the current

profits and losses.

② Development activities carried out after the completion of the research stage at the Company are considered as the development stage.

2. Specific conditions for capitalizing expenditures during the development stage

Expenditures during the development stage can only be recognized as intangible assets if they meet the following conditions concurrently:

A. The intangible asset is completed to make it technically feasible for use or sale;

B. There is an intention to complete the intangible asset and use or sell it;

C. The way in which the intangible asset generates economic benefits, including being able to prove the existence of a market for the product derived from using the intangible asset or the existence of a market for the intangible asset itself, and the intangible asset will be used internally, can prove its usefulness;

D. There are sufficient technical, financial, and other resources to support the development of the intangible asset, and it is possible to use or sell the intangible asset;

E. The expenses attributable to the development stage of the intangible asset can be measured reliably.

30. Long-term assets impairment

The impairment of long-term equity investments in subsidiaries, associated enterprises, and joint ventures, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill, etc. (excluding inventories, investment properties measured using the fair value model, deferred tax assets, and financial assets) shall be determined using the following method:

On the balance sheet date, it shall be judged whether there is any sign of potential impairment of assets. If there is a sign of impairment, the Company will estimate their recoverable amount and conduct an impairment test. An impairment test is conducted annually on goodwill, intangible assets with an uncertain service life, and intangible assets that have not reached a usable state resulting from business mergers, regardless of whether there is any sign of impairment.

The recoverable amount is determined based on the higher of the net amount of the fair value of an asset minus the disposal expenses and the present value of the expected future cash flows of the asset. The Company estimates the recoverable amount based on individual assets; if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to

which the asset belongs. The identification of asset groups is based on whether the main cash inflows generated by the asset group are independent of those of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than its carrying amount, the Company will reduce its carrying amount to the recoverable amount, and the reduced amount will be included in the current profits and losses, while making asset impairment provision accordingly.

In terms of the impairment testing of goodwill, the carrying value of the goodwill formed by a business merger shall be allocated to the relevant asset group in a reasonable manner from the date of purchase; if it is difficult to allocate it to the relevant asset group, it shall be allocated to the relevant combination of asset groups. The relevant asset group or combination of asset groups refers to the asset group or combination of asset groups that can benefit from the synergistic effects of the business merger, and is not greater than the reporting segment determined by the Company.

When an impairment test is conducted, if there is any sign of impairment in the asset group or combination of asset groups related to goodwill, the impairment test shall be first conducted on an asset group or combination of asset groups that does not include the goodwill, the recoverable amount shall be calculated, and the corresponding impairment loss shall be recognized. Then, an impairment test shall be conducted on the asset group or combination of asset groups that contains the goodwill, its book value shall be compared with its recoverable amount, and the impairment loss on the goodwill shall be recognized if the recoverable amount is lower than the book value.

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

31. Long-term deferred expenses

For long-term deferred expenses, various expenses that been incurred but shall be borne by the Company in the current and future periods with an amortization period of one year or more shall be accounted for.

The actual amount is accounted for and amortized evenly over the benefit period or specified period. In case future accounting period cannot benefit from long-term deferred expenses, all unamortized value of the item shall be transferred into the current profits and losses.

32. Contract liabilities

The Company presents contractual assets or contract liabilities in the balance sheet based on the

relationship between performance obligations and customer payments. The Company's obligation to transfer commodities or services to customers for consideration received or receivable by the Company is listed as contract liability.

33. Employee compensation

(1) Accounting treatment of short-term compensation

① Basic remuneration of employees (salaries, bonuses, allowances and subsidies)

During the accounting period when employees provide service for the Company, the actual short-term remuneration is recognized as liabilities and included in the current profits and losses, except for those required or allowed to be included in asset costs by other accounting standards.

② Employee benefits

Employee benefits incurred by the Company are included in the current profits and losses or the cost of underlying assets based on the actual amount incurred. Nonmonetary employee benefits shall be measured at fair value.

③ Social insurance premiums (e.g., medical insurance, work-related injury insurance and maternity insurance), housing provident fund, union funds and employee education funds

The Company pays social insurance premiums such as medical insurance, work-related injury insurance and maternity insurance, housing provident fund for employees, union funds and employee education funds extracted as stipulated. During the accounting period when employees provide service for the Company, the corresponding employee remuneration amount is calculated and determined based on the specified provision basis and ratio, and the corresponding liabilities are recognized and included in the current profits and losses or the cost of underlying assets.

④ Short-term paid leaves

When the Company increases employees' future entitlement to paid leaves for their service, it recognizes the employee remuneration related to accumulated paid leaves and measure it as the increased expected payment amount due to the cumulative unexercised entitlement. The Company recognizes the employee remuneration related to noncumulative paid leaves during the accounting period when employees actually leave.

⑤ Short-term profit sharing plan

If the profit sharing plan meets the following conditions concurrently, the Company will recognize the

relevant employee remuneration payable:

A. The Company has a statutory or presumed obligation to pay employee remuneration due to past matters;

B. The amount of the obligation of the employee remuneration payable arising from the profit sharing plan can be estimated reliably.

(2) Accounting treatment of post-employment benefits

① Defined contribution plan

During the accounting period in which employees provide service for the Company, the payable amount calculated based on the defined contribution plan shall be recognized as a liability and included in the current profits and losses or the cost of underlying assets.

According to the defined contribution plan, if it is not expected to pay all the amount payable within 12 months after the end of the annual reporting period when employees provide relevant service, the Company will measure the employee remuneration payable at the discounted amount by reference to the corresponding discount rate (determined according to the market yield of treasury bonds or high-quality corporate bonds in the active market that match the obligation period and the currency of the defined contribution plan on the balance sheet date).

② Defined benefit plan

A. Determination of the present value and current service cost of the defined benefit plan obligation

Unbiased and mutually consistent actuarial assumptions are used to estimate relevant demographic and financial variables, the obligation arising from the defined benefit plan is measured, and the attribution period of the relevant obligation is determined using the expected cumulative welfare unit method. The Company will discount the obligation arising from the defined benefit plan at the corresponding discount rate (determined according to the market yield rate of treasury bonds or high-quality corporate bonds in the active market that match the obligation period and the currency of the defined benefit plan on the balance sheet date) to determine the present value of the obligation of the defined benefit plan and the current service cost.

B. Confirmation of net liabilities or assets of the defined benefit plan

If there is any asset in the defined benefit plan, the Company will recognize the deficit or surplus formed by subtracting the fair value of such asset from the present value of the obligation as a net liability or net asset of the defined benefit plan.

If there is a surplus in the defined benefit plan, the Company will measure the net assets of the defined benefit plan based on the lower of the surplus and asset limit of the defined benefit plan.

C. Determination of the amount to be included in asset cost or current profits and losses

Service costs include current service costs, past service costs, and settlement gains or losses. Among them, except for current service costs required or allowed to be included in asset costs by other accounting standards, all other service costs shall be included in the current profits and losses.

The net interest on the net liabilities or assets of the defined benefit plan, including interest income on plan assets, interest expenses on the defined benefit plan obligation, and interests affected by the asset ceiling, shall all included in the current profits and losses.

D. Determination of the amount to be included in other comprehensive income

Changes arising from the re-measurement of net liabilities or net assets of the defined benefit plan include:

(a) Actuarial gains or losses, which are an increase or decrease in the present value of the previously measured defined benefit plan obligation due to actuarial assumptions and empirical adjustments;

(b) Plan asset return, from which the amount included in the net interest on the net liabilities or net assets of the defined benefit plan is deducted;

(c) Changes in the impact of the asset ceiling, from which the amount included in the net interest on net liabilities or net assets of the defined benefit plan is deducted.

Changes arising from the re-measurement of the net liabilities or net assets of the defined benefit plan as mentioned above shall be recognized in other comprehensive income directly and not reversed to profits and losses in any subsequent accounting period. When the original defined benefit plan is terminated, the Company will carry forward the portion originally recognized in other comprehensive income within the scope of equity to undistributed profits in full.

(3) Accounting treatment of dismissal benefits

If the Company provides termination benefits to employees, the employee remuneration liability arising from termination benefits shall be recognized and included in the current profits and losses, whichever is earlier:

① When the Company cannot unilaterally withdraw the termination benefits provided by the termination of the labor relation plan or cut-down proposal;

② When the Company confirms the costs or expenses related to the restructuring involving the payment of

termination benefits.

If termination benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, the amount of termination benefits shall be discounted by reference to the corresponding discount rate (determined according to the market yield of treasury bonds or high-quality corporate bonds in the active market that matches the obligation period and the currency of the defined benefit plan on the balance sheet date), and the employee remuneration payable shall be measured at the discounted amount.

(4) Accounting treatment of other long-term employee benefits.

None.

34. Estimated liabilities

(1) Recognition criteria for estimated liabilities

If any obligation related to contingencies meets the following conditions concurrently, the Company shall recognize it as an estimated liability:

- ① Such obligation is a current obligation undertaken by the Company;
- ② The performance of such obligation is likely to result in the outflow of economic benefits from the Company;
- ③ The amount of such obligation can be measured reliably.

(2) Measurement method for estimated liabilities

An estimated liability is initially measured based on the best estimate of the expenses required to fulfill the relevant current obligation, taking into account factors such as risks, uncertainties, and time value of money related to contingencies. The book value of estimated liabilities is reviewed on each balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

35. Share-based payment

(1) Types of share-based payments

The Company's share-based payments include cash-settled share-based payments and equity-settled share-based payments.

(2) Determination method of fair value of equity instrument

① For shares granted to employees, the fair value is measured at the market price of the Company's shares, and is adjusted to take into account the terms and conditions under which the shares are granted (excluding vesting conditions other than market conditions). ② For stock options granted to employees, it is difficult to obtain their market price in many cases. If there is no trading option with similar terms and conditions, the Company chooses the applicable option pricing model to estimate the fair value of the granted option.

(3) Basis for recognizing the best estimate of exercisable equity instruments

On each balance sheet date during the waiting period, the Company makes the best estimate based on subsequent information such as changes in the number of eligible employees and revises the estimated number of exercisable equity instruments in order to make the best estimate of exercisable equity instruments.

(4) Accounting treatment of the implementation of share-based payment plan**Cash-settled share-based payments**

① Cash-settled share-based payments that are immediately exercisable upon grant shall be recognized as relevant costs or expenses at the fair value of the liability assumed by the Company on the grant date, and the liability shall be increased accordingly. The fair value of the liability shall be re-measured at each balance sheet date prior to settlement and at the settlement date, and its changes shall be included in profits and losses.

② For cash-settled share-based payments that can only be exercised after the service is completed during the waiting period or the specified performance conditions are met, on each balance sheet date during the waiting period, the service acquired in the current period shall be included in costs or expenses and corresponding liabilities at the fair value of the liabilities borne by the Company based on the best estimate of the exercisable situation.

Equity-settled share-based payments

① Equity-settled share-based payments for employee services that are immediately exercisable upon grant shall be recognized as relevant costs or expenses at the fair value of equity instruments on the grant date, and the capital reserve shall be increased accordingly.

② For equity-settled share-based payments that can only be exercised in exchange for employee services after the service is completed during the waiting period or the specified performance conditions are met, on each balance sheet date during the waiting period, the service acquired in the current period shall be included in costs or expenses and capital reserves at the fair value of the equity instrument grant date based on the best

estimate of the number of exercisable equity instruments.

(5) Accounting treatment of modification of the share-based payment plan

When the Company modifies the share-based payment plan, if it increases the fair value of the granted equity instruments, the corresponding increase in the service acquired shall be recognized based on the increase in fair value of the equity instruments; if it increases the number of equity instruments granted, the fair value of the increased equity instruments shall be recognized as an increase in the service acquired accordingly. The increase in fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the modification reduces the total fair value of the share-based payment plan or modifies the terms and conditions of the share-based payment plan in another way unfavorable for employees, the accounting treatment of the service acquired shall continue, as if the change has never occurred, unless the Company cancels some or all of the equity instruments already granted.

(6) Accounting treatment of termination of the share-based payment plan

If any granted equity instrument is cancelled or settled during the waiting period (excluding those cancelled due to failure to meet the exercisable conditions), the Company shall:

① Treat cancellation or settlement as an accelerated exercise option and immediately recognize the amount that shall have been recognized within the remaining waiting period;

② Treat all payments made to employees during cancellation or settlement as equity repurchases, and any amount paid for repurchases in excess of the fair value of the equity instrument on the repurchase date shall be recognized as current expenses.

If the Company repurchases its employees' equity instruments that are already exercisable, it will offset its owner's equity; the portion of the repurchase payment in excess of the fair value of the equity instrument on the repurchase date shall be included in the current profits and losses.

36. Preferred shares, perpetual bonds and other financial instruments

None.

37. Revenue

Disclose accounting policies applied for revenue recognition and measurement by business type

(1) General principles

Revenue is the total inflow of economic benefits generated by the Company in its routine activities, which leads to an increase in shareholder equity and is unrelated to the capital invested by shareholders.

The Company has fulfilled performance obligation in the Contract, that is, recognizing revenue when the customer obtains the control right of relevant commodities. Acquisition of control over relevant goods means to be able to dominate the use of such goods and acquire almost all economic benefits arising therefrom.

If a contract contains two or more performance obligations, the Company shall allocate the transaction price to each performance obligation based on the relative proportion of the individual selling prices of the promised goods or services for each performance obligation, and measure the revenue based on the transaction price allocated to each performance obligation on the commencement date of the contract.

Transaction price is the expected amount of the consideration that the Company is entitled to receive for the transfer of goods or services to customers, excluding payments received for third parties. When the contract transaction price is determined, if there is a variable consideration, the Company determines the best estimate of the variable consideration based on the expected value or the most likely amount to occur, and includes it in the transaction price at an amount that does not exceed the cumulative recognized income that is highly unlikely to experience a significant reversal when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company will determine the transaction price based on the amount payable by the customer in cash upon acquiring control over goods. The difference between the transaction price and the contract consideration will be amortized using the effective interest rate method during the contract period. If the transfer of control is less than one year after the customer pays the price, the Company will not consider the financing component.

If one of the following conditions is met, the performance obligation is fulfilled within a certain period, otherwise, the performance obligation is fulfilled at a certain time point:

① Customers obtain and consume economic benefits arising from performance of the Company during the Company's performance of the Contract.

② The customer can control the in-process commodity during contract performance by the Company;

③ The purpose of the commodity produced by the Company during contract performance is irreplaceable, and the Company is entitled to receive payments throughout the contract period for the performance completed so far.

For performance obligations fulfilled within a certain period of time, the Company shall recognize revenue

according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the performance progress of services provided using the input method (or output method). When the progress of performance cannot be reasonably determined, if the costs already incurred by the Company are expected to be compensated for, revenue shall be recognized based on the amount of costs already incurred until the progress of performance can be reasonably determined.

For performance obligations fulfilled at a certain time point, the Company recognizes revenue at the time point when the customer acquires control over relevant goods. When judging whether customers have obtained the control right of relevant goods or products, the Company considers the following signs:

① The Company shall be entitled to immediately collect revenues from goods, which means that customers have the obligation to pay for goods immediately.

② The Company has transferred the legal ownership of goods to customers, which means that customers have obtained the legal ownership of goods.

③ The Company has transferred goods in kind to customers, which means that customers have possessed goods in kind.

④ The Company has transferred main risks and rewards related to the ownership of goods to customers, which means that customers have obtained main risks and rewards related to the ownership of goods.

⑤ Customers have accepted the commodities.

Sales return clause

For sales with a sales return clause, when the customer acquires control over relevant goods, the Company recognizes revenue based on the amount of consideration that it is entitled to receive from the transfer of goods to the customer, and recognizes the expected amount to be returned due to the sales return as an estimated liability; in addition, according to the expected book value of the returned goods at the time of transfer, the balance after the expected cost of retrieving the goods is deducted (including the loss of value of the returned goods) is recognized as an asset, namely the return cost receivable. The net transfer cost of the asset cost is deducted based on the book value of the transferred goods at the time of transfer. On each balance sheet date, the Company re-estimates future sales returns and re-measures the above assets and liabilities.

Quality assurance obligations

According to contractual provisions, legal provisions, etc., the Company provides quality assurance for goods sold and projects constructed. The Company accounts for quality assurance intended to ensure

compliance with the established standards for customers in accordance with Accounting Standards for Business Enterprises No. 13—Contingencies. For service quality assurance that provides a separate service beyond the assurance for customers that goods sold comply with the established standards, the Company regards it as an individual performance obligation, allocates a portion of the transaction price to the service quality assurance based on the relative proportion of the separate selling price of goods and services provided, and recognizes revenue when the customer acquires control over services. When evaluating whether quality assurance provides a separate service beyond the assurance for customers that goods sold comply with the established standards, the Company considers factors such as whether quality assurance is a legal requirement, the quality assurance period, and the nature of the task that the Company promises to fulfill.

Principal responsible person and agent

The Company determines whether it is the principal responsible party or agent when engaging in transactions based on whether it has control over goods or services before transferring them to customers. If the Company is able to control goods or services before transferring them to customers, it is the principal responsible party and recognizes revenue based on the total amount of the consideration received or receivable. Otherwise, as an agent, the Company shall recognize revenue based on the expected amount of the commission or handling fee to which it is entitled to. Such amount shall be determined by deducting the total amount of the consideration received or receivable from the amount payable to other relevant parties, or by the established commission amount or proportion.

Consideration payable to customers

If there is consideration payable to the customer in the contract, unless such consideration is for acquiring other clearly distinguishable goods or services from the customer, the Company will offset such consideration payable against the transaction price and offset it against the current income at the later of recognizing the relevant revenue or paying (or promising to pay) the consideration for the customer.

(2) Specific methods

In case the sales contract between the Company and customers has been deemed as a performance obligation fulfilled at a certain time point, the specific revenue recognition method shall be formulated according to the actual situation of the Company's product sales as follows:

Domestic sales: ① The customer picks up the goods in cash. After the payment and delivery, it is considered that the customer has obtained the control of the relevant goods, and the Company has recognized

the sales revenue; ② If the advance payment is used for settlement, and the other party's customer confirmation receipt is obtained after the delivery, it is considered that the customer has obtained the control of the relevant commodities, and the Company has recognized the sales revenue; ③ If the credit sale is adopted according to a certain payment period, within which the customer settles, and after the delivery, the other party's customer confirmation receipt is obtained, it is considered that the customer has obtained the control of the relevant goods, and the Company has recognized the sales revenue.

Foreign sales: the Company shall deliver commodities according to the signed order, hold special export invoice, delivery note and other original documents for customs clearance and export, pass customs audit, complete export declaration procedures, obtain the customs declaration documents as the point of transfer of control of the relevant goods, and recognize the sales revenue by recording the revenue based on the delivery order, special export invoice and customs declaration form.

38. Contract cost

Contract cost is divided into contract performance cost and contract acquisition cost.

The costs incurred by the Company in fulfilling the contract are recognized as an asset as contract performance costs when the following conditions are met concurrently:

① This cost is directly related to a current contract or a contract expected to be acquired, including direct labor cost, direct material cost, manufacturing (or similar) cost, cost clearly stated to be borne by the customer, and other costs incurred only as a result of the contract;

② This cost increases the resources to be used by the Company to fulfill its contractual obligations in the future.

③ The cost is expected to be recoverable.

When an incremental cost incurred by the Company for acquiring a contract is expected to be recovered, it shall be treated as a contract acquisition cost and recognized as an asset.

Assets related to contract costs are amortized on the same basis as the recognition of revenue from goods or services associated with the asset; however, for any contract with an amortization period of less than one year, the Company will include it in the current profits and losses when it occurs.

If the carrying value of an asset related to the contract cost is higher than the difference between the following two items, the Company will make an impairment provision for the excess, recognize it as an asset

impairment loss, and further consider whether to make an impairment provision for estimated liabilities related to the contract:

① Remaining consideration expected to be obtained as a result of the transfer of goods or services related to the asset;

② Cost estimated to be incurred for the transfer of the relevant goods or services.

In case of reversal of the above provision for impairment of assets, the carrying value of the asset shall not be higher than its book value on the reversal date when the provision for impairment would have not been accrued.

The contract performance cost recognized as an asset with an amortization period of not more than one year or one normal operating cycle at initial recognition shall be presented in the "inventory" item. If the amortization period exceeds one year or one normal operating cycle at initial recognition, it shall be presented in the "other noncurrent assets" item.

The contract acquisition cost recognized as an asset with an amortization period not more than one year or one normal operating cycle at initial recognition shall be presented under the "other current assets" item. If the amortization period exceeds one year or one normal operating cycle at initial recognition shall be presented under the "other noncurrent assets" item.

39. Government subsidies

(1) Recognition of government subsidies

Government subsidies can only be recognized if they meet the following conditions concurrently:

- ① The Company is able to meet the conditions attached to government subsidies;
- ② The Company can receive government subsidies.

(2) Measurement of government subsidies

If government subsidies are monetary assets, they shall be measured at the amount received or receivable. If government subsidies are nonmonetary assets, they shall be measured at fair value; if the fair value cannot be acquired reliably, they shall be measured at a nominal amount of RMB 1.

(3) Accounting treatment of government subsidies

- ① Government subsidies related to assets

The government subsidies obtained by the Company for the acquisition, construction or other formation of

long-term assets are classified as government subsidies related to assets. Government subsidies related to assets shall be recognized as deferred income and amortized into profits and losses over the service life of the underlying assets using a reasonable and systematic method. Government subsidies measured in nominal amounts shall be included in the current profits and losses directly. In case relevant assets are sold, transferred, scrapped or damaged prior to the end of their service life, the balance of relevant deferred income that has not been allocated shall be transferred to the profits and losses of the current period of asset disposal.

② Government subsidies related to income

Government subsidies other than those related to assets are classified as government subsidies related to income. Government subsidies related to income shall be accounted for as follows as the case may be:

If used to compensate for relevant costs, expenses or losses of the Company in future periods, they shall be recognized as deferred income and included in the current profits and losses during the period when the relevant costs, expenses or losses are recognized;

If used to compensate for relevant expenses or losses incurred by the Company, they shall be included in the current profits and losses directly.

For government subsidies including asset-related part and income-related part, measures shall be taken to distinguish different parts and carry out accounting treatment separately; Part difficult to distinguish shall be classified as government subsidies related to income.

Government subsidies related to routine activities of the Company shall be included in other income based on the essence of economic transactions. Government subsidies not related to routine activities of the Company shall be included in non-operating income and expenses.

③ Discounted interests of preferential policy loans

The finance department will allocate discount funds to the Company directly, and the Company will offset the corresponding discount against the relevant borrowing costs.

④ Government subsidy refund

When any recognized government subsidy is to be returned, if the book value of the underlying asset is offset at initial recognition, the book value of the asset shall be adjusted; if there is a balance of related deferred income, it shall be offset against the book balance of the relevant deferred income, and the excess shall be included in the current profits and losses; in any other case, it shall be included in the current profits and losses directly.

40. Deferred income tax assets/deferred income tax liabilities

The Company usually recognizes and measures the impact of taxable temporary differences or deductible temporary differences on income tax as deferred income tax liabilities or deferred income tax assets using the balance sheet liability method based on the temporary differences between the book value and tax base of assets and liabilities on the balance sheet date. The Company does not convert deferred tax assets and liabilities into cash.

(1) Recognition of deferred tax assets

For deductible temporary differences, deductible losses and tax deductions that can be carried forward to future years, the impact on income tax shall be calculated based on the expected income tax rate during the reversal period, and the impact shall be recognized as deferred income tax assets, but limited to the future taxable income that the Company is likely to acquire to offset the deductible temporary differences, deductible losses and tax deductions.

The impact of deductible temporary differences arising from the initial recognition of assets or liabilities on income tax in transactions or matters that have the following characteristics shall not be recognized as deferred income tax assets:

A. Such transaction is not a business merger;

B. Such transaction affects neither accounting profits nor taxable income (or deductible losses) at the time of occurrence.

However, if both of the above conditions are met concurrently, and the initial recognition of assets and liabilities results in a single transaction that generates equal taxable temporary differences and deductible temporary differences, the exemption for the initial recognition of deferred income tax liabilities and assets shall not apply. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in such transaction, the Company shall recognize the corresponding deferred income tax liabilities and assets at the time of such transaction.

Deductible temporary differences related to investments in subsidiaries, associated enterprises, and joint ventures of the Company can only be recognized as deferred income tax assets if both of the following conditions are met:

A. The temporary difference is very likely to be reversed in the foreseeable future;

B. The taxable income used to offset the deductible temporary difference is likely to be available in the

future;

On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be available in future periods to offset deductible temporary differences, unrecognized deferred tax assets from past periods shall be recognized.

On the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If sufficient taxable income is very unlikely to be available in the future to offset the benefit of deferred tax assets, the carrying amount of deferred tax assets shall be reduced. When sufficient taxable income is very likely to be available, the written-down amount shall be reversed.

(2) Recognition of deferred income tax liabilities

All taxable temporary differences of the Company are measured based at the income tax rate during the expected reversal period and recognized as deferred income tax liabilities, except in the following cases:

① The impact of taxable temporary differences arising from the following transactions or matters on income tax is not recognized as deferred income tax liabilities:

A. The initial recognition of goodwill;

B. The initial recognition of assets or liabilities arising from a transaction that is not a business merger and does not affect accounting profits, taxable income, or deductible losses at the time of the transaction.

② Temporary differences in taxable income related to investments in subsidiaries, joint ventures, and associated enterprises shall be usually recognized as deferred income tax liabilities, except for those that meet both of the following conditions concurrently:

A. The Company can control the reversal time of the temporary difference;

B. The temporary difference is very unlikely to be reversed in the foreseeable future;

(3) Recognition of deferred tax liabilities or assets related to specific transactions or matters

① Deferred tax liabilities or assets related to business mergers

Taxable temporary differences or deductible temporary differences arising from business mergers not under common control shall be usually adjusted to the goodwill recognized in the business merger when the deferred income tax liabilities or deferred income tax assets are recognized.

② Items included in owner's equity directly

Current income tax and deferred income tax related to transactions or matters included in owner's equity

directly shall be recognized in owner's equity. The impact of temporary differences on income tax shall be recognized in owner's equity for transactions or matters such as other comprehensive income arising from changes in fair value of other debt investments, retrospective adjustment of accounting policy changes using the retrospective adjustment method or correction of significant accounting errors in the previous period using the retrospective restatement method to adjust the beginning retained earnings, and mixed financial instruments that include both liability and equity components recognized in owner's equity at initial recognition.

③ Recoverable losses and tax credits

A. Recoverable losses and tax credits arising from the Company's own operations

Deductible losses refer to losses calculated and determined according to the tax law, and allowed to be offset with taxable income of future years. Unrecovered losses (deductible losses) and tax deductions that can be carried forward to future years according to the tax law shall be treated as deductible temporary differences. When it is expected that sufficient taxable income is very likely to be available in any future period that can be offset with recoverable losses or taxes, corresponding deferred tax assets shall be recognized to the extent of the taxable income very likely to be available, while reducing the income tax expenses in the current income statement.

B. Recoverable loss to offset of the merged enterprise arising from business merger

In a business merger, if the Company obtains any deductible temporary difference that does not meet the recognition criteria for deferred tax assets on the acquisition date from the acquiree, it shall not be recognized. Within 12 months after the acquisition date, if new or further information is obtained indicating that the relevant situation on the acquisition date already exists, and it is expected that the economic benefits brought by the temporary difference that can be offset by the acquiree on the purchase date can be realized, the relevant deferred income tax assets shall be recognized, and the goodwill shall be reduced. If the goodwill is insufficient for offsetting, the difference shall be recognized as a current profit or loss; except for the above cases, deferred income tax assets related to business mergers shall be recognized and included in the current profits and losses.

④ Temporary differences arising from offsets in consolidated statements

When the Company prepares the consolidated financial statements, if there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and their tax base in the taxpayer due to the offsetting of unrealized internal sales gains and losses, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated balance sheet, and the income tax expenses in the consolidated

income statement shall be adjusted, except for deferred income tax related to transactions or matters and business mergers included in owner's equity directly.

⑤ Equity-settled share-based payments

If the tax law stipulates that expenses related to share-based payments are allowed to be deducted before tax, during the period when costs and expenses are recognized in accordance with the accounting standards, the Company estimates the amount that can be deducted before tax based on the information obtained at the end of the accounting period to determine its tax base and the temporary difference arising therefrom. If the recognition conditions are met, the relevant deferred income tax shall be recognized. The amount that is expected to be deducted before tax in any future period exceeds the costs and expenses related to share-based payments recognized in accordance with the accounting standards, and the excess income tax impact shall be included in owner's equity directly.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments by the Company as the issuer, if the related dividend expenses are deducted before corporate income tax in accordance with the relevant tax policies, the Company shall recognize the income tax impact related to dividends when recognizing payable dividends. For transactions or matters that have previously generated profits or losses, the income tax impact of the dividend shall be included in the current profits and losses; for profits distributed from transactions or matters previously recognized in owner's equity, the income tax impact of the dividend shall be included in the owner's equity item.

(4) Basis for presenting deferred tax assets and liabilities on a net basis

When the following conditions are met concurrently, the Company will present deferred income tax assets and liabilities on a net basis after offsetting:

① The Company is entitled to settle current income tax assets and liabilities on a net basis;

② Deferred income tax assets and liabilities are related to income tax levied by the same tax collection and management authority on the same taxpayer or on different taxpayers, but in the future, during each significant period of reversal of deferred income tax assets and liabilities, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis or acquire assets and settle liabilities concurrently.

41. Lease

(1) Accounting for leases as a lessee

On the commencement date of the lease term, the Company recognizes leases that do not exceed 12 months and do not include purchase options as short-term leases; leases with lower value when a single leased asset is a brand-new asset are recognized as low-value asset leases. Where the Company subleases or intends to sublease a leased asset, the original lease is not deemed to be a low-value asset lease.

For all short-term leases and leases of low value assets, the Company will include lease payments in the relevant asset costs or current profits and losses using the straight-line method during each period of the lease term.

Except for short-term leases and low value asset leases subject to simplified treatment as mentioned above, the Company recognizes right-of-use assets and lease liabilities for leases on the lease commencement date.

① Right-of-use assets

Right-of-use asset refers to the lessee's right to use the leased asset during the lease term.

On the commencement date of the lease term, right-of-use assets shall be initially measured at cost. This cost includes:

The initial measurement amount of lease liabilities;

If there is a lease incentive for the lease payment made on or before the commencement date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted;

The initial direct expenses incurred by the lessee;

Costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the leased asset's location, or restoring the leased asset to the state specified in the lease terms. The Company recognizes and measures such costs in accordance with the recognition criteria and measurement methods for estimated liabilities, as detailed in Note III 25. The above costs are incurred for the production of inventories and will be included in inventory costs.

The depreciation of right-of-use assets shall be classified and provided for using the straight-line method. If it can be reasonably determined that the ownership of the leased asset will be acquired upon expiry of the lease term, the depreciation rate shall be determined based on the category of the right-of-use asset and the estimated net residual value rate during the expected remaining service life of the leased asset; if it cannot be

reasonably determined that the ownership of the leased asset will be acquired upon expiry of the lease term, the depreciation rate shall be determined based on the category of the right-of-use asset during the shorter of the lease term or the remaining service life of the leased asset.

② Lease liabilities

Lease liabilities shall be initially measured at the present value of lease payments that have not been paid at the beginning of the lease term. The lease payment amount includes the following five items:

- A fixed payment amount and a substantially fixed payment amount, if there is any lease incentive, deducting the amount related to the lease incentive;
- Any variable lease payment depending on indices or ratios;
- The exercise price for purchasing the option, provided that the lessee reasonably determines that the option will be exercised;
- The sum required to exercise the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;
- Amount expected to be paid based on the remaining value of the security provided by the lessee.

When calculating the present value of lease payments, the implicit interest rate of the lease is used as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing rate of the Company is used as the discount rate. The difference between the lease payment amount and its present value is recognized as unrecognized financing expenses, and interest expenses are recognized at the discount rate of the recognized present value of the lease payment amount during each period of the lease term and included in the current profits and losses. Variable lease payments that are not included in the measurement of lease liabilities are recognized in the current period's income statement when they actually occur.

After the commencement date of the lease term, when there is a change in the actual fixed payment amount, a change in the expected payable amount of the guaranteed residual value, a change in the index or ratio used to determine the lease payment amount, a change in the appraisal result or actual exercise of the purchase option, renewal option or termination option, the Company shall re-measure the lease liability based on the present value of the changed lease payment amount and adjust the book value of the right-of-use asset accordingly.

(2) Accounting for leases as a lessor

On the commencement date of the lease, the Company classifies leases that have substantially transferred almost all risks and rewards related to the ownership of the leased asset as financial leases, and all other leases as operating leases.

① Operating leases

The Company recognizes lease receipts as rental income using the straight-line method during each period of the lease term. The initial direct expenses incurred shall be capitalized and amortized on the same basis as rental income recognition, and included in the current profits and losses in installments. Variable lease payments acquired by the Company related to operating leases that are not included in lease receipts shall be included in the current profits and losses when actually incurred.

② Financial leases

On the commencement date of the lease, the Company recognizes the financial lease receivable based on the net amount of the lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not received at the commencement date discounted at the implicit interest rate of the lease), and terminates the recognition of financial lease assets. During each period of the lease term, the Company calculates and recognizes interest income at the implicit interest rate of the lease.

Variable lease payments acquired by the Company that are not included in the measurement of the net investment amount shall be included in the current profits and losses when actually incurred.

42. Other important accounting policies and accounting estimation**Stock repurchase**

(1) If the Company reduces its capital by acquiring its own stock through legal procedures and approval, it shall reduce the share capital by the total face value of the cancelled stock, and adjust the owner's equity using the difference between the price paid to repurchase the stock (including transaction expenses) and the face value of the stock. The excess over the face value shall be offset against the capital reserve (share premium), surplus reserve, and undistributed profits sequentially; the deficiency below the total face value shall be used to increase the capital reserve (share premium).

(2) The shares repurchased by the Company shall be managed as treasury shares before cancellation or

transfer, and all expenses for share repurchase shall be converted into treasury share costs.

(3) In case of transfer of treasury shares, the excess of the transfer income over the cost of the treasury shares shall be used to increase the capital reserve (share premium); the deficiency below the cost of treasury stock shall be offset against the capital reserve (share premium), surplus reserve, and undistributed profits sequentially.

Restricted stocks

In the equity incentive plan, the Company grants a restricted stock to incentive recipients, who shall subscribe for the stock first, and if the unlocking conditions stipulated in the equity incentive plan are not met later, the Company will repurchase the stock at the price agreed on in advance. If the registration and capital increase procedures have been completed for any restricted stock issued to employees in accordance with relevant regulations, the Company will recognize the share capital and capital reserve (share premium) based on the subscription amount received from employees on the grant date, and also recognize the treasury shares and other payables for the repurchase obligation.

43. Changes to important accounting policies and accounting estimation

(1) Important accounting policy changes

☐ Applicable ☒ Not applicable

(2) Important accounting estimation changes

☐ Applicable ☒ Not applicable

(3) Relevant items in financial statements at the beginning of 2025 when such adjustments were made for the first time for initial implementation of the new accounting standard

☐ Applicable ☒ Not applicable

44. Others

VI. Tax

1. Main tax types and tax rate

Tax type	Tax basis	Tax rate
VAT (value-added tax)	Revenue from sales of goods	13.00%, 9.00%, 6.00%, 3.00%, 0% (Note 1)
Urban maintenance and construction tax	Paid turnover tax amount	7.00%, 5.00%
Education surcharge	Paid turnover tax amount	3.00%, 2.00%
Corporate income tax	Taxable income	Please refer to the table below (Note 2) for different corporate income taxpayers and their tax rates.

(Note 1) Shenzhen YAKO Automation Technology Co., Ltd. was recognized as a software enterprise by the Economy, Trade and Information Commission of Shenzhen Municipality on April 27, 2013, and received the software enterprise certification No. Shen R-2010-0237; Shenzhen Topband Software Technology Co., Ltd. was recognized as a software enterprise by the Economy, Trade and Information Commission of Shenzhen Municipality on June 28, 2013, and received the software enterprise certification No. Shen R-2013-0616; Shenzhen Yansheng Software Co., Ltd. was recognized as a software enterprise by Shenzhen Software Industry Association on August 31, 2017, and received the software enterprise certification No. Shen RQ-2017-0587; Shenzhen Allied Control System Co., Ltd. was recognized as a software enterprise by the Economy, Trade and Information Commission of Shenzhen Municipality on June 28, 2013, and received the software enterprise certification No. Shen R-2013-0775. According to relevant provisions in the Notice on the Distribution of Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries issued by the State Council (GF [2011] No. 4), after the sales revenue of the above products is levied for value-added tax at the statutory tax rate of 13.00% during the reporting period, the refund-upon-collection policy shall be applied to the part of the actual VAT burden in excess of 3.00%.

According to the Notice of the Ministry of Finance and the State Taxation Administration on VAT Policies for Software Products (CS [2011] No. 100), the refund-upon-collection policy shall be applied to the part of the actual VAT burden of software products in excess of 3.00%. The provisions of this policy apply to Shenzhen Meanstone Intelligent Technology Co., Ltd., a subsidiary of the Company.

(Note 2) Where there are any taxpayers with different corporate income tax rates, details shall be disclosed.

Name of taxpayer	Income tax rate
Shenzhen Topband Co., Ltd.	15%
Shenzhen Topband Software Technology Co., Ltd.	15%
Shenzhen Topband Automation Technology Co., Ltd.	15%
Shenzhen Topband Battery Co., Ltd.	15%
Huizhou Topband Battery Co., Ltd.	20%

Taixing Topband Lithium Battery Co., Ltd.	15%
Nantong Topband Lithium Battery Co., Ltd.	25%
Yolanness Technology (HK) Co., Limited	16.5%
YOLANESS AFRICA (PTY) LTD	27%
Chongqing Topband Industrial Co., Ltd.	25%
Topband (Hong Kong) Co., Ltd.	8.25%, 16.50%
Topband Germany GmbH	16%
TOPBAND SMART DONGNAI (VIETNAM) COMPANY LIMITED	20%
TOPBAND JAPAN Co., Ltd	23%
Q. B. PTE. LTD	17%
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	16%
TOPBAND MEXICO, S.DER.L.DEC.V.	30%
Huizhou Topband Electrical Technology Co., Ltd.	15%
TOPBAND INDIA PRIVATE LIMITED	25%
Shenzhen YAKO Automation Technology Co., Ltd.	15%
Shenzhen Yansheng Software Co., Ltd.	15%
Hangzhou Zhidong Motor Technology Co., Ltd.	20%
Huizhou YAKO Automation Technology Co., Ltd.	25%
Shenzhen Allied Control System Co., Ltd.	25%
Ningbo Topband Intelligent Control Co., Ltd.	25%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	15%
Shenzhen Topband Supply Chain Services Co., Ltd.	25%
Shenzhen Topband Investment Co., Ltd.	25%
Shenzhen Tunnu Innovation Co., Ltd.	20%
Tunnu Innovation (Hong Kong) Limited	16.5%
TUNNU INNOVATION, INC	21%
Shenzhen Zhongli Consulting Co., Ltd.	20%
Shenzhen Yueshang Robot Co., Ltd.	20%
Shenzhen Topband Digital Energy Co., Ltd.	20%
Topband Digital Energy Technology (Huizhou) Co., Ltd.	25%
Chongqing Topband Yishu Energy Technology Co., Ltd.	25%
Shenzhen Senxuan Technology Co., Ltd.	20%
Shenzhen Tengyi Industrial Co., Ltd.	20%
Topband (Qingdao) Intelligent Control Co., Ltd.	20%
Shenzhen Topband Automotive Electronics Co., Ltd.	20%
Shenzhen Jingfei Investment Co., Ltd.	20%
Huizhou Jiuwan Lvyuan Agriculture Co., Ltd.	20%
Shenzhen Topband Motor Co., Ltd.	15%
Huizhou Chiding Technology Co., Ltd.	20%

2. Tax preference

(1) On November 15, 2023, the Company received the Certificate for High-tech Enterprise (No. GR202344206777) issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable to the Company for the years 2023 to 2025 is 15.00%.

(2) On December 19, 2022, Shenzhen Topband Software Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202244203890 and issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2022 to 2024 is 15.00%.

(3) On December 26, 2024, Shenzhen Topband Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202444206593 and issued by Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(4) On December 11, 2024, Huizhou Topband Electrical Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202444009232 and issued by the Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, and Guangdong Provincial Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance.

According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(5) On December 26, 2024, Shenzhen YAKO Automation Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202444202027 and issued by Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(6) On December 26, 2024, Shenzhen Yansheng Software Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202444205050 and issued by Industry and Information Technology Bureau of Shenzhen Municipality, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(7) On November 19, 2024, Taixing Topband Lithium Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202432004814 and issued by the Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(8) On November 15, 2023, Shenzhen Topband Automation Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202344204958 and issued by Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable to the Company for the years 2023 to 2025 is 15.00%.

(9) On December 26, 2024, Shenzhen Topband Motor Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202444207996 and issued by Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(10) On December 26, 2024, Shenzhen Meanstone Intelligent Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202444200497 and issued by Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. This Certificate is valid within 3 years from the date of issuance. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China, the Rules for the Implementation of the Enterprise Income Tax Law and the Measures for the Administration of the Recognition of High and New Technology Enterprises, the enterprise income tax rate applicable for the years 2024 to 2026 is 15.00%.

(11) Topband (Hong Kong) Co., Ltd., Yolanness Technology (HK) Co., Limited, and Tunnu Innovation (Hong Kong) Limited, which are subsidiaries of the Company, are incorporated in the Hong Kong Special Administrative Region of China and are subject to a profit tax rate of 16.50%. In addition, due to the implementation of a "two-tier profit tax" policy in Hong Kong, Topband (Hong Kong) Co., Ltd. is subject to a

profits tax rate of 8.25% for the part of annual profits of not more than HKD 2 million, and a tax rate of 16.50% for the excess.

(12) According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), taxable income shall be calculated at a lower rate of 25.00% for small low-profit enterprises, and the enterprise income tax policy with a tax rate of 20.00% shall continue to apply until December 31, 2027. Hangzhou Zhidong Motor Technology Co., Ltd., Shenzhen Topband Digital Energy Co., Ltd., Shenzhen Tunnu Innovation Co., Ltd., Huizhou Topband Battery Co., Ltd., Shenzhen Zhongli Consulting Co., Ltd., Shenzhen Senxuan Technology Co., Ltd., Shenzhen Tengyi Industrial Co., Ltd., Topband (Qingdao) Intelligent Control Co., Ltd., Shenzhen Topband Automotive Electronics Co., Ltd., Shenzhen Yueshang Robot Co., Ltd., Shenzhen Jingfei Investment Co., Ltd., Huizhou Chiding Technology Co., Ltd., and Huizhou Jiuwan Lvyuan Agriculture Co., Ltd., which are subsidiaries and sub-subsidiaries of the Company, are subject to the provisions of this policy.

3. Others

None.

VII. Notes to items of consolidated financial statements

1. Monetary capital

Unit: RMB

Items	Ending balance	Beginning balance
Cash on hand	864,427.13	800,122.43
Bank deposit	1,831,839,445.59	1,690,347,796.36
Other monetary capital	22,235,002.42	22,828,344.55
Total	1,854,938,875.14	1,713,976,263.34
Including: total amount deposited abroad	399,964,056.07	521,804,112.38

Other description

(1) At the end of the period, the amount of pledges, blocked funds and other restricted funds was RMB

52,212,409.01. Refer to Section VII 31 of this Financial Report for details.

(2) At the end of the period, there was no amount deposited overseas or with repatriation restricted.

2. Tradable financial assets

Unit: RMB

Items	Ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in the current profits and losses	588,315,560.86	739,448,691.77
Including:		
Including: wealth management products	245,389,202.30	396,522,333.21
Investment in equity instruments	342,926,358.56	342,926,358.56
Including:		
Total	588,315,560.86	739,448,691.77

3. Derivative financial assets

None.

4. Notes receivable

(1) List of classification of notes receivable

Unit: RMB

Items	Ending balance	Beginning balance
Bank acceptance bill	37,333,998.65	38,725,822.76
Commercial acceptance bill	5,176,891.01	9,735,512.62
Total	42,510,889.66	48,461,335.38

(2) Disclosure based on accrual methods of bad-debt provision

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Notes receivable with provision for	42,676,507.43	100.00%	165,617.77	0.39%	42,510,889.66	48,772,791.41	100.00%	311,456.03	0.64%	48,461,335.38

bad debts by portfolio										
Including:										
Bank acceptance bill	37,333,998.65	87.48%			37,333,998.65	38,725,822.76	79.40%			38,725,822.76
Commercial acceptance bill	5,342,508.78	12.52%	165,617.77	3.10%	5,176,891.01	10,046,968.65	20.60%	311,456.03	3.10%	9,735,512.62
Total	42,676,507.43	100.00%	165,617.77	0.39%	42,510,889.66	48,772,791.41	100.00%	311,456.03	0.64%	48,461,335.38

Description of bad-debt provision on combined basis: Bank acceptance bill

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Bank acceptance bill	37,333,998.65		
Total	37,333,998.65		

Description of bad-debt provision on combined basis: Commercial acceptance bill

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Commercial acceptance bill	5,342,508.78	165,617.77	3.10%
Total	5,342,508.78	165,617.77	

In case of provision for bad debts on notes receivable based on the general model of expected credit loss:

☐ Applicable ☒ Not applicable**(3) Provision for bad debts accrued, recovered or reversed in the current period**

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	311,456.03	-145,838.26				165,617.77
Total	311,456.03	-145,838.26				165,617.77

(4) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Items	Pledged amount at the end of the period
Bank acceptance bill	0.00
Commercial acceptance bill	0.00
Total	0.00

(5) Notes receivable endorsed or discounted by the Company at the end of the period and not due on balance sheet date

Unit: RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		15,948,431.46
Commercial acceptance bill		3,278,170.86
Total		19,226,602.32

(6) Notes receivable actually written off in the current period

None.

5. Accounts receivable**(1) Disclosure by aging**

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	3,188,987,774.76	3,051,190,543.53
1-2 years	33,718,978.27	38,379,992.73
2-3 years	10,785,156.44	17,917,449.39
Above 3 years	84,698,008.25	68,483,255.65
3-4 years	16,869,648.60	30,183,662.92
4-5 years	29,870,921.83	36,243,544.76
Above 5 years	37,957,437.82	2,056,047.97
Total	3,318,189,917.72	3,175,971,241.30

(2) Disclosure based on accrual methods of bad-debt provision

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	84,311,385.25	2.54%	84,311,385.25	100.00%		84,435,157.56	2.66%	84,435,157.56	100.00%	
Including:										
Provision by individual items	84,311,385.25	2.54%	84,311,385.25	100.00%		84,435,157.56	2.66%	84,435,157.56	100.00%	
Accounts receivable with provision for bad debts by portfolio	3,233,878,532.47	97.46%	105,154,940.49	3.25%	3,128,723,591.98	3,091,536,083.74	97.34%	98,751,586.01	3.19%	2,992,784,497.73
Including:										
Provision for impairment of combined accounts receivable by aging	3,233,878,532.47	97.46%	105,154,940.49	3.25%	3,128,723,591.98	3,091,536,083.74	97.34%	98,751,586.01	3.19%	2,992,784,497.73
Total	3,318,189,917.72	100.00%	189,466,325.74	5.71%	3,128,723,591.98	3,175,971,241.30	100.00%	183,186,743.57	5.77%	2,992,784,497.73

Description of bad-debt provision on single basis: Provision by individual items

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Provision by individual items	84,435,157.56	84,435,157.56	84,311,385.25	84,311,385.25	100.00%	It is difficult to recover
Total	84,435,157.56	84,435,157.56	84,311,385.25	84,311,385.25		

Description of bad-debt provision on combined basis: Provision for impairment of combined accounts receivable by aging

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for impairment of combined accounts receivable by aging	3,233,878,532.47	105,154,940.49	3.25%
Total	3,233,878,532.47	105,154,940.49	

In case of provision for bad debts on accounts receivable based on the general model of expected credit loss:

☐ Applicable ☒ Not applicable**(3) Provision for bad debts accrued, recovered or reversed in the current period**

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Provision for bad debts	183,186,743.57	6,896,162.60	37,257.93	744,759.84	165,437.34	189,466,325.74
Total	183,186,743.57	6,896,162.60	37,257.93	744,759.84	165,437.34	189,466,325.74

(4) Accounts receivable actually written off in the current period

Unit: RMB

Items	Amount written off
Accounts receivable actually written off	744,759.84

(5) Accounts receivables with top five ending balances grouped by debtors, and contract assets

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivables and contract assets	Percentage in total ending balance of accounts receivables and contract assets	Ending balance of provision for impairment of accounts receivables and contract assets
No. 1	804,285,266.59	0.00	804,285,266.59	24.24%	24,954,144.30
No. 2	176,329,746.70	0.00	176,329,746.70	5.31%	5,466,222.14
No. 3	141,693,322.96	0.00	141,693,322.96	4.27%	4,392,493.02
No. 4	112,513,268.84	0.00	112,513,268.84	3.39%	3,487,911.33
No. 5	84,045,414.48	0.00	84,045,414.48	2.53%	2,605,407.85
Total	1,318,867,019.57	0.00	1,318,867,019.57	39.74%	40,906,178.64

6. Contract assets

None.

7. Receivables financing

(1) Classified presentation of receivables financing

Unit: RMB

Items	Ending balance	Beginning balance
Notes receivable	137,314,545.95	101,957,511.11
Notes receivables of supply chain	34,683,224.14	29,260,161.45
Total	171,997,770.09	131,217,672.56

(2) Disclosure based on accrual methods of bad-debt provision

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Bad debt provision on combined basis	173,107,346.92	100.00%	1,109,576.83	0.64%	171,997,770.09	132,153,756.15	100.00%	936,083.59	0.71%	131,217,672.56
Including:										
Bank acceptance bill	137,314,545.95	79.32%			137,314,545.95	101,957,511.11	77.15%			101,957,511.11
Aging portfolio	35,792,800.97	20.68%	1,109,576.83	3.10%	34,683,224.14	30,196,245.04	22.85%	936,083.59	3.10%	29,260,161.45
Total	173,107,346.92	100.00%	1,109,576.83	0.64%	171,997,770.09	132,153,756.15	100.00%	936,083.59	0.71%	131,217,672.56

Description of bad-debt provision on combined basis: Bank acceptance bill

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Bank acceptance bill	137,314,545.95		
Total	137,314,545.95		

Description of bad-debt provision on combined basis: aging portfolio

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Aging portfolio	35,792,800.97	1,109,576.83	3.10%
Total	35,792,800.97	1,109,576.83	

Provision for bad debts based on the general model of expected credit loss

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2025	936,083.59			936,083.59
Balance as of January 1, 2025 in the current period				
Accrual in the current period	173,493.24			173,493.24
Balance as of June 30, 2025	1,109,576.83			1,109,576.83

Significant changes in the book balance of receivables financing with loss reserve changes occurred during the current period: None.

(3) Provision for bad debts accrued, recovered or reversed in the current period

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Transfer or write-off	Other changes	
Provision for impairment	936,083.59	173,493.24				1,109,576.83
Total	936,083.59	173,493.24				1,109,576.83

(4) Receivables financing pledged by the Company at the end of the period

None.

(5) Receivables financing endorsed or discounted by the Company at the end of the period and not due on balance sheet date

Unit: RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	489,850,695.55	
Total	489,850,695.55	

(6) Receivables financing actually written off in the current period

None.

(7) Changes in increase/decrease in receivables financing in the current period and changes in fair value

None.

8. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	33,973,857.81	38,621,875.39
Total	33,973,857.81	38,621,875.39

(1) Interest receivable

None.

(2) Dividends receivable

None.

(3) Other receivables**1) Classification of other receivables by nature of amount**

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Margin, deposit	34,721,880.67	26,075,323.05
Employee personal loan	4,549,015.27	5,876,690.76
Export rebate	0.00	16,656,194.89
Others	8,262,835.49	3,067,192.41
Total	47,533,731.43	51,675,401.11

2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	19,871,901.16	28,620,600.31
1-2 years	11,950,681.10	3,259,904.20
2-3 years	2,315,052.00	3,590,857.49
Above 3 years	13,396,097.17	16,204,039.11
3-4 years	3,390,857.49	10,050,869.49

4-5 years	5,119,867.86	632,732.91
Above 5 years	4,885,371.82	5,520,436.71
Total	47,533,731.43	51,675,401.11

3) Disclosure based on accrual methods of bad-debt provision

☒ Applicable ☐ Not applicable

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Bad debt provision on individual basis						16,656,194.89	32.23%			16,656,194.89
Bad debt provision on combined basis	47,533,731.43	100.00%	13,559,873.62	28.53%	33,973,857.81	35,019,206.22	67.77%	13,053,525.72	37.28%	21,965,680.50
Total	47,533,731.43	100.00%	13,559,873.62	28.53%	33,973,857.81	51,675,401.11	100.00%	13,053,525.72	25.26%	38,621,875.39

Description of bad-debt provision on combined basis: Provision for impairment of combined accounts receivable by credit risk features

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable on credit risk feature combination basis for bad debt provision	47,533,731.43	13,559,873.62	28.53%
Total	47,533,731.43	13,559,873.62	

Provision for bad debts based on the general model of expected credit loss:

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2025	7,533,089.01		5,520,436.71	13,053,525.72
Balance as of January 1, 2025 in the current period				
—Transferred to the third stage				
Accrual in the current period	891,659.26		-635,064.89	256,594.37
Reversed in the current period				
Other changes	249,753.53			249,753.53
Balance as of June 30, 2025	8,674,501.80		4,885,371.82	13,559,873.62

Changes in book balance with significant changes in loss reserves in the current period

☐ Applicable ☒ Not applicable

4) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Transfer or write-off	Others	
Provision for bad debts	13,053,525.72	256,594.37			249,753.53	13,559,873.62
Total	13,053,525.72	256,594.37			249,753.53	13,559,873.62

5) Other receivables actually written off in the current period

None.

6) Other receivables of the top five debtors in respect of the ending balances

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No. 1	Deposit	7,998,476.48	Within 1 year	16.83%	399,923.82
No. 2	House leasing deposit	4,663,955.15	3-4 years	9.81%	2,331,977.58
No. 3	Performance bonds	3,500,000.00	3-4 years	7.36%	1,750,000.00

No. 4	House leasing deposit	1,394,115.60	2-3 years	2.93%	418,234.68
No. 5	Water and electricity bills	971,596.50	Within 1 year	2.04%	48,579.83
Total		18,528,143.73		38.97%	4,948,715.91

7) Included in other receivables due to centralized management of funds

None.

9. Prepayments

(1) List of advance payments by aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	25,606,771.94	79.39%	24,610,656.44	91.38%
1-2 years	4,934,967.53	15.30%	1,933,909.54	7.18%
2-3 years	1,653,793.33	5.13%	364,869.23	1.35%
Above 3 years	57,960.00	0.18%	23,000.00	0.09%
Total	32,253,492.80		26,932,435.21	

(2) Accounts prepaid of the top five prepaying entities for ending balance

The total amount of the Company's top five prepayments at the end of the reporting period grouped by debtors is RMB 8,572,157.15, accounting for 26.58% of the total year-end balance of prepayments.

10. Inventory

Whether the Company is required to comply with the disclosure requirements of the real estate industry

(1) Inventory classification

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value

Purchase of raw materials	1,178,812,095.25	96,622,209.53	1,082,189,885.72	969,273,726.88	96,936,222.89	872,337,503.99
Goods in process	203,331,065.19		203,331,065.19	148,251,757.87		148,251,757.87
Goods on hand	668,936,972.36	27,265,775.79	641,671,196.57	583,197,273.89	27,930,951.02	555,266,322.87
Goods shipped in transit	191,524,124.66	3,859,308.99	187,664,815.67	164,769,170.25	4,059,078.37	160,710,091.88
Low-value consumables	1,543,977.61		1,543,977.61	12,591.82		12,591.82
Materials entrusted for processing	10,248,528.78	235,709.71	10,012,819.07	7,874,525.26	235,709.71	7,638,815.55
Self-manufactured semi-finished product	60,214,872.81	3,320,279.94	56,894,592.87	69,367,934.12	3,074,437.53	66,293,496.59
Total	2,314,611,636.66	131,303,283.96	2,183,308,352.70	1,942,746,980.09	132,236,399.52	1,810,510,580.57

(2) Data resources recognized as inventory

None.

(3) Provision for impairment on inventories and on contract performance costs

Unit: RMB

Items	Beginning balance	Increase in the current period		Decrease amount in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Purchase of raw materials	96,936,222.89	14,826,105.93		15,116,707.60	23,411.69	96,622,209.53
Goods on hand	27,930,951.02	9,520,158.39		10,182,320.68	3,012.94	27,265,775.79
Self-manufactured semi-finished product	3,074,437.53	749,238.10		501,643.32	1,752.37	3,320,279.94
Goods shipped in transit	4,059,078.37	3,988.85		203,744.11	14.12	3,859,308.99
Materials entrusted for processing	235,709.71					235,709.71
Total	132,236,399.52	25,099,491.27		26,004,415.71	28,191.12	131,303,283.96

11. Assets held for sale

None.

12. Non-current assets due within one year☐ Applicable ☒ Not applicable

13. Other current assets

Unit: RMB

Items	Ending balance	Beginning balance
Certificates of deposit	10,442,575.72	10,442,575.72
VAT to be deducted	481,427,644.99	336,018,148.49
Other prepaid taxes	8,093,269.75	6,776,410.91
Deferred expense	6,482,063.43	6,319,738.67
Total	506,445,553.89	359,556,873.79

14. Debt investment

None.

15. Other debt investment

Unit: RMB

Items	Beginning balance	Accrued interest	Interest adjustment	Change in fair value in the current period	Ending balance	Cost	Cumulative change in fair value	Cumulative impairment provision recognized in other comprehensive income	Remarks
Certificates of deposit					40,000,000.00	40,000,000.00			
Total					40,000,000.00	40,000,000.00			

16. Other equity instrument investments

Unit: RMB

Project name	Beginning balance	Gains credited to other comprehensive income in the current period	Losses credited to other comprehensive income in the current period	Cumulative gain credited to other comprehensive income at the end of current period	Cumulative loss credited to other comprehensive income at the end of current period	Dividend incomes recognized in the current period	Ending balance	Cause for designated measurement at fair value and for changes crediting to other comprehensive income
Suzhou Legendsemi Technology Co., Ltd.	21,374,810.00						21,374,810.00	Strategic investment expected to be held on a long-term basis
Suzhou SEEX Technology Co., Ltd.	23,637,966.00						23,637,966.00	Strategic investment expected to be held on a long-term basis
Total	45,012,776.00						45,012,776.00	

17. Long-term receivables

None.

18. Long-term equity investment

Unit: RMB

Investee	Beginning balance (book value)	Opening balance of provision for impairment	Changes in increase or decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
			Addit ional invest ment	Decr ease in inve stme nt	Profits and losses on investment recognized under equity method	Adjust ment to other compr ehensi ve incom e	Other chang es in equity	Declarati on of distributi on for cash dividend s or profits	Provis ion for impai rment	Other s		
I. Joint venture												
II. Associated enterprises												
Tai'an Yuchengxin Power Technology Co., Ltd.		9,764,719.19										9,764,719.19
Shenzhen Daka Optoelectronics Co., Ltd.	5,826,039.98										5,826,039.98	
Shanghai Yidong Power Technology Co., Ltd.	9,518,648.65				-138,333.67						9,380,314.98	
Dongguan Jujin Plastic Technology Co., Ltd.	23,614,583.51				1,016,202.77						24,630,786.28	
Subtotal	38,959,272.14	9,764,719.19			877,869.10						39,837,141.24	9,764,719.19
Total	38,959,272.14	9,764,719.19			877,869.10						39,837,141.24	9,764,719.19

19. Other non-current financial assets

None.

20. Investment property

(1) Investment property with cost measurement model

☒ Applicable ☐ Not applicable

Unit: RMB

Items	Houses and buildings	Total
I. Original book value		
1. Beginning balance	119,070,562.06	119,070,562.06
2. Increase in the current period		
(1) Outsourcing		
(2) Transfer in of inventory, fixed assets and construction in progress		
(3) Increment from consolidation		
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer out		
4. Ending balance	119,070,562.06	119,070,562.06
II. Accumulated depreciation and accumulated amortization		
1. Beginning balance	18,504,534.21	18,504,534.21
2. Increase in the current period	1,419,187.51	1,419,187.51
(1) Provision or amortization	1,419,187.51	1,419,187.51
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer out		
4. Ending balance	19,923,721.72	19,923,721.72
III. Provision for impairment		
1. Beginning balance		
2. Increase in the current period		
(1) Accrual		
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer out		
4. Ending balance		
IV. Book value		
1. Ending book value	99,146,840.34	99,146,840.34
2. Beginning book value	100,566,027.85	100,566,027.85

21. Fixed assets

Unit: RMB

Items	Ending balance	Beginning balance
Fixed assets	2,751,625,689.48	2,737,959,115.57
Disposal of fixed assets		
Total	2,751,625,689.48	2,737,959,115.57

(1) Situation about fixed assets

Unit: RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment and others	Total
I. Original book value:					
1. Beginning balance	1,740,514,189.27	1,765,468,463.15	4,194,328.21	85,428,132.45	3,595,605,113.08
2. Increase in the current period	5,822,745.42	124,670,744.16	426,904.47	4,107,045.93	135,027,439.98
(1) Purchase	3,586,702.83	74,042,781.67	426,904.47	4,107,045.93	82,163,434.90
(2) Transfer into projects under construction	2,236,042.59	50,627,962.49			52,864,005.08
3. Decrease in the current period		22,689,892.05	65,658.12	1,711,347.20	24,466,897.37
(1) Disposal or scrapping		22,689,892.05	65,658.12	1,711,347.20	24,466,897.37
4. Exchange rate fluctuations	-2,310,917.26	3,946,229.90	63,898.44	178,700.61	1,877,911.69
5. Ending balance	1,744,026,017.43	1,871,395,545.16	4,619,473.00	88,002,531.79	3,708,043,567.38
II. Accumulated depreciation					
1. Beginning balance	212,719,733.74	593,006,886.65	2,868,639.16	49,050,737.96	857,645,997.51
2. Increase in the current period	19,999,214.47	91,846,908.96	360,793.01	4,672,385.42	116,879,301.86
(1) Accrual	19,999,214.47	91,846,908.96	360,793.01	4,672,385.42	116,879,301.86
3. Decrease in the current period		16,886,689.06	62,375.21	1,556,298.52	18,505,362.79
(1) Disposal or scrapping		16,886,689.06	62,375.21	1,556,298.52	18,505,362.79
4. Exchange rate fluctuations	-253,764.03	585,970.28	26,235.80	39,499.27	397,941.32
5. Ending balance	232,465,184.18	668,553,076.83	3,193,292.76	52,206,324.13	956,417,877.90
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Ending balance					
IV. Book value					

1. Ending book value	1,511,560,833.25	1,202,842,468.33	1,426,180.24	35,796,207.66	2,751,625,689.48
2. Beginning book value	1,527,794,455.53	1,172,461,576.50	1,325,689.05	36,377,394.49	2,737,959,115.57

(2) Temporary idle fixed assets

None.

(3) Fixed assets leased out through operating lease

None.

(4) Fixed assets without certificate of title

Unit: RMB

Items	Book value	Reasons for not obtaining a property ownership certificate
Workshop in Dong Nai, Vietnam	62,321,069.82	In process
Huizhou YAKO Automation Plant	118,663,586.62	To be handled together after completion of the Phase II workshop
Total	180,984,656.44	—

(5) Impairment test of fixed assets☐ Applicable ☒ Not applicable**22. Construction in progress**

Unit: RMB

Items	Ending balance	Beginning balance
Construction in progress	815,879,584.23	768,223,670.57
Total	815,879,584.23	768,223,670.57

(1) Projects under construction

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Topband Huizhou No. 2 Industrial Park	444,274,333.45		444,274,333.45	427,581,637.03		427,581,637.03
Huizhou YAKO Automation Plant	282,976,337.04		282,976,337.04	266,707,288.28		266,707,288.28

Test equipment to be commissioned	53,455,125.49		53,455,125.49	61,734,340.66		61,734,340.66
Vietnam Dong Nai Decoration	22,334,104.25		22,334,104.25	1,891,975.35		1,891,975.35
Qingdao Plant	2,438,792.94		2,438,792.94	2,438,792.94		2,438,792.94
Sporadic items	10,400,891.06		10,400,891.06	7,869,636.31		7,869,636.31
Total	815,879,584.23		815,879,584.23	768,223,670.57		768,223,670.57

(2) Changes in the important projects under construction in the current period

Unit: RMB

Project name	Budget	Beginning balance	Increase in the current period	Amount of transfer into fixed assets this period	Other decrements this period	Ending balance	Proportion of accumulated project investment in budget	Project progress	Accumulated amount of interest capitalization	Including: interest capitalization amount in the current period	Interest capitalization rate in the current period	Source of capitals
Huizhou YAKO Automation Plant	370,000,000.00	266,707,288.28	16,524,975.42		255,926.66	282,976,337.04	76.55%	75.00%	3,752,709.29	658,180.75	3.90%	Others
Huizhou Topband No. 2 Industrial Park	800,000,000.00	427,581,637.03	192,827,448.95		176,134,752.53	444,274,333.45	77.55%	75.00%				Others
Total	1,170,000,000.00	694,288,925.31	209,352,424.37		176,390,679.19	727,250,670.49			3,752,709.29	658,180.75		

23. Productive biological assets
☐ Applicable ☒ Not applicable
24. Oil and gas assets
☐ Applicable ☒ Not applicable

25. Right-of-use assets**(1) Right-of-use assets**

Unit: RMB

Items	Houses and buildings	Land	Total
I. Original book value			
1. Beginning balance	159,303,899.60	5,875,457.96	165,179,357.56
2. Increase in the current period	34,081,787.01		34,081,787.01
(1) New leases	28,974,325.04		28,974,325.04
(2) Exchange rate changes	5,107,461.97		5,107,461.97
3. Decrease in the current period	34,521,347.15		34,521,347.15
(1) Disposal or scrapping	34,521,347.15		34,521,347.15
4. Ending balance	158,864,339.46	5,875,457.96	164,739,797.42
II. Accumulated depreciation			
1. Beginning balance	97,487,144.03	465,140.42	97,952,284.45
2. Increase in the current period	24,428,823.65	146,886.45	24,575,710.10
(1) Accrual	22,108,224.32	146,886.45	22,255,110.77
(2) Exchange rate changes	2,320,599.33		2,320,599.33
3. Decrease in the current period	33,181,723.21		33,181,723.21
(1) Disposal or scrapping	33,181,723.21		33,181,723.21
4. Ending balance	88,734,244.47	612,026.87	89,346,271.34
III. Provision for impairment			
1. Beginning balance			
2. Increase in the current period			
(1) Accrual			
3. Decrease in the current period			
(1) Disposal			
4. Ending balance			
IV. Book value			
1. Ending book value	70,130,094.99	5,263,431.09	75,393,526.08
2. Beginning book value	61,816,755.57	5,410,317.54	67,227,073.11

(2) Impairment test of right-of-use assets

☐ Applicable ☒ Not applicable

26. Intangible assets

(1) Situation of intangible assets

Unit: RMB

Items	Land right usage	Software	Patented and non-patented technologies	Trademark	Total
I. Original book value					
1. Beginning balance	389,595,682.36	35,572,894.48	752,442,372.74	9,728,450.00	1,187,339,399.58
2. Increase in the current period		2,714,452.36	115,141,548.73		117,856,001.09
(1) Purchase		2,714,452.36			2,714,452.36
(2) Internal R&D			115,141,548.73		115,141,548.73
(3) Increment from consolidation					
3. Decrease in the current period	1,194,484.88	343,617.18			1,538,102.06
(1) Disposal		343,617.18			343,617.18
(2) Exchange rate changes	1,194,484.88				1,194,484.88
4. Ending balance	388,401,197.48	37,943,729.66	867,583,921.47	9,728,450.00	1,303,657,298.61
II. Accumulated amortization					
1. Beginning balance	36,983,948.80	26,247,860.93	472,594,741.49	7,728,450.00	543,555,001.22
2. Increase in the current period	2,006,121.24	2,146,464.78	61,388,727.66		65,541,313.68
(1) Accrual	2,006,121.24	2,146,464.78	61,388,727.66		65,541,313.68
3. Decrease in the current period	138,615.09				138,615.09
(1) Disposal					0.00
(2) Exchange rate changes	138,615.09				138,615.09
4. Ending balance	38,851,454.95	28,394,325.71	533,983,469.15	7,728,450.00	608,957,699.81
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal					
4. Ending balance					
IV. Book value					
1. Ending book value	349,549,742.53	9,549,403.95	333,600,452.32	2,000,000.00	694,699,598.80
2. Beginning book value	352,611,733.56	9,325,033.55	279,847,631.25	2,000,000.00	643,784,398.36

The intangible assets from internal development of the Company at the end of the current period accounts for 8.86% of the intangible asset balance.

(2) Data resources recognized as intangible asset

None.

(3) Land-use-right without certificate of title

None.

(4) Impairment test of intangible assets

☐ Applicable ☒ Not applicable

27. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Disposal formed by consolidation		Disposal		
Shenzhen YAKO Automation Technology Co., Ltd.	107,314,446.71					107,314,446.71
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Hangzhou Zhidong Motor Technology Co., Ltd.	1,322,921.77					1,322,921.77
Taixing Topband Lithium Battery Co., Ltd.	1,962,891.12					1,962,891.12
Shenzhen Tengyi Industrial Co., Ltd.	131,783.24					131,783.24
Total	167,507,635.11					167,507,635.11

(2) Impairment of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Provision		Disposal		
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68

Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Taixing Topband Lithium Battery Co., Ltd.	1,962,891.12					1,962,891.12
Total	58,738,483.39					58,738,483.39

28. Long-term deferred expenses

Unit: RMB

Items	Beginning balance	Increase in the current period	Amortization in the current period	Other reduced amount	Ending balance
Maintenance and installation costs	188,335,953.21	32,429,269.79	38,654,259.76	-3,459,794.54	185,570,757.78
Others	588,572.61	757,957.90	454,087.76		892,442.75
Total	188,924,525.82	33,187,227.69	39,108,347.52	-3,459,794.54	186,463,200.53

29. Deferred income tax assets/deferred income tax liabilities

(1) Non-offset deferred tax assets

Unit: RMB

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Plus: provision for asset impairment	127,442,806.63	21,105,113.33	127,531,858.62	20,774,380.93
Deductible loss	333,267,203.37	62,172,744.68	313,584,186.89	58,225,899.51
Provision for credit impairment	202,396,961.05	31,990,071.85	191,335,395.86	29,239,518.64
Amortization of intangible assets	195,596,664.89	29,339,499.73	177,349,288.91	26,602,393.33
Deferred income	7,930,878.11	1,533,510.87	8,191,864.81	1,456,584.20
New leasing criteria book-tax difference	76,752,858.45	12,895,698.68	63,314,507.40	11,885,057.66
Equity incentive expenses	70,295,348.91	10,544,302.34	9,764,719.19	1,487,405.57
Depreciation of fixed assets	3,154,696.52	473,204.48	3,284,129.18	492,619.38
Change in fair value of trading financial liabilities	106,506.00	15,975.90	345,711.00	51,856.65
Total	1,016,943,923.93	170,070,121.86	894,701,661.86	150,215,715.87

(2) Deferred tax liabilities without offset

Unit: RMB

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change in fair value of other equity instrument investments	3,819,826.00	954,956.50	3,819,826.00	954,956.50

Changes in fair value of tradable financial assets	238,079,377.13	39,541,458.56	238,079,377.13	39,541,458.56
Book-tax difference of fixed assets depreciation	66,844,010.78	14,552,916.71	65,883,076.22	14,093,480.22
Book-tax difference of rental income	4,882,462.78	1,220,615.69	5,951,758.83	1,397,808.59
New leasing criteria book-tax difference	75,361,185.31	12,702,899.61	61,729,856.37	11,769,067.19
Total	388,986,862.00	68,972,847.07	375,463,894.55	67,756,771.06

(3) Deferred tax assets or liabilities listed by net amount after offset

Unit: RMB

Items	Amount of offset between deferred tax assets and liabilities at the end of the period	Ending balance of deferred tax assets or liabilities after offset	Amount of mutual offset between deferred tax assets and liabilities at the beginning of the period	Beginning balance of deferred tax assets or liabilities after offset
Deferred tax assets	48,145,990.39	121,924,131.47	47,537,178.67	102,678,537.20
Deferred tax liabilities	48,145,990.39	20,826,856.68	47,537,178.67	20,219,592.39

(4) Details of unrecognized deferred tax assets

Unit: RMB

Items	Ending balance	Beginning balance
Deductible temporary differences	15,243,605.89	26,889,124.56
Deductible loss	407,930,426.76	393,739,099.16
Total	423,174,032.65	420,628,223.72

(5) Deductible loss of unrecognized deferred tax assets will mature in the following years

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
2025	1,982,440.24	5,044,922.32	
2026	11,742,693.29	17,774,444.74	
2027	19,709,266.05	49,665,097.60	
2028	32,020,966.67	71,076,386.14	
2029	22,692,698.24	85,979,243.60	
2030 and later	173,150,927.85		
No time limit	146,631,434.42	164,199,004.76	Note
Total	407,930,426.76	393,739,099.16	

Note: The deductible losses of unrecognized deferred tax assets with no maturity period are recoverable losses of overseas subsidiaries, and there are no local policy requirements for deductible periods.

30. Other non-current assets

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid long-term assets	81,572,820.51		81,572,820.51	60,036,426.17		60,036,426.17
Total	81,572,820.51		81,572,820.51	60,036,426.17		60,036,426.17

31. Assets with limited ownership or use right

Unit: RMB

Items	End of period				Beginning of period			
	Book balance	Book value	Type of restriction	Restriction situation	Book balance	Book value	Type of restriction	Restriction situation
Monetary capital					50,000,000.00	50,000,000.00	Subscription period wealth management	Subscription period wealth management
Monetary capital	21,818,803.64	21,818,803.64	Deposit	Deposit	19,672,873.14	19,672,873.14	Deposit	Deposit
Monetary capital	30,393,605.37	30,393,605.37	Frozen	Judicially frozen funds	31,028,512.39	31,028,512.39	Frozen	Judicially frozen funds
Fixed assets	865,098,424.89	774,946,272.86	Mortgage	Loan in mortgage	509,977,235.97	502,711,310.29	Mortgage	Loan in mortgage
Intangible assets	59,059,643.62	50,599,901.16	Mortgage	Loan in mortgage	61,302,043.62	58,266,861.10	Mortgage	Loan in mortgage
Construction in progress					266,707,288.28	266,707,288.28	Mortgage	Loan in mortgage
Total	976,370,477.52	877,758,583.03			938,687,953.40	928,386,845.20		

32. Short-term loans

Unit: RMB

Items	Ending balance	Beginning balance
Credit loan		421,633,604.78
Letter of credit	1,189,930,244.65	750,000,000.00
Discounted unexpired notes receivable	318,198,400.00	52,580,505.63
Total	1,508,128,644.65	1,224,214,110.41

33. Tradable financial liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Financial liabilities held for trading	106,506.00	444,281.13
Including:		
Foreign exchange derivatives	106,506.00	444,281.13
Including:		
Total	106,506.00	444,281.13

34. Derivative financial liabilities

None.

35. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank acceptance bill	1,394,340,467.78	1,194,662,037.01
Total	1,394,340,467.78	1,194,662,037.01

36. Accounts payable

Unit: RMB

Items	Ending balance	Beginning balance
Trade payables	2,507,554,381.64	2,310,872,258.62
Total	2,507,554,381.64	2,310,872,258.62

37. Other payables

Unit: RMB

Items	Ending balance	Beginning balance
Other payables	287,725,931.02	450,563,068.15
Total	287,725,931.02	450,563,068.15

(1) Interest payable

None.

(2) Dividends payable

None.

(3) Other payables

Unit: RMB

Items	Ending balance	Beginning balance
Long-term assets	195,985,393.45	374,192,197.01
Expenses	47,768,166.06	42,597,479.86
Current accounts	26,039,069.72	13,880,170.02
Margin, deposit	9,682,840.32	11,103,580.42
Equity acquisition payments payable	5,512,900.00	5,512,900.00
Others	2,737,561.47	3,276,740.84
Total	287,725,931.02	450,563,068.15

38. Advances received

Unit: RMB

Items	Ending balance	Beginning balance
Accounts collected in advance	4,358,984.56	3,915,096.80
Total	4,358,984.56	3,915,096.80

39. Contract liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Prepayments for goods	154,412,242.00	131,435,683.97
Total	154,412,242.00	131,435,683.97

40. Employee compensation payable**(1) Presentation of employee pay payable**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
I. Short-term compensation	276,255,100.15	1,144,716,652.50	1,246,121,680.38	174,850,072.27
II. Post-employment benefits - defined contribution plan	182,275.42	72,648,087.37	72,510,117.01	320,245.78
Total	276,437,375.57	1,217,364,739.87	1,318,631,797.39	175,170,318.05

(2) Reporting of short-term remuneration

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
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1. Wages, bonuses, allowances and subsidies	271,358,567.89	1,089,512,740.50	1,190,266,038.77	170,605,269.62
2. Employee benefits	11,227.00	14,031,345.84	14,022,558.44	20,014.40
3. Social insurance expense	1,228,987.72	15,298,844.22	16,400,289.44	127,542.50
Including: medical insurance premiums	1,223,040.65	12,017,281.47	13,118,557.65	121,764.47
Industrial injury insurance expense	5,947.07	1,811,065.25	1,811,234.29	5,778.03
Maternity insurance expense		1,470,497.50	1,470,497.50	
4. Housing provident fund	18,938.00	24,968,966.50	24,987,904.50	
5. Trade union funds and staff education funds	499.20	347,694.44	276,862.65	71,330.99
6. Others	3,636,880.34	557,061.00	168,026.58	4,025,914.76
Total	276,255,100.15	1,144,716,652.50	1,246,121,680.38	174,850,072.27

(3) List of defined contribution plan

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
1. Basic endowment insurance	169,919.41	70,117,606.33	69,972,597.50	314,928.24
2. Unemployment insurance expense	12,356.01	2,530,481.04	2,537,519.51	5,317.54
Total	182,275.42	72,648,087.37	72,510,117.01	320,245.78

41. Taxes payable

Unit: RMB

Items	Ending balance	Beginning balance
VAT (value-added tax)	1,211,312.58	1,694,033.15
Corporate income tax	34,449,644.19	28,835,268.14
Individual income tax	11,687,359.51	8,926,503.48
Urban maintenance and construction tax	1,952,435.18	785,710.34
Education surcharge	1,397,057.38	561,221.65
Property tax	5,206,815.92	4,960,315.63
Land use tax	648,543.97	274,690.37
Stamp tax and other	1,458,219.10	2,088,856.11
Total	58,011,387.83	48,126,598.87

42. Liabilities held for sale

None.

43. Non-current liabilities due within one year

Unit: RMB

Items	Ending balance	Beginning balance
Long-term borrowings due within one year	13,230,000.00	106,787,755.00
Lease liabilities due within one year	37,419,752.88	29,701,010.75
Total	50,649,752.88	136,488,765.75

44. Other current liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Tax amount to be resold	46,647,423.35	51,360,086.21
Notes receivable that have been endorsed but not derecognized	19,226,602.32	26,571,117.10
Total	65,874,025.67	77,931,203.31

45. Long-term loans

Unit: RMB

Items	Ending balance	Beginning balance
Pledge borrowings	325,500,000.00	70,500,000.00
Credit loan	100,000,000.00	126,750,000.00
Pledge + guaranteed borrowings		155,278,229.88
Subtotal	425,500,000.00	352,528,229.88
Minus: long-term loans due within one year	13,230,000.00	106,787,755.00
Total	412,270,000.00	245,740,474.88

46. Bonds payable

None.

47. Lease liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Lease payment	53,773,642.76	47,285,577.72
Unrecognized financing cost	-5,627,549.87	-5,209,047.36
Total	48,146,092.89	42,076,530.36

48. Long-term payables

None.

49. Long-term employee compensation payable

None.

50. Estimated liabilities

None.

51. Deferred income

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance	Reasons of formation
Governmental subsidies	13,358,627.74	1,698,300.00	1,835,083.03	13,221,844.71	Governmental subsidies related to assets
Total	13,358,627.74	1,698,300.00	1,835,083.03	13,221,844.71	

52. Other non-current liabilities

None.

53. Share capital

Unit: RMB

	Beginning balance	Increase or decrease of change this time (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	
Total number of shares	1,246,834,988.00						1,246,834,988.00

54. Other equity instruments

None.

55. Capital reserve

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Capital premium (share premium)	1,973,555,637.53			1,973,555,637.53
Other capital reserves	116,022,373.64	55,056,890.04		171,079,263.68
Total	2,089,578,011.17	55,056,890.04		2,144,634,901.21

Additional descriptions, including the changes in increase or decrease in the current period and the reasons for changes:

The increase in other capital reserves in the current period is due to the recognition of equity incentive expenses and deferred tax assets recognized as future pretax deductible expenses by the Company.

56. Treasury shares

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Treasury shares	155,694,936.18			155,694,936.18
Total	155,694,936.18			155,694,936.18

57. Other comprehensive income

Unit: RMB

Items	Beginning balance	Amount incurred in the current period						Ending balance
		Amount of pre-income tax incurred in the current period	Minus: profits and losses included in other comprehensive income previously and transferred in the current period	Minus: current retained earnings included in other comprehensive income in the previous period	Minus: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profits and losses	2,864,869.50							2,864,869.50
Change in fair value of other equity instrument investments	2,864,869.50							2,864,869.50

II. Other comprehensive income that is reclassified into profits and losses	-35,141,773.48	4,842,602.17				4,842,602.17		-30,299,171.31
Difference in translation of foreign currency financial statements	-35,141,773.48	4,842,602.17				4,842,602.17		-30,299,171.31
Total amount of other comprehensive income	-32,276,903.98	4,842,602.17				4,842,602.17		-27,434,301.81

58. Special reserve

None.

59. Surplus reserves

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Statutory surplus reserve	248,359,297.47			248,359,297.47
Total	248,359,297.47			248,359,297.47

60. Retained earnings

Unit: RMB

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	3,275,527,294.98	2,706,499,696.23
Retained earnings at the beginning of last period after adjustment	3,275,527,294.98	2,706,499,696.23
Plus: net profit attributable to owners of parent company in the current period	330,078,194.08	388,828,515.18
Common stock dividends payable	86,015,257.16	73,502,693.28
Retained earnings at the end of the period	3,519,590,231.90	3,021,825,518.13

61. Operating income and operating costs

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	5,461,992,695.45	4,245,791,685.06	5,005,642,038.82	3,811,892,079.31
Other business	40,343,033.73	15,971,697.19	10,143,126.77	5,318,922.34
Total	5,502,335,729.18	4,261,763,382.25	5,015,785,165.59	3,817,211,001.65

62. Taxes and surcharges

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Urban maintenance and construction tax	7,401,334.56	12,005,978.29
Education surcharge	5,342,024.83	8,577,082.19
Property tax	6,601,307.33	5,191,428.79
Land use tax	967,563.54	780,357.23
Stamp duty	4,138,668.58	3,303,662.35
Others	23,835.82	6,865.42
Total	24,474,734.66	29,865,374.27

63. Management expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	125,938,270.61	122,865,227.32
Depreciation and amortization	44,915,015.59	35,101,959.43
Rent and utility fees	12,191,942.77	6,391,188.07
Equity incentive expenses	11,951,165.73	
Intermediary service expenses	8,605,799.41	7,423,354.12
Office and traveling expenses	7,015,442.33	8,875,598.34
Property insurance expenses	1,533,342.12	1,653,744.33
Others	10,409,884.01	8,276,567.01
Total	222,560,862.57	190,587,638.62

64. Selling expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	110,724,348.63	98,250,345.86
Business entertainment fees and traveling expenses	27,861,619.25	27,886,460.50
Material and sample costs	20,714,975.77	20,667,842.61
Intermediary service expenses	17,781,805.98	13,754,381.07
Advertising and exhibition fees	15,396,481.40	7,009,515.84
Equity incentive expenses	14,293,685.43	
Others	13,913,164.10	13,219,585.59
Total	220,686,080.56	180,788,131.47

65. R&D expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	279,894,551.34	231,063,679.89
Depreciation and amortization	75,441,689.62	79,779,523.36
Material and mould costs	35,416,783.36	36,498,059.88
Equity incentive expenses	20,184,487.19	
Intermediary service expenses	12,406,300.40	6,255,916.91
Rent and utility fees	10,313,613.12	9,829,472.60
Low-value consumables	5,416,754.40	5,072,914.74
Others	21,712,598.27	20,041,330.62
Total	460,786,777.70	388,540,898.00

66. Financial expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest expense	19,345,176.16	28,863,971.32
Interest income (income indicated by "-")	-12,672,976.09	-15,326,718.58
Exchange losses (income indicated by "-")	-46,120,380.71	-43,037,714.77
Others	690,382.12	718,877.88
Total	-38,757,798.52	-28,781,584.15

67. Other revenues

Unit: RMB

Source for other revenues	Amount incurred in the current period	Amount incurred in prior period
Governmental subsidies	19,280,543.01	15,418,390.00
Return of individual income tax service charge	1,340,601.69	1,125,817.55
Tax reduction and exemption	345,250.00	404,450.00
VAT refund upon collection	5,857,747.88	1,910,980.21
Input tax plus tax reduction	4,905,800.07	2,555,337.33
Total	31,729,942.66	21,414,975.09

68. Net gain from exposure hedges

None.

69. Gain from fair-value changes

Unit: RMB

Sources of income from change in fair value	Amount incurred in the current period	Amount incurred in prior period
Financial liabilities held for trading	-106,506.00	
Total	-106,506.00	

70. Investment income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted by the cost method	877,869.10	-133,536.05
Investment income from disposal of tradable financial assets	4,077,466.70	2,004,081.40
Gains/losses on foreign exchange derivatives	1,187,681.13	155,182.00

Total	6,143,016.93	2,025,727.35
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71. Credit impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Loss of bad debt of notes receivable	145,838.26	-30,475.73
Bad debt loss of receivables	-6,858,904.67	-5,638,039.01
Bad debt loss of other receivables	-256,594.37	-748,938.87
Loss from bad debt of receivables financing	-173,493.24	-764,000.36
Total	-7,143,154.02	-7,181,453.97

72. Asset impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
I. Impairment loss on inventories and on contract performance costs	-25,099,491.27	-21,090,974.63
Total	-25,099,491.27	-21,090,974.63

73. Assets disposal revenue

Unit: RMB

Source of assets disposal revenue	Amount incurred in the current period	Amount incurred in prior period
Profits and losses from disposal of noncurrent assets	-174,143.23	-2,580,837.22

74. Non-operating income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Non-current assets disposal revenue	226,454.70	41,884.93	226,454.70
Others	3,562,750.17	1,697,418.41	3,562,750.17
Total	3,789,204.87	1,739,303.34	3,789,204.87

75. Non-operating expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Losses on scrapping of non-current assets	1,759,788.91	557,666.76	1,759,788.91

Others	2,353,289.43	5,006,220.24	2,353,289.43
Total	4,113,078.34	5,563,887.00	4,113,078.34

76. Income tax expenses

(1) Table of income tax expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Current income tax expenses	41,864,338.89	55,408,628.96
Deferred tax expense	-15,876,286.30	-18,630,055.15
Total	25,988,052.59	36,778,573.81

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

Unit: RMB

Items	Amount incurred in the current period
Total profit	355,847,481.56
Income tax expenses calculated at statutory/applicable tax rates	53,629,057.77
Influence of different tax rates applicable to subsidiary	15,985,041.17
Effect of income tax adjustment in previous period	-13,946,599.18
Impact of non-taxable income	827,861.12
Impact of non-deductible cost, expense and loss	2,560,934.12
Impact of deductible loss of unrecognized deferred tax assets in previous period	-16,803,080.74
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	6,043,532.20
Impact of additional deductible expenses	-14,748,643.87
Influence of tax exemption policy for the sub-subsidiary in Vietnam	-8,421,034.49
The impact of changes in tax rates on the initial balance of deferred tax	
Other adjustments	860,984.49
Income tax expenses	25,988,052.59

77. Other comprehensive income

Refer to Note VII. 57 for details.

78. Items of cash flow statement

(1) Cash related to operating activities

Other cash received related to operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest income	12,469,928.36	31,716,998.12
Governmental subsidies	31,151,832.71	17,690,558.27
Current accounts	27,209,949.29	19,012,136.34
Others	4,616,922.39	3,550,121.17
Total	75,448,632.75	71,969,813.90

Other cash paid related to operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Service charge	1,766,609.18	1,872,495.39
Out-of-pocket expenses	198,360,304.81	174,203,813.59
Margin and deposit expenses	2,424,395.57	5,922,397.40
Employee loans	4,621,604.67	6,752,625.17
Others	17,497,380.58	18,234,322.12
Total	224,670,294.81	206,985,653.67

(2) Cash related to investment activities**Other cash received related to investment activities**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Foreign exchange deposit		2,235,246.36
Total		2,235,246.36

Other cash paid related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Foreign exchange deposit		7,268,000.00
Forward foreign exchange liquidation losses paid	385,800.00	
Total	385,800.00	7,268,000.00

(3) Cash related to financing activities**Other cash received related to financing activities**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Discounted notes receivable that cannot be derecognized	12,920,862.51	5,021,283.53
Total	12,920,862.51	5,021,283.53

Other cash paid related to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Stock repurchase funds		82,697,917.60
Principals for payment lease liabilities with interests	23,837,729.50	25,026,658.23
Takeover of minority equity		29,761,025.80
Total	23,837,729.50	137,485,601.63

Changes in liabilities from financing activities
☐ Applicable ☒ Not applicable
(4) Explanation of cash flows presented in net value

Items	Information of relevant facts	Basis for presentation in net value	Financial impact
Cash paid for investment	Cash flows from purchasing and redeeming financial management products	Cash inflows and outflows of projects with quick turnover, large amount and short period	The net value listed for "Cash flow from payments for investments" is RMB 1,185,000,000.00.
Cash received from investment recovery	Cash flows from purchasing and redeeming financial management products	Cash inflows and outflows of projects with quick turnover, large amount and short period	The net value listed for "Cash flow from withdrawal of investments" is RMB 1,185,000,000.00.

(5) Major activities not involving cash receipts and payments in the current period but influencing the financial position of enterprise or may influence the cash flow of enterprise in the future, and their financial influence

None.

79. Supplementary information of cash flow statement**(1) Supplementary materials of cash flow statement**

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1.Adjusting net profit to cash flow from operating activities:		
Net profit	329,859,428.97	389,557,984.88
Plus: impairment of assets	32,242,645.29	28,272,428.60
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	116,879,301.85	91,631,640.46
Depreciation of right-of-use assets	22,255,110.76	23,320,687.24
Amortization of intangible assets	65,541,313.68	72,879,203.48
Amortization of long-term deferred expenses	39,108,347.52	33,648,040.06

Loss from disposal of fixed assets, intangible assets and other long-term assets (income indicated by "-")	174,143.23	2,580,837.22
Losses on scrapping of fixed assets (income indicated by "-")	1,759,788.91	557,666.76
Loss from changes in fair value (income indicated by "-")	-106,506.00	
Financial expenses (income indicated by "-")	25,189,122.18	14,586,264.55
Investment loss (income indicated by "-")	-6,143,016.93	-2,025,727.35
Decrease in deferred tax assets (increase indicated by "-")	-21,855,313.92	-13,895,528.38
Increase in deferred tax liabilities (decrease indicated by "-")	607,264.29	-4,624,889.67
Decrease in inventory (increase indicated by "-")	-397,897,263.40	-214,623,893.85
Decrease in operating receivables (increase indicated by "-")	-329,824,615.67	-408,247,566.47
Increase in operating payables (decrease indicated by "-")	421,349,396.15	454,405,998.28
Others	54,215,419.58	2,291,028.86
Net cash flow from operating activities	353,354,566.49	470,314,174.67
2. Major investment and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net change in cash and cash equivalents:		
Ending balance of cash	1,802,726,466.13	1,573,697,119.28
Minus: beginning balance of cash	1,596,352,534.73	1,494,743,705.76
Plus: ending balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	206,373,931.40	78,953,413.52

(2) Net cash paid for obtaining subsidiaries in the current period

None.

(3) Net cash received for disposal of subsidiaries in the current period

None.

(4) Composition of cash and cash equivalents

Unit: RMB

Items	Ending balance	Beginning balance
I. Cash	1,802,726,466.13	1,596,352,534.73
Including: cash in stock	864,427.13	800,122.43
Bank deposit available for payment at any time	1,799,520,497.14	1,592,396,940.89
Other monetary capital for payment at any time	2,341,541.86	3,155,471.41

III. Balance of cash and cash equivalents at the end of the period	1,802,726,466.13	1,596,352,534.73
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(5) Information listed with limited scope of use but still pertaining to cash and cash equivalents

None.

(6) Monetary capitals not falling under cash and cash equivalents

Unit: RMB

Items	Amount in the current period	Amount in the previous period	Reason for not falling under cash and cash equivalents
Bank deposit	32,318,948.45	97,950,855.47	Judicially frozen funds, interests accrued at the end of the period but not received, etc.
Other monetary capital	19,893,460.56	19,672,873.14	Deposit
Total	52,212,409.01	117,623,728.61	

80. Notes to items in change statement of owner's equity

Provide the description of the "Other" item for adjusting the closing balance of previous year, the adjusted amount, etc.: None.

81. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB

Items	Foreign currency balance at the end of the period	Exchange rate for conversion	Balance converted into RMB at the end of the period
Monetary capital			794,043,191.17
Including: US dollars	82,850,592.03	7.1586	593,094,248.13
Euros	2,561,326.00	8.4024	21,521,285.57
Hong Kong dollars	3,496,643.08	0.9120	3,188,763.66
Indian Rupee	1,497,292,892.50	0.0838	125,428,839.49
Vietnamese Dong	60,441,482,132.00	0.0003	16,580,911.79
Japanese Yen	401,746,642.00	0.0496	19,924,222.96
Romanian Leu	5,417,343.11	1.6501	8,939,327.92
Mexican Peso	14,087,360.96	0.3809	5,365,591.65
Accounts receivable			1,863,662,675.20
Including: US dollars	226,103,096.97	7.1586	1,618,581,629.97
Euros	743,062.19	8.4024	6,243,505.75
Hong Kong dollars	1,896,123,245.50	0.0838	158,839,013.12

Vietnamese Dong	217,273,416,994.00	0.0003	59,604,272.19
Japanese Yen	410,990,329.00	0.0496	20,382,654.38
Mexican Peso	30,455.28	0.3809	11,599.80
Other receivables			6,677,984.28
Including: US dollars	648,040.39	7.1586	4,639,061.94
Euros	5,074.83	8.4024	42,640.75
Indian Rupee	11,939,723.68	0.0838	1,000,195.49
Vietnamese Dong	2,917,419,755.00	0.0003	800,331.14
Japanese Yen	3,947,150.00	0.0496	195,754.96
Accounts payable			137,413,811.28
Including: US dollars	10,456,795.29	7.1586	74,856,014.76
Euros	5,547.90	8.4024	46,615.67
Indian Rupee	186,076,836.23	0.0838	15,587,732.02
Vietnamese Dong	114,322,156,110.00	0.0003	31,361,815.93
Japanese Yen	313,780,556.00	0.0496	15,561,632.89
Other payables			46,432,522.29
Including: US dollars	2,591,813.26	7.1586	18,553,754.40
Euros	32.71	8.4024	274.84
Vietnamese Dong	91,646,106,659.00	0.0003	25,141,131.22
Mexican Peso	7,186,943.48	0.3809	2,737,361.83

(2) Explanation of overseas business entities, including for important overseas business entities, disclosure of main overseas business locations, recording currency and selection basis as well as disclosure of reasons for changes in recording currency.

☒ Applicable ☐ Not applicable

1. Topband India Private Limited, a subsidiary of the Company, is mainly located in Pune City, Maharashtra, India, with Indian Rupee as the recording currency;

2. TOPBAND SMART DONGNAI (VIETNAM) Co., ltd, a sub-subsiary of the Company, is located in Dong Nai, Vietnam, with Vietnamese Dong as the recording currency;

3. Topband Germany GmbH, a sub-subsiary of the Company, is located in Unterföhring, Germany, with Euro as the recording currency;

4. TOPBAND JAPAN Co., Ltd., a sub-subsiary of the Company, is located in Nagoya, Japan, with Japanese Yen as the recording currency;

5. Q. B. PTE. LTD, a sub-subsiary of the Company, is located in Singapore, with Singapore dollar as the recording currency;

6. TOPBAND SMART EUROPE COMPANY LIMITED S.R.L., a sub-subsidiary of the Company, is located in Timisoara, Romania, with Lei as the recording currency;

7. TOPBAND MEXICO, S. DER. L. DEC. V, a sub-subsidiary of the Company, is located in Monterrey, Mexico, with Peso as the recording currency.

82. Lease

(1) The Company as the lessee

☒ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☒ Not applicable

Rent of simply treated short-term leases or low-value assets

☒ Applicable ☐ Not applicable

The rents of simply treated short-term leases credited to relevant asset costs or current profits and losses of the current year is RMB 1,590,915.66.

Information involving sale and leaseback transactions: None.

(2) The Company as the lessor

Operating lease by lessor

☒ Applicable ☐ Not applicable

Unit: RMB

Items	Rental income	Including: incomes related to variable lease payments not credited to rental receipts
Rental income	12,034,280.91	
Total	12,034,280.91	

Financing lease by lessor

☐ Applicable ☒ Not applicable

Undiscounted rental receipts for each of the next five years

☐ Applicable ☒ Not applicable

(3) Profits and losses on finance lease/sales recognized by manufacturer or distributor

☐ Applicable ☒ Not applicable

83. Data resources

None.

84. Others

None.

VIII. R&D costs

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	335,064,365.29	289,148,195.61
Depreciation and amortization	76,092,200.92	80,852,025.57
Material and mould costs	41,394,643.02	40,219,252.64
Equity incentive expenses	20,184,487.19	0.00
Intermediary service expenses	12,558,948.84	8,037,357.06
Rent and utility fees	10,313,613.12	9,980,960.92
Low-value consumables	5,691,704.43	5,371,208.09
Others	23,542,553.96	21,788,817.25
Total	524,842,516.77	455,397,817.14
Including: expensed R&D costs	460,786,777.70	388,540,898.00
Capitalized R&D costs	64,055,739.07	66,856,919.14

1. R&D items satisfying the capitalization conditions

Unit: RMB

Items	Beginning balance	Increase in the current period			Decrease amount in the current period			Ending balance
		Internal development expenditure	Others		Recognized as intangible assets	Transferred to current profit and loss		
Intelligent controller project	53,659,877.07	40,547,673.12			41,699,178.22			52,508,371.97
Motor and control system project	14,718,756.00	4,376,869.92			10,282,581.47			8,813,044.45
New energy project	56,836,126.92	19,131,196.03			63,159,789.04			12,807,533.91
Total	125,214,759.99	64,055,739.07			115,141,548.73			74,128,950.33

2. Major outsourced projects under development

None.

IX. Changes in the scope of consolidation**1. Consolidation under different control**

None.

2. Consolidation under the same control

None.

3. Reverse purchase

Basic transaction information, basis for reverse purchase of transaction components, whether assets and liabilities retained by listed companies constitute a business and their basis, recognition of merger costs, amount of adjusted equity when treated as an equity transaction and its calculation: None.

4. Disposal of subsidiaries

Whether there is any transaction or matter of losing control over a subsidiary in this period

☐ Yes ☒ No

Whether there are step-by-step disposal of the investment in a subsidiary through multiple transactions and loss of control in the current period

☐ Yes ☒ No

5. Changes in the scope of consolidation due to other reasons

Description of changes in the scope of consolidation for any other reason (the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related information:

During the reporting period, the Company cancelled one subsidiary (sub-subsidiary), as detailed below:

No.	Name of subsidiary	Registered place	Liquidation date	Former shareholding ratio	
				Direct	Indirect
1	YOLANESS AFRICA (PTY) LTD	South Africa	2025/2/1		100%

6. Others

None.

X. Interests in other entities

1. Equities in subsidiaries

(1) Composition of enterprise group

Unit: RMB

Name of subsidiary	Registered capital	Principal place of business	Registered place	Nature of business	Proportion of shareholding		Acquisition method
					Direct	Indirect	
Shenzhen Topband Software Technology Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology Co., Ltd.	35,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Battery Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Chongqing Topband Industrial Co., Ltd.	50,000,000.00	Chongqing	Chongqing	Production and sales	100.00%		Establishment
Topband (Hong Kong) Co., Ltd.	HKD 155 million	Hong Kong	Hong Kong	Investor:	100.00%		Establishment
Huizhou Topband Electrical Technology Co., Ltd.	300,000,000.00	Huizhou	Huizhou	Production and sales	100.00%		Establishment
TOPBAND INDIA PRIVATE LIMITED	2.265 billion Indian rupees	India	India	Production and sales	100.00%		Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	60,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Shenzhen Allied Control System Co., Ltd.	55,999,998.00	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Huizhou Topband Battery Co., Ltd.	2,000,000.00	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Ningbo Topband Intelligent Control Co., Ltd.	300,000,000.00	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Meanstone Intelligent Technology Co., Ltd.	7,600,000.00	Shenzhen	Shenzhen	Production and sales	77.25%		Consolidation under different control
Shenzhen Yansheng Software Co., Ltd.	1,500,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Consolidation under different control
Hangzhou Zhidong Motor Technology Co., Ltd.	1,500,000.00	Hangzhou	Hangzhou	Production and sales		75.00%	Consolidation under different control

TOPBAND SMARTDONGNAI (VIETNAM) COMPANY LIMITED	USD 43.5 million	Vietnam	Vietnam	Production and sales		100.00%	Establishment
Topband Germany GmbH	Euro 25,000	Germany	Germany	Sales		100.00%	Establishment
TOPBAND JAPAN Co., Ltd	Yen 30 million	Japan	Japan	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Investment Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Digital Energy Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Tunnu Innovation Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Senxuan Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	10,000,000.00	Qingdao	Qingdao	Production and sales	100.00%		Establishment
Shenzhen Tengyi Industrial Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Taixing Topband Lithium Battery Co., Ltd.	105,000,000.00	Taixing	Taixing	Production and sales		100.00%	Consolidation under different control
Shenzhen Topband Automotive Electronics Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Q. B. PTE. LTD	SGD 10,000	Singapore	Singapore	Sales		100.00%	Establishment
TOPBAND MEXICO, S. DER. L. DEC. V.	USD 35 million	Mexico	Mexico	Production and sales		100.00%	Establishment
Tunnu Innovation (Hong Kong) Limited	HKD 10,000	Hong Kong	Hong Kong	Sales		100.00%	Establishment
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	USD 23,500	Romania	Romania	Sales		100.00%	Establishment
Huizhou YAKO Automation Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Establishment
Shenzhen Zhongli Consulting Co., Ltd.	2,000,000.00	Shenzhen	Shenzhen	Sales		100.00%	Establishment
TUNNU INNOVATION, INC	USD 20,000	The United States	The United States	Sales		100.00%	Establishment
Nantong Topband Lithium Battery Co., Ltd.	100,000,000.00	Nantong	Nantong	Production and sales		100.00%	Establishment
Shenzhen Topband Motor Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Yueshang Robot Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Production and sales		100.00%	Establishment
Shenzhen Jingfei Investment Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Huizhou Chiding Technology Co., Ltd.	5,000,000.00	Huizhou	Huizhou	Production and sales	100.00%		Establishment
Yolaness Technology (HK) Co., Limited	USD 500,000	Hong Kong	Hong Kong	Sales		100.00%	Establishment
Huizhou Jiuwan Lvyuan Agriculture Co., Ltd.	5,000,000.00	Huizhou	Huizhou	Production and sales		100.00%	Establishment
YOLANESS AFRICA (PTY) LTD		South Africa	South Africa	Sales		100.00%	Establishment

Chongqing Topband Yishu Energy Technology Co., Ltd.	1,000,000.00	Chongqing	Chongqing	Sales		100.00%	Establishment
Topband Digital Energy Technology (Huizhou) Co., Ltd.	1,000,000.00	Huizhou	Huizhou	Sales		100.00%	Establishment

2. Transactions causing the owner's equity share change but still controlling the subsidiary

None.

3. Interests in joint ventures or associated enterprises

(1) Important joint ventures or associated enterprises

None.

(2) Major financial information of important joint ventures

None.

(3) Major financial information of important associated enterprises

None.

(4) Summarized financial information of unimportant joint ventures and associated enterprises

Unit: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the previous period
Joint venture:		
Sum of the following items calculated according to the shareholding ratio		
Associated enterprises:		
Total book value of investment	39,837,141.24	37,614,643.25
Sum of the following items calculated according to the shareholding ratio		
-- Net profit	877,869.10	-133,536.05

(5) Statement that there is a material limitation on the ability of the joint venture or associated enterprise to transfer funds to the Company

None.

(6) Excess losses incurred by the joint ventures or associated enterprises

None.

(7) Unconfirmed commitments related to the investment of joint ventures

None.

(8) Contingent liabilities related to the investment of joint ventures or associated enterprises

None.

XI. Government subsidies**1. Government subsidies recognized as receivables at the end of the reporting period**☐ Applicable ☒ Not applicable

Reason for failure to receive a government subsidy with expected amount at the expected time point

☐ Applicable ☒ Not applicable**2. Liability items involving government subsidies**☒ Applicable ☐ Not applicable

Unit: RMB

Accounting title	Beginning balance	Newly increased subsidy in the current period	Amount accounted into non-operating income in the current period	Transferred to the amount of other incomes in the current period	Other changes in the current period	Ending balance	Related to assets/incomes
Deferred income	13,358,627.74	1,698,300.00		1,835,083.03		13,221,844.71	Governmental subsidies related to assets

3. Government subsidies included in the current profits and losses☒ Applicable ☐ Not applicable

Unit: RMB

Accounting title	Amount incurred in the current period	Amount incurred in prior period
Other income	19,280,543.01	15,418,390.00

XII. Risks related to financial instruments

1. Various risks from financial instruments

Risks associated with financial instruments of the Company stem from various financial assets and liabilities recognized during its operations, including credit, liquidity and market risks.

The management objectives and policies for various risks related to financial instruments of the Company are the responsibility of the management team. The management team is responsible for routine risk management through functional departments (e.g., the credit management department of the Company responsible for reviewing credit sales transactions one by one). The Internal Audit Department of the Company shall supervise the implementation of the Company's risk management policies and procedures in its daily work, and reports relevant findings to the Audit Committee of the Company in a timely manner.

The overall goal of the Company's risk management is to develop risk management policies that minimize various risks related to financial instruments without excessively affecting the Company's competitiveness and adaptability.

Credit risk

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, resulting in financial losses for the other party. Credit risks of the Company mainly arise from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, etc. Credit risks of these financial assets originate from counterparty defaults, and the maximum risk exposure is equal to the carrying amount of these instruments.

The Company's monetary funds are mainly deposited at financial institutions such as commercial banks. The Company believes that these commercial banks have high creditworthiness and asset status, and therefore have low credit risks.

For notes receivable, accounts receivable, receivables financing, and other receivables, the Company has established relevant policies to control credit risk exposure. The Company evaluates customers' credit qualifications and sets corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit records, and other factors such as current market conditions. The Company regularly monitors credit records of customers, and for customers with poor credit records, the Company ensures that its overall credit risk exposure is under control by sending reminders of payment collection,

shortening the credit period or canceling the credit period.

(1) Judgment criteria for significant increase in credit risks

The Company assesses on each balance sheet date whether credit risks of relevant financial instruments have increased significantly since initial recognition. When determining whether credit risks have increased significantly since initial recognition, the Company considers acquiring reasonable and evidence-based information without unnecessary additional costs or efforts, including qualitative and quantitative analysis based on the Company's historical data, external credit risk ratings, and forward-looking information. The Company determines changes in expected default risks of financial instruments during their expected periods of continued existence by comparing default risks of financial instruments on the balance sheet date with those on the initial recognition date based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics.

When one or more of the following quantitative or qualitative criteria is/are triggered, the Company considers that credit risks of financial instruments have increased significantly: The quantitative criterion is mainly that the probability of default during the remaining period of continued existence on the reporting date has increased by more than a certain proportion compared to initial recognition; the qualitative criteria include significant adverse changes in the business or financial status of the main debtor, a list of early warning customers, etc.

(2) Definition of assets with credit impairment

To determine whether credit impairment has occurred, the definition standards adopted by the Company are consistent with the internal credit risk management objectives for relevant financial instruments, taking quantitative and qualitative indicators into account.

When evaluating whether a debtor has experienced credit impairment, the Company mainly considers the following factors: the issuer or debtor experiences a significant financial difficulty; the debtor breaches the contract, such as overdue interest or principal payment; the creditors make any concession that the debtor would not have made in any other case for economic or contractual considerations related to the debtor's financial difficulty; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulty of the issuer or debtor results in the disappearance of the active market for the financial asset; a financial asset is purchased or generated at a significant discount that reflects the fact of credit loss.

Credit impairment of financial assets may result from the combined effect of multiple incidents, and may

not necessarily arise from individually identifiable incidents.

(3) Parameters for measuring expected credit losses

Based on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Company measures impairment provisions for different assets based on expected credit losses over 12 months or the entire period of continued existence. The key parameters for measuring expected credit losses include default probability, default loss rate and default risk exposure. The Company considers quantitative analysis and forward-looking information of historical statistical data (counterparty rating, guarantee method, collateral category, repayment method, etc.) to establish default probability, default loss rate, and default risk exposure models.

The relevant definitions are as follows:

Default probability refers to the likelihood that the debtor will be unable to fulfill its payment obligations in the next 12 months or throughout the remaining period of continued existence.

Default loss rate refers to the expected degree of loss incurred by the Company in response to default risk exposure. The default loss rate varies depending on the type of counterparty, the method and priority of recovery, and the collateral. The default loss rate is the percentage of risk exposure loss at the time of default, calculated based on the next 12 months or the entire period of continued existence;

Default risk exposure refers to the amount that the Company shall be paid in the next 12 months or throughout the remaining period of continued existence when a default occurs. The evaluation of significant increase of credit risk from forward-looking information and the calculation of expected credit losses both involve forward-looking information. The Company identifies key economic indicators that affect credit risks and expected credit losses for various business types through historical data analysis.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company has not provided any other guarantee that may expose it to credit risks.

Liquidity risk

Liquidity risk refers to the risk of shortage of funds when an enterprise performs its obligation to settle by delivering cash or other financial assets. The Company is responsible for the overall cash management of various subsidiaries within the Company, including short-term investments of cash surplus and raising loans to meet expected cash demand. The Company's policy is to monitor short-term and long-term liquidity needs regularly, and compliance with loan agreements to ensure that sufficient cash reserves and marketable securities

available for immediate realization are maintained.

Market risk

(1) Foreign exchange risk

Exchange rate risks of the Company are mainly from foreign currency assets and liabilities that are not denominated in their recording currencies held by the Company and its subsidiaries. The Company's exposure to foreign exchange risks is mainly related to US dollars and Hong Kong dollars. Except for the Company and its subsidiary Topband (Hong Kong) Co., Ltd. that purchase and sell some materials and products in US dollars, Euros and Hong Kong dollars, its subsidiary TOPBAND INDIA PRIVATE LIMITED that uses Indian Rupee, its sub-subsidiary TOPBAND SMART DONGNAI (VIETNAM) Co., Ltd that use Vietnamese Dong, its sub-subsidiary Topband Germany GmbH that uses Euros, its sub-subsidiary TOPBAND JAPAN Co., Ltd. that uses Japanese Yen, its sub-subsidiary Q. B. PTE. LTD that uses Singapore dollars, its sub-subsidiary TOPBAND MEXICO, S. DER. L. DEC. V. that uses Mexican Peso, its sub-subsidiary TOPBAND SMART EUROPE COMPANY LIMITED S.R.L. that uses Romanian Leu, its sub-subsidiary Tunnu Innovation (Hong Kong) Limited that uses Hong Kong dollars, its sub-subsidiary TUNNU INNOVATION, INC that uses US dollars, and its sub-subsidiary YOLANESS AFRICA (PTY) LTD that uses Rand as the settlement currency, other major business activities of the Company are settled in Chinese Yuan.

The Company monitors the scale of foreign currency transactions and foreign currency assets and liabilities constantly to minimize exposure to foreign exchange risks; for this purpose, the Company may avoid foreign exchange risks by signing forward foreign exchange contracts.

(2) Interest rate risk

Interest rate risks of the Company are mainly from long-term bank loans. Floating rate financial liabilities expose the Company to cash flow interest rate risks, while fixed rate financial liabilities expose it to fair value interest rate risks. The Company determines the relative proportion of fixed rate and floating rate contracts based on the prevailing market environment.

The Headquarters Financial Department of the Company monitors the interest rate level of the group on a continuous basis. The increase in interest rates will increase the cost of new interest-bearing debts and interest expenses of the Company's interest-bearing debts with floating interest rates that have not been fully paid, and will have a significant adverse impact on its financial performance. The management team will make timely adjustments based on the latest market conditions.

2. Hedging

☐ Applicable ☒ Not applicable

3. Financial assets

None.

XIII. Disclosure of fair value

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

Unit: RMB

Items	Ending fair value			
	The first level of fair value measurement	The second-level fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Tradable financial assets		245,389,202.30	342,926,358.56	588,315,560.86
1. Financial asset at fair value and changes through current profits and losses		245,389,202.30	342,926,358.56	588,315,560.86
(1) Debt instrument investment		245,389,202.30		245,389,202.30
(2) Equity instrument investment			342,926,358.56	342,926,358.56
(II) Receivables financing			171,997,770.09	171,997,770.09
(III) Other equity instrument investments			45,012,776.00	45,012,776.00
Total assets continuously measured at fair value		245,389,202.30	559,936,904.65	805,326,106.95
(I) Trading financial liabilities	106,506.00			106,506.00
Total liabilities continuously measured at fair value	106,506.00			106,506.00
II. Non-continuous fair value measurement	--	--	--	--

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

The fair value of financial liabilities measured at fair value with changes recognized in the current profits and losses is mainly recognized based on market quotations provided by banks.

3. Continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

If there is a publicly quoted market price for debt instrument investments measured at fair value with changes recognized in the current profits and losses, their fair value shall be determined based on market quotations provided by banks, taking into account liquidity premiums and other factors.

4. Continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

Financial assets measured at fair value with changes in fair value recognized in the current profits and losses, other equity instrument investments, and other noncurrent financial assets measured at fair value with

changes in fair value recognized in the current profits and losses are measured by the Company based on investment costs or recent transaction prices as reasonable estimates of fair value, as there have been no significant change in the operating environment and financial condition of invested products or enterprises.

The Company's receivables financing mainly includes bank acceptance bills and supply chain bills that have not matured. Bill acceptors have good credit status, and there has been no significant adverse change in the operating or financial status. It is expected that the risk of recovery at maturity is low, so the Company measures the fair value based on the book value as a reasonable estimate.

5. Continuous third-level fair value measurement items, adjustment information between beginning and ending book value and sensitivity analysis of unobservable parameters

Not applicable.

6. For continuous fair value measurement items, if the conversion occurs among different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point

Not applicable.

7. Technical changes in valuation during the current period and the reasons for such changes

Not applicable.

8. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities measured at amortized cost by the Company mainly include monetary funds, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year, long-term borrowings, etc.

9. Others

None.

XIV. Related parties and related party transactions

1. Profile of parent company of the Company

Name of parent company	Registered place	Nature of business	Registered capital	Shareholding ratio of parent company to the Company	Proportion of the parent company's voting rights in the Enterprise
Not applicable	Not applicable			Not applicable	Not applicable

Information of parent company of the Company

Ultimate controller of the Company: The ultimate controller of the Company is Mr. Wu Yongqiang, a natural person. As of June 30, 2025, Wu Yongqiang held 17.00% of the Company's shares.

The ultimate controller of the Company is Wu Yongqiang.

2. Profile of subsidiaries of the Company

See Note X. 1 for information about our subsidiaries.

3. Information on the joint ventures and associated enterprises of the Enterprise

See Note X. 3 for the key joint ventures or associated enterprises of the Company.

Other joint ventures or associated enterprises having related-party transaction in the current period or in previous period to form balance are listed as follows:

Name of joint venture or associated enterprise	Relationship with the Company
Dongguan Jujin Plastic Technology Co., Ltd.	Associated enterprises of the Company

Other description: None.

4. Other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Jizhiguang Electronics Co., Ltd.	A company substantially controlled by the relative of the Company's legal representative
Shenzhen Lianghui Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen ORVIBO Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen HANSC Intelligent Technology Co., Ltd.	Shareholding companies of the Company
Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	Shareholding companies of the Company
Guangdong Huixin Semiconductor Co., Ltd.	Shareholding companies of the Company
Fujian Blue Ocean Digital Energy Technology Co., Ltd.	Shareholding companies of the Company

Chengdu Senwei Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Youbi Technology Co., Ltd.	Shareholding companies of the Company
Jiangsu Donghai Semiconductor Co., Ltd.	Shareholding companies of the Company
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Xinggan Semiconductor Co., Ltd.	Shareholding companies of the Company
Shenzhen Jizhi Laser Technology Co., Ltd.	Shareholding companies of the Company
Dongguan Jujin Plastic Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Yidong Power Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Daka Optoelectronics Co., Ltd.	Shareholding companies of the Company
Suzhou Legendsemi Technology Co., Ltd.	Shareholding companies of the Company
Suzhou SEEX Technology Co., Ltd.	Shareholding companies of the Company

Other description: None.

5. Related party transaction

(1) Related transactions involving the purchase and sale of goods and the provision and acceptance of services

List of goods purchased/services received

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Approved transaction limit	Is the transaction limit exceeded	Amount incurred in prior period
Shenzhen Jizhiguang Electronics Co., Ltd.	Purchase of raw materials	9,507,111.27	34,000,000.00	No	6,723,361.25
Jiangsu Donghai Semiconductor Co., Ltd.	Purchase of raw materials	35,736.27		No	
Dongguan Jujin Plastic Technology Co., Ltd.	Purchase of raw materials	25,557,609.53		No	14,204,210.67
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Purchase of raw materials	2,250.40		No	15,125.00
Guangdong Huixin Semiconductor Co., Ltd.	Purchase of raw materials	2,665.70		No	1,915.00

List of goods sold/services provided

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Amount incurred in prior period
Shenzhen ORVIBO Technology Co., Ltd.	Sale of goods	4,481,366.31	5,010,688.23

Related transactions involving the purchase and sale of goods and the provision and acceptance of services:

None.

(2) Relevant entrusted management/contracting and entrusted management/outsourcing

None.

(3) Related lease

None.

(4) Related party guarantee situation

None.

(5) Interbank lending of related parties

None.

(6) Asset transfer and debt restructuring of related parties

None.

(7) Remuneration of key management personnel

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Remuneration of key management personnel	3,369,689.97	3,841,100.00

(8) Other related transactions

None.

6. Receivables and payables due to related parties**(1) Item receivable**

Unit: RMB

Project name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	1,675,396.78	51,937.30	716,304.63	22,205.44

(2) Payables

Unit: RMB

Project name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	1,739,360.25	1,699,834.24
Accounts payable	Jiangsu Donghai Semiconductor Co., Ltd.		39,655.01
Accounts payable	Guangdong Huixin Semiconductor Co., Ltd.	5,752.33	1,212.77
Accounts payable	Jiangxi Sarui Microelectronics Technology Co., Ltd.	1,991.50	
Accounts payable	Dongguan Jujin Plastic Technology Co., Ltd.	7,654,657.01	818,690.92
Other payables	Dongguan Jujin Plastic Technology Co., Ltd.	521,400.00	495,000.00

7. Commitment of related parties

None.

8. Others

None.

XV. Share-based payment**1. General situation of share-based payments**☒ Applicable ☐ Not applicable**Stock options or other equity instruments outstanding at the end of the period**☒ Applicable ☐ Not applicable

Category of recipient	Stock options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise price	Remaining period of contract	Range of exercise price	Remaining period of contract
Personnel on key management and technical positions, as well as other business backbones	RMB 9.53/share	6, 18 and 30 months	RMB 9.53/share	6 and 18 months

2. Equity-settled share-based payments☒ Applicable ☐ Not applicable

Unit: RMB

Method for determining the fair value of the equity instrument on the grant date	Black-Scholes option pricing model
Important parameters for fair value of equity instruments on the grant date	Historical volatility, risk-free rate of return, and dividend yield
Basis for determining the number of exercisable equity instruments	The best estimate made based on the latest available follow-up information such as changes in the number of vested employees
Reasons for the significant difference between the estimates of the current period and that of the previous period	None
Accumulated amount of equity-settled share-based payments included in capital reserves	61,423,678.19
Total amount of expenses recognized by equity-settled share-based payments in the current period	52,447,170.39

(1) Employee stock ownership plan

The 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors on November 6, 2024, and the 2nd Extraordinary General Meeting of Shareholders in 2024 on November 25, 2024 deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Abstract, and other related proposals. The actual number of shares subscribed for under the employee stock ownership plan is 5.1812 million, with a total subscribed capital of RMB 49,739,520.00. Funds for the employee stock ownership plan are from special incentive funds provided for by the Company, and will be unlocked in two stages (12 and 24 months) at proportions of 40% and 60%, respectively after the employee stock ownership plan is deliberated and passed by the Company's General Meeting of Shareholders and the Company announces the transfer of the target stock to the employee stock ownership plan. On December 23, 2024, the Company received the Confirmation of Securities Transfer Registration issued by the China Securities Depository and Clearing Corporation Shenzhen Branch. 5.1812 million shares of the Company's stock (accounting for about 0.42% of the current total share capital) held in the special securities account repurchased by the Company were transferred them to the Company's 2024 employee stock ownership plan account by non-trading means on December 23, 2024.

(2) Stock option incentive plan

As authorized by the 2nd Extraordinary General Meeting of Shareholders in 2024, the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors held on December 9, 2024 deliberated and passed the Proposal on Granting Stock Options to Incentive Recipients, stating that the grant date of stock options under this incentive plan is December 9, 2024, when 32.9

million stock options will be granted to 1,050 eligible incentive recipients. The waiting periods for the stock options granted under this incentive plan are 12 months, 24 months, and 36 months from the date of granting, with unlocking ratios of 30%, 30% and 40% for each period.

3. Cash-settled share-based payments

☐ Applicable ☒ Not applicable

4. Share-based payments in the current period

☒ Applicable ☐ Not applicable

Unit: RMB

Category of recipient	Equity-settled share-based payment	Cash-settled share-based payment
Personnel on key management and technical positions, as well as other business backbones	52,447,170.39	
Total	52,447,170.39	

5. Modification and termination of share-based payments

None.

6. Others

None.

XVI. Commitments and contingencies

1. Important commitments

Important commitments that existed on the balance sheet date: None.

2. Contingencies

(1) Significant contingencies on the balance sheet date

None.

(2) The important contingencies not required to be disclosed shall be explained as well

No signification contingencies need to be disclosed by the Company.

3. Others

None.

XVII. Events after the balance sheet date

None.

XVIII. Other important matters

None.

XIX. Notes to main items of financial statements of the parent company**1. Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	1,855,842,483.00	1,790,348,068.30
1-2 years	984,207.40	6,158,056.10
2-3 years	756,761.69	2,067,104.65
Above 3 years	2,825,500.20	2,525,306.52
3-4 years	838,374.44	469,739.39
4-5 years	0.00	93,569.38
Above 5 years	1,987,125.76	1,961,997.75
Total	1,860,408,952.29	1,801,098,535.57

(2) Disclosure based on accrual methods of bad-debt provision

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	2,957,316.76	0.16%	2,957,316.76	100.00%	0.00	2,994,574.69	0.17%	2,994,574.69	100.00%	0.00
Including:										
Provision by individual items	2,957,316.76	0.16%	2,957,316.76	100.00%	0.00	2,994,574.69	0.17%	2,994,574.69	100.00%	0.00
Accounts receivable with provision for bad debts by portfolio	1,857,451,635.53	99.84%	44,830,241.25	2.41%	1,812,621,394.28	1,798,103,960.88	99.83%	49,012,286.12	2.73%	1,749,091,674.76
Including:										
Aging portfolio	1,440,180,705.81	77.41%	44,830,241.25	3.11%	1,395,350,464.56	1,554,811,170.51	86.33%	49,012,286.12	3.15%	1,505,798,884.39
Combination of related parties within the scope of consolidation	417,270,929.72	22.43%			417,270,929.72	243,292,790.37	13.51%			243,292,790.37
Total	1,860,408,952.29	100.00%	47,787,558.01	2.57%	1,812,621,394.28	1,801,098,535.57	100.00%	52,006,860.81	2.89%	1,749,091,674.76

Description of bad-debt provision on single basis: Accounts receivable with single provision for bad debts

Unit: RMB

Name	Beginning balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Provision by individual items	2,994,574.69	2,994,574.69	2,957,316.76	2,957,316.76	100.00%	Expected to be hardly recoverable
Total	2,994,574.69	2,994,574.69	2,957,316.76	2,957,316.76		

Description of bad-debt provision on combined basis: Provision for impairment of combined accounts receivable by aging

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for impairment of combined accounts receivable by aging	1,440,180,705.81	44,830,241.25	3.11%
Total	1,440,180,705.81	44,830,241.25	

Description of bad-debt provision on combined basis: Combination of related parties within the scope of consolidation

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Combination of related parties within the scope of consolidation	417,270,929.72		
Total	417,270,929.72		

In case of provision for bad debts on accounts receivable based on the general model of expected credit loss:

☐ Applicable ☒ Not applicable

(3) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Bad debt provision on combined basis	52,006,860.81	-3,814,883.24	37,257.93	367,161.63		47,787,558.01
Total	52,006,860.81	-3,814,883.24	37,257.93	367,161.63		47,787,558.01

(4) Accounts receivable actually written off in the current period

Unit: RMB

Items	Amount written off
Accounts receivable actually written off	367,161.63

(5) Accounts receivables with top five ending balances grouped by debtors, and contract assets

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivables and contract assets	Percentage in total ending balance of accounts receivables and contract assets	Ending balance of provision for impairment of accounts receivables and contract assets
No. 1	283,968,672.72	0.00	283,968,672.72	15.26%	8,803,028.85
No. 2	176,329,746.70	0.00	176,329,746.70	9.48%	5,466,222.14
No. 3	107,262,970.80	0.00	107,262,970.80	5.77%	3,325,152.10
No. 4	64,337,836.36	0.00	64,337,836.36	3.46%	1,997,889.71
No. 5	58,117,144.78	0.00	58,117,144.78	3.12%	1,801,631.49
Total	690,016,371.36	0.00	690,016,371.36	37.09%	21,393,924.29

2. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	492,484,899.73	269,840,253.20
Total	492,484,899.73	269,840,253.20

1) Classification of other receivables by nature of amount

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Current accounts	486,934,358.53	246,649,557.31
Margin, deposit	7,686,999.85	7,462,044.17
Employee borrowings and reserves	2,962,474.59	3,629,450.71
Export rebate	0.00	16,656,194.89
Others	27,631.77	3,157.74
Total	497,611,464.74	274,400,404.82

2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year (including 1 year)	487,813,683.49	268,679,998.14
1-2 years	4,367,444.45	857,259.62
2-3 years	808,259.62	755,346.47
Above 3 years	4,622,077.18	4,107,800.59

3-4 years	702,086.96	99,501.60
4-5 years	80,000.00	394,701.85
Above 5 years	3,839,990.22	3,613,597.14
Total	497,611,464.74	274,400,404.82

3) Disclosure based on accrual methods of bad-debt provision

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Bad debt provision on individual basis	0.00				0.00	16,656,194.89	6.07%			16,656,194.89
Bad debt provision on combined basis	497,611,464.74	100.00%	5,126,565.01	1.03%	492,484,899.73	257,744,209.93	93.93%	4,560,151.62	1.77%	253,184,058.31
Including:										
Aging portfolio	10,677,106.21	2.15%	5,126,565.01	48.01%	5,550,541.20	11,094,652.62	4.04%	4,560,151.62	41.10%	6,534,501.00
Combination of related parties within the scope of consolidation	486,934,358.53	97.85%			486,934,358.53	246,649,557.31	89.89%			246,649,557.31
Total	497,611,464.74	100.00%	5,126,565.01	1.03%	492,484,899.73	274,400,404.82	100.00%	4,560,151.62	1.66%	269,840,253.20

Description of bad-debt provision on combined basis: aging combination, combination of related parties within the scope of consolidation

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Aging portfolio	10,677,106.21	5,126,565.01	48.01%
Combination of related parties within the scope of consolidation	486,934,358.53	0	0
Total	497,611,464.74	5,126,565.01	

Provision for bad debts based on the general model of expected credit loss:

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2025	946,554.48		3,613,597.14	4,560,151.62
Balance as of January 1, 2025 in the current period				
—Transferred to the third stage				
Accrual in the current period	566,413.39			566,413.39
Other changes				
Balance as of June 30, 2025	1,512,967.87		3,613,597.14	5,126,565.01

Changes in book balance with significant changes in loss reserves in the current period

☐ Applicable ☒ Not applicable

4) Provision for bad debts accrued, recovered or reversed in this period

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Transfer or write-off	Other changes	
Provision for bad debts	4,560,151.62	566,413.39				5,126,565.01
Total	4,560,151.62	566,413.39				5,126,565.01

5) Other receivables actually written off in the current period

None.

6) Other receivables of the top five debtors in respect of the ending balances

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No. 1	Current accounts	156,066,115.87	Within 1 year	31.36%	
No. 2	Current accounts	111,000,000.00	Within 1 year	22.31%	
No. 3	Current accounts	69,123,408.00	Within 1 year	13.89%	

No. 4	Current accounts	33,915,119.12	Within 1 year	6.82%	
No. 5	Current accounts	30,800,012.74	Within 1 year	6.19%	
Total		400,904,655.73		80.57%	

7) Included in other receivables due to centralized management of funds

None.

3. Long-term equity investment

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,303,517,385.87		4,303,517,385.87	4,294,051,396.19		4,294,051,396.19
Investment in associated enterprises and joint ventures	18,259,695.03	12,433,655.05	5,826,039.98	18,259,695.03	12,433,655.05	5,826,039.98
Total	4,321,777,080.90	12,433,655.05	4,309,343,425.85	4,312,311,091.22	12,433,655.05	4,299,877,436.17

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Opening balance of provision for impairment	Changes in increase or decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
			Additonal investment	Decrease in investment	Provision for impairment	Others		
Shenzhen Topband Software Technology Co., Ltd.	26,320,423.46					1,019,313.60	27,339,737.06	
Shenzhen Topband Battery Co., Ltd.	628,619,526.52					1,242,991.61	629,862,518.13	
Shenzhen Topband Automation Technology Co., Ltd.	36,577,761.06					398,603.40	36,976,364.46	
Chongqing Topband Industrial Co., Ltd.	211,723,441.98					78,607.68	211,802,049.66	
Topband (Hong Kong) Co., Ltd.	667,071,500.00						667,071,500.00	
Huizhou Topband Electrical Technology Co., Ltd.	1,035,973,832.26					4,140,466.60	1,040,114,298.86	
Ningbo Topband Intelligent Control Co., Ltd.	671,247,001.43					299,995.82	671,546,997.25	
Shenzhen Allied Control System Co., Ltd.	128,582,375.48					365,621.22	128,947,996.70	

Shenzhen Meanstone Intelligent Technology Co., Ltd.	10,000,000.00						10,000,000.00	
TOPBAND INDIA PRIVATE LIMITED	195,026,748.97						195,026,748.97	
Shenzhen YAKO Automation Technology Co., Ltd.	515,183,634.34					563,238.19	515,746,872.53	
Shenzhen Topband Investment Co., Ltd.	89,054,806.08						89,054,806.08	
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00						5,000,000.00	
Shenzhen Senxuan Technology Co., Ltd.	10,035,325.03						10,035,325.03	
Topband (Qingdao) Intelligent Control Co., Ltd.	30,000,000.00						30,000,000.00	
Shenzhen Topband Motor Co., Ltd.	12,371,923.29					1,338,369.22	13,710,292.51	
Huizhou Chiding Technology Co., Ltd.	5,003,130.39					18,782.34	5,021,912.73	
Shenzhen Jingfei Investment Co., Ltd.	1,000,000.00						1,000,000.00	
Shenzhen Topband Digital Energy Co., Ltd.	15,259,965.90						15,259,965.90	
Total	4,294,051,396.19					9,465,989.68	4,303,517,385.87	

(2) Investment in associated enterprises and joint ventures

Unit: RMB

Investment unit	Beginning balance (book value)	Opening balance of provision for impairment	Changes in increase or decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
			A d d i t i o n a l i n v e s t m e n t	De cre ase in inv est me nt	Profits and losses on invest ment recog nized under equity metho d	Adjust ment to other compre hensiv e income	Other chang es in equity	Declarat ion of distribut ion for cash dividen ds or profits	Pro visi on for imp air men t	Oth ers		
I. Joint venture												
II. Associated enterprises												
Shenzhen Daka Optoelectronics Co., Ltd.	5,826,039.98										5,826,039.98	
Tai'an Yuchengxin Power Technology Co., Ltd.		12,433,655.05										12,433,655.05
Subtotal	5,826,039.98	12,433,655.05									5,826,039.98	12,433,655.05
Total	5,826,039.98	12,433,655.05									5,826,039.98	12,433,655.05

4. Operating income and operating cost

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	2,953,034,575.87	2,410,249,787.06	2,335,186,489.30	1,887,021,091.59
Other business	77,782,548.41	34,362,423.44	73,149,986.55	63,317,817.95
Total	3,030,817,124.28	2,444,612,210.50	2,408,336,475.85	1,950,338,909.54

5. Investment income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted by the cost method		-9,317.40
Investment income from disposal of tradable financial assets in holding period	2,190,350.62	507,252.49
Interest income from debt investments in holding period		-182,700.00
Gains/losses on foreign exchange derivatives	1,239,711.00	155,182.00
Total	3,430,061.62	470,417.09

6. Others

None.

XX. Supplementary Information**1. Schedule of current non-recurring profit and loss**☒ Applicable ☐ Not applicable

Unit: RMB

Items	Amount	Description
Profits and losses on disposal of non-current assets	-1,707,477.44	
Government grants credited to income statement (except for government grants that are closely related to the normal operation of the Company, comply with national policies and regulations, enjoy in accordance with determined criteria, and have a continuous impact on the profit and loss of the Company)	17,853,105.34	
Profit/loss arising from changes in fair value of financial assets and liabilities held by non-financial enterprises, and profits and losses on disposal of financial assets and liabilities, except for the effective hedging business related to the normal operation of the Company,	5,158,641.83	
Reversal of impairment of receivables individually tested for impairment	37,257.93	
Other non-operating income and expenses other than those mentioned above	1,209,460.74	

Other profit and loss items that meet the definition of nonrecurring gains and losses	1,340,601.69	
Minus: amount affected by income tax	4,018,285.89	
Amount affected by minority shareholders' equity (after tax)	524.89	
Total	19,872,779.31	--

Details of other items of profits and losses that conform to the definition of non-recurring profit and loss:

☐ Applicable ☒ Not applicable

None.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss as recurring profit and loss items

☐ Applicable ☒ Not applicable

2. Return on equity and earnings per share

Profits of the reporting period	Weighted return on average equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net income attributable to the ordinary shareholders of the Company	4.82%	0.27	0.27
Net profit attributable to the ordinary shareholders of the Company after deduction of non-recurring profit and loss	4.53%	0.25	0.25

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with Chinese Accounting Standards at the same time

☐ Applicable ☒ Not applicable

(2) Difference between the net profit and net assets in the financial reports disclosed in accordance with both Overseas Accounting Standards and Chinese Accounting Standards at the same time

☐ Applicable ☒ Not applicable

(3) Reasons for differences in accounting data under domestic and foreign accounting standards. If the data audited by an overseas audit institution is adjusted for differences, the name of the overseas audit institution shall be indicated

4. Others

None.

Section IX Other Reported Data

I. Other Major Social Security Issues

Whether the listed company and its subsidiaries have other major social security issues

☐ Yes ☐ No ☒ Not applicable

Whether any administrative punishment was imposed during the reporting period

☐ Yes ☐ No ☒ Not applicable

II. Registration form of reception, investigation, communication, interview and other activities during the reporting period

☒ Applicable ☐ Not applicable

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	Main contents of interview and materials provided	Basic Information index for investigation
2025/03/11	Conference room of the Company	Field survey	Organizations	Zheshang Securities, Ping An Fund Management, CCB Wealth Management, GF Asset Management, Hang Seng Qianhai Fund Management, AXA-SPDB, Oriental Alpha Fund Management, KindleFund Management, Panjing Investment, Timesbole, Mude Asset, Qianhai Yunxi Fund Management, Foxon Investment, Zhongshan Securities Asset Management	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

2025/03/27	Conference room of the Company	Field survey	Organizations	<p>TF Securities, Qingyun Heyi, Golden Trust Sinopac, Springs Capital, Zhengyuan Investment, Wentian Private Equity, Shanghai Leadwolf, Xunyuan Asset Management, AXA SPDB, China Asset Management, China Universal Asset Management, Origin Asset Management, Ren Bridge Asset Management, Zhaowan Asset Management, Guotai Junan Asset Management, Chengluo Investment, China Merchants Securities Asset Management, Point72, CITIC Securities, BOC International Securities, Daoren Asset Management, Chaos Investment, Guolian Fund Management, Yourong Management, Hua An Fund Management, Baoying Fund Management, Pictet Asset Management, Pacific Securities Asset Management, Ping An Asset Management, Fun Investment, Chasing Securities, Changjiang Securities, Hua An Financial Insurance, BOC Investment Management, Xuan Yuan Investment, Lcrich Capital Management, Western Leadbank FMC, Silver Leaf Investment, Maxwealth Fund Management, Greenwoods Asset Management, Orient Securities, Huaxi Securities, China International Capital, Hengjian International, Seri-Cap Private Equity, Zhongji Investment, Hainan Xinggao,</p>	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
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2025/03/31	Conference room of the Company	Field survey	Organizations	Zheshang Securities, CITIC Securities, CITIC Prudential Fund, Zhongrong Dingxin, PICC Asset Management, Zheshang Securities Asset Management, Changjiang Securities, E Fund, CIB Wealth Management, CIB Fund Management, Cinda Fund Management, Taiping Asset Management, Taiping Pension, Fortune Investment, Cloud Gate Assets Management, Yude Investment, Ivy Assets, Ping An Asset Management, Penghua Fund, Panhou Dongliang, Lord Abbett China Asset Management, China Universal Asset Management, Huatai-Pinebridge Fund Management, CR Yuanta, Hwabao WP Fund, Citibank, Union Asset Management, Guosen Securities, G Fund, Caitong Securities Assets Management, Bosera Fund Management, Zeming Investment, Yutian Asset Management, BSCOM Cathay Asset Management	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2025/04/10	www.ir-online.cn	On-line communication on network platforms	Organizations	Performance presentation session	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

2025/4/24, 2025/4/25	Conference room of the Company	Field survey	Organizations	Eastmoney Securities, Guosen Securities, Golden Trust Sinopac, Hualong Securities, China Resources Bank, Evergain International Investment, Century Securities, GF Securities, Yingda Insurance Asset Management, Hwabao WP Fund, Harvest Fund, Great Wall Fund Management, Minsen Investment, Hzbank Wealth Management, China Securities, Sino Life Insurance, CPIC Fund, CCB Wealth Management, Southern Asset Management, E Fund, Bosera Fund Management, TF Securities, CICC Asset Management	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2025/5/20, 2025/5/21	Conference room of the Company	Field survey	Organizations	Sinolink Securities, G Fund, HSBC Qianhai Securities, CI investment, Taikang Asset Management, Hang Seng Qianhai Fund Management, Matthews International, China Investment Corporation, HSBC	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

III. Fund Transfers between the Company & Controlling Shareholders and Other Related Parties

☐ Applicable ☒ Not applicable