TOPBAND 拓邦

2026

Semi-annual Report

Shenzhen Topband Co., Ltd.

Stock code 002139.SZ

Topband

2026.08

Section I Important Notes, Contents and Definitions

The Board of Directors, directors, 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, the person in charge of accounting work and head of the accounting department (accounting supervisor), 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 uncertainties, 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.

Contents

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 CSRC during the Reporting Period and the original manuscripts of announcements.

III. Original copy of the Semi-annual Report 2026 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		Contents
Company, the Company, or Topband	Refer to	Shenzhen Topband Co., Ltd.
RMB, RMB ten thousand, and RMB hundred million	Refer to	RMB, RMB ten thousand, and RMB hundred million
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting Period	Refer to	From January 1, 2026 to June 30, 2026
Articles of Association	Refer to	The 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.
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
AIoT	Refer to	Artificial Intelligence + Internet of Things (AI + IoT)
BLDC Motor	Refer to	Brushless DC Motor
Cell	Refer to	Cell without a protection circuit board
BMS	Refer to	Battery Management System, for monitoring battery status
PACK	Refer to	Battery packs
BG, BU	Refer to	Business Group, Business Unit
IPD	Refer to	Integrated Product Development
ISC	Refer to	Integrated Supply Chain
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
PaaS	Refer to	Platform as a Service, providing a computing platform and solution services
ODM	Refer to	Original Design Manufacturer, a manufacturer that completes product design and development independently, produces it according to the brand owner's needs, and sells the final product in the brand owner's name
Tier1	Refer to	The first tier
LTC	Refer to	Lead to Cash
1-N	Refer to	Quickly respond to customers' customized development needs based on existing platforms, where "0-1" (IPD) refers to independent product development
OTD	Refer to	Order to Delivery

S&OP	Refer to	Sales & Operations Planning

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 the Company name in foreign language (if any)	Topband		
Legal representative of the Company	Wu Yongqiang		

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, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen	Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen
Tel	0755-26957035	0755-26957035
Fax	0755-26957440	0755-26957440
Email	wenzh@topband.com.cn	zhangyuhua@topband.com.cn

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 2025.

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 2025.

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 of last year	Increase or decrease in the Reporting Period over the same period of last year
Revenue (RMB)	5,808,802,405.34	5,502,335,729.18	5.57%
Net profit attributable to shareholders of listed companies (RMB)	128,802,409.01	330,078,194.08	-60.98%
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss (RMB)	111,236,959.68	310,205,414.77	-64.14%
Net cash flow from operating activities (RMB)	-101,158,749.88	353,354,566.49	-128.63%
Basic earnings per share (RMB/share)	0.10	0.27	-62.96%
Diluted earnings per share (RMB/share)	0.10	0.27	-62.96%
Weighted return on average equity	1.86%	4.82%	-2.96%
	End of the Reporting Period	End of the previous year	Change at the end of the Reporting Period compared with the end of the previous year
Total assets (RMB)	15,053,237,544.62	13,567,607,196.90	10.95%
Net assets attributable to shareholders of listed companies (RMB)	6,987,316,750.25	6,982,243,877.55	0.07%

The Company may disclose its net profit after deducting the impact of share-based payment if it has an equity incentive or employee stock ownership plan.

Key accounting data	Reporting period	Same period of last year	Increase or decrease in the current period over the same period of last year
Net profit after deducting the impact of share-based payments (RMB)	156,931,495.75	382,525,364.47	-58.97%

V. Differences in accounting data under domestic and foreign accounting standards

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

□ Applicable ☑ Not applicable

There is no difference in net profit and net assets between financial statements disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP during the Reporting Period.

2. Difference between the net profit and net assets in the financial statements disclosed in accordance with both foreign 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 statements disclosed in accordance with Overseas Accounting Standards and those disclosed in accordance with PRC GAAP during the Reporting Period.

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

☑ Applicable □ Not applicable

Unit: RMB

Items	Amount
Profits and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-2,596,083.06
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)	8,986,523.49
Profits and losses due to fair value changes arising from the financial assets and liabilities held by the non-financial business, as well as the profits and losses arising from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business of the Company	13,314,372.05
Other non-operating income and expenses other than those mentioned above	213,563.06
Minus: amount affected by income tax	2,352,029.98
Amount affected by minority shareholders' equity (after tax)	896.23
Total	17,565,449.33

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

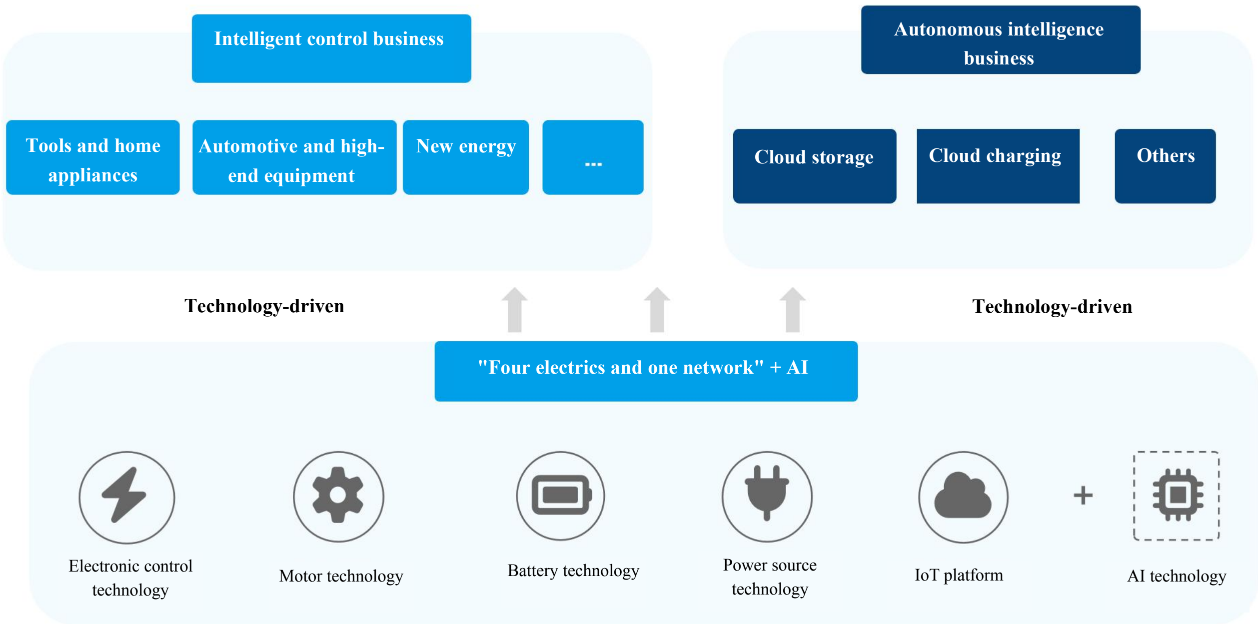
There is no such situation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit and Loss as recurring profit and loss items in the Company.

Section III Management Discussion and Analysis

I. Main business engaged by the Company during the Reporting Period

Adhering to the core values of "Agility, Innovation and Partnership", and based on the core technology system of the "four electrics and one network + AI", the Company develops the intelligent control and autonomous intelligence businesses, serves the three major industries of tools and home appliances, automotive and high-end equipment, and new energy, and keeps implementing the intelligence, low-carbon and internationalization strategy.

Business Structure of the Company



Core technology: "four electrics and one network + AI" technology platform

Electric control technology: integrating sensing, power electronics, signal processing, communication, human-computer interaction, and other technologies to achieve the intelligent control of terminal products with microprocessors being the core. The Company has established hundreds of electric control technology platforms, which are applied widely to products such as controllers, mechatronics, power sources, and intelligent batteries.

Motor technology: The Company pursues continuous iteration with focus on the four major indicators of high efficiency, low noise, high precision, and high reliability, and has established product platforms such as brushless DC (BLDC) motors, hollow cup motors (including brushed hollow cup motors and brushless slot-less motors), switched reluctance motors, servo motors, and stepper motors, as well as full-process capabilities from design simulation and testing verification to large-scale intelligent manufacturing.

Battery technology: The Company has formed complete design, development, and production capabilities from cell technology and battery management systems (BMSs) to battery packs. BMSs achieve the real-time monitoring and management of battery status through advanced algorithms, and are applied widely to energy storage, power backup, battery swapping, portable devices, and other scenarios.

Power technology: covering analog power supply, switching power supply, digital power supply, and server power supply technologies, and products such as power conversion systems (PCSs), photovoltaic inverters, high-power DC charging piles, and efficient server power sources for AI data centers, and meeting multi-scenario power conversion demand from new energy to computing infrastructure.

IoT platform: covering complete technological capabilities from modules and intelligent terminals to apps and PaaS, keeping evolving toward AIoT, and endowing products with perception, learning, and autonomous decision-making capabilities. The Company has built a home energy management cloud platform and a digital energy management cloud platform, supporting intelligent collaboration and data operations for energy storage, charging, photovoltaic and other devices.

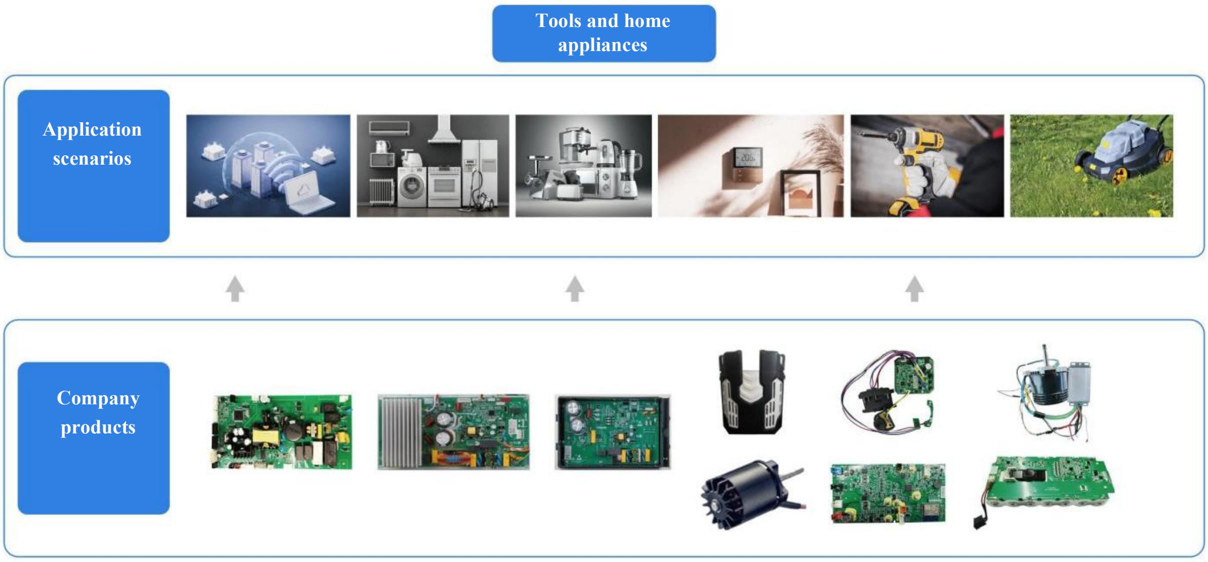
AI technology: The Company regards AI as the capability base that runs through the "four electrics and one network", and focuses on three directions: The first is product intelligence, where AI algorithms are embedded into controllers, BMSs, EMSs, and other products to achieve adaptive control, predictive maintenance and intelligent energy scheduling, making products more intelligent as they are used; the second is manufacturing intelligence, where AI quality inspection, process parameter optimization, and intelligent scheduling are deployed in the production process to improve manufacturing efficiency and quality consistency; the third is R&D intelligence, where AI is used to assist in simulation design, testing and verification, and knowledge management to accelerate product development and iteration.

1. Intelligent control business

The Company's intelligent control business mainly includes the R&D, production, and marketing of intelligent controllers, high-efficiency motors, battery packs, and other products, and the supply of core components and solutions for industries such as tools and home appliances, automotive and high-end equipment, and new energy.

1.1 Tools and home appliances

The Company is deeply involved in the tool and home appliance industry, and provides global brand customers with full process services from product conceptualization, design and development to manufacturing and delivery, and the four core types of components supplied are controllers, motors, batteries, and power sources. Tools cover electric tools, garden tools, and professional tools; home appliances cover a full range of categories including HVAC, ice washing, large kitchen appliances, cleaning appliances, personal healthcare, etc., with a stable global layout of customer resources.



1.2 Automotive and high-end equipment

The automotive and high-end equipment industry is a highly flexible future growth direction for the Company, covering directions such as vehicles, industry and robotics, and AI datacenter energy. In terms of vehicles, the Company is cooperating deeply with top automakers, supplying motor products that cover scenarios such as LiDAR, intelligent cockpits, thermal management, and entertainment devices, and keeps scaling up vehicle charging infrastructure. In terms of robotics, the Company has built a complete servo drive + motor + motion control product platform, and reserved dexterous hand actuator capabilities for active cooperation with top machine manufacturers. Meanwhile, the Company has developed dexterous hand products independently. This solution is currently in the early stage of internal technical verification and exploration for application to its own intelligent manufacturing lines, with focus on integrating and verifying the Company's core technological capabilities in the fields of motors, drives, and algorithms. In terms of industry, the Company supplies servo drives and motor products to industries such as 3C electronics, medical equipment, machine tools, and semiconductors, and has achieved large-scale supply; in terms of AI datacenters, the Company has entered core infrastructure in multiple aspects with products such as controllers and motors; currently, the Company established cooperation with top domestic and overseas manufacturers, covering scenarios such as backup power sources and liquid cooling, which is expected to become a new source of growth.

1.3 New energy

The new energy industry is a core driving direction with high growth potential for the Company, covering two major tracks: energy storage and two-wheeled electric vehicles. In terms of energy storage, the component layer covers cells, BMSs, PCSs, and EMSs, and the complete machine layer covers a full range of products such as home energy storage, industrial and commercial energy storage, and communication backup power; in terms of two-wheeled electric vehicles, the Company provides motor and intelligent control solutions to mainstream domestic and overseas brands, and has established a stable global customer base.

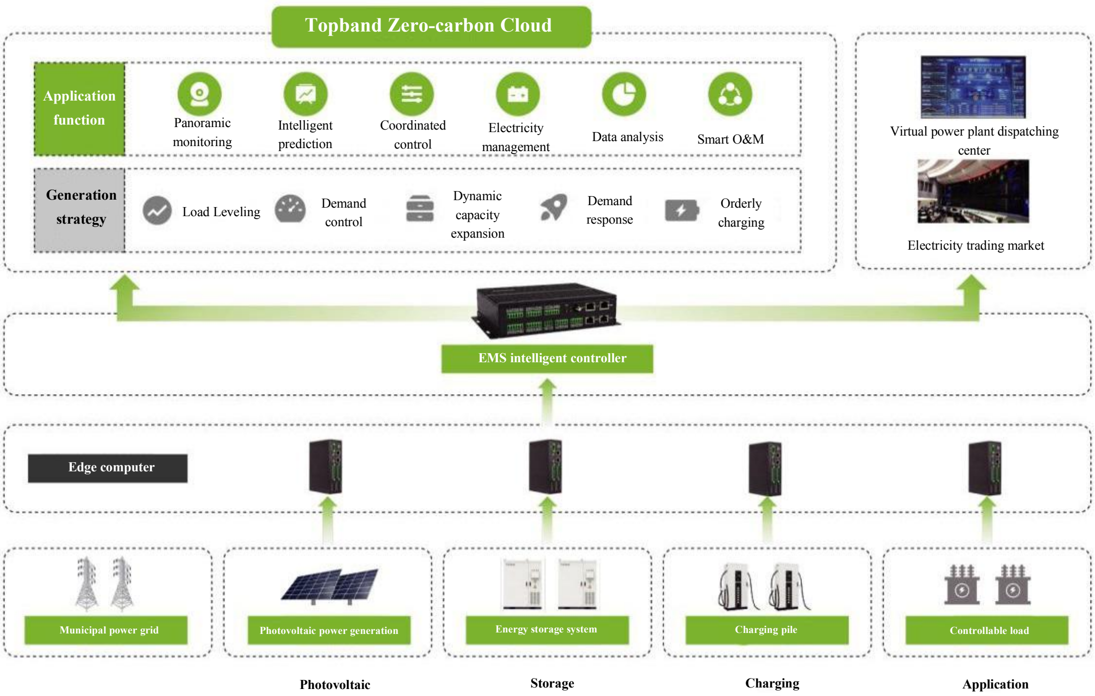
2. Autonomous intelligence business

As the second growth curve for the Company, the autonomous intelligence business based on hardware, pivoted on the cloud, and driven by AI, with data constantly circulating among them, allowing products to move from passive response to autonomous decision-making, and making them increasingly intelligent as they are used. As the first batch of autonomous intelligence products of the Company, cloud storage and cloud charging products have been developed and launched successfully, and bulk sale has been achieved.

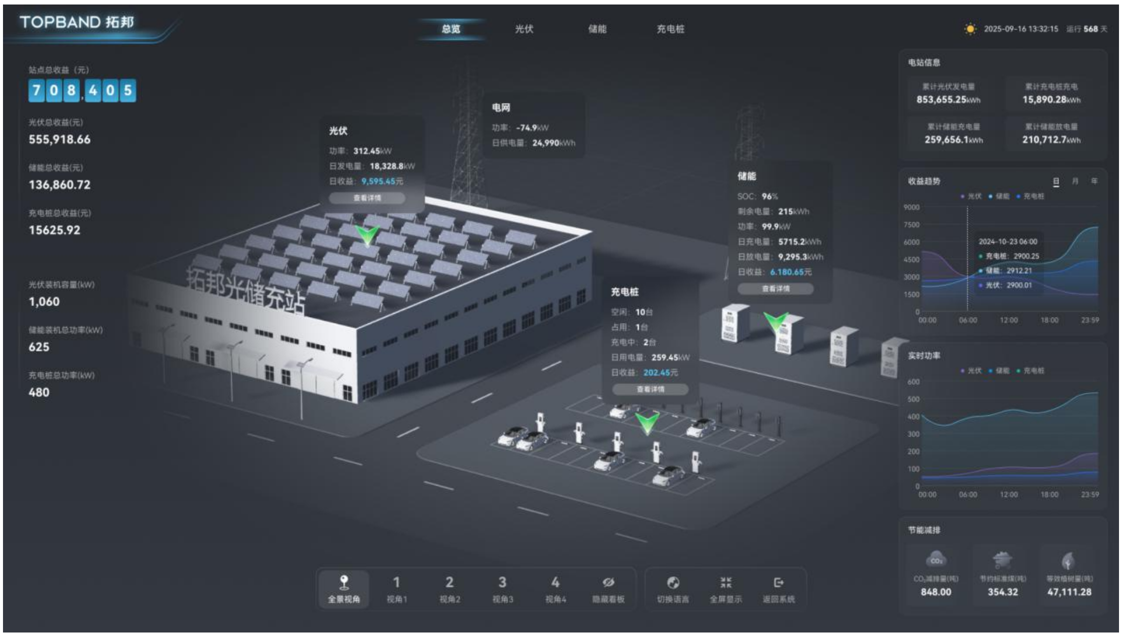
Based on full-chain self-developed core technologies, cloud storage and cloud charging products cover self-developed BMSs, PCSs, charging power modules, and energy control units at the hardware level, with independently controllable key components and underlying algorithms; the cloud-based EMS energy management platform can perceive the real-time status of the power grid, loads, and devices, and decide on charging and discharging strategies independently; operational data keeps feeding back AI iteration, enabling the system to achieve autonomous evolution. Cloud storage products cover home, and industrial and commercial energy storage, while cloud charging products cover DC charging piles. They are delivered modularly through the three-layer architecture of "complete machine + scenario solution + cloud platform data", covering scenarios such as home green energy, commercial complex storage and charging, and zero-carbon parks.

Meanwhile, leveraging 30 years of technological accumulation and market insights, the Company has set its sights on new future blue ocean markets, continuously expanding its product line of other AI-powered devices. Its products cover both household and commercial scenarios, including AI-powered devices such as the SimpleCharm AI beauty instrument and the Chuji commercial cooking robot, which have achieved significant growth. In June 2026, the Company officially launched the industry's first toilet robot named Yueban, focusing on rigid needs and pain points of the elderly and disabled in toilet use, and filling in a market gap in this segment.

Products in the autonomous intelligence business have functions such as data collection and analysis, autonomous learning, and decision-making suggestions. As the deployment scale expands, massive operational data continuously feeds back into AI iteration, enabling products to evolve autonomously and become more intelligent as they are used, and enhancing the added value and technical barriers of individual products significantly.



Topband Zero-carbon Cloud – Cloud-edge-device Architecture



Interface of the Topband Zero-carbon Cloud (simulated data)

II. Analysis of core competitiveness

1. Scale barrier formed by industry leadership

The intelligent control industry is characterized by being capital and technology intensive, and long customer certification periods, and top enterprises' cost, production capacity, and customer stickiness advantages keep expanding. With 30 years of mass production experience, the Company has formed a fully verified product platform and manufacturing system, constituting a significant scale barrier. On the customer side, the Company embeds itself deeply into the core supply chain of global top brand customers through joint product definition, early involvement in R&D, and the joint formulation of delivery standards, forming high switching cost partnerships. On the production capacity side, the four major domestic bases and the four major overseas bases form a global delivery network, responding to tariff fluctuations and supply chain risks effectively.

2. "Four electrics and one network + AI" integrated technology platform

The Company is one of the few enterprises in the industry that possess full-stack technological capabilities of electric control, motor, battery, power supply, IoT platform, and AI concurrently. There are many competitors in a single technology field, but only very few enterprises can integrate the six major technologies into integrated solutions, and achieve reuse across industries and continuous iteration. The Company has hundreds of core product platforms that have been verified through mass production, which can be combined and customized quickly based on customer needs to provide differentiated system-level solutions across industries, and form hardly replicable technological synergy advantages.

3. Agile operational system

The Company has built a customer-centric process-oriented organization around four strategic principles: customer intimacy, being innovation-driven, agile operations, and organizational evolution. It promotes IPD (Integrated Product Development) processes on the R&D side, and drives product development based on customer needs; it promotes ISC (Integrated Supply Chain) transformation on the supply chain side to achieve on-demand pull; it has established a CNAS-accredited laboratory on the quality side to provide international certification level quality assurance; it keeps promoting intelligent upgrading on the manufacturing side to improve efficiency and quality consistency. The operation of the above system is supported by the "Agility, Innovation and Partnership" organizational culture formed by the Company's over the past three decades – rapid response driven by agility, value creation driven by innovation, and deep customer collaboration driven by the partnership spirit. This cultural consensus integrated into the organizational DNA integrates the strategies, processes, organization, and global layout into a unified operational system organically, making it a soft barrier that can hardly be replicated by peers in the short term.

III. Analysis of main business

Overview

During the Reporting Period, the Company achieved revenue of RMB 5.809 billion, a year-on-year increase of 5.57%; a net profit attributable to shareholders of the listed company of RMB 129 million, a year-on-year decrease of 60.98%; a net profit attributable to shareholders of the listed company after deducting the non-recurring profit and loss of RMB 111 million, a year-on-year decrease of 64.14%. After excluding the impact of exchange gain and loss, the net profit attributable to shareholders of the listed company during the Reporting Period dropped by 14.95% year on year, and the net profit after deducting the non-recurring gain and loss dropped by 15.20% year on year; the revenue in the second quarter was about RMB 3.164 billion, an increase of about 19.66% from RMB 2.644 billion in the first quarter; both the net profit attributable to shareholders of the parent company and the net profit after deducting the non-recurring gain and loss in the second quarter increased from the first quarter by 48.08% and 46.67%, respectively, indicating continuous restoration in earnings quality.

(I) Business performance by business segment

1. Intelligent control business

The Company's intelligent control business revolves around three major sectors: tools and home appliances, automotive and high-end equipment, and new energy. Among them, the tool and home appliance business had a large scale and a stable customer structure; the automotive and high-end equipment business maintained rapid growth during the Reporting Period, covering automotive electronics, industry and robotics, AI datacenters, and other directions; the new energy business grew rapidly.

1.1 Tools and home appliances: The revenue during the Reporting Period amounted to RMB 4.28 billion, a year-on-year decrease of 1.62%.

- **Tools sector: The revenue was RMB 2.076 billion, a year-on-year increase of 0.25%**

Industry situation: After experiencing channel destocking during 2022-2023, the global power tool industry has seen recovery in demand from 2024. In 2026, it entered a stage of slowing growth and channel inventory rebalancing. According to the White Paper on the Development of the Electric Tool Industry of China (2025) released jointly by EVTank, China YiWei Institute of Economics, and the China Battery Industry Research Institute, the global annual shipment of electric tools is expected to rise to 590 million units in 2025, and the size of the global electric tool market will be about USD 56.64 billion. It is expected that the market will maintain its steady growth trend in the future, and the size of the global electric tool market will reach USD 98.7 billion by 2030. The industry exhibits two structural characteristics: First, there is differentiation in demand between the professional and consumption levels. The demand for professional tools for construction, infrastructure, and AI datacenter infrastructure construction has increased, and for the first time, its proportion has surpassed that of residential real estate, with a structural rise in PRO-level tools. Second, the substitution of lithium-ion and cordless tools for wired and pneumatic tools continues. Meanwhile, requirements such as the U.S. IRA and EU's domestic manufacturing policy are accelerating the shift of global supply chains toward Mexico and Southeast Asia.

Customer-end changes: Leading brands continue to promote the shift of products from pneumatic solutions to cordless solutions, and professional users' requirements for battery life, power, and intelligence are upgrading simultaneously. Cost and profit pressures have prompted overseas manufacturers, such as Japanese ones, to accelerate their supply chain adjustments. The trend of centralized procurement from Chinese suppliers, which possess complete component capabilities and multi-regional production capacity, has accelerated, further increasing the concentration of the domestic electric tool industry.

Company progress: During the Reporting Period, the Company intensified its efforts to develop top customers in Japan and China, reducing the risk of customer concentration; on the product end, it leveraged its one-stop platform capability of "controllers + motors + battery packs + industry solutions" to meet customers' diverse needs, and integrated core technologies such as high-speed sensor-less FOC algorithms, motor magnetic circuit simulation, and thermal simulation into the overall solution, enhancing customer loyalty and single-customer value. Based on localized delivery from overseas bases in Vietnam, Mexico, and other regions, the Company helped customers cope with tariffs and regional supply requirements. New product categories centered around lithium electrification, cordless technology, and intelligent design contributed to structural growth.

- **Home appliance sector: The revenue was RMB 2.203 billion, a year-on-year decrease of 3.32%.**

Industry trend: According to data from All View Cloud, China's home appliance retail sales across all channels amounted to RMB 425 billion in the first half of 2026. As a mature industry, home appliances are characterized by "shrinking total volume and optimized structure". The domestic "two new" policy continued, with its orientation shifting from "inclusive subsidies" to "targeted support for Class 1 energy efficiency and core household appliances". The pattern of "domestic sales under pressure, exports performing well" continued. According to customs data, in the first half of 2026, China's exports of white goods (excluding color TVs) amounted to USD 71.89 billion, up 4.6% year on year. According to Regulation (EU) 2023/826, mandatory low-power energy efficiency regulations have been implemented in Europe, driving the demand for controller iteration and upgrading.

Company progress: Structural upgrading hedged against total volume pressure, and value contribution increased. Facing the contraction of the industry's overall volume, the Company's revenue only experienced a slight decline. The core driving forces come from three aspects: First, the customer structure continues to be optimized, with the customer base of leading brands being continuously maintained; second, the product structure is upgraded toward higher added value, with the contribution of high-end commercial applications such as overseas commercial kitchens, AI temperature controllers, and floor scrubbers continuing to increase; third, domestic and foreign markets develops in a coordinated manner. This strategy is aligned with the industry's evolutionary direction of "energy efficiency upgrading, intelligentization, and export globalization", enabling the Company to achieve structural breakthroughs during the industry's downturn.

The domestic market is deepening its intelligence development in directions such as green energy conservation, whole-house intelligence, health scenarios, home integration, and small household appliances, increasing R&D investment in variable frequency technology, ToF sensor AI algorithms, and IoT platforms. Overseas markets are focusing on high-end commercial applications, seizing opportunities in high-growth sectors such as cleaning appliances.

The product undergoes intelligent upgrading, transitioning from passive execution to active perception. The Company's proprietary controller incorporates AI environmental perception and prediction technology, and determines room temperature and use conditions in real time based on sensor data such as seat temperature, enabling more precise heating control and simplifying hardware solutions for smart toilets. The Company has developed an AI food recognition software algorithm and explored its application in commercial ovens, propelling the product from "passive execution" to "active perception and adaptive adjustment," thereby establishing a differentiated technological barrier.

With the structural upgrading of the home appliance industry toward a low-carbon, intelligent, and healthy trend, coupled with the Company's continuous expansion in high-end commercial and overseas markets, the Company is expected to transform industry cycle pressures into opportunities for market share increase and value enhancement, further strengthening its growth certainty.

1.2 Automotive and high-end equipment: The revenue during the Reporting Period amounted to RMB 604 million, a year-on-year increase of 11.09%.

- **Automotive sector: The revenue was RMB 323 million, a year-on-year increase of 17.96%**

Industry trend: According to data from the Ministry of Public Security and the National Energy Administration, by the end of June 2026, the national NEV stock stood at 48.97 million units, accounting for 13.19% of all vehicles, marking an increase of 2.92 percentage points compared to the same period last year. According to data from the China Association of Automotive Manufacturers, from January to June 2026, the domestic production and sale volume of NEVs reached 7.438 million and 7.446 million units, respectively, a year-on-year increase of 6.7% and 7.3%, respectively, with a penetration rate of 49.6%. Domestic demand faced pressure, and the domestic NEV sale volume was 5.09 million units, a year-on-year decrease of 13.4%. Exports emerged as a core growth driver, with 2.355 million NEVs exported in the first half year, a year-on-year increase of 120%. Overseas markets have become important growth markets for motor enterprises. The industry has shifted from rapid expansion to competition within the existing market, with the focus of competition shifting from driving range to experience dimensions such as intelligent assisted driving and intelligent cockpits, driving the upgrading of demand for onboard micro-motors and thermal management control.

LiDAR motors: During the Reporting Period, LiDARs has evolved from a differentiated configuration for high-end vehicle models to a core sensor for advanced intelligent driving, marking a leap toward mass production across multiple scenarios and opening up an incremental market for brushless motors. By the end of June 2026, the Company had shipped about 1.7 million onboard LiDAR rotating mirror motor products, ranking top in the market.

Charging piles: With liquid-cooled super-charging technology being the core, the Company has built a full-scenario product matrix covering both AC and DC charging piles. AC charging piles are available in over 20 models in product series such as the national, European and American standards. Through the model of "indirect supply to global top customers via top Tier 1 suppliers", the Company has strengthened cooperation with overseas top automotive companies in AC charging piles and adapters. The North American market is currently transiting from CCS to NACS. The Company's bidirectional adapters provide a low-cost interconnection solution for existing vehicles, new charging networks, and ultra-fast charging ecosystems, enhancing adaptability in the American standard ecosystem.

Smart cockpit motors: DC brushless motors, with their advantages of silence, smoothness, and durability, are rapidly increasing in their deployment in fields such as seat massage, multimedia screen lifting and flipping, electric side doors, and electric sliding side doors, with a rapid increase in penetration rate.

- **Industry and robotics sector: The revenue was RMB 265 million, a year-on-year decrease of 0.63%.**

Industry: In the field of industrial automation motion control, the Company has formed three major product matrices: "stepping systems, servo systems, and motion control", as well as solutions for multiple industries. During the Reporting Period, the industrial control business grew faster, benefiting from the upward trend in capital expenditure in industries such as semiconductor equipment, which drove the recovery of related demand, and the continuation of substitution with homemade products. Among them, servo products grew by 49.9% year on year, and control products grew by 119.6% year on year.

During the Reporting Period, the Company continued with technological innovation and product upgrading. The innovation and iteration of five-phase stepper bus and pulse products have fully verified product performance and stability in numerous customer applications in industries such as healthcare and semiconductors. Multi-in-one and integrated products continued to make a strong impact in industries like 3C and machine tools, driving sustained performance growth for the Company. Servo systems have undergone continuous iteration focusing on high performance, stability, and low cost. The newly launched two-in-one servo product series and low-voltage linear servo product series are favored by many customers, contributing to the continuous growth of the Company's servo performance. The diversification of motion control technology has seen parallel development in Ether CAT bus technology and pulse control technology. While further delving into conventional advantageous fields such as 3C electronics manufacturing, laser equipment, and CNC machine tools, the Company has expanded into high-precision control solutions in the semiconductor field, including probe stations, spectroscopic machines, and die bonding/co-bonding machines. This has led to breakthrough performance for the Company's control product line in 2026.

Robots: The humanoid robot industry enters an accelerated mass production stage in 2026. According to the SAG report, the global shipment of humanoid robots reached 19,100 units in the first half of 2026, a year-on-year increase of 272%. Institutions such as Nomura have raised their forecast for China's shipment in 2026 to the magnitude of 40,000~50,000 units, indicating that the industry is approaching the milestone mass production of 100,000 units. As a core component supplier, the Company collaborates directly with domestic manufacturers of complete machines and dexterous hands by providing components such as motors and drives, and enters the mass production stage. Meanwhile, through cooperation with actuator assembly enterprises, it has entered the supply chain of overseas leading enterprises to supply control product samples for humanoid robot actuators and assist customers in verification and testing.

- **AI datacenter sector: The revenue was RMB 16 million, a year-on-year increase of 391.80%**

Industry trend: According to GII data, the global AI datacenter market is expected to reach about USD 27.7-48.6 billion in 2026; the total capital expenditure of the world's nine major cloud service providers (CSPs) is expected to surpass USD 886.7 billion in 2026, a year-on-year increase of nearly 90%, which has driven the annual growth rate of the AI server shipment up to nearly 31% in 2026. According to Bernstein Research, the rapid increase in AI rack density is driving the transition of datacenter cooling from air cooling to direct liquid cooling. The power supply architecture is evolving toward higher density, DC, and higher voltage, and the introduction of 800V high-voltage direct current (HVDC) solutions will be accelerated. Driven by factors such as the "East Data, West Computing" plan, the capital injection from National Integrated Circuit Industry Investment Fund Phase III, and the pressure of export control in China, substitution with homemade products continues.

Company progress: Currently, the focus is primarily on the two core aspects of AI datacenters: "power supply" and "liquid cooling and heat dissipation". Leveraging the Company's technical expertise in power sources, motors, and control systems, it is expanding into multiple key infrastructure sectors gradually. At the power supply equipment end, the Company collaborates with global leaders in datacenter critical infrastructure, leveraging its strengths in independent power supply research and design to provide UPS power control products. The Company is also preparing to develop 1U and 0U dual-form intelligent PDUs to meet the demand of fine-grained power distribution management at the rack level. Additionally, the Company is planning and developing multiple products for server CRPS power sources, improving its product matrix continuously. At the liquid cooling end, the Company has provided high-precision and high-reliability drive and control integrated components for outdoor cold sources of AI datacenter liquid cooling systems, helping customers generate and deliver cold source to CDU (cooling distribution unit) efficiently and stably. Meanwhile, the Company is actively expanding control business opportunities in the field of CDU cold source delivery. The Company's motors for AI datacenter servers have been designated by suppliers and will be applied to partition leak-proof valve modules in liquid cooling systems.

1.3 New energy: During the Reporting Period, revenue reached RMB 583 million, a year-on-year increase of 21.02%. The revenue grew rapidly, and the market share accelerated.

Industry trend: According to the report data from Frost & Sullivan, the annual shipment volume of global energy storage systems has reached 304.6 GWh in 2025. Looking ahead to 2030, the annual shipment of global energy storage systems is expected to reach 804.5 GWh, with a CAGR of 21.4% during 2025-2030. Within this market, the CAGR of the industrial and commercial energy storage segment is even higher, being 27.9%, and the shipment will grow from 43.8 GWh in 2025 to 149.8 GWh in 2030. In China, the bidding energy scale of energy storage systems has grown significantly. Capacity pricing policies have been implemented in various provinces, the construction of the electricity spot market has accelerated, and documents such as the 15th Five-Year Action Plan for Carbon Peaking have been issued. The economic efficiency and business models of energy storage projects continue to improve.

Market expansion and brand recognition: During the Reporting Period, the Company participated in domestic and international exhibitions such as The smarter E Europe in Germany, RE+ MEXICO 2026, CIBF in Shenzhen, and CPSE in Shanghai, showcasing energy storage systems, lightweight power, and other product solutions to worldwide customers. The Company has received industry recognition such as the 2025 Vico Cup – Outstanding BMS Enterprise Award in the Energy Storage Industry, and has been selected as one of the TOP 20 enterprises in industrial and commercial energy storage systems in terms of comprehensive competitiveness, and one of the TOP 10 innovative enterprises in new energy storage BMS technology in the 2026 China New Energy Storage Application Blue Book.

Product and market progress: The Company's energy storage products are widely used in both grid-side and user-side scenarios. The Company continues to enhance key technologies such as BMS, PCS, and EMS, and extend its products toward energy storage systems to accommodate diverse application scenarios and support the long-term stable operation of various energy storage projects. In terms of overseas markets, the demand for industrial and commercial energy storage in Europe continues to escalate. Emerging markets such as South Asia are experiencing rapid growth in energy storage demand for parks, driven by frequent power outages and high costs of diesel power generation. The Company has also improved in various aspects such as local response, inventory support, and product adaptability. Overall, global energy storage products continue to upgrade toward high safety, liquid cooling, and intelligence, and the Company's product layout is highly aligned with industry trends.

Looking ahead, the energy storage industry is in a golden period of rapid growth. Leveraging its core technological advantages such as BMS and its position in the global market, the Company is expected to continue its high-growth trajectory.

2、Autonomous intelligence business: The revenue during the Reporting Period was RMB 342 million, a year-on-year increase of about 170.28%.

- **Business positioning: A new business model that runs in parallel with the main business of intelligent control**

Artificial intelligence (AI) is deeply embedded in hardware products of the physical world. The introduction of AI has significantly enhanced hardware capabilities in perception, decision-making, and execution compared to the past. The scope of work that can be undertaken by the same type of hardware and achieved results have both improved greatly, opening up vast opportunities for innovative applications of hardware products. The more fundamental change lies in the alteration of hardware capability attributes – shifting from passively responding to instructions to understanding scenarios and making autonomous decisions.

Against this backdrop, the Company continues to develop its main business of intelligent control deeply while developing the autonomous intelligence business. Autonomous intelligence is not a new product category, but a novel business model. Leveraging the "four electrics and one network + AI" technology foundation built over the past three decades, the Company provides customers with core components of intelligent control and actively explores novel and extensive applications of AI in the physical world. The two businesses share the same technological foundation, and are oriented to different markets and scenarios. They support each other rather than replacing each other, and the autonomous intelligence business constitutes the Company's second growth curve.

The autonomous intelligence business is founded on hardware, with the cloud being the hub and AI being the engine. Data continuously circulates among the three, enabling products to evolve from passively responding to instructions to making autonomous decisions and becoming more intelligent as they are used. During the Reporting Period, the autonomous intelligence business achieved revenue of RMB 342 million, compared to RMB 126 million in the same period of last year, a year-on-year increase of about 170%. It has transitioned from the technology incubation stage to the large-scale development stage.

■ **Pattern core: Three-tier architecture delivery, and value extension with operations**

Unlike the intelligent control business, which customizes and delivers core components according to customer needs, the value of the autonomous intelligence business extends beyond hardware delivery. The Company delivers its products to the market through the three-tier architecture of "complete machines + scenario solutions + cloud platform data": The sale of hardware is not the end of transactions, but the starting point of value creation – the device maintains continuous connection in the cloud, operates in an AI-driven manner, and operational data continuously feeds back to algorithms, enabling product performance and use value to continuously improve with operational time. This model enables the Company to create value through intelligent complete machine delivery and the continuous operation of cloud platforms in addition to one-time component sale.

This business model has been successfully implemented and achieved large-scale sale in cloud storage and cloud charging, which are also the main sources of revenue growth for its autonomous intelligence business during the Reporting Period. Self-developed products based on full-link core technologies: At the hardware level, battery management systems (BMSs), power conversion systems (PCSs), charging power modules, and energy control units are self-developed, with key components and underlying algorithms being independently controllable; cloud-based energy management systems (EMSs) sense the grid, load, and equipment status in real time and decides on charging and discharging strategies autonomously. Among them, cloud storage covers household energy storage and industrial and commercial energy storage, while cloud charging covers DC charging piles, which are applied to scenarios such as household green energy, commercial complex storage and charging, and zero-carbon parks. Through these two types of products, the Company has successfully established a business chain that allows it to independently define smart devices and bring them to market on a large scale.

■ **Pattern replication: continuously entering new scenarios with one foundation**

The growth logic of autonomous intelligence business does not lie in the sales volume of a certain product, but in that this model can be continuously replicated to new scenarios along the same technological foundation. The Company has incubated the new smart device business centered around niche scenarios where demand has not been fully met. During the Reporting Period, the sales scale of products such as the SimpleCharm AI beauty instrument and the Chuji commercial cooking robot continued to expand. The Company also released the Yueban toilet robot, which is the industry's first toilet robot designed to meet rigid care needs of the elderly and disabled, filling the market gap in this niche scenario and directly reflecting the Company's ability to define new product categories independently. Cloud storage, cloud charging, and the above complete machines are forms of this business model; the core of the model itself lies in the replicable business approach of "self-definition, self-development, and self-operation". When entering every new scenario, the Company accumulates richer cross-scenario data for AI to continuously enhance its autonomous intelligence capabilities.

Based on its judgment of the evolution direction of products and technologies, the Company believes that the integration of AI and hardware is gradually transforming hardware from a tool that passively responds to instructions into an intelligent product that completes tasks autonomously and evolves itself during operation. The Company summarizes this direction as "autonomous operation and evolution" – the former refers to the ability to make autonomous judgment and complete tasks in real-world scenarios, while the latter refers to the continuous accumulation of experience and iterative capabilities through data and algorithms obtained from continuous operation. During the Reporting Period, based on the three-tier architecture, cloud storage and cloud charging achieved a closed loop driven by cloud-based AI and fed back by operational data, and the concept of "getting more intelligent as they are used" was preliminarily verified. The tighter the cycle between hardware, cloud, and AI is, and the broader scenarios are covered, and the faster products evolve autonomously.

When developing its autonomous intelligence business, the Company's focus is not on a specific product or the current revenue scale, but on opening up new sources of growth while maintaining a stable main business. The growth potential of this business lies in the breadth of the Company's continuous entry into new scenarios and replication of its autonomous intelligence business model without being constrained by the boundaries of any single product category.

(II) Factors such as exchange rates and raw material supply affect short-term profitability

During the Reporting Period, due to the fluctuation of the RMB exchange rate, the Company's exchange gains and losses shifted from a profit of RMB 46 million in the same period of last year to a loss of RMB 113 million, significantly affecting the current profit. In response, the Company has established an exchange rate risk management system by flexibly adjusting overseas sales quotations, utilizing financial instruments such as forward exchange locking and hedging, and converting some original US dollar settlement orders to RMB settlement. These measures are gradually taking effect in mitigating the risk of exchange rate fluctuation. Meanwhile, under the combined effect of factors such as the complex global trade environment, upward shifts in price centers of key bulk products and batteries, fluctuations in raw material prices, tight supply, and the ramp-up period of new businesses, the Company's profitability is under temporary pressure. The gross profit margin during the Reporting Period was 19.69%, a year-on-year decrease of 2.85 percentage points.

During the Reporting Period, the Company's cost control efforts bore fruit: Sales expenses, management expenses, and R&D expenses all decreased year on year, with their total dropping by 6.39%. The Company firmly believes in the deepening of its intelligent control business in existing industries and the expansion into new scenarios. Meanwhile, it is confident in the long-term development of its autonomous intelligence business.

It continues to increase high-intensity R&D investment in innovative application fields such as AI applications, robots, motors, complete machines, and vehicles. During the Reporting Period, the R&D investment amounted to RMB 494 million, accounting for about 8.50% of the revenue.

(III) The net cash flow generated from operating activities was RMB -101 million, indicating that the overall operating cash flow is at a healthy operational level.

The decrease was primarily due to the Company's increased inventory of raw materials to ensure the delivery of orders in the second half year, with inventory rising by about RMB 939 million compared to the year beginning. The cash received from selling goods and providing services in the current period amounted to RMB 5.465 billion, a year-on-year increase of 2.0%. The quality of cash receipts remained healthy, and the overall operating cash flow was at a healthy operating level.

(IV) Process transformation as the foundation + multi-regional capacity layout, enhancing operational resilience in multiple dimensions

During the Reporting Period, the Company initiated the three-year action plan of "customer-centric process-oriented organizational transformation" to achieve management efficiency improvement brought about by cross-departmental collaboration, end-to-end delivery, and global presence at a scale of tens of billions of RMB. The Company's operations are centered around business processes, with focus on restructuring core processes such as LTC, 1-N, OTD, and S&OP. This has facilitated the organization's transition from being "function-driven" to being "process-driven". Each major BG has finalized its processes, and conducted training for all employees, and is gradually moving into trial operations. Meanwhile, supporting performance evaluation reform has been initiated, with focus on value customers and business success. All employees are encouraged to speak, think and act in a unified manner, creating an efficient and collaborative combat system that lays a solid organizational foundation for sustained high-quality development.

During the Reporting Period, the Company continued to advance its business in overseas bases such as Vietnam, Mexico, India, and Romania, and expanded the production capacity of its Vietnam base. The global production capacity layout has been continuously improved, and the overseas delivery and localized service capabilities have been continuously enhanced. During the Reporting Period, the overseas base achieved an output value of RMB 1.25 billion, accounting for 20.86% of the total output value.

YoY changes in Major Financial Metrics

Unit: RMB

	Reporting period	Same period of last year	YoY increase or decrease	Reason for change
Revenue	5,808,802,405.34	5,502,335,729.18	5.57%	
Operating cost	4,664,809,867.96	4,261,763,382.25	9.46%	
Selling expenses	212,094,797.72	220,686,080.56	-3.89%	
Overheads	196,025,982.81	222,560,862.57	-11.92%	
Finance expenses	117,919,273.60	-38,757,798.52	404.25%	This was mainly due to the increase in exchange losses during the Reporting Period.
Income tax expenses	9,784,838.57	25,988,052.59	-62.35%	This was mainly due to the decrease in current income tax expenses arising from profit decline during the Reporting Period.
R&D investment	493,689,114.43	524,842,516.77	-5.94%	
Net cash flow from operating activities	-101,158,749.88	353,354,566.49	-128.63%	This was mainly due to the decrease in the net cash flow from operating activities arising from increased payment during the Reporting Period.
Net cash flow from investment activities	-500,146,128.22	-161,606,599.96	-209.48%	This was mainly due to the decrease in the net amount arising from cash management during the Reporting Period.
Net cash flow from financing activities	486,593,630.06	-19,230,084.46	2,630.38%	This was mainly due to the decrease in debt repayment during the Reporting Period.
Net increase in cash and cash equivalents	-169,195,348.98	206,373,931.40	-181.98%	This was mainly due to the decrease in the net cash flows from operating and investment 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 revenue

Unit: RMB

	Reporting period	Same period of last year	YoY

	Amount	Proportion in revenue	Amount	Proportion in revenue	increase or decrease
Total revenue	5,808,802,405.34	100%	5,502,335,729.18	100%	5.57%
By industry					
Intelligent control electronics industry	5,808,802,405.34	100.00%	5,502,335,729.18	100.00%	5.57%
By product					
1. Intelligent control business	5,466,867,342.94	94.11%	5,375,822,376.78	97.70%	1.69%
Tools and home appliances	4,279,732,111.55	73.67%	4,350,273,394.39	79.07%	-1.62%
Automotive and high-end equipment	604,205,200.72	10.40%	543,873,042.81	9.88%	11.09%
New energy	582,930,030.67	10.04%	481,675,939.58	8.75%	21.02%
2. Autonomous intelligence business	341,935,062.40	5.89%	126,513,352.40	2.30%	170.28%
Cloud storage and cloud charging	271,140,119.86	4.67%	88,630,238.28	1.61%	205.92%
Others	70,794,942.54	1.22%	37,883,114.12	0.69%	86.88%
By region					
Domestic	2,138,688,073.49	36.82%	1,756,187,461.66	31.92%	21.78%
Overseas	3,670,114,331.85	63.18%	3,746,148,267.52	68.08%	-2.03%

Note: The statistical basis for products in the current period has been adjusted, and the data for the same period of last year has been re-classified according to the current basis. The disclosed revenue items in the semi-annual and annual reports of last year are based on the old basis, making the itemized data incomparable, but the total revenue remains unchanged.

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

☑ Applicable □ Not applicable

Unit: RMB

	Revenue	Operating cost	Gross profit margin	Increase or decrease of revenue 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 margin over the same period of last year
By industry						
Intelligent control electronics industry	5,808,802,405.34	4,664,809,867.96	19.69%	5.57%	9.46%	-2.86%
By product						
1. Intelligent control business	5,466,867,342.94	4,398,364,729.11	19.55%	1.69%	5.47%	-2.88%
Tools and home appliances	4,279,732,111.55	3,432,289,668.13	19.80%	-1.62%	1.24%	-2.27%
Automotive and high-end equipment	604,205,200.72	442,385,169.45	26.78%	11.09%	12.07%	-0.64%

New energy	582,930,030.67	523,689,891.53	10.16%	21.02%	35.93%	-9.85%
By region						
Domestic	2,138,688,073.49	1,715,362,552.98	19.79%	21.78%	24.40%	-1.69%
Overseas	3,670,114,331.85	2,949,447,314.98	19.64%	-2.03%	2.31%	-3.41%

Note: The statistical basis for products in the current period has been adjusted, and the data for the same period of last year has been re-classified according to the current basis. The disclosed revenue items in the semi-annual and annual reports of last year are based on the old basis, making the itemized data incomparable, but the total revenue remains unchanged. 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	It is sustainable
Investment income	13,904,210.37	10.04%	Mainly due to the settlement of profits and losses for wealth management products and foreign exchange derivatives.	No
Profit and loss from changes in fair value	282,354.40	0.20%	Mainly due to the profit and loss from changes in fair value arising from foreign exchange derivatives that have not matured.	No
Impairment of assets	-29,609,101.52	-21.38%	Mainly due to the provision for inventory depreciation.	No
Non-operating income	2,806,494.73	2.03%	Mainly due to the compensation from customer's breach of contract and various fines.	No
Non-operating expenditure	4,178,364.90	3.02%	Mainly due to the loss of scrapping of non-current 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 in proportion	Explanation of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,471,349,594.47	9.77%	1,797,447,784.44	13.25%	-3.48%	No significant change

Accounts receivable	3,367,294,423.88	22.37%	3,024,669,376.01	22.29%	0.08%	No significant change
Contractual assets	596,075.63	0.00%	601,601.95	0.00%	0.00%	No significant change
Inventory	3,135,760,455.30	20.83%	2,195,746,866.60	16.18%	4.65%	Mainly due to strategic stocking during the Reporting Period.
Investment property	96,308,465.35	0.64%	97,727,652.86	0.72%	-0.08%	No significant change
Long-term equity investment	41,335,306.08	0.27%	40,463,113.36	0.30%	-0.03%	No significant change
Fixed assets	2,846,327,000.00	18.91%	2,888,394,751.10	21.29%	-2.38%	No significant change
Construction in progress	895,992,867.67	5.95%	803,965,663.22	5.93%	0.02%	No significant change
Right-of-use assets	36,544,291.24	0.24%	50,405,996.42	0.37%	-0.13%	No significant change
Short-term loans	1,870,542,647.09	12.43%	1,392,469,964.76	10.26%	2.17%	Mainly due to the increase in financing demand during the Reporting Period.
Contractual liabilities	151,911,777.01	1.01%	116,456,170.61	0.86%	0.15%	Mainly due to the increase in advance payments during the Reporting Period.
Long-term loans	401,740,987.85	2.67%	404,450,000.00	2.98%	-0.31%	No significant change
Lease liabilities	13,566,691.31	0.09%	22,919,126.35	0.17%	-0.08%	No significant change

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	Is there a significant risk of impairment

Operation Center in India	Investment and establishment	528,583,961.43	Pune, India	R&D, production and sales	Financial supervision and external audit	14,856,366.93	7.56%	No
Dong Nai Operation Center, Vietnam	Investment and establishment	1,380,340,594.88	Dong Nai, Vietnam	R&D, production and sales	Financial supervision and external audit	76,287,708.08	19.75%	No
Mexico Operations Center	Investment and establishment	530,645,880.32	Mexico	R&D, production and sales	Financial supervision and external audit	-16,032,464.70	7.59%	No
Explanation of other situations	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 provision in the current period	Amount of purchase in the current period	Amount of sale in the current period	Other changes	Closing balance
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	538,102,481.43	1,360,403.64	239,842,362.83		1,830,500,000.00	1,408,365,116.37	-12,500.68	961,585,268.02
2. Financing of accounts receivable	138,461,638.53						6,307,300.45	144,768,938.98
3. Other debt investments	40,843,277.78						426,465.75	41,269,743.53
4. Other equity instrument investments	51,622,482.00		10,429,532.00		28,000,000.00			79,622,482.00
Subtotal of financial assets	769,029,879.74	1,360,403.64	250,271,894.83		1,858,500,000.00	1,408,365,116.37	6,721,265.52	1,227,246,432.53
Total of the above	769,029,879.74	1,360,403.64	250,271,894.83		1,858,500,000.00	1,408,365,116.37	6,721,265.52	1,227,246,432.53
Financial liabilities	5,161.00	1,078,049.24	1,078,049.24				-5,161.00	1,078,049.24

Contents of other changes

None.

Are there 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 VII. 31 in Section VIII Financial Report for details.

VI. Investment analysis

1. General situation

☑ Applicable □ Not applicable

Investment in the Reporting Period (RMB)	Investment amount in the same period of last year (RMB)	Range of change
28,000,000.00	0.00	100.00%

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) Derivatives investment for the purpose of 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	Amount of purchase during the Reporting Period	Amount of sale 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	363,455.46	6,325.92	28.24	28.24	357,129.54	108,659.69	254,795.77	36.47%
Total	363,455.46	6,325.92	28.24	28.24	357,129.54	108,659.69	254,795.77	36.47%
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	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.							
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 4.4969 million.							
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.)	I. Risk analysis of forward exchange transaction 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: 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. II. Risk control measures 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 forward 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)	June 23, 2026

2) Derivatives investment for the purpose of speculation during the Reporting Period.

□ Applicable ☑ Not applicable

The Company did not have any derivatives investment for the purpose of speculation during the Reporting Period.

5. Usage of raised capitals

□ Applicable ☑ Not applicable

The Company used no raised funds 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

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic components	RMB 300 million	5,967,706,026.06	2,378,117,835.03	2,943,102,158.40	-18,453,741.26	-4,612,868.75
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	Subsidiary	R&D, production, sales, import and export of electronic components	USD 33.5 million	1,380,340,594.88	746,314,792.88	816,408,471.62	82,001,517.36	76,287,708.08
TOPBAND	Subs	R&D,	2.265	528,583,961.43	342,429,360.25	249,943,908.11	22,431,884.71	14,856,366.93

INDIA PRIVATE LIMITED	idiary	production, sales, import and export of electronic components	billion Indian rupees					
TOPBAND MEXICO,S.DE .L.DEC.V.	Subsidiary	R&D, production, sales, import and export of electronic components	USD 35 million	530,645,880.32	225,177,620.87	180,393,231.54	-14,697,251.76	-16,032,464.70

Situation of acquisition and disposal of subsidiaries during the Reporting Period

□ Applicable ☑ Not applicable

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 trade frictions and geopolitical tensions in the macro environment can also have a negative impact on business confidence and investment. The Company may continue to face an uncertain external environment. We will further strengthen risk identification and control across various businesses and regions, and promptly adjust strategies to minimize external impacts.

2. Technological upgrading risks: The industry of intelligent controllers, which is the Company's main business, is experiencing rapid technological development, in which products are upgraded quickly and have short lifecycles. Although the Company continues to invest in R&D and has obtained multiple invention and utility patents, there is still a risk that technological upgrading may not be timely, failing to meet market demand or lagging behind competitors in new product launch, reducing the Company's market share and profitability.

3. Exchange rate risks: The Company's export sales account for over 60% of its total revenue. To cope with the risk of RMB fluctuation, the Company will reduce and hedge foreign exchange risks through measures such as conducting RMB hedging operations, international procurement, and repricing new products.

4. Other risks: The current international and domestic macro environments are fraught with uncertainties, presenting several factors detrimental to the Company's operations, such as the China-U.S. trade war, potential shortages or price hikes of raw materials, labor shortage, and customer credit risks, all of which will bring uncertainties to the Company's operations.

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

Did the Company establish a market value management system?

☑ Yes □ No

Did the Company disclose the valuation enhancement plan?

□ Yes ☑ No

In order to strengthen the Company's market value management, improve investment value, and increase investor returns, the Company has formulated the Market Value Management System, which was approved at the 22nd meeting of the 8th Board of Directors on October 27, 2025. The Company shall firmly establish a sense of returning to shareholders, focus on its main business, improve operational efficiency and profitability, and cause the Company's investment value to reflect the Company's quality reasonably by leveraging corporate governance, M&As, equity incentives, employee stock ownership plans, cash dividends, investor relations management, information disclosure, and share repurchases comprehensively. Refer to the Market Value Management Policy disclosed by the Company on http://www.cninfo.com.cn on October 28, 2025 for details.

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

Did the Company disclose the announcement on the action plan for "double improvement of quality and return"?

☑ Yes □ No

During the Reporting Period, the Company firmly established the awareness of paying back to shareholders, resolutely implemented regulatory advocacy, and steadfastly executed the action plan of "Double Improvement of Return on Quality", deeply binding shareholders' interests with the Company's high-quality development. While expanding the market, it continued to strengthen internal cost control. It actively implemented the latest regulatory requirements of the CSRC and the Shenzhen Stock Exchange to comprehensively improve the salary management system, and revised the Salary Management System for

Directors and Senior Executives to consolidate the foundation of corporate governance. It adhered to the fundamental principle of enhancing intrinsic value, and promoted value dissemination from multiple dimensions, such as business sorting and dissemination, increasing market exposure, actively communicating with various investors, and utilizing compliance tools, allowing investors to better understand and discover the Company's investment value. It implemented a continuous, stable, and proactive equity distribution policy, formulated the annual profit distribution plan 2025, and completed annual equity distribution in 2025, with cash dividend totaling RMB 86.0153 million distributed, effectively improving the dividend payout ratio. Meanwhile, the Company actively held annual performance briefings, promptly responded to inquiries on the interactive platform and hotline, and enabled investors to understand company information more promptly and conveniently. Refer to the Announcement on the "Double Improvement of Return on Quality" Action Plan disclosed by the Company on the Securities Times and www.cninfo.com.cn on August 25, 2026 for the implementation progress of the action plan for "Double Improvement of Return on Quality" during the Reporting Period.

Section IV Corporate Governance, Environment and Society

I. Changes in directors and senior executives

□ Applicable ☑ Not applicable

There were no changes in the directors and senior executives of the Company during the Reporting Period. Refer to the Annual Report 2025 for details.

II. Profit distribution and conversion of capital surplus to share capital during the Reporting Period

□ Applicable ☑ Not applicable

The Company does not plan to pay cash dividends, issue bonus shares, or increase share capital from capital reserve for the first half of 2026.

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

☑ Applicable □ Not applicable

1. Equity incentives

Implementation of the 2024 stock option incentive plan:

(1) On November 6, 2024, the Company held the 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors, deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024, and the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024, and agreed that the Company would intend to grant a total of no more than 33 million stock options to 1,200 incentive objects. All shares of this plan come from the shares repurchased by the Company's special repurchase account. The stock options granted this time will be exercised at a ratio of 30%, 40% and 30% within 12 months, 24 months and 36 months from the date of completion of the granting and registration of the stock options. The Company held the 10th

(Extraordinary) Meeting of the 8th Board of Supervisors, passed the relevant proposals and verified the list of incentive objects in 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 publicly announced the names and positions of the incentive objects in this incentive plan on the Company's internal OA office system, with a publicity period from November 11, 2024 to November 20, 2024. No organization or individual raised any objection to the list of incentive objects during the publicity period. 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 believed that the proposed incentive objects in this incentive plan did not have the situation that relevant laws and regulations do not allow them to be the incentive objects, and met the participation qualifications within the scope of the incentive objects in this incentive plan.

(3) On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders, deliberated and passed the Proposal on the Company's 2024 Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Company's Management Measures for Assessment of the Stock Option Incentive Plan for 2024, the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan for 2024, and other proposals related to the Incentive Plan, and authorized the Board of Directors to determine the grant date under the Incentive Plan, grant stock options to the incentive objects when the incentive objects meet the conditions, and handle all matters necessary for the granting of stock options.

(4) On December 9, 2024, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors, and deliberated and passed the Proposal on Adjusting Matters Related to the 2024 Stock Option Incentive Plan and the Proposal on Granting Stock Options to Incentive Objects. In view of the fact that as of the grant date of the stock options, 4 of the incentive objects originally deliberated and determined had resigned or had submitted resignation applications, and did not meet the conditions to become incentive objects, and the fact that 7 incentive objects voluntarily gave up the qualification for the stock options to be granted this time due to personal reasons, a total of 100,000 stock options to be granted to the above 11 incentive objects were canceled. After the adjustment, the Company's stock option incentive objects this time were 1,050 people, and the total number of stock options to

be granted was adjusted from 33 million to 32.9 million. The Company's Board of Supervisors reviewed the list of incentive objects, the lawyer issued a legal opinion, and the independent financial consultant issued an independent financial advisor 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 CNINFO (http://www.cninfo.com.cn).

(7) On March 31, 2026, the Company held the 25th meeting of the 8th Board of Directors, at which the Proposal on the Non-fulfillment of Exercise Conditions for the First Exercise Period of the 2024 Stock Option Incentive Plan and the Cancellation of Some Options was deliberated and passed. It was agreed that since the company-level performance assessment in 2025 did not meet the target, 9.2157 million stock options that failed to meet the exercise conditions during the first exercise period of the incentive plan would be cancelled by the Company. Meanwhile, since 83 incentive objects resigned for personal reasons, the stock options that had been granted but not exercised by these incentive objects would not be exercised and would be cancelled by the Company in a unified manner. The total number of stock options involved was 2.181 million. In summary, a total of 11.3967 million stock options were cancelled this time. The Remuneration and Evaluation Committee of the Board of Directors of Company deliberated and passed the above proposal.

2. Implementation of employee stock ownership plan

☑ Applicable □ Not applicable

Status of all effective employee stock ownership plans 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	Sources of funding for implementation of the plan
Directors (excluding independent directors), supervisors, senior executives and the core backbone of the Company	45	5,181,200	None	0.42%	Special incentive funds provided for by the Company and funds raised by other means as permitted by laws and administrative regulations

Shareholdings of directors and senior executives in the Employee Stock Ownership Plan during the Reporting Period

Name	Position	Number of stocks held at the beginning of the Reporting Period (shares)	Number of stocks held at the end of the Reporting Period (shares)	Proportion to the share capital of the listed company
Directors: Ma Wei, Zheng Sibin and Peng Ganquan; senior executives: Wen Chaohui and Luo Muchen	Directors and senior executives	1,300,000	1,300,000	0.10%

Changes in asset management institutions during the Reporting Period

□ Applicable ☑ Not applicable

Changes in equity due to disposal of shares by holders during the Reporting Period

□ Applicable ☑ Not applicable

Exercise of shareholders' rights during the Reporting Period

None

Other relevant circumstances and explanations of the Employee Stock Ownership Plan during the Reporting Period

□ 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

According to Accounting Standards for Business Enterprises No. 11 – Share-based Payment, for equity-settled share-based payment that requires the completion of services during the waiting period or the satisfaction of specified performance conditions before vesting in exchange for employee services, on each balance sheet date during the waiting period, the services obtained in the current period shall be recorded into the relevant costs or expenses and capital reserves based on the best estimate of the number of vesting equity instruments, at the fair value of the equity instruments on the grant date. The amortization expenses for the Company's share-based payment incentive plan in the first half of 2026 amounted to RMB 13.4783 million, which was recorded under the relevant expense accounts and capital reserves.

Termination of the Employee Stock Ownership Plan during the Reporting Period

□ Applicable ☑ Not applicable

Other descriptions:

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	Undertaking 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.	June 12, 2007	Long-term	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 semi-annual financial reports have been audited

□ Yes ☑ No

The Company's Semi-annual Report was not audited.

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

There were no penalties or rectifications during the Company's 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 material related-party transactions 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 VIII Financial Report of the Report for details.

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 amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
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 amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Hong Kong Topband	2025/8/23	20,432.70	2026/6/30	900	Joint liability guaranty			3 years	No	No
Topband Mexico	2025/8/23	20,000.00			Joint liability guaranty			3 years	No	No
Total amount of guarantee for subsidiaries approved during the Reporting Period (B1)				Total actual amount of guarantee for subsidiaries during the Reporting Period (B2)		900.00				
Total amount of approved guarantee for subsidiaries at the end of the Reporting Period (B3)		40,432.70		Total balance of guarantee for subsidiaries at the end of the Reporting Period (B4)		900.00				
Guarantee of the subsidiary 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 amount guaranteed	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Total amount of the corporate guarantee (i.e. the sum of the first three items)										
Total amount of guarantees approved during the Reporting Period (A1+B1+C1)				Total incurred amount of actual guarantees provided during the Reporting Period (A2+B2+C2)		900.00				

Total amount of guarantee approved at the end of the Reporting Period (A3+B3+C3)	40,432.70	Total balance of guarantee at the end of the Reporting Period (A4+B4+C4)	900.00
The proportion of the total actual amount of guarantee (A4+B4+C4) in the Company's net assets		0.13%	
Including:			
Balance of guarantees provided to shareholders, real controlling parties and their related parties (D)		0	
Balance of debt guarantees directly or indirectly provided to guaranteed parties with debt-to-asset ratio above 70% (E)		0	
Amount of guarantees with total amount guaranteed exceeding 50% of net assets (F)		0	
Total amount of above 3 items of guarantees (D+E+F)		0	
Explanation of the occurrence of guarantee liability or evidence indicating the possibility of bearing joint and several liability for repayment during the Reporting Period for unexpired guarantee contracts (if any)		None	
Explanation of providing guarantees to external parties in violation of prescribed procedures (if any)		None	

Explanation of details of composite guarantee

None.

3. Finance management agent

☑ Applicable □ Not applicable

Unit: RMB ten thousand

Product category	Risk profile	Amount of entrusted financial management	Overdue amount not recovered
Bank wealth management products	Low risk	17,000.00	0
Wealth management products of securities dealers	Low/medium risk	30,000.00	0
Wealth management products of securities dealers	Medium- to high-risk	17,500.00	0

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

□ Applicable ☑ Not applicable

4. Others major contracts

□ Applicable ☑ Not applicable

There were no other significant contracts in the Reporting Period of the Company.

XIII. 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
2026/03/11	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
2026/4/13	Conference room of the Company	Online communication on network platforms	Organizations	Performance presentation session	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

2026/4/28	Conference room of the Company	Telephone communication	Organizations	TF Securities, Topsperity Fund, Ren Bridge Asset Management, Huatai Securities, BOSC Asset, CITIC Securities, Great Wall Fund Management, Guolian Fund Management, China International Capital, Ping An Fund Management, HuaAn Funds, Guoshi Capital, CIB Fund Management, Zhurun Investment, Xunyuan Asset Management, Willing Capital Management Limited, Kunlun Trust	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2026/6/16, 2026/6/17	Conference room of the Company	Field survey	Organizations	TF Securities, Franklin Templeton Sealand Fund, Tianyanlun, Mingcheng Fund, Hotland Innovation Fund	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2026/6/26	Conference room of the Company	Field survey	Organizations	E Fund, Great Wall Securities, Minmetals Group, Bank of Ningbo, Powership Investment, Guotai Haitong	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

XIV. Explanation of other major matters

□ Applicable ☑ Not applicable

The Company had no other major matters to be explained during the Reporting Period.

XV. 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 change		Increase or decrease of change this time (+, -)					After change	
	Number	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Others	Subtotal	Number	Proportion
I. Shares with non-tradable conditions	175,745,141	14.10%	0	0	0	0	0	175,745,141	14.10%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic capital	175,745,141	14.10%	0	0	0	0	0	175,745,141	14.10%
Including: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural person	175,745,141	14.10%	0	0	0	0	0	175,745,141	14.10%
4. Shares held by foreign investment	0	0.00%	0	0	0	0	0	0	0.00%
Including: shares held by overseas legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares with unlimited tradable conditions	1,071,089,847	85.90%	0	0	0	0	0	1,071,089,847	85.90%
1. A shares	1,071,089,847	85.90%	0	0	0	0	0	1,071,089,847	85.90%
2. Domestic listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total number of shares	1,246,834,988	100.00%	0	0	0	0	0	1,246,834,988	100.00%

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

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

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		107,303		Total number of preferred shareholders with voting rights restored at the end of the Reporting Period (if any) (see Note 8)			0	
Shareholding situation of shareholders holding more than 5% of the shares or top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholders	Proportion of shareholding	Number of shares held at the end of the Reporting Period	Changes in increase or decrease during the Reporting Period	Number of shares with limited tradable conditions	Number of shares with unlimited tradable conditions	Pledge, marking or freezing	
							Share status	Number
Wu Yongqiang	Domestic natural person	17.00%	212,008,715	0	159,006,536	53,002,179	Pledge	83,820,000
Ji Shuhai	Domestic natural person	1.87%	23,329,130	0	0	23,329,130	Not applicable	0
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	Others	1.49%	18,558,800	-20468900	0	18,558,800	Not applicable	0
China Construction Bank Corporation - E Fund China Securities Robot Industry ETF	Others	1.45%	18,102,285	-679601	0	18,102,285	Not applicable	0
Xie Renguo	Domestic natural person	0.94%	11,762,903	-13838400	0	11,762,903	Not applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	0.94%	11,697,448	4651007	0	11,697,448	Not applicable	0
Ma Wei	Domestic natural person	0.68%	8,519,734	0	6,389,800	2,129,934	Not applicable	0
Dongguan Onlink Industry Co., Ltd.	Domestic non-state-owned legal person	0.58%	7,265,700	-94800	0	7,265,700	Not applicable	0
Guotou Securities Co., Ltd. – E Fund Guozheng New Energy Battery Exchange-Traded Fund	Others	0.56%	7,018,639	2081799	0	7,018,639	Not applicable	0
Guotai Haitong Securities Co., Ltd. - Tianhong CSI Robot ETF	Others	0.53%	6,667,496	-9632833	0	6,667,496	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		Except that China Construction Bank Corporation – E Fund Guozheng Robot Industry Exchange-Traded Fund (ETF) and SDIC Securities Co., Ltd. – E Fund Guozheng New Energy Battery Exchange-Traded Fund (ETF) are managed by the same fund manager, the Company is unaware of any other related-party relationship among its shareholders or any situation where they fall under the definition of persons acting in concert as stipulated in the Measures for the Administration of Acquisition of Listed Companies.						
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)		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 of the top 10 shareholders with unlimited tradable conditions (excluding shares lent through refinancing and executives lock-in shares)								

Name of shareholder	Number of shares held with unlimited tradable conditions at the end of the Reporting Period	Type of shares	
		Type of shares	Number
Wu Yongqiang	53,002,179	A shares	53,002,179
Ji Shuhai	23,329,130	A shares	23,329,130
Industrial Bank Co., Ltd. - ChinaAMC CSI Robot ETF	18,558,800	A shares	18,558,800
China Construction Bank Corporation - E Fund China Securities Robot Industry ETF	18,102,285	A shares	18,102,285
Xie Renguo	11,762,903	A shares	11,762,903
Hong Kong Securities Clearing Company Ltd.	11,697,448	A shares	11,697,448
Dongguan Onlink Industry Co., Ltd.	7,265,700	A shares	7,265,700
Guotou Securities Co., Ltd. – E Fund Guozheng New Energy Battery Exchange-Traded Fund	7,018,639	A shares	7,018,639
Guotai Haitong Securities Co., Ltd. - Tianhong CSI Robot ETF	6,667,496	A shares	6,667,496
Shenzhen Saishuo Fund Management Co., Ltd. – Saishuo Qihang No. 2 Private Securities Investment Fund	6,070,500	A shares	6,070,500
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	Except that China Construction Bank Corporation – E Fund Guozheng Robot Industry Exchange-Traded Fund (ETF) and SDIC Securities Co., Ltd. – E Fund Guozheng New Energy Battery Exchange-Traded Fund (ETF) are managed by the same fund manager, the Company is unaware of any other related-party relationship among its shareholders or any situation where they fall under the definition of persons acting in concert as stipulated in the Measures for the Administration of Acquisition of Listed Companies.		
Explanation of the participation of the top 10 ordinary shareholders in securities margin trading (if any)	Not applicable		

Participation of shareholders holding more than 5% of the shares, top 10 shareholders and top 10 shareholders with unlimited tradable conditions in lending of shares through refinancing business

□ Applicable ☑ Not applicable

Changes in top 10 shareholders and top 10 shareholders with unlimited tradable conditions due to lending/return of shares through refinancing compared with the end of the previous period

□ Applicable ☑ Not applicable

Did the top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions conduct the agreed repurchase transactions during the Reporting Period?

□ Yes ☑ No

The top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions did not conduct the agreed repurchase transactions 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 2025 Annual Report.

V. Variations in controlling shareholders or real controlling parties

If the Company disclosed that the actual controller planned to change the control right but the change has not been completed in the previous period, please explain the progress of the change in control right.

□ Applicable ☑ Not applicable

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 Relevant Information of Bonds

□ Applicable ☑ Not applicable

Section VIII Financial Report

I. Audit report

Has the Semi-annual Report audited?

□ Yes ☑ No

The Company's semi-annual financial report has 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, 2026

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	1,471,349,594.47	1,797,447,784.44
Settlement of provisions		
Lending funds		
Trading financial assets	961,585,268.02	538,102,481.43
Derivative financial assets		
Notes receivable	32,926,424.36	24,439,539.50
Accounts receivable	3,367,294,423.88	3,024,669,376.01
Financing of accounts receivable	144,768,938.98	138,461,638.53
Prepayments	87,679,205.70	81,982,725.00
Premiums receivable		
Reinsurance premiums receivable		
Reinsurance contract reserves receivable		
Other receivables	36,167,841.64	48,377,219.07
Including: interest receivable		
Dividends receivable		

Repurchase of financial assets for resale		
Inventory	3,135,760,455.30	2,195,746,866.60
Including: data resources		
Contractual assets	596,075.63	601,601.95
Assets held for sale		
Non-current assets due within one year	5,145,283.31	4,798,251.33
Other current assets	573,884,443.15	526,014,994.63
Total current assets	9,817,157,954.44	8,380,642,478.49
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investment	41,269,743.53	40,843,277.78
Long-term receivables	13,846,540.45	15,592,885.45
Long-term equity investment	41,335,306.08	40,463,113.36
Other equity instrument investments	79,622,482.00	51,622,482.00
Other non-current financial assets		
Investment property	96,308,465.35	97,727,652.86
Fixed assets	2,846,327,000.00	2,888,394,751.10
Construction in progress	895,992,867.67	803,965,663.22
Productive biological assets		
Oil and gas assets		
Right-of-use assets	36,544,291.24	50,405,996.42
Intangible assets	693,013,114.83	711,117,962.19
Including: data resources		
Development expenditure	59,780,623.51	57,633,484.45
Including: data resources		
Goodwill	78,109,945.18	78,109,945.18
Long-term deferred expenses	183,974,116.07	195,703,437.02
Deferred tax assets	127,024,481.77	122,181,079.12
Other non-current assets	42,930,612.50	33,202,988.26
Total non-current assets	5,236,079,590.18	5,186,964,718.41
Total assets	15,053,237,544.62	13,567,607,196.90
Current liabilities:		
Short-term loans	1,870,542,647.09	1,392,469,964.76
Loan from the Central Bank		
Borrowed funds		
Financial liabilities held for trading	1,078,049.24	5,161.00
Derivative financial liabilities		
Notes payable	1,755,495,823.64	1,578,338,573.85

Accounts payable	3,140,033,427.54	2,331,050,516.19
Accounts collected in advance	6,849,072.70	4,903,162.70
Contractual liabilities	151,911,777.01	116,456,170.61
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		
Acting underwriting securities		
Employee compensation payable	151,743,465.34	262,968,616.95
Taxes payable	41,655,052.94	49,594,738.12
Other account payable	236,548,938.28	278,177,897.89
Including: interest payable		
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	166,377,785.72	43,122,892.52
Other current liabilities	93,571,731.80	64,026,908.02
Total current liabilities	7,615,807,771.30	6,121,114,602.61
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	401,740,987.85	404,450,000.00
Bonds payable		
Including: preferred shares		
Perpetual capital securities		
Lease liabilities	13,566,691.31	22,919,126.35
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	12,379,614.88	14,047,240.76
Deferred tax liabilities	23,130,712.78	23,412,745.21
Other non-current liabilities		
Total non-current liabilities	450,818,006.82	464,829,112.32
Total liabilities	8,066,625,778.12	6,585,943,714.93
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	2,174,864,524.67	2,149,700,352.02
Minus: treasury shares	155,694,936.18	155,694,936.18
Other comprehensive income	-123,219,321.24	-60,340,869.44
Special reserves		
Surplus reserve	267,001,620.24	267,001,620.24
General risk provision		
Retained earnings	3,577,529,874.76	3,534,742,722.91
Total owner's equity attributable to the parent company	6,987,316,750.25	6,982,243,877.55
Minority shareholders' equity	-704,983.75	-580,395.58
Total owners' equity	6,986,611,766.50	6,981,663,481.97
Total liabilities and owners' equity	15,053,237,544.62	13,567,607,196.90

Legal representative: Wu Yongqiang　　Accounting Head: Luo Muchen　　Accounting Department Head: Luo Muchen

2. Balance sheet of parent company

Unit: RMB

Items	Ending balance	Beginning balance
Current assets:		
Monetary capital	580,103,719.92	895,618,876.75
Trading financial assets	693,963,021.45	430,679,393.16
Derivative financial assets		
Notes receivable	7,230,570.94	13,283,445.24
Accounts receivable	2,249,605,232.09	1,872,692,266.99
Financing of accounts receivable	53,550,924.90	62,564,844.60
Prepayments	25,161,792.55	15,506,852.80
Other receivables	764,001,373.47	581,416,476.95
Including: interest receivable		
Dividends receivable	10,000,000.00	
Inventory	567,131,349.08	447,066,836.78
Including: data resources		
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	35,296,757.85	32,333,183.17
Total current assets	4,976,044,742.25	4,351,162,176.44
Non-current assets:		
Debt investment		

Other debt investment		
Long-term receivables		
Long-term equity investment	4,330,113,333.27	4,325,091,223.15
Other equity instrument investments	20,000,000.00	0.00
Other non-current financial assets		
Investment property		
Fixed assets	162,232,249.32	163,895,568.16
Construction in progress	17,369,881.28	13,794,732.71
Productive biological assets		
Oil and gas assets		
Right-of-use assets	14,200,249.92	15,249,937.08
Intangible assets	240,926,543.71	257,031,503.44
Including: data resources		
Development expenditure	47,858,231.59	38,019,941.44
Including: data resources		
Goodwill		
Long-term deferred expenses	9,999,648.80	8,973,756.54
Deferred tax assets	14,328,514.97	20,720,774.20
Other non-current assets	5,362,908.90	5,872,029.97
Total non-current assets	4,862,391,561.76	4,848,649,466.69
Total assets	9,838,436,304.01	9,199,811,643.13
Current liabilities:		
Short-term loans	60,689,741.84	60,689,741.84
Financial liabilities held for trading	664,675.50	5,161.00
Derivative financial liabilities		
Notes payable	2,510,082,549.06	2,082,238,616.61
Accounts payable	1,193,201,855.38	711,506,747.61
Accounts collected in advance		
Contractual liabilities	51,864,680.09	39,443,085.99
Employee compensation payable	73,043,297.85	137,049,527.45
Taxes payable	10,544,523.92	11,802,737.79
Other account payable	709,731,044.54	986,310,419.01
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	10,030,257.84	9,085,751.90
Other current liabilities	40,011,564.38	30,798,404.76
Total current liabilities	4,659,864,190.40	4,068,930,193.96
Non-current liabilities:		

Long-term loans		0.00
Bonds payable		
Including: preferred shares		
Perpetual capital securities		
Lease liabilities	5,140,513.17	7,107,489.37
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,034,631.75	2,407,106.41
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	7,175,144.92	9,514,595.78
Total liabilities	4,667,039,335.32	4,078,444,789.74
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	2,296,962,847.20	2,271,798,674.55
Minus: treasury shares	155,694,936.18	155,694,936.18
Other comprehensive income		
Special reserves		
Surplus reserve	266,973,101.78	266,973,101.78
Retained earnings	1,516,320,967.89	1,491,455,025.24
Total owners' equity	5,171,396,968.69	5,121,366,853.39
Total liabilities and owners' equity	9,838,436,304.01	9,199,811,643.13

3. Consolidated income statement

Unit: RMB

Items	Half year of 2026	Half year of 2025
I. Total operating income	5,808,802,405.34	5,502,335,729.18
Including: revenue	5,808,802,405.34	5,502,335,729.18
Interest income		
Premiums earned		
Service charge and commission income		
II. Total operating cost	5,660,907,286.62	5,151,514,039.22
Including: operating cost	4,664,809,867.96	4,261,763,382.25
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	31,922,754.49	24,474,734.66
Selling expenses	212,094,797.72	220,686,080.56
Overheads	196,025,982.81	222,560,862.57
R&D expenses	438,134,610.04	460,786,777.70
Finance expenses	117,919,273.60	-38,757,798.52
Including: interest expenses	12,815,585.10	19,345,176.16
Interest income	9,251,704.34	12,672,976.09
Plus: other income	19,384,426.44	31,729,942.66
Investment income (loss marked with "-")	13,904,210.37	6,143,016.93
Including: income from investment in associated enterprises and joint ventures	872,192.72	877,869.10
Derecognized gains from financial assets measured at amortized cost		
Exchange gain (loss marked with "-")		
Net gain from exposure hedges (loss marked with "-")		
Gain from fair-value changes (loss marked with "-")	282,354.40	-106,506.00
Loss from credit impairment (loss marked with "-")	-11,011,829.00	-7,143,154.02
Loss from asset impairment (loss marked with "-")	-29,609,101.52	-25,099,491.27
Gain from disposal of assets (loss marked with "-")	-1,010,649.83	-174,143.23
III. Operating profit (loss marked with "-")	139,834,529.58	356,171,355.03
Plus: non-operating income	2,806,494.73	3,789,204.87
Minus: non-operating expenses	4,178,364.90	4,113,078.34
IV. Total profit (total loss marked with "-")	138,462,659.41	355,847,481.56
Minus: income tax expense	9,784,838.57	25,988,052.59
V. Net profit (net loss marked with "-")	128,677,820.84	329,859,428.97
(I) Classification according to business continuity		
1. Net profit on continuing operations (net loss marked with "-")	128,677,820.84	329,859,428.97
2. Net profit on discontinued operations (net loss marked with "-")		
(II) Classification according to ownership		
1. Net profit attribute to shareholders of parent company (net loss marked with "-")	128,802,409.01	330,078,194.08
2. Profit/loss attributable to minority shareholders (net loss marked with "-")	-124,588.17	-218,765.11
VI. Net after-tax amount of other comprehensive income	-62,878,451.80	4,842,602.17
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	-62,878,451.80	4,842,602.17

(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income that cannot be transferred through profit or loss under the 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	-62,878,451.80	4,842,602.17
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	-62,878,451.80	4,842,602.17
7. Others		
Net after-tax amount of other comprehensive income attributed to the minority of shareholders		
VII. Total comprehensive income	65,799,369.04	334,702,031.14
Total consolidated income attributable to the owners of the parent company	65,923,957.21	334,920,796.25
Total consolidated income attributable to minority shareholders	-124,588.17	-218,765.11
VIII. Earnings per share:		
(I) Basic earnings per share	0.10	0.27
(II) Diluted earnings per share	0.10	0.27

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 Accounting Head: Luo Muchen Accounting Department Head: Luo Muchen

4. Income statement of parent company

Unit: RMB

Items	Half year of 2026	Half year of 2025
I. Revenue	3,309,091,957.22	3,030,817,124.28
Minus: operating cost	2,657,264,069.53	2,444,612,210.50

Taxes and surcharges	16,236,593.22	7,689,681.60
Selling expenses	145,340,924.29	162,178,963.66
Overheads	102,790,858.91	110,681,666.72
R&D expenses	227,357,443.36	312,112,396.97
Finance expenses	55,701,793.00	-10,480,489.96
Including: interest expenses	3,954,318.25	8,812,732.76
Interest income	3,686,295.41	3,771,948.94
Plus: other income	4,191,275.94	10,623,873.75
Investment income (loss marked with "-")	20,414,153.39	3,430,061.62
Including: income from investment in associated enterprises and joint ventures		
Derecognized gains from financial assets measured at amortized cost (loss marked with "-")		
Net gain from exposure hedges (loss marked with "-")		
Gain from fair-value changes (loss marked with "-")	-245,093.50	
Loss from credit impairment (loss marked with "-")	-4,976,018.56	3,035,324.53
Loss from asset impairment (loss marked with "-")	-8,027,388.46	-5,480,177.90
Gain from disposal of assets (loss marked with "-")	1,041.46	15,747.89
II. Operating profit (loss marked with "-")	115,758,245.18	15,647,524.68
Plus: non-operating income	1,012,657.74	874,146.36
Minus: non-operating expenses	1,528,908.72	2,508,748.26
III. Total profit (total loss marked with "-")	115,241,994.20	14,012,922.78
Minus: income tax expense	4,360,794.39	-5,948,760.50
IV. Net profit (net loss marked with "-")	110,881,199.81	19,961,683.28
(I) Net profit on continuing operations (net loss marked with "-")	110,881,199.81	19,961,683.28
(II) Net profit from termination of operation (net loss marked with "-")		
V. Net after-tax amount of other comprehensive income		
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income that cannot be transferred through profit or loss under the 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	110,881,199.81	19,961,683.28
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Items	Half year of 2026	Half year of 2025
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	5,464,514,473.11	5,357,724,545.20
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	363,918,881.91	257,799,901.26
Other cash received related to operating activities	47,222,277.97	75,448,632.75
Subtotal of cash inflow from operating activities	5,875,655,632.99	5,690,973,079.21
Cash paid for purchasing goods and accepting labor services	4,528,275,773.49	3,876,615,932.07
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	1,152,722,848.19	1,124,181,576.86
Tax payments	102,634,791.14	112,150,708.98
Other cash paid related to operating activities	193,180,970.05	224,670,294.81
Subtotal of cash outflows from operating activities	5,976,814,382.87	5,337,618,512.72

Net cash flow from operating activities	-101,158,749.88	353,354,566.49
II. Cash flow from investing activities:		
Cash received from recovery of investments	326,219,000.00	468,705,428.72
Cash received from investment income	14,508,305.74	6,349,205.30
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	2,595,920.21	907,801.09
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	57,296,165.98	0.00
Subtotal of cash inflows from investment activities	400,619,391.93	475,962,435.11
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	222,765,400.15	335,169,146.89
Cash paid for investment	678,000,000.00	302,014,088.18
Net increase in pledged loans		
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	120.00	385,800.00
Subtotal of cash outflows from investment activities	900,765,520.15	637,569,035.07
Net cash flow from investment activities	-500,146,128.22	-161,606,599.96
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	1,418,727,917.54	1,465,520,964.66
Other cash received relating to financing activities	0.00	12,920,862.51
Subtotal of cash inflows from financing activities	1,418,727,917.54	1,478,441,827.17
Cash paid for repayments of debts	818,617,220.02	1,376,531,207.44
Cash paid to distribute dividends, profits or pay interest	96,495,046.15	97,302,974.69
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid related to financing activities	17,022,021.31	23,837,729.50
Subtotal of cash outflows from financing activities	932,134,287.48	1,497,671,911.63
Net cash flow from financing activities	486,593,630.06	-19,230,084.46
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-54,484,100.94	33,856,049.33
V. Net increase in cash and cash equivalents	-169,195,348.98	206,373,931.40
Plus: balance of cash and cash equivalents at the beginning of the period	1,619,876,262.35	1,596,352,534.73
VI. Balance of cash and cash equivalents at the end of the period	1,450,680,913.37	1,802,726,466.13

6. Cash flow statement of the parent company

Unit: RMB

Items	Half year of 2026	Half year of 2025
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	3,875,227,832.90	3,416,577,143.54

Refund of tax and levies	132,035,695.42	139,986,431.70
Other cash received related to operating activities	628,935,204.80	833,941,238.94
Subtotal of cash inflow from operating activities	4,636,198,733.12	4,390,504,814.18
Cash paid for purchasing goods and accepting labor services	2,770,382,799.47	2,620,561,929.50
Cash paid to and for employees	487,903,147.97	487,373,843.50
Tax payments	18,604,212.03	21,804,220.23
Other cash paid related to operating activities	1,234,494,251.18	955,226,056.32
Subtotal of cash outflows from operating activities	4,511,384,410.65	4,084,966,049.55
Net cash flow from operating activities	124,814,322.47	305,538,764.63
II. Cash flow from investing activities:		
Cash received from recovery of investments	276,219,000.00	155,000,000.00
Cash received from investment income	11,575,946.10	3,552,838.80
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	0.00	271,203.20
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	55,272,768.43	0.00
Subtotal of cash inflows from investment activities	343,067,714.53	158,824,042.00
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	48,123,922.64	51,829,590.11
Cash paid for investment	460,000,000.00	194,014,088.18
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities	0.00	235,200.00
Subtotal of cash outflows from investment activities	508,123,922.64	246,078,878.29
Net cash flow from investment activities	-165,056,208.11	-87,254,836.29
III. Cash flow from financing activities:		
Cash received from absorbing investment		
Cash received from loan		0.00
Other cash received relating to financing activities	0.00	12,920,862.51
Subtotal of cash inflows from financing activities	0.00	12,920,862.51
Cash paid for repayments of debts	0.00	130,750,000.00
Cash paid to distribute dividends, profits or pay interest	91,510,376.93	92,637,009.74
Other cash paid related to financing activities	6,029,105.96	6,098,593.91
Subtotal of cash outflows from financing activities	97,539,482.89	229,485,603.65
Net cash flow from financing activities	-97,539,482.89	-216,564,741.14
IV. Impact of exchange rate fluctuations on cash and cash equivalents	-20,830,947.31	17,440,999.77
V. Net increase in cash and cash equivalents	-158,612,315.84	19,160,186.97
Plus: balance of cash and cash equivalents at the beginning of the period	718,708,036.88	654,542,035.33
VI. Balance of cash and cash equivalents at the end of the period	560,095,721.04	673,702,222.30

7. Consolidated statement of changes in owner's equity

Amount in the current period

Unit: RMB

Items	Half year of 2026														
	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 reserve	General risk provision	Retained earnings	Others	Subtotal		
		Preferred shares	Perpetual capital securities	Others											
I. Ending balance of last year	1,246,834,988.00				2,149,700,352.02	155,694,936.18	-60,340,869.44		267,001,620.24		3,534,742,722.91		6,982,243,877.55	-580,395.58	6,981,663,481.97
Plus: changes in accounting policies															
Early error correction															

Others															
II. Beginning balance of the current year	1,246,834,988.00				2,149,700,352.02	155,694,936.18	-60,340,869.44		267,001,620.24		3,534,742,722.91		6,982,243,877.55	-580,395.58	6,981,663,481.97
III. Amount of changes in increase/decrease in the current period (decrease marked with "-")					25,164,172.65		-62,878,451.80				42,787,151.85		5,072,872.70	-124,588.17	4,948,284.53
(I) Total comprehensive income							-62,878,451.80				128,802,409.01		65,923,957.21	-124,588.17	65,799,369.04
(II) Capital invested and reduced by owners					25,164,172.65								25,164,172.65		25,164,172.65
1. Ordinary shares invested by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity					28,129,086.74								28,129,086.74		28,129,086.74
4. Others					-2,964,914.09								-2,964,914.09		-2,964,914.09
(III) Profit distribution											-86,015,257.16		-86,015,257.16		-86,015,257.16
1. Withdrawal of surplus reserve															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-86,015,257.16		-86,015,257.16		-86,015,257.16
4. Others															
(IV) Internal carryover of owner's equity															

1. Conversion of surplus reserves to additional capital (or share capital)															
2. Conversion of surplus reserves to additional capital (or share capital)															
3. Surplus public reserve to compensate losses															
4. Change of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward into retained earnings															
6. Others															
(V) Special reserves															
1. Amount withdrawn in the current period															
2. Amount used in the current period															
(VI) Others															
IV. Ending balance of the current year	1,246,834,988.00				2,174,864,524.67	155,694,936.18	-123,219,321.24		267,001,620.24		3,577,529,874.76		6,987,316,750.25	-704,983.75	6,986,611,766.50

Amount of previous year

Unit: RMB

Items	Half year 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 reserve	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 marked with "-")					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. Ordinary shares invested by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included 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. Withdrawal of surplus reserve															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-86,015,257.16		-86,015,257.16		-86,015,257.16
4. Others															

(IV) Internal carryover of owner's equity															
1. Conversion of surplus reserves to additional capital (or share capital)															
2. Conversion of surplus reserves to additional capital (or share capital)															
3. Surplus public reserve to compensate losses															
4. Change of defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward into retained earnings															
6. Others															
(V) Special reserves															
1. Amount withdrawn in the current period															
2. Amount used in the current period															
(VI) Others															
IV. Ending balance of the current year	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

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

Amount in the current period

Unit: RMB

Items	Half year of 2026											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Total owners' equity
		Preferred shares	Perpetual capital securities	Others								
I. Ending balance of last year	1,246,834,988.00				2,271,798,674.55	155,694,936.18			266,973,101.78	1,491,455,025.24		5,121,366,853.39
Plus: changes in accounting policies												
Early error correction												
Others												
II. Beginning balance of the current year	1,246,834,988.00				2,271,798,674.55	155,694,936.18			266,973,101.78	1,491,455,025.24		5,121,366,853.39
III. Amount of changes in increase/decrease in the current period (decrease marked with "-")					25,164,172.65					24,865,942.65		50,030,115.30
(I) Total comprehensive income										110,881,199.81		110,881,199.81
(II) Capital invested and reduced by owners					25,164,172.65							25,164,172.65

1. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					28,129,086.74							28,129,086.74
4. Others					-2,964,914.09							-2,964,914.09
(III) Profit distribution										-86,015,257.16		-86,015,257.16
1. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-86,015,257.16		-86,015,257.16
3. Others												
(IV) Internal carryover of owner's equity												
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												
4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others												
(V) Special reserves												

1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Ending balance of the current year	1,246,834,988.00				2,296,962,847.20	155,694,936.18			266,973,101.78	1,516,320,967.89		5,171,396,968.69

Amount of previous year

Unit: RMB

Items	Half year of 2025											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive income	Special reserves	Surplus reserve	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 marked with "-")					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. Ordinary shares invested by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included 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. Withdrawal of surplus reserve												
2. Distribution to owners (or shareholders)										-86,015,257.16		-86,015,257.16
3. Others												
(IV) Internal carryover of owner's equity												
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to additional capital (or share capital)												
3. Surplus public reserve to compensate losses												
4. Change of defined benefit plans carried forward to retained earnings												
5. Other comprehensive income carried forward into retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												

(VI) Others												
IV. Ending balance of the current year	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

III. Basic information of the Company

Shenzhen Topband Co., Ltd. (hereinafter referred to as "the Company") formerly known as Shenzhen Topband Electronic Equipment Co., Ltd., is a limited liability company approved by Shenzhen Administration for Industry and Commerce on February 9, 1996. It has obtained the Business License of Enterprise Legal Person with the registration number of 19241377-3. On January 10, 2001, upon approval, the name of Shenzhen Topband Electronic Equipment Co., Ltd. was changed to Shenzhen Topband Electronic 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 Company's registered address is Topband Industrial Park, No. 1 Yongteng Third Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen. The unified social credit code of the business license is 91440300192413773Q. The legal representative of the Company is Wu Yongqiang. As of June 30, 2026, the Company's share capital was RMB 1,246,834,988.00.

Main business activities of the Company: The Company keeps gaining technical experience and product solutions in the intelligent control industry, and develops the intelligent control and autonomous intelligence businesses based on the core technology system of "four electrics and one network + AI" to deeply serve industries such as tools and home appliances, automotive and high-end equipment, and new energy. 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

On a going concern basis, the Company recognizes and measures actual transactions and events in accordance with the Accounting Standards for Business Enterprises and their application guidelines and interpretations of the Standards, and prepares its financial statements accordingly. In addition, the Company also disclosures relevant financial information in accordance with the Compilation Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports (2023 Revision) issued by CSRC.

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 comply with the requirements of Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, changes in owners' equity and cash flows.

2. Accounting period

The fiscal year of the Company begins on January 1 and ends on December 31 of the Gregorian calendar.

3. Operating cycle

The normal operating cycle of the Company is one year.

4. Recording currency

The recording currency of the Company is RMB, and the overseas branches and subsidiaries may determine their own recording currencies according to the currency of the main economic environment in which they operate.

5. Method for determining materiality criteria and basis for selection

☑ Applicable □ Not applicable

Items	Materiality criteria
Accounts receivable with major single provision for bad debts	The ending balance of individual accounts receivable and other receivables is greater than RMB 1 million
Recovery or reversal of bad debt provisions for important receivables	The amount of single recovery or reversal is greater than RMB 1 million
Write-off of important receivables	The amount of single write-off is greater than RMB 1 million
Material contract liabilities aged over 1 year	The amount of a single contract liability aged over 1 year is greater than RMB 5 million
Material payables and other payables	The amount of a single accounts payable/other payable aged over 1 year is greater than RMB 5 million
Significant Projects In-progress	The budget of a single project is over RMB 100 million
Major non-wholly-owned subsidiaries	The minority equity is more than RMB 50 million

6. Accounting treatment for business merger involving enterprises under the same control and under different control

(1) Business merger under common control

The assets and liabilities acquired by the Company in the business merger are measured at the date of the merger at the book value of the merged party in the consolidated financial statements of the ultimate controlling party. If the accounting policies and accounting periods adopted by the merged party and the Company before the business merger are different, the accounting policies and accounting periods shall be unified based on the materiality principle, that is, the book values of the assets and liabilities of the merged party shall be adjusted in accordance with the accounting policies and accounting periods of the Company. In case of a difference between the book value of the net assets acquired by the Company in the business merger and the book value of the consideration paid, the capital reserve (capital premium or equity premium) shall be adjusted first. If the balance of the capital reserve (capital premium or equity premium) is insufficient for writing down, the surplus reserve and undistributed profits shall be written down successively.

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

(2) Business merger under different 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. If the accounting policies and accounting periods adopted by the acquiree and the Company before the business merger are different, the accounting policies and accounting periods shall be unified based on the materiality principle, that is, the book values of the assets and liabilities of the acquiree shall be adjusted in accordance with the accounting policies and accounting periods of the Company. If the merger cost of the Company on the acquisition date is larger than the fair value of the identifiable assets and liabilities acquired in the business merger, the difference is recognized as goodwill; if the merger cost is less than the fair value of the identifiable assets and liabilities acquired in the business merger, the merger cost and the fair value of the acquiree's identifiable assets and liabilities acquired in the business merger shall be reviewed first, and if the merger cost is still less than the fair value of the acquired acquiree's identifiable assets and liabilities after the review, the difference is recognized as a profit or loss for the period of the merger.

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

(3) Treatment of relevant transaction costs in business merger

Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred are credited to the current profit or loss when incurred. Transaction costs of equity securities or debt securities issued as merger consideration are credited to the initial amount recognized for the equity securities or debt securities.

7. Criteria for determining control and methods for preparing consolidated financial statements

(1) Judging criteria of control, and determination of merger scope

Control means that the Company has power over the invested party, enjoys variable returns by participating in related activities of the invested party, and has the ability to use its power over the invested party to influence the amount of returns. The definition of control includes three basic elements: firstly, means the power the investor possesses over the investee; secondly, variable returns enjoyed by participating in related activities of the investee; thirdly, the ability to use its power over the investee to influence the amount of returns. When an investment of the Company in an investee has the above three elements, it means the Company is able to control the investee.

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

A subsidiary refers to an entity controlled by the Company (including enterprise, the severable part of investee, the structured entity controlled by enterprise, etc.), and a structured entity refers to an entity designed without voting rights or similar rights as a decisive factor in determining its controlling party (Note: sometimes referred to as a special purpose entity).

(2) Compilation methods of 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.

The consolidated financial statements are prepared by the Company with the entire enterprise group as one accounting entity in accordance with the recognition, measurement and presentation requirements of the relevant accounting standards for business enterprises and based on uniform accounting policies and accounting periods to reflect the overall financial position, operating results and cash flows of the enterprise group.

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

② Offset long-term equity investments of the parent company in its subsidiaries against the share of the parent company 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 increase/decrease of subsidiaries during Reporting Period

① Increase of subsidiaries or businesses

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

(a) When preparing the consolidated balance sheet, adjust the opening balance of the consolidated balance sheet and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

(b) When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the beginning of the period in which the business merger occurs to the end of the Reporting Period in the consolidated income statement, and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

(c) When preparing the consolidated cash flow statement, include the cash flows of the subsidiary and from the beginning of the period in which the business merger occurs to the end of the Reporting Period in the consolidated cash flow statement, and adjust the relevant items in the comparative statement as if the reporting entity after the merger had been in existence since the point at which control by the ultimate controlling party began.

B. Subsidiaries or businesses increased by business merger under different control

(a) No adjustment is made to the opening balance of the consolidated balance sheet when preparing it.

(b) When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the date of acquisition to the end of the Reporting Period in the consolidated income statement.

(c) When preparing the consolidated cash flow statement, include the cash flows of the subsidiary from the date of acquisition to the end of the Reporting Period in the consolidated cash flow statement.

② Disposal of subsidiaries or businesses

A. No adjustment is made to the opening balance of the consolidated balance sheet when preparing it.

B. When preparing the consolidated income statement, include the revenue, expenses and profits of the subsidiary and from the beginning of the operating period to the date of disposal in the consolidated income statement.

C. When preparing the consolidated cash flow statement, include the cash flows of the subsidiary and from the beginning of the operating period to the date of disposal in the consolidated cash flow statement.

(4) Special considerations in consolidated offset

① Long-term equity investments of the Company held by subsidiaries shall be treated as treasury shares of the Company and presented as "Minus: treasury shares" under the Owners' Equity item in the consolidated balance sheet as a deduction from the owners' equity.

For long-term equity investments mutually held by subsidiaries, the long-term equity investments shall be mutually offset against the shares of the corresponding owner's equity of the subsidiary in accordance with the method of offsetting the Company's equity investments in subsidiaries.

② The items of "special reserve" and "general risk provision" are not paid-in capital (or share capital) or capital reserve, and are different from retained earnings and undistributed profits. After the offset of long-term equity investment against owners' equity of subsidiaries, the two items shall be restored according to the share attributable to the owner of the parent company.

③ The Company recognizes deferred income tax assets or liabilities in the consolidated balance sheet and adjusts the income tax expense in the consolidated income statement if there is a temporary difference between the book value of the assets or liabilities in the consolidated balance sheet and the tax basis of the taxable entity concerned due to the offset of unrealized gains and losses on internal sales, except deferred income taxes related to transactions or matters directly credited to owners' equity and related to business merger.

④ Unrealized gains or losses on internal transactions arising from the sale of assets by the Company to a subsidiary shall be fully offset against the "net profit attributable to the owner of the parent company". Unrealized gains and losses on internal transactions arising from the sale of assets by a subsidiary to the Company shall be offset between "net profit attributable to the owner of the parent company" and "profit or loss of minority shareholders" in accordance with the proportion of the Company's distribution to the subsidiary. Unrealized gains and losses on internal transactions arising from the sale of assets between subsidiaries shall be offset between "net profit attributable to the owner of the parent company" and "profit or loss of minority shareholders" in accordance with the proportion of the Company's distribution to the selling subsidiary.

⑤ Where the loss shared by the minority shareholders of a subsidiary in the current period exceeds the minority shareholders' share in the owner's equity of the subsidiary at the beginning of the period, the balance shall still be written down under the minority equity.

(5) Accounting treatment of special transactions

① Purchase of minority equity

When the Company purchases shares in subsidiaries owned by minority shareholders, in individual financial statements, the investment cost of the newly acquired long-term equity investment for the purchase of minority shares is measured at the fair value of the consideration paid. In the consolidated financial statements, the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the newly acquired long-term equity investment due to the purchase of minority shares and the net asset share of the subsidiary that has been continuously calculated since the acquisition date or the merger date according to the proportion of newly acquired shares. If the capital reserve is insufficient for writing off, the surplus reserve and undistributed profit shall be written off successively.

② Acquiring control of a subsidiary by steps through multiple transactions

A. Business merger under common control realized by steps through multiple transactions

At the merger date, the Company determines the initial investment cost of long-term equity investment in individual financial statements based on the share of the net assets of the subsidiary to be enjoyed after the merger in the book value of the consolidated financial statements of the ultimate controlling party; the capital reserve (capital premium or equity premium) shall be adjusted for the difference between the initial investment cost and the book value of the long-term equity investment before reaching the merger plus the book value of the newly paid consideration for further shares acquired on the merger date. If the capital reserve (capital premium or equity premium) is insufficient for writing off, the surplus reserve and undistributed profit shall be written off successively.

In the consolidated financial statements, the assets and liabilities of the mergee acquired by the merging party in the merger are measured at the book value in the consolidated financial statements of the ultimate controlling party at the date of the merger, except for adjustments due to different accounting policies and accounting periods; the capital reserve (equity premium/capital premium) shall be adjusted for the difference between the book value of the investment held before the merger plus the book value of the newly paid consideration on the merger date and the book value of the net assets acquired in the merger. If the capital reserve is insufficient for writing off, the retained earnings shall be adjusted.

For equity investments held by the merging party prior to the acquisition of control of the mergee, changes in the gains and losses, other comprehensive income and other owners' equity that have been recognized between the merger date and the date of acquisition of the original equity or the date on which the merging party and the mergee are ultimately under common control, whichever is later, shall be respectively deducted against the opening retained earnings or current profit or loss of the comparative statement period.

B. Business merger under different control realized by steps through multiple transactions

In individual financial statements, the sum of the book values of the long-term equity investments originally held plus the cost of the new investment on the merger date is taken as the initial investment cost of the long-term equity investment on the merger date.

In the consolidated financial statements, the acquiree's equity held prior to the acquisition date shall be remeasured at the fair value of the equity held prior to the acquisition date, and if the acquiree's equity held prior to the acquisition date is designated as a financial asset measured at fair value and its changes are credited to other comprehensive income, the difference between the fair value and the book value shall be credited to retained earnings and the cumulative change in fair value of the equity originally credited to other comprehensive income shall be carried over to retained earnings; if the acquiree's equity held before the acquisition date is regarded as a financial asset measured at fair value and its changes are credited to the current profit or loss of financial assets or long-term equity investment accounted for by the equity method, the difference between the fair value and the book value shall be credited to the current investment income; if the acquiree's equity held prior to the acquisition date involves changes in other comprehensive income accounted for by the equity method and other owners' equity accounted for by the equity method other than net profit or loss, other comprehensive income and profit distribution, other related comprehensive income shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities on the acquisition date, and other related changes in the owners' equity shall be changed over to investment income of the period of the acquisition date.

③ Disposal of long-term equity investments in subsidiaries by the Company 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 Disposal of long-term equity investments in subsidiaries by the Company with control lost

A. Disposal of single transaction

If the Company loses the control of the investee due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured at the fair value on the date of loss of control when preparing the consolidated financial statements. The sum of the consideration obtained from the equity disposal and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets that shall have been continuously calculated from the acquisition date or the merger date based on the original shareholding ratio and the sum of goodwill, shall be credited to the investment income of the period in which the control is lost.

Other comprehensive income related to the equity investment in the original subsidiary shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the original subsidiary at the time of loss of control, and other changes in owner's equity related to the original subsidiary accounted for with the equity method are changed over to the current profit or loss at the time of loss of control.

B. Disposal of multiple transactions by steps

In the consolidated financial statements, whether a by-step transaction is a "package transaction" shall be determined first.

If the by-step transaction is not a "package transaction", in individual financial statements, the transactions before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of equity, and the difference between the proceeds and the book value of the disposed long-term equity investment shall be credited to the current investment income; in the consolidated financial statements, the treatment shall be made in accordance with the relevant provisions of "Disposal of long-term equity investment in subsidiaries by the parent company without losing control".

If the by-step transaction is a "package transaction", each transaction shall be accounted for as one transaction in which the subsidiary is disposed of with control lost; in individual financial statements, the difference between the disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then changed over to the current profit or loss when the control is lost. In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposal price and the share of the subsidiary's entitled net assets corresponding to the investment disposed of shall be recognized as other comprehensive income and changed over to the profit or loss of the period in which the control is lost.

Multiple transactions are usually accounted for as "package transactions" if the terms, conditions and economic impact of each transaction meet one or more of the following conditions:

(a) These transactions are entered into concurrently or with consideration of their effects on each other.

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

(c) The occurrence of a transaction is dependent on the occurrence of at least another one.

(d) One transaction is not economic when it is considered individually but is economic when considered together with other transactions.

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

When other shareholders (minority shareholders) of a subsidiary increase the capital, the equity proportion of the parent company in the subsidiary would be diluted. 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 foreign currency statement translation

(1) Method of determining the conversion rate in 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) Translation method of monetary items in foreign currencies at the balance sheet date

At the balance sheet date, the spot exchange rate of that day is used for monetary items in foreign currencies. Any exchange difference arising from the difference between the spot rate at the balance sheet date and that at the initial recognition or the previous balance sheet date is credited to the current profit or loss. For foreign-currency monetary items measured with historical costs, the spot exchange rate at the date of the transaction is still used; for inventories measured with the lower of costs or net realizable value, when an inventory is purchased in a foreign currency and the net realizable value of the inventory at the balance sheet date is reflected in a foreign currency, the net realizable value of the inventory is first converted into an amount in the recording currency at the spot exchange rate at the balance sheet date, and then compared with the cost of the inventory reflected in the recording currency to determine the ending value of the inventory; for foreign currency non-monetary items measured at fair value, the spot exchange rate on the date of fair value determination is used for translation; for financial assets measured at fair value and whose changes are credited to the current profit or loss, the difference between the amount in the recording currency after translation and the amount in the original recording currency is credited to the current profit or loss; for investments in non-trading equity instruments designated to be measured at fair value and whose changes are credited to other comprehensive income, the difference between the amount in the recording currency after translation and the amount in the original recording currency is credited to other comprehensive income.

(3) Translation method of financial statements in a foreign currency

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:

①The assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date, and the owner's equity items, except the item of "undistributed profit", are translated at the spot exchange rate at the time of occurrence.

② The income and expense items in the income statement are translated at the spot exchange rate or a rate approximate to the spot exchange rate at the date of the transaction.

③ Cash flows in foreign currencies and cash flows of overseas subsidiaries are translated at the spot exchange rate or a rate approximate to the spot exchange rate at the occurrence date of cash flows. The impact of exchange rate changes on cash shall be presented separately in the statement of cash flows as a reconciliation item.

④ When preparing the consolidated financial statements, the resulting difference in the translation of financial statements in a foreign currency is presented in the "Other comprehensive income" item under owner's equity in the consolidated balance sheet.

When an overseas operation is disposed of with control lost, the difference in translation of foreign-currency statements related to the overseas operation, as presented under the owner's equity item in the balance sheet, is changed over to the current profit or loss of the disposal in full or in proportion to the disposed overseas operation.

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 recognition of financial assets (or a portion of financial assets, or a group of similar financial assets) shall be derecognized, that is, they shall be written off from their 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 their 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 their classification:

(1) Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest method is applied, with subsequent measurement at amortized cost.

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

Financial liabilities measured at fair price and with changes credited to the current profit or loss, including trading financial liabilities (including derivative instruments classified as financial liabilities) and financial liabilities that are designated at the initial recognition to be measured at fair price and with changes credited to the current profit or loss.

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. The specific assessment of credit risk by the Company is detailed in 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 the 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:

For accounts receivable that there is objective evidence of impairment and other accounts that are suitable for a single assessment, impairment tests shall be conducted separately to confirm expected credit losses and make impairment provisions for individual items. For accounts receivable for which there is no objective evidence of impairment or when the expected credit loss of a single financial asset cannot be assessed at a reasonable cost, the Company divides accounts receivable into several portfolios according to the characteristics of credit risks, and calculates the expected credit loss based on the portfolios.

1. Accounts receivable with single provision for bad debts

At the end of the period, the amount of individual accounts receivable is tested separately for impairment. 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

The receivables without impairment according to the separate test at the end of the period are divided into several portfolios according to aging, as a credit risk characteristic, impairment losses are calculated and determined at a certain ratio of the balance of these receivables at the end of the period (which can be separately tested for impairment), and the provision for bad debts is made.

Except for the receivables for which provision for impairment 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 (inclusive)	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.

If the Company transfers accounts receivable, bank acceptance bills, etc. held by the Company in the form of discount or endorsement, and such transactions are frequent and involve a large amount, its business management model is essentially to both collect and sell cash flows arising from contracts, which are classified as financial assets whose changes are measured at fair value and credited to other comprehensive income in accordance with the relevant provisions of the financial instruments criteria.

For accounts receivable financing divided into portfolios, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates over the entire duration, taking into account historical credit loss experiences, present conditions and projections 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 those divided into the aging-based portfolio, the Company believes that the probability of default is correlated with aging, and bad debts shall be accrued for the expected credit loss of accounts receivables according to the accounting policy.

15. Other receivables

Recognition method and accounting treatment method for expected credit loss 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:

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

		of the consolidation
Portfolio II	Aging portfolio	The credit risk of the portfolio is characterized by the aging.

For other accounts receivable divided into a portfolio, the Company calculates expected credit losses based on default risk exposures and expected credit loss rates in future 12 months or over the entire duration, taking into account historical credit loss experiences, present conditions and projections of future economic conditions, and determines the ratio of bad debt provision to be accrued in combination with current conditions:

Aging	Expected rate of credit loss of other accounts receivable
Within 1 year (inclusive)	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.

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 contractual assets including significant financing components.

17. Inventories

(1) Classification of inventories

Inventory refers to finished products or commodities held by the Company for sale in daily activities, products in the process of production, materials and supplies consumed in the process of production or provision of services, including raw materials, products in process, semi-finished products, goods in stock, materials for consigned processing, low-value consumable goods, etc.

(2) Pricing method of delivered inventories

Inventories of the Company are priced with the weighted-average method when delivered.

(3) Inventory system

The Company adopts the perpetual inventory system, takes inventory at least once a year, and credits the amount of inventory gains and losses to the profit and loss of the current year.

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

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and if the cost of the inventory is higher than its net realizable value, a provision is made for impairment on inventories and credited to the current profit/loss.

Determining the net realizable value of the inventory shall be based on the available reliable evidence with consideration to such factors as the purpose of holding the inventory and the impact of events after the balance sheet date.

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. For inventories held for the purpose of executing sales contracts or service contracts, the contract price is used as the measurement basis for their net realizable value; if the quantity of inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured based on the general selling price. For materials held for sale, their net realizable value is measured based on the market price.

② The net realizable value of the inventory of materials to be processed is determined in the normal course of production and operations by the estimated selling price of the finished goods produced less the estimated costs to be incurred at completion, estimated selling expenses and related taxes. If the net realizable value of the finished product produced with it is higher than the cost, the material is measured at cost; If a decline in the price of the material indicates that the net realizable value of the finished product is lower than the cost, the material is measured at net realizable value, and a provision is made for impairment on inventory based on its difference.

③ The Company generally makes provisions for impairment on inventory on the basis of individual inventory items; in the case of inventories that are large in quantity and low in unit price, provisions are made according to the classes of inventories.

④ At the balance sheet date, if the factors affecting the previous write-down of the value of the inventory have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original provision for the impairment on inventory, and the reversed amount shall be credited to the current profit/loss.

(5) Amortization method of revolving materials

① Amortization method of low-value consumables: One-off writing off upon issuance.

② Amortization method of packaging materials: One-off writing off upon issuance.

18. Assets held for sale

None.

19. Debt investment

See V. 11. "Financial Instruments" in the Report for the determination and accounting treatment methods for expected credit losses in debt investments by the Company.

20. Other debt investment

See V. 11. "Financial Instruments" in the Report for the determination and accounting treatment methods for expected credit losses in other debt investments by the Company.

21. Long-term receivables

See V. 11. "Financial Instruments" in the Report for the determination and accounting treatment methods for expected credit losses in long-term receivables by the Company.

22. Long-term equity investment

Long-term equity investments of the Company include equity investments that control and have significant influence on the investee and equity investments in joint ventures. Investees that can be significantly influenced by the Company are joint ventures of the Company.

(1) Basis for determination of common control over and significant influence on 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. In determining whether there is common control, it is first determined whether all participants or a combination of participants collectively control the arrangement, and if all participants or a group of participants must act in concert to determine the activities related to an arrangement, it is deemed that all participants or a group of participants collectively control the arrangement. It is then determined whether decisions about the activities related to the arrangement must be made by consensus among the participants who collectively control the arrangement. It does not constitute common control if there are two or more combinations of participants that collectively control an arrangement. In determining whether there is common control, the protective rights enjoyed are not taken into account.

Significant influence refers to that the investor has the right to participate in making decisions on the financial and operating policies of the investee but has no right to control or jointly control the formulation of these policies with other parties. In determining whether significant influence can be exerted on the investee, consideration shall be given to the impact when the voting shares directly or indirectly held by the investor in the investee and the current exercisable potential voting rights held by the investor and other parties are assumed to be converted to equity in the investee, including the impact of the current convertible warrants, stock options and convertible corporate bonds issued by the investee.

When the Company owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or indirectly through a subsidiary, it is generally considered the Company can exert a significant influence on the investee unless there is clear evidence that the Company cannot participate in making production and operation decisions of the investee under such circumstances, in which case, there is no significant influence.

(2) Determination of initial investment cost

For long-term equity investments arising from business merger, the investment cost is determined according to the following regulations:

A. In a business merger under the same control, where the merging party pays cash, transfers non-cash assets or assumes debt as the merger consideration, the initial investment cost of the long-term equity investment is based on the share of the mergee's owner's equity in the book value in the consolidated financial statements of the ultimate controlling party on the merger date. In case of a difference between the initial investment cost of a long-term equity investment and the cash paid, the transferred non-cash assets or the book value of the debt assumed, the capital reserve shall be adjusted; if the capital reserve is insufficient for writing down, the retained earnings shall be adjusted;

B. In a business merger under the same control, where the merging party issues equity securities as the merger consideration, the initial investment cost of the long-term equity investment is based on the share of the mergee's owner's equity in the book value in the consolidated financial statements of the ultimate controlling party on the merger date. With the total carrying value of the issued shares as the share capital, in case of a difference between the initial investment cost of a long-term equity investment and the total carrying value of the shares issued, the capital reserve shall be adjusted; if the capital reserve is insufficient for writing down, the retained earnings shall be adjusted;

C. In a business merger not under the same control, the merger cost, as the initial investment cost of long-term equity investment, is determined with the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to obtain the control of the acquiree on the purchase date. Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred by the merging party are credited to the current profit or loss when incurred.

Except long-term equity investments arising from business merger, the investment cost of long-term equity investments acquired by other means is determined according to the following regulations:

A. For long-term equity investments acquired by cash payments, the purchase price actually paid is the investment cost. Initial investment costs include fees, taxes and other necessary expenses directly related to the acquired long-term equity investments;

B. For long-term equity investments acquired by issuing equity securities, the fair value of the issued equity securities is the initial investment cost;

C. In a business merger not under the same control, the merger cost, as the initial investment cost of long-term equity investment, is determined with the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to obtain the control of the acquiree on the purchase date. Intermediary fees such as audit, legal service, evaluation and consulting fees and other related management expenses incurred by the merging party are credited to the current profit or loss when incurred.

D. For long-term equity assets acquired by debt restructuring, the entry value is determined based on the fair value of the given up debt and other costs such as taxes that are directly attributable to the asset, and the difference between the fair value of the given up debt and the book value is credited to the current profit or loss.

(3) Subsequent measurement and recognition methods for profits and losses

Long-term equity investments that the Company has the control over the investee are accounted for with the cost method; long-term equity investments of associated enterprises and joint ventures are accounted for with the equity method.

① Cost method

For long-term equity investments accounted for with the cost method, the cost of long-term equity investments is adjusted when adding or withdrawing investments; the cash dividends or profits declared and distributed by the investee are recognized as current investment income.

② Equity method

For long-term equity investments accounted for with the equity method, the general accounting treatment is as follows:

If the investment cost of a 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 a 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 is credited to the current profit or loss, and the cost of the long-term equity investment is adjusted at the same time.

The Company recognizes investment income and other comprehensive income respectively and adjusts the book value of long-term equity investments in accordance with the share of net profit/loss and other comprehensive income realized by the investee to which it is entitled or shall contribute; the Company calculates the portion of profits or cash dividends declared and distributed by the investee to which it is entitled, and reduces the book value of the long-term equity investment accordingly; in case of other changes in owners' equity other than net profit/loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and credited to owners' equity. When recognizing the share of the investee's net profit or loss to which it is entitled, the net profit of the investee is recognized after adjustment based on the fair value of the investee's identifiable net assets at the time of acquisition of the investment. 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 in accordance with the accounting policies and accounting periods of the Company, and the investment income, other comprehensive income etc. shall be recognized accordingly. Gains and losses on unrealized internal transactions between the Company and associated enterprises and joint ventures are offset in accordance with the proportion attributable to the Company as it is entitled to, on the basis of which investment gains and losses are recognized. If an unrealized internal transaction loss between the Company and the investee is an asset impairment loss, it shall be fully recognized.

If significant influence can be exerted on the investee or common control but not control can be exercised due to additional investment or other reasons, the sum of the fair value of the originally held equity investment and the cost of the new investment shall be the initial investment cost, as being accounted for with the equity method instead. Where the equity investment originally held is classified as an investment in other equity instruments, the difference between its fair value and book value, as well as the accumulated gains or losses originally credited to other comprehensive income shall be transferred from other comprehensive income and credited to retained earnings in the current period, as being accounted for with the equity method instead.

If the common control or significant influence on the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity after such disposal is measured at fair value instead, and the difference between the fair value and book value on the date when the common control or significant influence is lost is credited to the current profit or loss. Other comprehensive incomes recognized as a result of accounting for the original equity investment with the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee upon termination of applying the equity method for accounting.

(4) Equity investments held for sale

Where all or part of the equity investments of associated enterprises or joint ventures are classified as assets held for sale, refer to V. 18 of the Financial Report for relevant accounting treatment.

The equity method shall be applied for the accounting treatment of the remaining equity investments not classified as assets held for sale.

If an equity investment in an associated enterprise or joint venture that has been classified as an asset held for sale no longer meets the conditions for being so classified, it shall be adjusted retroactively with the equity method from the date it is classified as an asset held for sale. The financial statements of the period when they are classified as held for sale shall be adjusted accordingly.

(5) Methods for impairment test and provision for impairment

Refer to V. 30 of the 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 V. 30. Long-term assets impairment for details about the methods for impairment test 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 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.

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	Depreciation 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%
Electronics 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

The entry value of fixed assets shall be the total expenditure incurred before the asset constructed reaches the predetermined usable state of the project under construction, including construction costs, original cost of machinery and equipment, and other necessary expenditures incurred to bring the project under construction to the predetermined usable state, as well as borrowing costs incurred to borrow specifically for the project before the asset reaches the predetermined usable state, and borrowing costs incurred for the general borrowings used. When a project reaches the predetermined usable state after completion of installation or construction, the project under construction is carried over to fixed assets by the Company. Fixed assets constructed that have reached the predetermined usable state but have not yet been arranged for the final settlement of account shall, from the date when the predetermined usable state is reached, be carried over to fixed assets at the estimated value according to the project budget, construction cost or actual project cost, etc., and a provision for the depreciation of the fixed assets shall be made in accordance with the Company's fixed assets depreciation policy. After the final settlement of account, the original provisional value shall then be adjusted according to the actual cost, but the amount of depreciation originally accrued shall not be adjusted.

26. Borrowing costs

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

Borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and credited to the relevant asset cost when the following conditions are all met:

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 borrowing interests, discounts or premiums and currency translation differences are credited to current profit or loss.

The capitalization of borrowing costs shall be suspended if the acquisition, construction or production of assets eligible for capitalization is abnormally interrupted for more than 3 successive months.

When the acquisition, construction or production of assets eligible for capitalization reach the predetermined usable or marketable state, the capitalization of its borrowing costs shall cease; subsequent borrowing costs shall be recognized as expenses in the incurring period.

(2) Capitalization rate of borrowing costs and calculation method of capitalized amount

Where specific borrowings are made for the acquisition, construction or production of assets eligible for capitalization, the amount of interest expense actually incurred during the period of the specific borrowings, minus the interest income derived from depositing the loan funds not yet used in the bank or the investment income derived from temporary investment, shall be determined as the capitalized amount of interest expense of specific borrowings.

Where general borrowings are used for the acquisition, construction or production of assets eligible for capitalization, the amount of interest to be capitalized on the general borrowings shall be calculated and determined by multiplying the weighted average amount of the accumulated asset expenditure in excess of the specific borrowings by the capitalization rate of the general borrowings. The capitalization rate is 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) Pricing method of intangible assets

It is recorded at actual cost at the time of acquisition.

(2) Service life and amortization of intangible assets

① Estimation of useful life of intangible assets with a limited useful 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 the useful life and amortization method of intangible assets with a limited useful life. Upon review, the useful life and amortization method of intangible assets at the end of the current period are no different from those previously estimated.

② Intangible assets that cannot be predicted to bring economic benefits to the enterprise shall be regarded as intangible assets with uncertain useful 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 limited useful life, the Company determines their useful life at the time of acquisition, and amortizes them reasonably within the useful life with the straight-line method, and the amortized amounts are credited to the current profit/loss or the cost of the related assets according to the beneficial items. The specific amortized amount is the amount of its cost less the estimated salvage value. For intangible assets for which provisions for impairment have been made, the accumulated amount of impairment provisions for the assets shall also be deducted. The salvage value of an intangible asset with a limited useful life is deemed to be zero, except where a third party has committed to acquire the intangible asset at the end of its useful life or information about the estimated salvage value is available based on an active market and such market is likely to exist at the end of the useful life of the asset.

Intangible assets with an uncertain service life shall not be amortized. At the end of each year, the useful life of intangible assets with uncertain useful life is reviewed, and if there is evidence that its useful service life is limited, its useful life is estimated and systematically amortized within the expected useful life.

(2) Scope of R&D expenditures and related accounting treatment methods

The Company includes all expenses directly related to the development of R&D activities as R&D expenses, including salaries of R&D personnel, direct input costs, depreciation costs and long-term amortized expenses, design costs, equipment commissioning costs, intangible assets amortized costs, commissioned external R&D costs, and other expenses.

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

① The Company regards the period for developing information and conducting related preparations for further development activities as the research stage, and the expenditure incurred in the research stage of intangible assets is credited to the current profit or loss when incurred.

② The period in which development activities are carried out after the Company has completed the work in the research stage is regarded as the development stage.

2. Specific criteria for capitalization of expenditures in the development stage

Expenditures incurred at the development stage are recognized as intangible assets only when all of the following conditions are met:

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

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

C. Intangible assets generate economic benefits in a manner that can prove the existence of a market for products produced with the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if used internally;

D. The development of the intangible asset is supported by adequate technical, financial and other resources, and the capability to use or sold the intangible asset is available;

E. Expenditures attributable to the development stage of the intangible asset can be well measured.

30. Long-term assets impairment

Asset impairment of long-term equity investments of subsidiaries, associated enterprises and joint ventures and asset impairment of investment real estates, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill, etc. (except inventories, investment real estates measured at fair value, deferred tax assets and financial assets) shall be determined by the following method:

At the balance sheet date, the Company determines whether there is any indication for possible impairment of the asset. If there is any indication of impairment, the Company will estimate the recoverable amount and conduct an impairment test. For goodwill arising from a business merger, intangible assets with uncertain useful life and intangible assets that have not reached the useful condition, the impairment tests shall be carried out every year, whether there are indications of impairment or not.

The recoverable amount is determined by the higher of the net amount of the asset, i.e. fair value minus disposal expenses, and the present value of the expected future cash flows of the asset. The Company estimates the recoverable amount on the basis of 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 on the basis of the asset group to which the asset is classified. The determination of an asset group is based on whether the major cash inflow generated by the asset group is independent of the cash inflow of other assets or other asset groups.

When the recoverable amount of an asset or asset group is lower than its book value, the Company will write down its book value to the recoverable amount, credit the amount reduced to the current profit or loss, and make the corresponding asset impairment provision.

For the impairment test of goodwill, the book value of goodwill arising from the business merger is apportioned to the relevant asset group in a reasonable manner from the date of acquisition; if it is difficult to apportion to the relevant asset group, it is apportioned to the relevant portfolio of asset groups. The relevant asset group or portfolio of asset groups is one that can benefit from the synergies of the business merger and is not larger than the reporting segment identified by the Company.

During the impairment test, if there are indications of impairment in the asset group or portfolio of asset groups related to goodwill, the impairment test is first carried out on the asset groups or portfolios without goodwill to calculate the recoverable amount and determine the corresponding impairment loss. Then, the impairment test is carried on the asset groups or portfolios with goodwill to compare their book value and recoverable amount, and determine the impairment loss of goodwill if the recoverable amount is lower than the book value.

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

31. Long-term deferred expenses

Long-term deferred expenses refer to various expenses that have been incurred by the Company and shall be amortized in the current period and the following periods if the total amortization period is longer than 1 year.

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 pay of employee (salary, bonus, allowance and subsidy)

During the accounting periods in which employees provide services, the Company recognizes the short-term compensation actually incurred as a liability and includes it in the current profit or loss, unless it is required or allowed to be credited to the cost of assets by other accounting standards.

② In-service employee benefits

Employee benefits incurred by the Company are credited to the profit or loss for the period in which they are actually incurred based on the actual amounts incurred. In case of non-monetary employee benefits, they shall be measured at fair value.

③ Medical insurance premiums, work-related injury insurance premiums, maternity insurance and other social insurance premiums and housing provident funds, as well as trade union funds and employee education funds

For medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, other social insurance premiums and housing provident funds, as well as the funds for the trade union and the education paid by the Company for employees, the Company calculates the corresponding amount of the employees' compensation and recognizes the corresponding liabilities according to the prescribed accrual basis and proportion, and credits them to the current profit or loss or related asset costs.

④ Short-term compensated absences

When an employee provides services that increase his or her future entitlement to compensated absences, the Company recognizes the employee's compensation associated with accumulated compensated absences and measures it against the expected increase in the amount of payments due to accumulated unexercised entitlement. The Company recognizes employee compensation related to non-cumulative compensated absence during the accounting period in which the employee's absence actually occurred.

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 enterprise has the statutory or presumptive obligation to pay the employees' compensation due to past events;

B. The amount of obligatory employee compensation payable due as a result of the profit sharing plan can be reliably estimated.

(2) Accounting treatment of post-employment benefits

① Defined contribution plan

In accounting periods in which services are provided by employees, the Company recognizes the contribution amount calculated according to the formulated contribution plan as a liability and credited it to the current profit or loss or the relevant asset cost.

If, according to the defined contribution plan, it is not expected to pay the full amount of contribution due within twelve months after the end of the Annual Reporting Period in which the employee provides the relevant services, the Company measures the employee pay payable with the discounted total contribution amount by reference to the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date).

② Defined benefit plan

A. Determination of present value and current service costs of obligations under the defined benefit plan

Unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic and financial variables, measure the obligations arising from the defined benefit plan, and determine the vesting period of the related obligations under the expected cumulative benefit unit approach. The Company discounts the obligations under the defined benefit plan at the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date) to determine the present value of the obligations and the current service costs.

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

If there are assets in a defined benefit plan, the Company recognizes the deficit or surplus resulting from the present value of defined benefit plan obligations less the fair value of defined benefit plan assets as a net liability or net asset of the defined benefit plan.

If there is a surplus in a defined benefit plan, the Company measures the net assets of the defined benefit plan to the lesser of the surplus of the defined benefit plan and the asset ceiling.

C. Determination of amount to be credited to assets cost or current profit or loss

Service costs include current service costs, past service costs and settlement gains or losses. Except the service costs in the current period which are required or allowed to be credited to asset costs under other accounting standards, other service costs are credited to the current profit or loss.

The net interest on net liabilities or net assets of defined benefit plans, including interest gains on the assets in the plan, interest expenses on defined benefit plan obligations and interests affected by the asset ceiling, are credited to the current profit or loss.

D. Determination of amount to be credited to other comprehensive income

Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans include:

(a) Actuarial gain or loss, which is an increase or decrease in the present value of previously measured defined benefit plan obligations due to actuarial assumptions and empirical adjustments;

(b) Return on plan assets, less the amount included in the net interest on net liabilities or net assets of the defined benefit plan;

(c) Changes due to impact of the asset ceiling, less the amount included in the net interest on net liabilities or net assets of the defined benefit plan.

Changes resulting from the above remeasurement of net liabilities or net assets of defined benefit plans are directly credited to other comprehensive income and are not allowed to be carried back to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the Company carries forward to undistributed profit in full the portion originally credited to other comprehensive income within the scope of equity.

(3) Accounting treatment of dismissal benefits

If the Company provides dismissal benefits to an employee, the employee compensation liability arising from the dismissal benefits is recognized at the sooner of the following two events, and shall be credited to the current profit or loss:

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, it is expected that the dismissal benefits cannot be paid in full amount within twelve months after the end of the Annual Reporting Period, the Company discounts the amount of the dismissal benefits by reference to the corresponding discount rate (determined by the market yield of national bonds or high-quality corporate bonds in the active market that match the term and currency of the defined contribution plan obligations at the balance sheet date), and measures the employee pay payable with the discounted amount.

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

None.

34. Estimated liabilities

(1) Recognition criteria for estimated liabilities

The Company recognizes obligations related to contingencies as estimated liabilities if they also meet the following conditions:

① The obligation is a current obligation assumed 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

Estimated liabilities are initially measured according to the best estimate of expenditures required to meet the relevant current obligations, taking into account such factors as risks, uncertainties and the time value of money associated with contingencies. The book value of estimated liabilities is reviewed at each balance sheet date. If there is solid evidence that the book value does not reflect the current best estimate, the book value is adjusted according to the current best estimate.

35. Share-based payment

(1) Type of share-based payment

Share-based payments of the Company include share-based payments settled in cash and those settled in equity.

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 are no trading options with similar terms and conditions, the Company chooses an applicable option pricing model to estimate the fair value of the options granted.

(3) Basis for determining the best estimate of equity instruments with viable options

At each balance sheet date in the waiting period, the Company will make the best estimate based on the latest available subsequent information such as the change in the number of employees with viable options, and revise the number of equity instruments with options expected to be exercised to make the best estimate of the equity instruments with viable options.

(4) Accounting treatment of implementation of share-based payment plan

Share-based payments settled in cash

① Share-based payments settled in cash where the vested options can be immediately exercised after being granted is credited to the relevant cost or expense at the fair value of the liability assumed by the Company on the grant date, increasing the liability accordingly. The fair value of the liability is remeasured at each balance sheet date prior to settlement and at the settlement date, and its changes are credited to profit or loss.

② For cash-settled share-based payments where the vested option cannot be exercised until the completion of services or the fulfillment of specified performance conditions within the waiting period, at each balance sheet date in the waiting period, services acquired during the period are credited to costs or expenses and corresponding liabilities at the fair value amount of the liability assumed by the Company, based on the best estimate of exercising the option.

Share-based payments settled in equity

① Share-based payments settled in equity where the vested option can be immediately exercised after being granted in exchange of employees' services is credited to the relevant cost or expense at the fair value of the equity instruments on the grant date, increasing the capital reserve accordingly.

② For equity-settled share-based payments where the vested option cannot be exercised in exchange of employees' services until the completion of services or the fulfillment of specified performance conditions within the waiting period, at each balance sheet date in the waiting period, services acquired during the period are credited to costs or expenses and capital reserve at the fair value at the granting date of equity instruments, based on the best estimate of the number of equity instruments with exercisable option.

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

When the Company makes a modification to a share-based payment plan, if the modification increases the fair value of the equity instrument granted, the increase in the services obtained is recognized according to the increase in the fair value of the equity instrument; if the modification increases the number of equity instruments granted, the fair value of the increased equity instruments is recognized accordingly as an increase in the acquired services. The increase in the fair value of equity instruments refers to the difference between the original and modified fair values of equity instruments at the date of the modification. If a modification reduces the total fair value of a share-based payment or the terms and conditions of a share-based payment plan is modified to the detriment of employees, further accounting treatment will be made for the services obtained like such modification has never occurred unless the Company cancels some or all of the equity instruments granted.

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

If equity instruments granted are canceled or settled in the waiting period (except those canceled due to failure to fulfill the conditions for exercising the option), the Company will:

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 at the time of cancellation or settlement as repurchases of equity, and credit the portion of the amount paid for the repurchase exceeding the fair value of the equity instrument at the repurchase date to the current expense.

In case of repurchasing the equity instruments that its employees have exercised, the Company writes off the owner's equity; the portion of any amount paid for the repurchase exceeding the fair value of the equity instrument at the repurchase date is credited to the current profit or loss.

36. Preferred shares, perpetual bonds and other financial instruments

None.

37. Revenue

Disclosing the accounting policies adopted for revenue recognition and measurement by business type

(1) General principles

Income is the total inflow of economic benefits generated in the daily activities of the Company, which can result in an increase in shareholders' equity and is not related to shareholders' invested capital.

The Company has fulfilled performance obligation in the Contract, that is, recognizing revenue when the customer obtains the control right of relevant commodities. Obtaining control over relevant goods refers to the ability to direct the use of the goods and obtain substantially all of the economic benefits derived from them.

If two or more performance obligations are included in a contract, the Company apportions the transaction price to each performed obligation in proportion to the individual selling price of the commodities or services promised by each performed obligation, and measures the revenue according to the transaction price apportioned to each performed obligation.

Transaction price is the amount of consideration that the Company expects to be entitled to receive in connection with the transfer of commodities or services to a customer, excluding payments received on behalf of third parties. In case of a variable consideration when determining the transaction price in a contract, the Company determines the best estimation of the variable consideration based on the expected value or the most likely amount, and includes in the transaction price an amount not exceeding which is highly unlikely to result in a material reversal of the accumulated recognized revenue at the time the relevant uncertainty is eliminated. If there is a significant financing component in a contract, the Company will determine the transaction price based on the amount payable by the customer in cash upon its acquisition of control of the commodity, and amortize the difference between the transaction price and the contract consideration with the effective interest method over the term of the contract. The Company does not take into account the financing component if the interval between the transfer of control and the payment of the price by the customer is less than one year.

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 with the input method (or output method). When the performance progress cannot be reasonably determined, the income is recognized based on the amount of costs incurred by the Company if compensation of such costs is expected, until the performance progress can be reasonably determined.

For contract performance obligations fulfilled at a certain point of time, the Company recognizes the income at the time when the customer obtains the control right of relevant commodities. When judging whether a customer has obtained the control of a commodity or service, the Company takes the following indications into account:

① The Company is currently entitled to receive payments in respect of the commodity or service, i.e. the customer has a current payment obligation in respect of the commodity;

② The Company has transferred the legal ownership of the commodity to the customer, i.e. the customer has had the legal ownership of the commodity;

③ The Company has transferred the material object of the commodity to the customer, i.e. the customer has owned the material object of the commodity;

④ The Company has transferred the major risks and compensation on the ownership of the commodity to the customer, i.e. the customer has received the major risks and compensation on the ownership of the commodity;

⑤ Customers have accepted the commodities.

Sales return terms

For sales with sales return terms, the Company recognizes the income based on the consideration amount to which the Company is expected to be entitled for the commodity handed over to the customer when it obtains the control of the relevant commodity, and recognizes the estimated liability based on the amount to be returned due to the expected sales return; meanwhile, the balance of the book value of the commodity expected to be returned less the expected cost to be incurred for collection of the returned commodity (including the impaired value of the returned commodity) is recognized as an asset, i.e. return cost receivable, and according to the book value of the transferred commodity at the time of transfer, the net amount less the cost of the above asset is carried over to the cost. At each balance sheet date, the Company re-estimates the return of future sales and re-measures the assets and liabilities described above.

Quality assurance obligations

The Company provides quality assurance for the commodities sold and the projects constructed in accordance with contractual agreements and the provisions of law. For warranty type quality assurance to assure customers that the commodities sold meet the established standards, the Company conducts accounting treatment in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies. For service type quality assurance that provides a separate service in addition to assuring customers that the commodities sold meet the established standards, the Company regards it as a single performance obligation, amortize a portion of the transaction price to the service type quality assurance in proportion to the individual selling price for providing commodities and services quality assurance, and recognizes the income when the customer obtains the control of the service. In assessing whether the quality assurance provides a separate service in addition to assuring the customer that the commodities sold meet established standards, the Company considers factors such as whether the quality assurance is a statutory requirement, the warranty period and the nature of the Company's commitment to perform the task.

Principal responsible person and agent

Whether the Company is the principal responsible person or agent in a transaction is determined by whether the Company has control of the commodities or services before they are transferred to the customer. Where the Company is able to control the commodities or services prior to the transfer of the commodities or services to the customer, the Company is the principle responsible person and recognizes the income based on the total amount of consideration received or receivable. Otherwise, the Company acts as the agent, recognizes the income on the basis of the amount of commission or service charges it is expected to be entitled to receive, which shall be the net amount of the total consideration received or receivable less the price payable to other interested parties, or be determined based on the amount or proportion of commissions established, etc.

Consideration payable to customers

Where there is a consideration payable to a customer in a contract, unless the consideration is for the purpose of obtaining other clearly distinguishable commodities or services for the customer, the Company writes off the consideration payable from the transaction price, and writes off the current income at the time when the relevant income is recognized or when the consideration is paid (or committed to be paid) to the customer, whichever is later.

(2) Specific method

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.

Situations where similar businesses adopt different business models involving different revenue recognition and measurement methods

38. Contract costs

Contractual costs are divided into contract performance costs and contract acquisition costs.

The cost incurred by the Company for contract performance is deemed as a contract performance cost and recognized as an asset if all of the following conditions are met:

① The 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 The cost increases the resources for fulfilling the performance obligation by the Company 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 recoverable, it is 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 of goods or services related to that asset; However, if the amortization period of contract acquisition costs does not exceed one year, the Company credits it to the current profit or loss when it occurs.

If the book value of an asset related to the contract cost is higher than the difference between the following two items, the Company makes a provision for impairment for the excess, recognizes it as an asset impairment loss, and further considers whether a provision shall be made for projected liabilities relating to the loss 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 commodities or services.

If the above-mentioned provision for asset impairment is subsequently reversed, the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date assuming no provision for impairment was made.

Contract performance costs recognized as assets with an amortization period of not more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Inventory" item, and those with an amortization period of more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other non-current assets" item.

Contract acquisition costs recognized as assets with an amortization period of not more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other current assets" item, and those with an amortization period of more than one year or one normal operating cycle as determined in the initial recognition are presented under the "Other non-current assets" item.

39. Government subsidies

(1) Recognition of government subsidies

A government subsidy can be recognized only when all of the following conditions are met:

① The Company is able to meet the conditions attached to the government subsidy;

② The Company is able to receive the government subsidy.

(2) Measurement of government subsidies

In case a government subsidy can be classified as a monetary asset, it shall be measured according to the amount received or receivable. In case a government subsidy can be classified as non-monetary asset, it shall be measured at fair value, and once the fair value cannot be obtained reliably, it shall be measured in the nominal amount of RMB 1.

(3) Accounting treatment of government subsidies

① Assets-related government subsidies

Government subsidies that the Company obtains for acquisition or construction or otherwise for developing long-term assets are classified as assets-related government subsidies. When an assets-related government subsidy is recognized as a deferred income, it shall be amortized with a rational and systematic method and credited to an income or loss within the service life of the related asset. Government subsidies measured in the nominal amount shall be directly credited to a current income/loss. 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 Revenue-related government subsidies

Government subsidies other than those related to assets are classified as revenue-related government subsidies. Revenue-related government subsidies shall be accounted for in accordance with the following provisions on a case-by-case basis:

When a revenue-related government subsidy is used to compensate relevant expenses or losses of the Company in the following period, it shall be recognized as a deferred income and credited to a current income/loss in the period when the related cost or loss is recognized;

When such a subsidy is used to offset relevant incurred costs and expenses or losses of the Company, it shall be directly credited to the current income/loss.

For government subsidies including both assets-related and revenue-related subsidies, they shall be divided for separate accounting treatment; if it is difficult to separate them, they shall be classified as revenue-related government subsidies as a whole.

Government subsidies associated with the routine activities of the Company shall be credited to Other Income according to the substance of economic operations. Those that are not associated with the routine activities of the Company shall be credited to Non-Operating Income/Expense.

③ Discounted interests of preferential policy loans

In case the Ministry of Finance directly appropriates the discount funds to the Company, the Company will write down the corresponding discount interests against relevant borrowing costs.

④ Refund of government subsidies

In case a recognized government subsidy needs to be refunded, the book value of the asset concerned shall be adjusted if the book value of the asset was written down when it was initially recognized; if there is a balance for the relevant deferred income, it shall be used to reduce the balanced book value of the deferred income, and any excess shall be credited to a current income/loss; for other cases, it shall be directly credited to a current income/loss.

40. Deferred tax assets/deferred tax liabilities

The Company generally applies the balance sheet liability method to recognize and measure the income tax amount affected by the taxable temporary difference or deductible temporary difference as a deferred income tax liability or deferred income tax asset based on the temporary difference between the book value of assets and liabilities on the balance sheet date and the tax basis. The Company does not discount deferred income tax assets and deferred income tax liabilities.

(1) Recognition of deferred income tax assets

For deductible losses and tax credits that are deductible for temporary differences and can be carried forward to subsequent years, the income tax amount so affected shall be calculated at the income tax rate of the expected carry-back period, and the amount of impact shall be recognized as a deferred income tax asset, provided that the Company is likely to obtain future taxable incomes to offset the deductible temporary differences, deductible losses and tax credits.

In transactions or matters with the following characteristics, the income tax amount affected by a deductible temporary difference caused by the initial recognition of an asset or liability shall not be recognized as a deferred income tax asset;

A. The transaction is not a business merger;

B. The occurrence of the transaction does not affect the accounting profit or the taxable income (or deductible loss).

However, this exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply to a single transaction in which both the above two conditions are met and the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities of the transaction, the Company recognizes the corresponding deferred income tax liabilities and deferred income tax assets respectively when the transaction takes place.

For deductible temporary differences related to investments of subsidiaries, associated enterprises and joint ventures, the Company recognizes the amount of income tax impact as a deferred income tax asset (only) when the following two conditions are both 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 enough taxable incomes are very likely to be obtained in future periods to offset the deductible temporary differences, the deferred income tax assets not recognized in the previous period shall be recognized.

The Company checks the book value of deferred income tax assets on the balance sheet date. In case it is very unlikely to obtain enough taxable incomes to offset the benefits of the deferred tax assets in future periods, the book value of the deferred tax assets shall be written down. If it is very likely to obtain enough taxable incomes, the write-down amount shall be reversed.

(2) Recognition of deferred income tax liabilities

For all taxable temporary differences of the Company, the amount of income tax impact is measured at the income tax rate for the expected carry-back period, and the amount of impact shall be recognized as a deferred income tax liability, except:

① Income tax impact caused by taxable temporary differences arising from the following transactions or matters shall not be recognized as a deferred income tax liability:

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

For taxable temporary differences or deductible temporary differences arising from business mergers not involving enterprises under common control, the goodwill recognized in the business mergers are generally adjusted for the relevant deferred income tax expenses while recognizing the deferred income tax liabilities or assets.

② Items directly credited to owner's equity

Income tax and deferred income tax of the current period related to transactions or matters that are directly credited to the owner's equity shall be credited to the owner's equity. Transactions or matters with the income tax impact of temporary differences credited to owners' equity include: other comprehensive income resulting from changes in the fair value of other debt investments, adjusted beginning retained income made with the retrospective adjustment method for changes in accounting policies or corrected with the retrospective restatement method to correct differences of (significant) accounting errors in previous period, and owner's equity credited at the time of initial recognition of mixed financial instruments containing both liability components and equity components.

③ Recoverable losses and tax credits

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

Deductible loss refers to the loss which is allowed to be offset by a taxable income of subsequent years, calculated and determined in accordance with the provisions of the tax law. Losses to offset (deductible losses) and tax credits that can be carried forward to subsequent years according to the provisions of the tax law shall be treated as deductible temporary differences. When sufficient taxable income is likely to be obtained during future periods in which it is expected that a loss to offset or tax credit will be available, the corresponding deferred income tax asset shall be recognized to the extent of the taxable income likely to be obtained, while the income tax expense in the current income statement shall be reduced.

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

The Company obtains deductible temporary differences from the acquiree in business merger, which shall not be recognized if the conditions for recognition of deferred tax assets are not met by the acquisition date. Within 12 months after the acquisition date, if new or further information is obtained indicating that the relevant circumstances already existed by the acquisition date and the economic benefits brought about by the deductible temporary difference is expected to be realized by the acquiree by the acquisition date, the relevant deferred tax assets shall be recognized and goodwill shall be reduced at the same time. If there is insufficient goodwill to offset, the difference shall be recognized as a current profit/loss; in addition to the above circumstances, deferred tax assets related to business merger shall be recognized and credited to the current profit/loss.

④ Temporary differences arising from offsets in consolidated statements

When preparing the consolidated financial statements, the Company recognizes deferred income tax assets or liabilities in the consolidated balance sheet and adjusts the income tax expense in the consolidated income statement if there is a temporary difference between the carrying value of the assets or liabilities in the consolidated balance sheet and the tax basis of the taxable entity concerned due to the offset of unrealized gains and losses on internal sales, except deferred income taxes related to transactions or matters directly credited to owners' equity and related to business merger.

⑤ Equity-settled share-based payments

If the tax law allows pre-tax deductions for expenses related to share-based payments, when recognizing costs and expenses in accordance with the accounting standards, the Company calculates and determines the tax basis and the resulting temporary differences based on the pre-tax deductible amount estimated with the information obtained at the end of the accounting period, and recognizes the relevant deferred income tax if the conditions for recognition are met. If the amount that is expected to be deductible before tax in future periods exceeds the costs and expenses related to the share-based payments recognized in accordance with the provisions of the accounting standards, the income tax impact of the excess shall be directly credited to owners' equity.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments by the Company as the issuer, where the relevant dividend payout is deducted before corporate income tax in accordance with the relevant provisions of tax policies, the Company recognizes the income tax impact related to the dividend when recognizing the dividend payable. The income tax impact of dividends shall be credited to the current profit/loss if the profit distributed is derived from a transaction or matter previously generated profit or loss; the income tax impact of dividends shall be credited to owners' equity if the profit distributed is derived from a transaction or matter previously recognized in owners' equity.

(4) Basis for presentation of net balances of deferred income tax assets and liabilities

When all of the following conditions are met, the Company presents net balances of deferred income tax assets and liabilities 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 the income tax levied by the same taxation authority on the same taxpayer or to different taxpayers, but during the period in which each future deferred income tax asset and liability of significance is reversed, the involved taxpayer intends to settle current income tax assets and liabilities on a net basis or acquire assets and pay off debts at the same time.

41. Lease

(1) Accounting treatment of lease as the lessee

On the commencement date of the lease term, the Company considers a lease with lease term no more than 12 months and which does not include a purchase option to be a short-term lease, and a lease with a low value when a single leased asset is a new asset as a low-value asset lease. 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.

With the exception of the above short-term leases and low-value asset leases treated by simplified treatment, the Company recognizes the right-of-use assets and lease liabilities on the lease on the commencement date of the lease term.

① Right-of-use assets

A 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, an initial measurement of right-of-use assets shall be carried out according to the cost. The cost is composed of:

The initially measured amount of the lease liability;

Lease payment paid on or before the commencement date of the lease term minus relevant amount of the enjoyed lease incentives (if any);

Initial direct expenses incurred by the leasee;

An estimate of costs to be incurred by the leasee in dismantling and removing the lease asset, restoring the site where the lease asset resides or restoring the lease asset to the condition required by the terms and conditions of the lease. The Company recognizes and measures the costs according to the recognition criteria and measurement method for estimated liabilities. Refer to Note V.17 for details. The aforementioned costs are incurred for the production of inventory and will be credited to the cost of inventory.

The straight-line depreciation method shall be applied for the depreciation classification and provision of right-of-use assets. If it can be reasonably ascertained that the ownership of the leased asset will be acquired at the end of the lease term, the depreciation rate shall be determined according to the class of the right-of-use asset and the estimated net salvage value rate during the expected remaining useful life of the leased asset; otherwise, the depreciation rate shall be determined on the basis of the class of the use-of-right asset during the shorter of the lease term and the remaining useful life of the leased asset.

② Lease liabilities

The initial measurement of lease liabilities shall be based on the present value of the lease payment payable on the commencement date of the lease term. The amount of lease payments shall consist of the following five components:

1. Fixed payment amount and substantial fixed payment amount, and if there are lease incentives, minus the amount related to lease incentives;

2. Variable lease payment amount depending on the index or rate;

3. Exercise price of the purchase option, provided that the lessee reasonably determines to exercise the option;

4. Amount payable to exercise the option to terminate the lease, provided that it is reflected in the lease term that the lessee will exercise the option to terminate the lease;

5. Amount expected to be paid based on the remaining value of the security provided by the lessee.

When computing the present value of a lease payment, the implicit interest rate of the lease shall be used as the discount rate; when such implicit interest rate cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate. The difference between the lease payment amount and its present value shall be recognized as an unrecognized financing expense, and the interest expense shall be recognized at the discount rate of the present value of the lease payment amount during each period of the lease term and credited to the current profit/loss. Variable lease payments not included in the measurement of lease liabilities shall be credited to the current profit/loss at the actual time of incurring.

After the commencement of the lease term, when there is a change in the substantial fixed payment amount, a change in the estimated amount payable on the security balance, a change in the index or ratio used to determine the lease payment amount, a change in the evaluation result of the purchase option, the renewal option or the termination option, or a change in the actual exercise of the option, the Company will remeasure the lease liability at the present value of the changed lease payment amount, and adjust the book value of the right-of-use assets accordingly.

(2) Accounting treatment of lease as the lessor

On the commencement date of the lease, the Company classifies leases that substantially transfer virtually all of the risks and compensations associated with ownership of the leased assets as finance leases, and all other leases as operating leases.

① Operating lease

The Company recognizes lease receipts as rental income on a straight-line basis during each period of the lease term, capitalize and apportion the initial direct expenses incurred on the same basis as rental income recognition, and credit the direct expenses to the current profit/loss in installments. The Company credits to the current profit/loss the amount of variable lease payments acquired in relation to operating leases that are not included in lease receipts when actually incurred.

② Finance lease

On the commencement date of the lease, the Company recognizes finance lease receivables on the basis of net lease investment (the sum of the unsecured balance value and the present value of the lease proceeds not yet received by the commencement date of the lease term discounted at the implicit interest rate of the lease) and terminates the recognition of the finance lease assets. In each period of the lease term, the Company calculates and recognizes the interest income at the implicit interest rate of the lease.

Variable lease payments acquired by the Company and not included in the measurement of the net lease investment shall be credited to the current profit/loss at the actual time of incurring.

42. Other important accounting policies and accounting estimation

Share repurchase

(1) Where the Company has reported and has been approved to purchase the Company's shares for capital reduction in accordance with legal procedures, the share capital shall be reduced by the total par value of the shares cancelled, the owners' equity shall be adjusted in case of a difference between the price paid for the repurchase of the shares (including transaction fees) and the par value of the shares; the portion in excess of the total par value shall write down the capital reserve (share capital premium), surplus reserve and undistributed profits in turn, and the portion less than the total par value shall be added to the capital reserve (equity 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 a transfer of treasury shares, the portion of the transfer income higher than the cost of treasury share is added to the capital reserve (equity premium); the portion lower than the cost of Treasury shares shall write down the capital reserve (equity premium), surplus reserve and undistributed profit in turn.

Restricted shares

In the equity incentive plan, the Company grants restricted shares to the incentivized subjects, who shall subscribe for the shares first, and if the unlocking conditions stipulated in the equity incentive plan are not met later, the Company will repurchase the shares at the price agreed in advance. Where the restricted shares issued to the employees have gone through the registration and other capital increase procedures in accordance with relevant regulations, the Company shall, on the grant date, recognize the share capital and capital reserve (capital premium) based on the subscription payment received from the employees, and also recognize the treasury shares and other payables for the repurchase obligations.

43. Important accounting policy and accounting estimation changes

(1) Important accounting policy changes

□ Applicable ☑ Not applicable

(2) Important accounting estimation changes

□ Applicable ☑ Not applicable

(3) Starting from 2026, the first implementation of the new accounting standards will adjust the financial statements related to the items at the beginning of the year

□ 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)
City maintenance and construction tax	Paid turnover tax amount	7.00%, 5.00%
Corporate income tax	Taxable income	See the table below (Note 2) for taxpayers subject to different corporate income tax rates and their tax rates.
Education surcharge	Paid turnover tax amount	3.00%, 2.00%

(Note 1) Shenzhen YAKO Automation Technology Co., Ltd. was recognized as a software enterprise by

Shenzhen Economic, Trade and Information Commission 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 Shenzhen Economic, Trade and Information Commission on Friday, 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 Shenzhen Economic, Trade and Information Commission on June 28, 2013, and received the software enterprise certification No. Shen R-2013-0775. According to the Notice of the Ministry of Finance and the State Taxation Administration on VAT Policies for Software Products (No. 25 in 2023), 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 portion 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) Taxpayers of the Company subject to different corporate income tax rates and their tax rates are as follows

Name of taxpayer	Corporate income tax rate
Shenzhen Topband Co., Ltd.	15.00%
Shenzhen Topband Software Technology Co., Ltd.	15.00%
Shenzhen Topband Automation Technology Co., Ltd.	15.00%
Shenzhen Topband Battery Co., Ltd.	15.00%
Huizhou Topband Lithium Battery Co., Ltd.	20.00%
Taixing Topband Lithium Battery Co., Ltd.	15.00%
Nantong Topband Lithium Battery Co., Ltd.	25.00%
Yolaness Technology (HK) Co., Limited	16.50%
Chongqing Topband Industrial Co., Ltd.	25.00%
Topband (Hong Kong) Co., Ltd.	8.25%, 16.50%
Topband Germany GmbH	15.825%
TOPBAND SMART DONG NAI (VIETNAM) COMPANY LIMITED	20.00%
TOPBAND JAPAN Co., Ltd.	23.20%
Q.B.PTE.LTD	17.00%

TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	16.00%
TOPBAND MEXICO, S.DER.L.DEC.V.	30.00%
Huizhou Topband Electrical Technology Co., Ltd.	15.00%
TOPBAND INDIA PRIVATE LIMITED	25.17%
Shenzhen YAKO Automation Technology Co., Ltd.	15.00%
Shenzhen Yansheng Software Co., Ltd.	15.00%
Hangzhou Zhidong Motor Technology Co., Ltd.	20.00%
Huizhou YAKO Automation Technology Co., Ltd.	25.00%
Shenzhen Allied Control System Co., Ltd.	25.00%
Ningbo Topband Intelligent Control Co., Ltd.	25.00%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	20.00%
Shenzhen Topband Supply Chain Services Co., Ltd.	25.00%
Shenzhen Topband Investment Co., Ltd.	25.00%
Shenzhen Tunnu Innovation Co., Ltd.	20.00%
Tunnu Innovation (Hong Kong) Limited	16.50%
TUNNU INNOVATION, INC	21.00%
Shenzhen Zhongli Consulting Co., Ltd.	20.00%
Shenzhen Yueshang Robot Co., Ltd.	20.00%
Shenzhen Topband Digital Energy Co., Ltd.	20.00%
Topband Digital Energy Technology (Huizhou) Co., Ltd.	20.00%
Chongqing Topband Yishu Energy Technology Co., Ltd.	20.00%
Guangzhou Topband Digital Energy Co., Ltd.	20.00%
Shenzhen Senxuan Technology Co., Ltd.	20.00%
Shenzhen Tengyi Industrial Co., Ltd.	20.00%
Topband (Qingdao) Intelligent Control Co., Ltd.	20.00%
Shenzhen Topband Automotive Electronics Co., Ltd.	20.00%
Shenzhen Jingfei Investment Co., Ltd.	20.00%
Huizhou Jiuwan Lvyuan Agriculture Co., Ltd.	20.00%
Shenzhen Topband Motor Co., Ltd.	15.00%
Huizhou Topband Supply Chain Service Co., Ltd.	20.00%

2. Tax preference

(1) On November 15, 2023, the Company received the Hi-tech Enterprise Certificate (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 corporate income tax rate applicable to the Company for the years 2023 to 2025 is 15.00%.

(2) On December 25, 2025, Shenzhen Topband Software Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202544200053) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, 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 corporate income tax rate applicable for the years 2025 to 2027 is 15.00%.

(3) On December 26, 2024, Shenzhen Topband Battery Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444206593) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, 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 corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(4) On December 11, 2024, Huizhou Topband Electrical Technology Co., Ltd. received the Certificate for High-tech Enterprise (No. GR202444009232) issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service under the 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 corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(5) On December 26, 2024, Shenzhen YAKO Automation Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444202027) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, 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 corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(6) On December 26, 2024, Shenzhen Yansheng Software Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444205050) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, 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 corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(7) On November 19, 2024, Taixing Topband Lithium Battery Co., Ltd. received the Certificate for High-tech Enterprise (No. GR202432004814) issued by the Jiangsu Provincial Department of Science and Technology, the Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service under 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 corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(8) On November 15, 2023, Shenzhen Topband Automation Technology Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202344204958) 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 corporate income tax rate applicable for the years 2023 to 2025 is 15.00%.

(9) On December 26, 2024, Shenzhen Topband Motor Co., Ltd. received the Hi-tech Enterprise Certificate (No. GR202444207996) issued by the Industry and Information Technology Bureau of Shenzhen Municipality, 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 corporate income tax rate applicable for the years 2024 to 2026 is 15.00%.

(10) Topband (Hong Kong) Co., Ltd., Yolaness Technology (HK) Co., Limited and Tunnu Innovation (Hong Kong) Limited, which are subsidiaries of the Company established in Hong Kong Special Administrative Region of China, are applicable to the profits tax rate of 16.50%. Meanwhile, due to the implementation of the "two-tier profits tax" policy in Hong Kong, for the portion of annual profits not exceeding HKD 2 million, Topband (Hong Kong) Co., Ltd. is applicable to the profits tax rate of 8.25%, and for the excess port, the tax rate is 16.50%.

(11) According to the provisions of the Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses issued by the Ministry of Finance and the State Taxation Administration (Announcement 2023 No. 12 by the Ministry of Finance and the State Taxation Administration), small low-profit enterprises shall calculate their taxable income at a reduced rate of 25.00% and pay the corporate income tax at a rate of 20.00%, and this policy is extended till December 31, 2027. The provisions of this policy are applicable the subsidiaries and sub-subsidiaries of the Company, including Huizhou Topband Lithium Battery Co., Ltd., Shenzhen Meanstone Intelligent Technology Co., Ltd., Hangzhou Zhidong Motor Technology Co., Ltd., Shenzhen Topband Digital Energy Co., Ltd., Topband Digital Energy Technology (Huizhou) Co., Ltd., Chongqing Topband Yishu Energy Technology Co., Ltd., Guangzhou Topband Digital Energy Co., Ltd., Shenzhen Tunnu Innovation 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 Automobile Electronics Co., Ltd., Shenzhen Yueshang Robot Co., Ltd., Shenzhen Jingfei Investment Co., Ltd., Huizhou Topband Supply Chain Service Co., Ltd., and Huizhou Jiuwan Lvyuan Agriculture Co., Ltd.

3. Others

None.

VII. Notes to items of consolidated financial statements

1. Monetary capital

Unit: RMB

Items	Ending balance	Beginning balance
Cash on hand	686,342.63	628,866.15
Bank deposit	1,417,510,745.34	1,718,017,705.12
Other monetary capital	53,152,506.50	78,801,213.17
Total	1,471,349,594.47	1,797,447,784.44
Including: total amount deposited abroad	329,678,820.72	385,403,268.00

Other descriptions:

(1) At the end of the period, the amount of pledges, blocked funds and other restricted funds was RMB 20,668,681.10. Refer to VII. 31 of the Report for details.

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

2. Trading financial assets

Unit: RMB

Items	Ending balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded in current profit or loss	961,585,268.02	538,102,481.43
Including:		
Including: wealth management products	645,535,520.12	212,671,537.17
Equity instrument investment	314,689,344.26	325,430,944.26
Foreign exchange derivatives	1,360,403.64	
Total	961,585,268.02	538,102,481.43

3. Derivative financial assets

None.

4. Notes receivable

(1) List of classification of notes receivable

Unit: RMB

Items	Ending balance	Beginning balance
Bank acceptance instruments	32,926,424.36	24,439,539.50
Commercial acceptance bill	0.00	0.00

Total	32,926,424.36	24,439,539.50

(2) Disclosure by bad debt provision method

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 bad debts by portfolio	32,926,424.36	100.00%			32,926,424.36	24,439,539.50	100.00%			24,439,539.50
Including:										
Bank acceptance bill	32,926,424.36	100.00%			32,926,424.36	24,439,539.50	100.00%			24,439,539.50
Total	32,926,424.36	100.00%			32,926,424.36	24,439,539.50	100.00%			24,439,539.50

Provision for bad debts by portfolio: 0

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Bank acceptance bill	32,926,424.36	0.00	0.00%
Total	32,926,424.36	0.00	

If the provision for bad debts of notes receivable is made according to the general model of expected credit losses:

□ Applicable ☑ Not applicable

(3) Bad debt provision withdrawn, recovered or reversed in the current period

Provision for bad debts in the current period:

□ Applicable ☑ Not applicable

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

□ Applicable ☑ Not applicable

(5) Notes receivable endorsed or discounted by the Company at the end of the period and not due yet 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 instruments		26,251,836.65
Commercial acceptance bill		0.00
Total		26,251,836.65

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

□ Applicable ☑ Not applicable

5. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	3,455,181,408.52	3,084,959,058.61
1-2 years	14,521,020.37	26,130,621.97
2-3 years	17,228,519.89	21,763,517.08
Above 3 years	81,629,898.21	83,974,813.39
3-4 years	1,290,238.26	16,052,614.85
4-5 Years	15,165,265.30	29,697,047.94
Above 5 years	65,174,394.65	38,225,150.60
Total	3,568,560,846.99	3,216,828,011.05

(2) Disclosure by bad debt provision method

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	100,688,326.57	2.82%	92,618,875.53	91.99%	8,069,451.04	100,579,403.12	3.13%	92,484,952.08	91.95%	8,094,451.04
Including:										
Single provision	100,688,326.57	2.82%	92,618,875.53	91.99%	8,069,451.04	100,579,403.12	3.13%	92,484,952.08	91.95%	8,094,451.04
Accounts receivable with provision for bad debts by portfolio	3,467,872,520.42	97.18%	108,647,547.58	3.13%	3,359,224,972.84	3,116,248,607.93	96.87%	99,673,682.96	3.20%	3,016,574,924.97
Including:										
Aging portfolio	3,467,872,520.42	97.18%	108,647,547.58	3.13%	3,359,224,972.84	3,116,248,607.93	96.87%	99,673,682.96	3.20%	3,016,574,924.97
Total	3,568,560,846.99	100.00%	201,266,423.11	5.64%	3,367,294,423.88	3,216,828,011.05	100.00%	192,158,635.04	5.97%	3,024,669,376.01

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
Single provision for bad debts	100,579,403.12	92,484,952.08	100,688,326.57	92,618,875.53	91.99%	It is difficult to recover
Total	100,579,403.12	92,484,952.08	100,688,326.57	92,618,875.53		

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

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for bad debts by aging portfolio	3,467,872,520.42	108,647,547.58	3.13%
Total	3,467,872,520.42	108,647,547.58	

Provision for bad debts of accounts receivable based on the general model of expected credit losses:

□ Applicable ☑ Not applicable

(3) Bad debt provision withdrawn, recovered or reversed in the current period

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Others	
Single provision for bad debts	92,484,952.08	3,187,825.53		2,987,298.06	-66,604.02	92,618,875.53
Provision for bad debts by portfolio	99,673,682.96	10,155,747.76		633,465.69	-548,417.45	108,647,547.58
Total	192,158,635.04	13,343,573.29		3,620,763.75	-615,021.47	201,266,423.11

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

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	3,620,763.75

(5) Accounts receivable and contract assets of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivables and contract assets	Proportion to total ending balances of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and provision for impairment of contract assets
No. 1	610,711,719.59	0.00	610,711,719.59	17.11%	17,515,108.33
No. 2	213,087,507.00	0.00	213,087,507.00	5.97%	6,615,128.61
No. 3	161,634,942.69	0.00	161,634,942.69	4.53%	5,084,435.94
No. 4	125,350,829.11	0.00	125,350,829.11	3.51%	3,882,360.92
No. 5	120,722,402.91	0.00	120,722,402.91	3.38%	3,750,502.80
Total	1,231,507,401.30	0.00	1,231,507,401.30	34.50%	36,847,536.60

6. Contract assets

(1) Contract assets

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value

Unexpired quality warranty deposit	620,005.22	23,929.59	596,075.63	621,271.22	19,669.27	601,601.95
Total	620,005.22	23,929.59	596,075.63	621,271.22	19,669.27	601,601.95

(2) Amounts of and reasons for significant changes in book value during the Reporting Period

□ Applicable ☑ Not applicable

(3) Disclosure by bad debt provision method

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	
Provision for bad debts by portfolio	620,005.22	100.00%	23,929.59	3.86%	596,075.63	621,271.22	100.00%	19,669.27	3.17%	601,601.95
Including:										
Aging portfolio	620,005.22	100.00%	23,929.59	3.86%	596,075.63	621,271.22	100.00%	19,669.27	3.17%	601,601.95
Total	620,005.22	100.00%	23,929.59	3.86%	596,075.63	621,271.22	100.00%	19,669.27	3.17%	601,601.95

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	620,005.22	23,929.59	3.86%
Total	620,005.22	23,929.59	

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

Unit: RMB

Items	Accrual in the current period	Recovered or reversed in the current period	Reversed or written off in the current period	Reason
Provision for impairment by portfolio	4,260.32			Provision by aging portfolio
Total	4,260.32			

(5) Contract assets actually written off in the current period

None.

7. Receivables financing

(1) Classification of accounts receivable financing

Unit: RMB

Items	Ending balance	Beginning balance
Notes receivable	117,041,006.67	103,448,072.55
Supply chain notes receivable	27,727,932.31	35,013,565.98
Total	144,768,938.98	138,461,638.53

(2) Disclosure by bad debt provision method

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	
Provision for bad debts by portfolio	145,656,003.89	100.00%	887,064.91	0.61%	144,768,938.98	139,580,105.30	100.00%	1,118,466.77	0.80%	138,461,638.53
Including:										
Bank acceptance bill	117,041,006.67	80.35%			117,041,006.67	103,448,072.55	74.10%			103,448,072.55
Aging portfolio	28,614,997.22	19.65%	887,064.91	3.10%	27,727,932.31	36,132,032.75	25.90%	1,118,466.77	3.10%	35,013,565.98
Total	145,656,003.89	100.00%	887,064.91	0.61%	144,768,938.98	139,580,105.30	100.00%	1,118,466.77	0.80%	138,461,638.53

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	117,041,006.67		
Total	117,041,006.67		

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	28,614,997.22	887,064.91	3.10%
Total	28,614,997.22	887,064.91	

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

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	1,118,466.77			1,118,466.77
Balance as of January 1, 2025 in the current period				
Accrual in the current period	-231,401.86			-231,401.86
Balance as of June 30, 2025	887,064.91			887,064.91

Explanation of significant changes in the financing book balance of accounts receivable with changes in loss provisions in the current period: none.

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

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Other changes	
Provision for impairment	1,118,466.77	-231,401.86				887,064.91
Total	1,118,466.77	-231,401.86				887,064.91

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

□ Applicable ☑ Not applicable

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

□ Applicable ☑ Not applicable

(6) Financing of accounts receivable actually written off in the current period

□ Applicable ☑ Not applicable

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

□ Applicable ☑ Not applicable

8. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	36,167,841.64	48,377,219.07
Total	36,167,841.64	48,377,219.07

(1) Interest receivable

□ Applicable ☑ Not applicable

(2) Dividends receivable

□ Applicable ☑ Not applicable

(3) Other receivables

1) Classification of other receivables by nature of amount

Unit: RMB

Nature of payment	Ending book balance	Beginning book balance
Margin, deposit	19,165,958.72	31,295,706.37
Employee personal loan	3,499,853.27	3,342,707.48
Export tax rebate receivable	11,658,063.90	16,056,653.34
Equipment payments receivable	8,000,000.00	8,000,000.00
Others	3,380,489.02	1,347,816.20
Total	45,704,364.91	60,042,883.39

2) Disclosure by aging

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	32,530,967.16	41,956,976.30
1-2 years	1,715,945.51	3,938,752.59
2-3 years	2,213,328.17	1,731,797.31
Above 3 years	9,244,124.07	12,415,357.19
3-4 years	1,372,943.13	2,481,334.82
4-5 Years	2,121,138.49	4,987,314.70
Above 5 years	5,750,042.45	4,946,707.67
Total	45,704,364.91	60,042,883.39

3) Disclosure by bad debt provision method

☑ 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	
Provision for bad debts by portfolio	45,704,364.91	100.00%	9,536,523.27	20.87%	36,167,841.64	60,042,883.39	100.00%	11,665,664.32	19.43%	48,377,219.07
Including:										
Export rebate	11,658,063.90	25.51%			11,658,063.90	16,056,653.34	26.74%			16,056,653.34
Aging portfolio	34,046,301.01	74.49%	9,536,523.27	28.01%	24,509,777.74	43,986,230.05	73.26%	11,665,664.32	26.52%	32,320,565.73
Total	45,704,364.91	100.00%	9,536,523.27	20.87%	36,167,841.64	60,042,883.39	100.00%	11,665,664.32	19.43%	48,377,219.07

Description of bad-debt provision on combined basis: Export rebate

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Export rebate	11,658,063.90	0.00	0.00%
Total	11,658,063.90	0.00	

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	34,046,301.01	9,536,523.27	28.01%

Total	34,046,301.01	9,536,523.27	

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

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, 2026	6,718,956.65		4,946,707.60	11,665,664.25
Balance as of January 1, 2026 in the current period				
Accrual in the current period	-2,844,694.93		803,334.80	-2,041,360.13
Other changes	-87,780.85			-87,780.85
Balance as of June 30, 2026	3,786,480.87		5,750,042.40	9,536,523.27

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

□ Applicable ☑ Not applicable

4) Bad debt provision withdrawn, 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	Reversal or write-off	Others	
Provision for bad debts	11,665,664.25	-2,041,360.13			-87,780.85	9,536,523.27
Total	11,665,664.25	-2,041,360.13			-87,780.85	9,536,523.27

5) Other receivables actually written off in the current period

□ Applicable ☑ Not applicable

6) Other receivables of top five ending balances grouped by debtors

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
Export tax rebate receivable	Export tax refund	11,658,063.90	Within 1 year	25.51%	

Taixing Zhisheng Solid Energy New Energy Technology Co., Ltd.	Equipment payments receivable	8,000,000.00	Within 1 year	17.50%	400,000.00
CIVBANCO,S.A.	House leasing deposit	3,422,299.21	4-5 years	7.49%	2,737,839.37
Lin Rongsheng	Margin	1,520,178.00	Above 5 years	3.33%	1,520,178.00
Huizhou Shengwei Industrial Park Operation and Management Co., Ltd.	House leasing deposit	1,470,294.32	2-3 years, above 5 years	3.22%	910,697.80
Total		26,070,835.43		57.04%	5,568,715.17

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

□ Applicable ☑ Not applicable

9. Prepayments

(1) List of advance payments by aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	86,065,702.23	98.16%	79,242,117.64	96.66%
1-2 years	1,497,125.79	1.71%	2,703,956.97	3.30%
2-3 years	16,388.38	0.02%	26,386.33	0.03%
Above 3 years	99,989.30	0.11%	10,264.06	0.01%
Total	87,679,205.70		81,982,725.00	

Explanation of the cause for untimely settlement of advance payments aging more than one year with important amounts: none.

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

The total amount of prepayments of the top five prepayment objects, based on their ending balances, amounted to RMB 49,081,808.85, accounting for 55.98% of the balance of prepayments.

10. Inventories

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

No

(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
Raw materials	1,947,836,976.02	105,427,945.02	1,842,409,031.00	1,159,857,284.94	106,326,473.99	1,053,530,810.95
Goods in process	290,805,795.14		290,805,795.14	168,094,218.62		168,094,218.62
Goods on hand	752,534,016.40	29,664,244.47	722,869,771.93	684,094,736.79	29,637,310.14	654,457,426.65
Goods shipped in transit	189,705,032.75	5,016,923.67	184,688,109.08	250,210,087.68	6,976,203.69	243,233,883.99
Self-manufactured semi-finished product	80,708,864.57	4,155,031.42	76,553,833.15	62,274,625.95	5,204,671.12	57,069,954.83
Materials entrusted for processing	18,682,856.23	622,711.72	18,060,144.51	12,392,646.87	413,054.96	11,979,591.91
Low-value consumables	373,770.49		373,770.49	7,380,979.65		7,380,979.65
Total	3,280,647,311.60	144,886,856.30	3,135,760,455.30	2,344,304,580.50	148,557,713.90	2,195,746,866.60

(2) Data resources recognized as inventories

□ Applicable ☑ Not applicable

(3) Provision for decline in value of inventories and provision for impairment of contract performance cost

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	
Raw materials	106,326,473.99	21,432,383.11		21,770,971.87	559,940.21	105,427,945.02
Goods on hand	29,637,310.14	7,049,245.06		6,970,047.76	52,262.97	29,664,244.47
Self-manufactured semi-finished product	5,204,671.12	30,596.07		1,066,906.55	13,329.22	4,155,031.42

Materials entrusted for processing	413,054.96	314,792.27		105,135.51		622,711.72
Goods shipped in transit	6,976,203.69	777,824.69		2,736,794.29	310.42	5,016,923.67
Total	148,557,713.90	29,604,841.20		32,649,855.98	625,842.82	144,886,856.30

(4) Explanation of the ending balance of inventory including the capitalized amount of borrowing costs

□ Applicable ☑ Not applicable

(5) Explanation of the amortization amount of contract performance costs in the current period

□ Applicable ☑ Not applicable

11. Assets held for sale

□ Applicable ☑ Not applicable

12. Non-current assets due within one year

Unit: RMB

Items	Ending balance	Beginning balance
Long-term receivables due within one year (financing lease payments)	6,088,495.57	5,707,964.58
Minus: unrealized financing income	754,468.90	732,766.35
Minus: impairment provision	188,743.36	176,946.90
Total	5,145,283.31	4,798,251.33

(1) Debt investments due within one year

□ Applicable ☑ Not applicable

(2) Other debt investments due within one year

□ Applicable ☑ Not applicable

13. Other current assets

Unit: RMB

Items	Ending balance	Beginning balance
Large-amount certificates of deposit	10,906,301.75	10,752,575.72
VAT to be deducted	528,556,202.34	476,799,142.19
Other prepaid taxes	22,294,520.10	26,784,759.37

Deferred expenses	12,127,418.96	11,678,517.35
Total	573,884,443.15	526,014,994.63

14. Debt investment

None.

15. Other debt investment

(1) 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
Transferable large-amount certificates of deposit	40,843,277.78	426,465.75			41,269,743.53	40,000,000.00		
Total	40,843,277.78	426,465.75			41,269,743.53	40,000,000.00		

(2) Other significant debt investments at the end of the period

□ Applicable ☑ Not applicable

(3) Provision for impairment

□ Applicable ☑ Not applicable

(4) Other debt investments actually written off in this period

None.

16. Other equity instrument investment

Unit: RMB

Project name	Beginning balance	Gains included in other comprehensive revenue for the period	Losses recognized in other comprehensive revenue for the period	Gains and losses included in other comprehensive revenue at the end of the period	Losses accumulated at the end of the period and included in other comprehensive revenue	Dividend revenue recognized in this period	Ending balance	Reasons specified as measured at fair value with changes included in other comprehensive income
Suzhou Legendsemi Technology Co., Ltd.	24,086,798.00			4,086,798.00			24,086,798.00	Strategic investment expected to be held for a long time
Suzhou Suyu Technology Co., Ltd.	27,535,684.00			6,342,734.00			27,535,684.00	Strategic investment expected to be held for a long time
Shenzhen Yueran Innovation Technology Co., Ltd.							20,000,000.00	Strategic investment expected to be held for a long time
Suzhou Apache Robotics Technology Co., Ltd.							8,000,000.00	Strategic investment expected to be held for a long time
Total	51,622,482.00			10,429,532.00			79,622,482.00	

17. Long-term receivables

(1) Situation of long-term receivables

Unit: RMB

Items	Ending balance			Beginning balance			Discount rate range
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Financing lease payments	20,929,203.56	648,805.31	20,280,398.25	22,831,858.41	707,787.61	22,124,070.80	3.5%
Including: unrealized financing income	1,288,574.49		1,288,574.49	1,732,934.02		1,732,934.02	
Minus: long-term receivables due within one year	5,334,026.67	188,743.36	5,145,283.31	4,975,198.23	176,946.90	4,798,251.33	
Total	14,306,602.40	460,061.95	13,846,540.45	16,123,726.16	530,840.71	15,592,885.45	

(2) Disclosure by bad debt provision method

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	
Including:										
Provision for bad debts by portfolio	20,929,203.56	100.00%	648,805.31	3.10%	20,280,398.25	22,831,858.41	100.00%	707,787.61	3.10%	22,124,070.80
Including:										
Aging portfolio (financing lease payments)	20,929,203.56	100.00%	648,805.31	3.10%	20,280,398.25	22,831,858.41	100.00%	707,787.61	3.10%	22,124,070.80
Total	20,929,203.56	100.00%	648,805.31	3.10%	20,280,398.25	22,831,858.41	100.00%	707,787.61	3.10%	22,124,070.80

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 (financing lease payments)	20,929,203.56	648,805.31	3.10%
Total	20,929,203.56	648,805.31	

Explanation of the basis for determining the portfolio: none.

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

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, 2026	707,787.61			707,787.61
Balance as of January 1, 2026 in the current period				
Reversal in the current period	58,982.30			58,982.30
Balance as of June 30, 2026	648,805.31			648,805.31

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

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Reversal or write-off	Others	
Aging portfolio	707,787.61		58,982.30			648,805.31
Total	707,787.61		58,982.30			648,805.31

(4) Long-term accounts receivable actually written off in this period

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
			Additional investment	Decrease in investment	Profits and losses on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment	Others		
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.	5,825,548.86										5,825,548.86	
Shanghai Yidong Power Technology Co., Ltd.	9,189,520.62				-15,604.91						9,173,915.71	
Dongguan Jujin Plastic Technology Co., Ltd.	25,448,043.88				887,797.63						26,335,841.51	
Subtotal	40,463,113.36	9,764,719.19			872,192.72						41,335,306.08	9,764,719.19
Total	40,463,113.36	9,764,719.19			872,192.72						41,335,306.08	9,764,719.19

The recoverable amount is determined as the net amount of fair value less disposal costs.

□ Applicable ☑ Not applicable

The recoverable amount is determined by the present value of expected future cash flows.

□ Applicable ☑ Not applicable

Reason for the significant inconsistency between the above information and the information used in the previous year's impairment tests or external information: none.

Reason for the significant discrepancy between the information used in the previous year's impairment test and the actual situation of the current year: none.

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	Land use right	Construction in progress	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	21,342,909.20			21,342,909.20
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	22,762,096.71			22,762,096.71
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	96,308,465.35			96,308,465.35
2. Beginning book value	97,727,652.86			97,727,652.86

The recoverable amount is determined as the net amount of fair value less disposal costs.

□ Applicable ☑ Not applicable

The recoverable amount is determined by the present value of expected future cash flows.

□ Applicable ☑ Not applicable

Reasons for significant discrepancies between the above information and the information or external data used in previous annual impairment tests

Reasons for significant discrepancies between the information used in the Company's impairment tests in previous years and the actual situation in the current year

Other descriptions:

(2) Investment property using the fair value recognition model

□ Applicable ☑ Not applicable

(3) Transfer to investment property and measurement at fair value

□ Applicable ☑ Not applicable

(4) Investment property without certificate of title

□ Applicable ☑ Not applicable

21. Fixed assets

Unit: RMB

Items	Ending balance	Beginning balance
Fixed assets	2,846,327,000.00	2,888,394,751.10

Disposal of fixed assets	0.00	0.00
Total	2,846,327,000.00	2,888,394,751.10

(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	1,966,121,334.68	1,885,862,760.99	4,372,436.03	88,608,965.83	3,944,965,497.53
2. Increase in the current period	5,112,421.34	98,755,404.52	633,223.72	2,402,655.16	106,903,704.74
(1) Purchase		69,475,248.81	338,301.81	1,980,334.44	71,793,885.06
(2) Transfer into projects under construction	5,112,421.34	29,280,155.71	294,921.91	422,320.72	35,109,819.68
3. Decrease in the current period	10,322,692.22	57,920,556.13	118,614.16	2,010,444.14	70,372,306.65
(1) Disposal or scrapping		40,541,603.35	30,146.10	642,588.13	41,214,337.58
(2) Exchange rate changes	10,322,692.22	17,378,952.78	88,468.06	1,367,856.01	29,157,969.07
4. Ending balance	1,960,911,063.80	1,926,697,609.38	4,887,045.59	89,001,176.85	3,981,496,895.62
II. Accumulated depreciation					
1. Beginning balance	257,595,175.23	725,647,065.87	3,042,596.98	57,904,497.22	1,044,189,335.30
2. Increase in the current period	23,236,707.29	90,349,558.61	243,333.92	4,610,881.32	118,440,481.14
(1) Accrual	23,236,707.29	90,349,558.61	243,333.92	4,610,881.32	118,440,481.14
3. Decrease in the current period	1,631,908.51	26,745,443.36	45,662.01	1,145,093.94	29,568,107.82
(1) Disposal or scrapping		22,556,398.35	15,431.26	558,490.42	23,130,320.03
(2) Exchange rate changes	1,631,908.51	4,189,045.01	30,230.75	586,603.52	6,437,787.79
4. Ending balance	279,199,974.01	789,251,181.12	3,240,268.89	61,370,284.60	1,133,061,708.62
III. Provision for impairment					
1. Beginning balance		12,381,411.13			12,381,411.13
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period		10,273,224.13			10,273,224.13
(1) Disposal or scrapping		10,273,224.13			10,273,224.13
4. Ending balance		2,108,187.00			2,108,187.00
IV. Book value					

1. Ending book value	1,681,711,089.79	1,135,338,241.26	1,646,776.70	27,630,892.25	2,846,327,000.00
2. Beginning book value	1,708,526,159.45	1,147,834,283.99	1,329,839.05	30,704,468.61	2,888,394,751.10

(2) Temporary idle fixed assets

Unit: RMB

Items	Original book value	Accumulated depreciation	Provision for impairment	Book value	Note:
Production equipment of Taixing Topband	4,903,626.71	2,795,439.71	2,108,187.00	0	Provision for impairment based on estimated selling price
Total	4,903,626.71	2,795,439.71	2,108,187.00	0	

(3) Fixed assets leased out through operating lease

□ Applicable ☑ Not applicable

(4) Fixed assets without certificate of title

□ Applicable ☑ Not applicable

(5) Impairment test of fixed assets

☑ Applicable □ Not applicable

The recoverable amount is determined as the net amount of fair value less disposal costs.

☑ Applicable □ Not applicable

Unit: RMB

Items	Book value	Recoverable amount	Impairment amount	Determination method of fair value and disposal expenses	Key parameters	Basis for determining key parameters
Production equipment of Taixing Topband	2,108,187.00	0	2,108,187.00	Expected selling price	Not applicable	Not applicable
Total	2,108,187.00	0	2,108,187.00			

The recoverable amount is determined by the present value of expected future cash flows.

□ Applicable ☑ Not applicable

(6) Disposal of fixed assets

□ Applicable ☑ Not applicable

22. Construction in progress

Unit: RMB

Items	Ending balance	Beginning balance
Construction in progress	895,992,867.67	803,965,663.22
Total	895,992,867.67	803,965,663.22

(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	668,962,411.41		668,962,411.41	605,757,965.84		605,757,965.84
Workshop in Dong Nai, Vietnam	143,926,375.96		143,926,375.96	109,183,142.75		109,183,142.75
Test equipment to be commissioned	78,674,872.17		78,674,872.17	78,024,894.60		78,024,894.60
Qingdao Workshop	2,838,286.53		2,838,286.53	2,561,417.09		2,561,417.09
Sporadic items	1,590,921.60		1,590,921.60	8,438,242.94		8,438,242.94
Total	895,992,867.67		895,992,867.67	803,965,663.22		803,965,663.22

(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
Topband Huizhou No. 2 Industrial Park	800,000,000.00	605,757,965.84	63,204,445.57			668,962,411.41	83.62%	95%	5,720,925.54	3,168,119.99	100.00%	Raised funds, loans from financial institutions, self-owned funds
Workshop in Dong Nai, Vietnam	223,000,000.00	109,183,142.75	34,743,233.21			143,926,375.96	64.54%	80%				Others
Total	1,023,000,000.00	714,941,108.59	97,947,678.78			812,888,787.37			5,720,925.54	3,168,119.99		

(3) Provision for impairment of projects under construction in the current period

□ Applicable ☑ Not applicable

(4) Impairment test of projects under construction

□ Applicable ☑ Not applicable

(5) Construction materials

□ Applicable ☑ Not applicable

23. Productive biological assets

(1) Productive biological assets measured by cost

□ Applicable ☑ Not applicable

(2) Impairment test of productive biological assets measured by cost

□ Applicable ☑ Not applicable

(3) Productive biological assets measured by fair value

□ 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	Total
I. Original book value		
1. Beginning balance	103,803,949.38	103,803,949.38
2. Increase in the current period	2,624,142.55	2,624,142.55
(1) New lease	4,997,547.27	4,997,547.27
(2) Exchange rate changes	-2,373,404.72	-2,373,404.72
3. Decrease in the current period	5,755,461.53	5,755,461.53
(1) Lease contracts terminated in the current period	5,755,461.53	5,755,461.53
4. Ending balance	100,672,630.40	100,672,630.40
II. Accumulated depreciation		
1. Beginning balance	53,397,952.96	53,397,952.96
2. Increase in the current period	12,401,942.72	12,401,942.72
(1) Accrual	13,705,468.82	13,705,468.82
(2) Exchange rate changes	-1,303,526.10	-1,303,526.10
3. Decrease in the current period	1,671,556.52	1,671,556.52
(1) Disposal	1,671,556.52	1,671,556.52

4. Ending balance	64,128,339.16	64,128,339.16
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	36,544,291.24	36,544,291.24
2. Beginning book value	50,405,996.42	50,405,996.42

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

□ Applicable ☑ Not applicable

26. Intangible assets

(1) Situation of intangible assets

Unit: RMB

Items	Land use right	Software	Patented and non-patented technology	Trademark	Total
I. Original book value					
1. Beginning balance	386,935,968.33	43,811,816.03	947,783,351.25	9,728,450.00	1,388,259,585.61
2. Increase in the current period	-1,789,175.39	1,143,829.94	53,407,365.33		52,762,019.88
(1) Purchase		1,176,846.74			1,176,846.74
(2) Internal R&D			53,407,365.33		53,407,365.33
(3) Increment from consolidation					
(4) Exchange rate changes	-1,789,175.39	-33,016.80			-1,822,192.19
3. Decrease in the current period		1,656,267.91			1,656,267.91
(1) Disposal		1,656,267.91			1,656,267.91
4. Ending balance	385,146,792.94	43,299,378.06	1,001,190,716.58	9,728,450.00	1,439,365,337.58
II. Accumulated amortization					
1. Beginning balance	44,606,270.87	28,435,632.96	594,808,706.11	9,291,013.48	677,141,623.42
2. Increase in the current period	3,199,039.88	2,196,581.13	65,471,246.23		70,866,867.24
(1) Accrual	3,452,845.40	2,213,537.34	65,471,246.23		71,137,628.97
(2) Exchange rate changes	-253,805.52	-16,956.21			-270,761.73

3. Decrease in the current period		1,656,267.91			1,656,267.91
(1) Disposal		1,656,267.91			1,656,267.91
4. Ending balance	47,805,310.75	28,975,946.18	660,279,952.34	9,291,013.48	746,352,222.75
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	337,341,482.19	14,323,431.88	340,910,764.24	437,436.52	693,013,114.83
2. Beginning book value	342,329,697.46	15,376,183.07	352,974,645.14	437,436.52	711,117,962.19

The intangible assets from internal development of the Company at the end of the current period accounts for 49.18% of the intangible asset balance.

(2) Data resources recognized as intangible assets

□ Applicable ☑ Not applicable

(3) Land use rights without certificate of title

□ Applicable ☑ Not applicable

(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		Decrease in the current period		Ending balance
		Disposal formed by consolidation				
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 Ninghui 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		Decrease in the current period		Ending balance
		Provision				
Shenzhen YAKO Automation Technology Co., Ltd.	30,659,206.54					30,659,206.54
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	89,397,689.93					89,397,689.93

(3) Information about the asset group or portfolio of goodwill

□ Applicable ☑ Not applicable

(4) Specific method for determining recoverable amount

The recoverable amount is determined as the net amount of fair value less disposal costs.

□ Applicable ☑ Not applicable

The recoverable amount is determined by the present value of expected future cash flows.

□ Applicable ☑ Not applicable

Reason for the significant inconsistency between the above information and the information used in the previous year's impairment tests or external information: none.

Reason for the significant discrepancy between the information used in the previous year's impairment test and the actual situation of the current year: none.

(5) Completion of performance commitments and corresponding goodwill impairment

There was a performance commitment when goodwill was established, and the Reporting Period or the period preceding the Reporting Period is within the performance commitment period.

□ Applicable ☑ Not applicable

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
Decoration costs	195,703,437.02	32,643,824.79	41,658,953.49	2,714,192.25	183,974,116.07
Total	195,703,437.02	32,643,824.79	41,658,953.49	2,714,192.25	183,974,116.07

29. Deferred tax assets/deferred 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
Provision for asset impairment	145,983,560.08	24,411,318.78	151,946,145.31	24,531,004.64
Deductible loss	347,592,873.77	62,367,482.10	298,583,536.98	55,721,951.82
Credit impairment loss	197,253,332.55	31,468,847.48	191,605,649.34	30,078,590.78
Amortization difference of intangible assets	241,227,184.55	36,184,077.68	218,218,667.97	32,732,800.19
Deferred income	6,859,288.14	1,280,541.04	8,246,540.29	1,534,744.53
Equity incentive expenses	30,603,115.66	4,590,467.35	74,333,649.45	11,150,047.42
New leasing criteria book-tax difference	37,110,396.37	6,706,902.40	51,288,322.50	9,317,499.22
Depreciation of fixed assets	7,240,350.33	1,086,052.55	7,333,883.65	1,100,082.55
Change in fair value of trading financial liabilities	1,078,049.24	168,817.31	5,161.00	774.15
Total	1,014,948,150.69	168,264,506.69	1,001,561,556.49	166,167,495.30

(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	10,429,532.00	2,607,383.00	10,429,532.00	2,607,383.00
Book-tax difference of fixed assets depreciation	61,571,090.58	13,688,320.28	63,664,673.60	14,084,776.84
Book-tax difference of rental income	5,034,058.09	1,258,514.52	4,541,090.59	1,135,272.65
Changes in the fair value of trading financial assets	240,672,497.54	40,106,725.18	241,906,308.25	40,365,956.79
New leasing criteria book-tax difference	36,581,053.83	6,709,794.72	50,405,996.42	9,205,772.11
Total	354,288,232.04	64,370,737.70	370,947,600.86	67,399,161.39

(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	41,240,024.92	127,024,481.77	43,986,416.18	122,181,079.12
Deferred tax liabilities	41,240,024.92	23,130,712.78	43,986,416.18	23,412,745.21

(4) Details of unrecognized deferred tax assets

Unit: RMB

Items	Ending balance	Beginning balance
Deductible temporary differences	21,483,252.60	33,466,124.77
Deductible loss	674,498,012.58	609,482,883.71
Total	695,981,265.18	642,949,008.48

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

Unit: RMB

Year	Ending amount	Beginning amount	Note:
2026	17,599,198.56	19,866,592.09	
2027	16,604,808.32	34,845,693.90	
2028	33,379,321.71	72,492,637.03	
2029	39,915,094.53	111,235,119.44	
2030	71,174,788.12	251,415,937.10	
2031 and onward	369,679,997.43		
No time limit	126,144,803.91	119,626,904.15	
Total	674,498,012.58	609,482,883.71	

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
Prepayment for long-term assets	42,930,612.50		42,930,612.50	33,202,988.26		33,202,988.26
Total	42,930,612.50		42,930,612.50	33,202,988.26		33,202,988.26

31. Assets with limited ownership or use right

Unit: RMB

Items	End of the period				Beginning of the period			
	Book balance	Book value	Restriction type	Restriction situation	Book balance	Book value	Restriction type	Restriction situation
Monetary capital			Margin	Margin for forward foreign exchange settlement and sale, etc.	56,416,530.09	56,416,530.09	Margin	Margin for forward foreign exchange settlement and sale, etc.
Monetary capital	20,085,075.73	20,085,075.73	Margin	Deposit for application of notes and guarantees from banks	115,744,719.96	115,744,719.96	Margin	Deposit for application of notes and guarantees from banks
Monetary capital	583,605.37	583,605.37	Frozen	Amount frozen by court	583,605.37	583,605.37	Frozen	Amount frozen by court
Other debt investment	10,000,000.00	10,000,000.00	Frozen	Amount frozen by court	40,000,000.00	40,000,000.00	Frozen	Amount frozen by court
Fixed assets	865,514,177.38	759,392,838.72	Mortgage	Loan mortgage	396,298,785.19	383,488,498.98	Mortgage	Loan mortgage
Intangible assets	59,059,643.62	49,365,961.05	Mortgage	Loan mortgage	31,648,343.62	29,907,684.73	Mortgage	Loan mortgage
Construction in progress					605,757,965.84	605,757,965.84	Mortgage	Loan mortgage
Total	955,242,502.10	839,427,480.87			1,246,449,950.07	1,231,899,004.97		

32. Short-term loans

(1) Classification of short-term loans

Unit: RMB

Items	Ending balance	Beginning balance
Credit loan	139,000,000.00	120,000,000.00
Letter of credit	1,729,514,919.68	1,271,514,919.68
Discounted unexpired notes receivable	2,027,727.41	955,045.08
Total	1,870,542,647.09	1,392,469,964.76

(2) Status of overdue and unpaid short-term loans

□ Applicable ☑ Not applicable

33. Trading financial liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Financial liabilities held for trading	1,078,049.24	5,161.00
Including:		
Foreign exchange derivatives	1,078,049.24	5,161.00
Total	1,078,049.24	5,161.00

34. Derivative financial liabilities

None.

35. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Commercial acceptance bill	82,549.06	31,949,647.26
Bank acceptance bill	1,755,413,274.58	1,546,388,926.59
Total	1,755,495,823.64	1,578,338,573.85

36. Accounts payable

(1) Accounts payable listed

Unit: RMB

Items	Ending balance	Beginning balance
Trade accounts payable	3,138,860,839.56	2,330,233,821.85

Other payables	1,172,587.98	816,694.34
Total	3,140,033,427.54	2,331,050,516.19

(2) Significant accounts payable aged over 1 year or overdue

□ Applicable ☑ Not applicable

37. Other payables

Unit: RMB

Items	Ending balance	Beginning balance
Other account payable	236,548,938.28	278,177,897.89
Total	236,548,938.28	278,177,897.89

(1) Interest payable

□ Applicable ☑ Not applicable

(2) Dividends payable

□ Applicable ☑ Not applicable

(3) Other accounts payable

1) Other payables listed by fund nature

Unit: RMB

Items	Ending balance	Beginning balance
Long-term assets	159,281,513.99	200,706,467.73
Expenses	38,867,537.96	54,365,161.93
Current accounts	9,401,763.52	3,203,596.62
Margin, deposit	20,493,545.58	12,838,652.20
Equity acquisition payments payable	5,512,900.00	5,512,900.00
Others	2,991,677.23	1,551,119.41
Total	236,548,938.28	278,177,897.89

2) Other significant payables aged over 1 year or overdue

□ Applicable ☑ Not applicable

38. Advance collections

(1) Presentation of advance collections

Unit: RMB

Items	Ending balance	Beginning balance
Prepaid rent	6,849,072.70	4,903,162.70
Total	6,849,072.70	4,903,162.70

(2) Significant advance collections aged over 1 year or overdue

□ Applicable ☑ Not applicable

39. Contractual liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Product payment received in advance	151,911,777.01	116,456,170.61
Total	151,911,777.01	116,456,170.61

40. Employee pay payable

(1) Presentation of employee pay payable

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	262,044,071.05	1,168,451,883.93	1,280,034,635.61	150,461,319.37
II. Post-employment benefits - defined contribution plan	924,545.90	71,728,200.50	71,370,600.43	1,282,145.97
Total	262,968,616.95	1,240,180,084.43	1,351,405,236.04	151,743,465.34

(2) Reporting of short-term remuneration

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	256,757,120.92	1,096,695,549.91	1,208,477,533.65	144,975,137.18
2. Employee benefits	293,293.37	10,900,138.91	10,921,227.02	272,205.26
3. Social insurance expense	932,893.94	28,214,358.31	28,526,858.64	620,393.61
Including: medical insurance premiums	924,737.59	23,975,044.95	24,293,656.39	606,126.15
Industrial injury insurance expense	8,156.35	2,444,308.35	2,438,197.24	14,267.46

Maternity insurance expense		1,795,005.01	1,795,005.01	0.00
4. Housing provident fund	469,519.33	31,687,406.57	31,411,487.38	745,438.52
5. Trade union funds and staff education funds	804.31	378,691.23	379,495.54	0.00
8. Others	3,590,439.18	575,739.00	318,033.38	3,848,144.80
Total	262,044,071.05	1,168,451,883.93	1,280,034,635.61	150,461,319.37

(3) List of defined contribution plan

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	314,192.80	67,511,528.91	67,224,590.83	601,130.88
2. Unemployment insurance expense	610,353.10	4,216,671.59	4,146,009.60	681,015.09
Total	924,545.90	71,728,200.50	71,370,600.43	1,282,145.97

41. Taxes payable

Unit: RMB

Items	Ending balance	Beginning balance
VAT (value-added tax)	1,049,314.76	1,762,684.87
Corporate income tax	18,952,895.88	26,834,026.89
Individual income tax	11,141,157.35	9,928,637.55
City maintenance and construction tax	1,530,002.47	1,563,848.42
Education surcharge	1,120,035.39	921,040.76
Property tax	5,272,825.94	5,319,444.58
Land use tax	604,951.47	47,673.06
Stamp tax and others	1,983,869.68	3,217,381.99
Total	41,655,052.94	49,594,738.12

42. Liabilities held for sale

□ Applicable ☑ Not applicable

43. Non-current liabilities due within one year

Unit: RMB

Items	Ending balance	Beginning balance
Long-term borrowings due within one year	142,663,638.03	14,435,000.00
Lease liabilities due within one year	23,714,147.69	28,687,892.52

Total	166,377,785.7200	43,122,892.52

44. Other current liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Tax amount to be resold	69,347,622.56	55,496,870.91
Notes receivable that have been not derecognized or have not expired	24,224,109.24	8,530,037.11
Total	93,571,731.80	64,026,908.02

45. Long-term loans

Unit: RMB

Items	Ending balance	Beginning balance
Mortgage loan	450,404,625.88	321,885,000.00
Credit loan	94,000,000.00	97,000,000.00
Minus: long-term borrowings to be due within 1 year	142,663,638.03	14,435,000.00
Total	401,740,987.85	404,450,000.00

46. Bonds payable

□ Applicable ☑ Not applicable

47. Lease liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Lease liabilities	13,566,691.31	22,919,126.35
Total	13,566,691.31	22,919,126.35

48. Long-term payables

□ Applicable ☑ Not applicable

49. Long-term employee compensation payable

□ Applicable ☑ Not applicable

50. Estimated liabilities

□ Applicable ☑ Not applicable

51. Deferred income

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Reasons of formation
Government subsidies	14,047,240.76	450,000.00	2,117,625.88	12,379,614.88	Governmental subsidies related to assets
Total	14,047,240.76	450,000.00	2,117,625.88	12,379,614.88	

52. Other non-current liabilities

□ Applicable ☑ Not applicable

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	Decrease in the current period	Ending balance
Capital premium (share premium)	1,973,555,637.53			1,973,555,637.53
Other capital reserves	176,144,714.49	28,129,086.74	2,964,914.09	201,308,887.14
Total	2,149,700,352.02	28,129,086.74	2,964,914.09	2,174,864,524.67

Other descriptions, including increase or decrease in the current period and reasons for changes:

Reason for increase in other capital reserves during the current period: increase in equity incentive expenses recognized by the Company.

Reason for decrease in other capital reserves during the current period: decrease in deferred tax assets recognized for expenses that can be deducted before tax in the future.

56. Treasury shares

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease 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 or losses	7,822,149.00							7,822,149.00
Change in fair value of other equity instrument investments	7,822,149.00							7,822,149.00
II. Other comprehensive income that is reclassified into profits and losses	-68,163,018.44	-62,878,451.80				-62,878,451.80		-131,041,470.24
Difference in translation of foreign currency financial statements	-68,163,018.44	-62,878,451.80				-62,878,451.80		-131,041,470.24
Total amount of other comprehensive income	-60,340,869.44	-62,878,451.80				-62,878,451.80		-123,219,321.24

58. Special reserve

□ Applicable ☑ Not applicable

59. Surplus reserves

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserve	267,001,620.24			267,001,620.24
Total	267,001,620.24			267,001,620.24

60. Undistributed earnings

Unit: RMB

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	3,534,742,722.91	3,275,527,294.98
Retained earnings at the beginning of last period after adjustment	3,534,742,722.91	3,275,527,294.98
Plus: net profit attributable to owners of parent company in current year	128,802,409.01	330,078,194.08
Common stock dividends payable	86,015,257.16	86,015,257.16
Retained earnings at the end of the period	3,577,529,874.76	3,519,590,231.90

Details of Adjusted Retained Earnings at the Beginning of the Period:

1). Due to the retroactive adjustments made according to the Accounting Standards for Business Enterprises and relevant new provisions therein, RMB 0.00 of the beginning/closing retained earnings was affected.

2). Due to changes in accounting policies, the beginning undistributed profit was affected by RMB 0.00.

3). Due to corrections of material accounting errors, the beginning/closing retained earnings were affected by RMB 0.00.

4). The change in the consolidation scope due to the same control has an impact on the beginning undistributed profit of RMB 0.00.

5). Due to other adjustments, the beginning/closing retained earnings were affected by RMB 0.00 in total.

Detailed explanation of using capital reserves to offset losses: none.

61. Revenue and operating costs

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	5,737,727,400.32	4,636,773,824.65	5,461,992,695.45	4,245,791,685.06
Other business	71,075,005.02	28,036,043.31	40,343,033.73	15,971,697.19
Total	5,808,802,405.34	4,664,809,867.96	5,502,335,729.18	4,261,763,382.25

62. Taxes and surcharges

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
City maintenance and construction tax	11,424,885.96	7,401,334.56
Education surcharge	8,162,844.18	5,342,024.83
Property tax	6,858,735.30	6,601,307.33
Land use tax	876,597.04	967,563.54
Stamp duty	4,526,839.91	4,138,668.58
Others	72,852.10	23,835.82
Total	31,922,754.49	24,474,734.66

63. Overheads

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	122,705,235.67	125,938,270.61
Depreciation and amortization	32,083,315.09	44,915,015.59
Rent and utility fees	4,784,055.40	12,191,942.77
Equity incentive expenses	6,740,494.53	11,951,165.73
Intermediary service expenses	12,419,934.08	8,605,799.41
Office and traveling expenses	7,412,906.67	7,015,442.33
Property insurance expenses	1,280,136.94	1,533,342.12
Others	8,599,904.43	10,409,884.01
Total	196,025,982.81	222,560,862.57

64. Sales expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	109,735,781.10	110,724,348.63
Business entertainment fees and traveling expenses	23,113,059.63	27,861,619.25
Material and sample costs	19,080,201.33	20,714,975.77

Intermediary service expenses	29,166,422.20	17,781,805.98
Exhibition and advertising fees	9,226,187.66	15,396,481.40
Equity incentive expenses	8,486,581.88	14,293,685.43
Others	13,286,563.92	13,913,164.10
Total	212,094,797.72	220,686,080.56

65. R&D expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	272,260,758.19	279,894,551.34
Depreciation and amortization	84,367,340.20	75,441,689.62
Material and mold costs	26,469,214.50	35,416,783.36
Equity incentive expenses	10,319,249.88	20,184,487.19
Intermediary service expenses	2,232,122.06	12,406,300.40
Rent and utility fees	7,140,257.75	10,313,613.12
Low-value consumables	11,864,585.31	5,416,754.40
Others	23,481,082.15	21,712,598.27
Total	438,134,610.04	460,786,777.70

66. Financial expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest expense	12,815,585.10	19,345,176.16
Interest revenue (income marked with "-")	-9,251,704.34	-12,672,976.09
Exchange losses (income marked with "-")	112,698,511.12	-46,120,380.71
Bank procedure fees and others	1,656,881.72	690,382.12
Total	117,919,273.60	-38,757,798.52

67. Other revenues

Unit: RMB

Source for other revenues	Amount incurred in the current period	Amount incurred in prior period
Government subsidies	8,621,673.49	19,280,543.02
Return of individual income tax service charge	1,351,482.03	1,340,601.69
Tax reduction and exemption	364,850.00	345,250.00
VAT refund upon collection	3,578,428.88	5,857,747.88
Additional deduction for input tax	5,467,992.04	4,905,800.07
Total	19,384,426.44	31,729,942.66

68. Net exposure hedging revenue

None.

69. Fair value change revenue

Unit: RMB

Sources of income from change in fair value	Amount incurred in the current period	Amount incurred in prior period
Trading financial assets	1,360,403.64	
Financial liabilities held for trading	-1,078,049.24	-106,506.00
Total	282,354.40	-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 equity method	872,192.72	877,869.10
Gains/losses on foreign exchange derivatives	4,496,861.59	1,187,681.13
Income of wealth management products	8,535,156.06	4,077,466.70
Total	13,904,210.37	6,143,016.93

71. Credit impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Bad debt loss on notes receivable		145,838.26
Bad debt loss of accounts receivable	-13,343,573.29	-6,858,904.67
Bad debt loss of other receivables	2,041,360.13	-256,594.37
Bad Debt Loss on Long-term Receivables	58,982.30	
Loss from bad debt of accounts receivable financing	231,401.86	-173,493.24
Total	-11,011,829.00	-7,143,154.02

72. Asset impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
I. Loss on inventory valuation and contract performance cost impairment loss	-29,604,841.20	-25,099,491.27
XI. Impairment loss of contract assets	-4,260.32	
Total	-29,609,101.52	-25,099,491.27

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	-1,010,649.83	-174,143.23

74. Non-operating income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Gains on damage and scrapping of non-current assets
Gains from the destruction and scrapping of non-current assets	201,965.95	226,454.70	201,965.95
Others	2,604,528.78	3,562,750.17	2,604,528.78
Total	2,806,494.73	3,789,204.87	2,806,494.73

75. Non-operating expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Gains on damage and scrapping of non-current assets
Loss on damage and scrapping of non-current assets	1,787,399.18	1,759,788.91	1,787,399.18
Others	2,390,965.72	2,353,289.43	2,390,965.72
Total	4,178,364.90	4,113,078.34	4,178,364.90

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	17,194,973.77	41,864,338.89
Deferred tax expense	-7,410,135.20	-15,876,286.30
Total	9,784,838.57	25,988,052.59

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

Unit: RMB

Items	Amount incurred in the current period
Total profit	138,462,659.41
Income tax expenses calculated at statutory/applicable tax rates	20,766,671.42
Influence of different tax rates applicable to subsidiary	-9,254,184.94
Effect of income tax adjustment in previous period	-1,289,969.50

Impact of non-taxable income	67,933.31
Impact of non-deductible cost, expense and loss	4,899,875.09
Effect of using deductible losses on deferred tax assets not recognized in the prior period	-1,842,782.61
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	20,603,614.30
Impact of additional deductible expenses	-29,260,682.46
Other adjustments	5,094,363.96
Income tax expenses	9,784,838.57

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	8,697,952.08	12,469,928.36
Government subsidies	7,152,736.20	31,151,832.71
Current accounts	28,106,655.00	27,209,949.29
Others	3,264,934.69	4,616,922.39
Total	47,222,277.97	75,448,632.75

Other cash paid in connection with operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Service charge	2,149,635.98	1,766,609.18
Out-of-pocket expenses	170,641,841.35	198,360,304.81
Margin and deposit expenses	2,222,142.66	2,424,395.57
Employee loans	3,465,890.91	4,621,604.67
Others	14,701,459.15	17,497,380.58
Total	193,180,970.05	224,670,294.81

(2) Cash related to investment activities

Other cash received relating to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Forex margin	55,270,965.98	
Financial leasing rent	2,025,200.00	
Total	57,296,165.98	0.00

Other cash paid related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Option premiums paid	120.00	
Forward foreign exchange liquidation losses paid		385,800.00
Total	120.00	385,800.00

(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 terminated for recognition		12,920,862.51
Total		12,920,862.51

Other cash paid related to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Payment for principal and interest of lease liabilities	17,022,021.31	23,837,729.50
Total	17,022,021.31	23,837,729.50

Changes in liabilities arising from financing activities

□ Applicable ☑ Not applicable

(4) Description on presenting cash flows on a net basis

Items	Relevant facts	Basis for net presentation	Financial impact
Cash paid for investments/cash received from investment recovery	Cash flow from purchasing and redeeming financial products	Cash inflows and outflows for projects with fast turnover, large amounts, and short terms	The net offset of "cash paid for investment" and "cash received from investment recovery" is RMB 1,095.5 million, which has no impact on the financial statements.

(5) Major activities not involving cash receipts and payments in the current period but influencing the financial position of the Company or may influence the cash flow of the Company in the future, and their financial impact

□ Applicable ☑ Not applicable

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	128,677,820.84	329,859,428.97
Plus: impairment of assets	40,620,930.52	32,242,645.29
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	118,440,481.14	116,879,301.85
Depreciation of right-of-use assets	13,705,468.82	22,255,110.76
Amortization of intangible assets	71,137,628.97	65,541,313.68
Amortization of long-term deferred expenses	41,658,953.49	39,108,347.52
Loss from disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	1,010,649.83	174,143.23
Losses on scrapping of fixed assets (income marked with "-")	1,585,433.23	1,759,788.91
Loss from changes in fair value (income marked with "-")	282,354.40	-106,506.00
Financial expenses (income marked with "-")	78,826,544.26	25,189,122.18
Investment income (income marked with "-")	-13,904,210.37	-6,143,016.93
Decrease in deferred tax assets (increase marked with "-")	-7,808,316.74	-21,855,313.92
Increase in deferred tax liabilities (decrease marked with "-")	-282,032.43	607,264.29
Decrease in inventory (increase marked with "-")	-969,622,690.22	-397,897,263.40
Decrease in operating receivables (increase marked with "-")	-405,754,432.00	-329,824,615.67
Increase in operating payables (decrease marked with "-")	774,255,205.52	421,349,396.15
Others	26,011,460.86	54,215,419.58
Net cash flow from operating activities	-101,158,749.88	353,354,566.49
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	1,450,680,913.37	1,802,726,466.13
Minus: beginning balance of cash	1,619,876,262.35	1,596,352,534.73
Plus: ending balance of cash equivalents		

Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-169,195,348.98	206,373,931.40

(2) Net cash paid for acquiring subsidiaries in the current period

□ Applicable ☑ Not applicable

(3) Net cash received for disposal of subsidiaries in the current period

□ Applicable ☑ Not applicable

(4) Composition of cash and cash equivalents

Unit: RMB

Items	Ending balance	Beginning balance
I. Cash	1,450,680,913.37	1,619,876,262.35
Including: cash in stock	686,342.63	628,866.15
Bank deposit available for payment at any time	1,412,283,806.63	1,612,607,433.08
Other monetary capital for payment at any time	37,710,764.11	6,639,963.12
III. Balance of cash and cash equivalents at the end of the period	1,450,680,913.37	1,619,876,262.35

(5) Presentation of items with limited scope of use but still falling under cash and cash equivalents

□ Applicable ☑ Not applicable

(6) Monetary capitals not falling under cash and cash equivalents

Unit: RMB

Items	Amount in the current period	Amount in the previous period	Reasons for not being cash and cash equivalents
Bank deposit	5,226,938.71	105,410,272.04	Fixed deposits, Judicially frozen funds, interests accrued at the end of the period but not received, etc.
Other monetary capital	15,441,742.39	72,161,250.05	Margin
Total	20,668,681.10	177,571,522.09	

(7) Explanation of other major activities

□ Applicable ☑ Not applicable

80. Notes to items in change statement of owner's equity

□ Applicable ☑ Not applicable

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			**590,003,002.84**
Including: US dollars	48,529,799.98	6.8109	330,531,614.68
Euros	4,925,013.05	7.7671	38,253,068.85
Hong Kong dollars	2,615,003.50	0.8686	2,271,261.29
Indian Rupee	1,427,538,758.03	0.0720	102,838,053.07
Vietnamese Dong	100,861,063,312.00	0.0003	26,129,882.70
Japanese Yen	1,028,311,693.00	0.0420	43,235,365.13
Romanian Leu	1,649,401.95	1.4821	2,444,599.33
Mexican Peso	113,680,498.73	0.3897	44,299,157.79
Accounts receivable			**1,881,600,408.18**
Including: US dollars	249,245,490.87	6.8109	1,697,586,113.77
Euros	2,266,300.60	7.7671	17,602,583.39
Hong Kong dollars		0.8686	
Indian Rupee	1,031,832,561.14	0.0720	74,331,888.42
Vietnamese Dong	319,307,773,854.00	0.0003	82,722,454.05
Japanese Yen	214,040,149.00	0.0420	8,999,318.06
Romanian Leu		1.4821	
Mexican Peso	918,829.16	0.3897	358,050.49
Accounts payable			**66,329,655.72**
Including: US dollars	2,874,199.55	6.8109	19,575,885.72
Euros	99,528.68	7.7671	773,049.21
Indian Rupee	145,533,632.65	0.0720	10,484,055.41
Vietnamese Dong	89,017,706,219.00	0.0003	23,061,646.83
Japanese Yen	295,754,990.00	0.0420	12,435,018.55
Other receivables			**5,550,669.26**
Including: US dollars	549,255.55	6.8109	3,740,924.63
Euros	6,568.71	7.7671	51,019.83
Indian Rupee	14,384,343.94	0.0720	1,036,229.61
Vietnamese Dong	2,137,097,888.00	0.0003	553,653.86
Japanese Yen	4,015,729.00	0.0420	168,841.33

Other account payable			**44,128,242.79**
Including: US dollars	860,239.47	6.8109	5,859,005.01
Euros	1,430.83	7.7671	11,113.40
Vietnamese Dong	136,715,616,176.00	0.0003	35,418,653.11
Mexican Peso	7,286,651.18	0.3897	2,839,471.27

(2) Nature of currency inconvertibility and its financial impact, spot exchange rate adopted and its estimation process, and risks faced by enterprises due to currency inconvertibility

□ Applicable ☑ Not applicable

(3) 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;

3. TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd., a sub-subsidiary of the Company, is mainly located in Dong Nai Province, Vietnam, with Vietnamese Dong as the recording currency;

3. Topband Germany GmbH, a sub-subsidiary of the Company, is mainly located in Unterföhring, Germany, with Euro as the recording currency;

4. TOPBAND JAPAN Co., Ltd., a sub-subsidiary of the Company, is mainly located in Nagoya, Japan, with Japanese Yen as the recording currency;

5. Q.B.PTE.LTD, a sub-subsidiary of the Company, is located in Singapore, with Singapore dollar as the bookkeeping base currency;

6. TOPBAND SMART EUROPE COMPANY LIMITED S.R.L., a sub-subsidiary of the Company, is located in Timisoara, Romania, with Leu as the recording currency;

7. TOPBAND MEXICO, S.DER.L.DEC.V., the sub-subsidiary of the Company, is located in Monterrey, Mexico, with peso as the recording currency.

(4) Lack of convertibility between the functional currency of overseas operations and the presentation currency of the enterprise

□ Applicable ☑ Not applicable

82. Lease

(1) The Company as the lessee

☑ Applicable □ Not applicable

Variable lease payments not included in the measurement of the lease liability

□ Applicable ☑ Not applicable

Rental expenses of simplified short-term leases or low-value assets

☑ Applicable □ Not applicable

The rents of simply treated short-term leases credited to current profits and losses of the current period are RMB 4,200,078.98.

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	15,932,206.20	0
Total	15,932,206.20	0

Financing lease as lessor

☑ Applicable □ Not applicable

Unit: RMB

Items	Sales profit and loss	Financing profit and loss	Revenue related to variable lease payments not included in lease collection amount
Taixing production line equipment	-23,851,057.90	1,976,206.65	/

Total	-23,851,057.90	1,976,206.65	/

Undiscounted lease collection amount for each of the next five years.

☑ Applicable □ Not applicable

Unit: RMB

Items	Undiscounted rental receipts of each year	
	Ending amount	Beginning amount
Year 1	29,471,896.16	33,508,161.99
Year 2	22,235,563.64	24,496,713.28
Year 3	18,137,946.72	19,758,235.61
Year 4	12,893,256.56	17,644,083.47
Year 5	7,328,427.61	10,089,598.93
Total amount of undiscounted rental receipts after five years	9,012,513.45	13,507,430.23

Reconciliation statement between undiscounted lease receipts and net lease investment: None.

(3) Recognition of finance lease sales gains and losses as a manufacturer or distributor

□ Applicable ☑ Not applicable

83. Data resources

None.

84. Others

VIII. R&D expenditure

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	321,763,902.12	335,064,365.29
Depreciation and amortization	84,753,675.34	76,092,200.92
Material and mold costs	30,000,371.47	41,394,643.02
Equity incentive expenses	10,319,249.88	20,184,487.19
Intermediary service expenses	2,232,122.06	12,558,948.84
Rent and utility fees	7,157,944.87	10,313,613.12
Low-value consumables	12,096,230.01	5,691,704.43
Others	25,365,618.68	23,542,553.96
Total	493,689,114.43	524,842,516.77
Including: expensed R&D expenditure	438,134,610.04	460,786,777.70

Capitalized R&D expenditures	55,554,504.39	64,055,739.07

1. R&D projects that meet 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	49,000,000.84	39,368,717.10			44,230,753.34			44,137,964.60
Motor and control system project		2,522,653.35						2,522,653.35
New energy project	8,633,483.61	13,663,133.94			9,176,611.99			13,120,005.56
Total	57,633,484.45	55,554,504.39			53,407,365.33			59,780,623.51

2. Important outsourced projects under development

□ Applicable ☑ Not applicable

IX. Changes in the scope of consolidation

□ Applicable ☑ Not applicable

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	Investment	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 Lithium 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	R&D 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 SMART DONGNAI (VIETNAM) COMPANY LIMITED	USD 33.5 million	Vietnam	Vietnam	Production and sales		100.00%	Establishment
Topband Germany GmbH	EUR 25,000	Germany	Germany	Sales		100.00%	Establishment
TOPBAND JAPAN Co., Ltd.	JPY 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	Investment	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%	Consolidation under different control
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	10,000,000.00	Hong Kong	Hong Kong	Sales		100.00%	Establishment
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	USD 30 million	Romania	Romania	Sales		100.00%	Establishment
Huizhou YAKO Automation Technology Co., Ltd.	50,000,000.00	Huizhou	Huizhou	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 10,000	U.S.	U.S.	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	Sales		100.00%	Establishment
Shenzhen Jingfei Investment Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Huizhou Topband Supply Chain Service Co., Ltd.	20,000,000.00	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
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
Guangzhou Topband Digital Energy Co., Ltd.	1,000,000.00	Guangzhou	Guangzhou	Sales		100.00%	Establishment

(2) Important non-wholly-owned subsidiaries

None.

(3) Major financial information of important non-wholly-owned subsidiaries

None.

(4) Significant restrictions on using group assets and settling group liabilities

None.

(5) Financial support or other support provided to structured entities included in the scope of the consolidated financial statements

None.

2. Transactions causing the owner's equity share change but still controlling the subsidiary

□ Applicable ☑ Not applicable

3. Interests in joint venture arrangements 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 ventures:		
Sum of the following items calculated according to the shareholding ratio		
Associated enterprises:		
Total book value of investment	41,335,306.08	40,463,113.36
Sum of the following items calculated according to the shareholding ratio		
-- Net profit	872,192.72	877,869.10

(5) Statement that there is a material limitation on the ability of the joint ventures or associated enterprises 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.

4. Significant joint operations

None.

5. Rights and interests in structured entities not included in the scope of the consolidated financial statements

None.

6. Others

None.

XI. Government subsidies

1. Government grants recognized as receivable at the end of the Reporting Period

□ Applicable ☑ Not applicable

Reasons for not receiving the expected amount of government subsidies at the expected time

□ Applicable ☑ Not applicable

2. Liabilities involving government subsidies

☑ Applicable □ Not applicable

Accounting items	Beginning balance	Newly increased subsidy in the current period	Amount accounted into non-operating income in the current period	Amount included in other income in the current period	Other changes in this period	Ending balance	Asset-related/revenue-related
Deferred income	14,047,240.76	450,000.00		2,117,625.88		12,379,614.88	Asset-related

3. Government subsidies included in the current profits and losses

☑ Applicable □ Not applicable

Unit: RMB

Accounting items	Amount incurred in the current period	Amount incurred in prior period
Other income	8,621,673.49	19,280,543.02

XII. Risks associated with financial instruments

1. Risks arising from financial instruments

The risks of the Company related to financial instruments are derived from various types of financial assets and financial liabilities recognized during the operation of the Company, including: credit risk, liquidity risk and market risk.

The management objectives, policies and systems of the Company for various types of risks associated with financial instruments are the responsibility of the Company's management. The management is responsible for daily risk management through functional departments (for example, the Credit Management Department of the Company reviews credit sales of the Company on a case-by-case basis). 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 objective of the Company for risk management is to develop risk management policies that minimize the risks associated with various financial instruments without unduly affecting the Company's competitiveness and resilience.

1. Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party. Credit risks of the Company mainly arise from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, etc. The credit risk of these financial assets is derived from defaults by the counterparty, and the maximum risk exposure is equal to the book amount of these instruments.

The monetary funds of the Company are mainly deposited in commercial banks and other financial institutions, which the Company believes have a high reputation, sound financial standing and low credit risks.

For notes receivable, accounts receivable, receivables financing, and other receivables, the Company establishes policies to control the credit risk exposure. The Company evaluates the credit qualification of customers and sets the corresponding credit period based on their financial condition, the possibility of obtaining guarantees from third parties, credit record and other factors such as current market conditions. The

Company regularly monitors the credit record of customers, and for customers with poor credit history, the Company ensures the overall credit risk of the Company to be under control by sending reminders of payment collection, shortening the credit period or canceling the credit period.

(1) Determination criteria for significant increase of credit risk

At each balance sheet date, the Company evaluates whether the credit risk of the relevant financial instruments has significantly increased since the initial recognition. In determining whether credit risk has increased significantly since the initial recognition, the Company considers obtaining reasonable and evidence-based information at no unnecessary additional cost or effort, including qualitative and quantitative analysis based on the historical data of the Company, external credit risk ratings, and forward-looking information. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Company compares the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine the change in the risk of default during the expected duration of the financial instruments.

When one or more of the following quantitative and qualitative criteria are triggered, the Company considers that the credit risk of a financial instrument has significantly increased: the quantitative criterion is mainly that the default probability in the remaining duration has increased by more than a certain percentage on the balance sheet date than that at the initial recognition; the qualitative criterion is the occurrence of major adverse changes in the operation or financial condition of the principal debtor, the list of early warning customers, etc.

(2) Definition of assets with credit impairment occurred

To determine whether credit impairment has occurred, the determination criteria adopted by the Company are consistent with its internal credit risk management objectives for the relevant financial instruments, taking into account both quantitative and qualitative indicators.

In assessing whether a debtor has suffered credit impairment, the Company mainly considers the following factors: whether the issuer or the debtor has experienced major financial difficulties; whether a debtor breaches the contract, such as default or delay in payment of interest or principal; whether the creditor grants concessions to the debtor that it would not have made in any other circumstances, for economic or contractual reasons related to the debtor's financial difficulties; whether the debtor is likely to become insolvent or undergo other financial restructuring; whether the financial difficulties of the issuer or debtor cause the disappearance of an active market for the financial asset; whether a financial asset is acquired or derived a substantial discount that reflects the fact that a credit loss has occurred.

The credit impairment of financial assets may be caused by the combination of multiple events, not necessarily by individually identifiable events.

(3) Parameters for measurement of expected credit loss

Depending on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Company measures the impairment provision for different assets in terms of expected credit losses for 12 months or the entire duration, respectively. The key parameters for measurement of expected credit loss include default probability, default loss rate and default risk exposure. The Company takes into account quantitative analysis and forward-looking information of historical statistical data (e.g. ratings of counterparty, types of guarantees and collateral, repayment methods, etc.) to establish default probability, default loss rate and default risk exposure models.

The relevant definitions are as follows:

The default probability refers to the probability that the debtor will not be able to meet its payment obligations in the next 12 months or throughout the remaining duration.

Default loss rate refers to the Company's expectation of the degree of loss from the exposure to a default risk. Default loss rates vary depending on the type of counterparty, the method and priority of recourse, and the collateral. Default loss ratio is the percentage of loss from the risk exposure when the default occurs, calculated on the basis of the next 12 months or the entire duration.

Exposure at default refers to the amount to be compensated to the Company in the event of a default in the next 12 months or throughout the remaining duration. Forward-looking information is involved in the assessment of significant increases in credit risk and the calculation of expected credit losses. Through historical data analysis, the Company identifies key economic indicators that affect the credit risk and expected credit losses of various business types.

The Company's maximum credit exposure is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees that may expose the Company to credit risks.

2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise meets its obligation to settle by delivery of cash or other financial assets. The Company is comprehensively responsible for the cash management of its subsidiaries, including short-term investment of cash surplus and financing of loans to meet anticipated cash needs. It is the policy of the Company to regularly monitor short-term and long-term working capital demands and compliance with borrowing agreements to ensure the maintenance of sufficient cash reserves and readily available marketable securities.

3. Market risk

(1) Foreign exchange risk

The exchange rate risk of the Company is primarily attributable to foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their recording currency. The Company's exposure to foreign exchange risks is mainly related to US dollars and Indian rupees. Except the Company that purchases and sells some materials and products in US dollars, its subsidiary TOPBAND INDIA PRIVATE LIMITED that uses Indian rupees, its sub-subsidiary TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd. that uses Vietnamese dongs, its sub-subsidiary Topband Germany GmbH that uses Euros, its sub-subsidiary TOPBAND JAPAN Co., Ltd. that uses Japanese yens, its sub-subsidiary Q.B.PTE.LTD that uses Singapore dollars, its sub-subsidiary TOPBAND MEXICO, S.DER.L.DEC.V. that uses Mexican pesos, 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, and its sub-subsidiary TUNNU INNOVATION, INC that uses US dollars, other major business activities of the Company are settled in RMB.

(2) Interest rate risk

The interest rate risk of the Company is mainly derived from long-term bank loans. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risks, and financial liabilities with fixed interest rate expose the Company to fair value interest rate risks. The Company determines the relative proportion of contracts with fixed rate and floating rate 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. An increase in interest rates will increase the cost of new interest-bearing debts and interest expense on the Company's outstanding interest-bearing debt with floating interest rates, and will have a material adverse effect on the Company's financial results, to which the management will adjust in a timely manner based on the latest market conditions.

2. Hedging

□ Applicable ☑ Not applicable

3. Financial assets

□ Applicable ☑ Not applicable

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 of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Tradable financial assets		646,895,923.76	314,689,344.26	961,585,268.02
1. Financial asset at fair value and changes through current profits and losses		646,895,923.76	314,689,344.26	961,585,268.02
(1) Debt instrument investment		645,535,520.12		645,535,520.12
(2) Equity instrument investment			314,689,344.26	314,689,344.26
(3) Foreign exchange derivatives		1,360,403.64		1,360,403.64
(II) Receivables financing			144,768,938.98	144,768,938.98
(III) Other debt investment		41,269,743.53		41,269,743.53
(IV) Other equity instrument investments			79,622,482.00	79,622,482.00
Total assets continuously measured at fair value		688,165,667.29	539,080,765.24	1,227,246,432.53
(V) Trading financial liabilities	1,078,049.24			1,078,049.24
Total liabilities continuously measured at fair value	1,078,049.24			1,078,049.24

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

For financial liabilities measured at fair value and whose changes are credited to current profit or loss, their fair value is determined mainly based on market prices quoted by the bank.

3. Continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

If there are open market quotations for investments in liability instruments measured at fair value and whose changes are credited to current profit or loss, their fair value is determined based on market prices quoted by the bank, with consideration of liquidity premium.

The Company's other debt investments are transferable large-amount certificates of deposit, which use prices of similar or identical assets in inactive markets as the basis for determining fair value.

4. Continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

For financial liabilities and other equity instrument investments measured at fair value and whose changes are credited to current profit or loss and for other non-current financial assets measured at fair price and whose changes are credited to current profit or loss, since the operating environment, operating conditions and financial conditions of the invested products or enterprises are free of material changes, the Company measures at the cost of the investment or the most recent transaction price as a reasonable estimate of fair value.

The receivables financing of the Company mainly consists of unmatured bank acceptance bills and supply chain notes receivable. As the bill acceptor's credit status is good and there is no material adverse change in operating or financial conditions, the risk of collection at maturity is expected to be low, and the Company measures by taking the book value as a reasonable estimate of fair value.

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

The financial assets and financial liabilities of the Company measured at the amortized cost mainly include: money funds, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year and long-term borrowings.

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

Profile 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, 2026, 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

For details of the subsidiaries of the Company, refer to Note X.1.

3. Information on the joint ventures and associated enterprises of the Company

See the Note X.3 on key joint ventures or associated enterprises of the Company.

Other joint ventures or associated enterprises having related-party transaction in 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

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
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
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 Suyu Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Yueran Innovation Technology Co., Ltd.	Shareholding companies of the Company
Suzhou Apache Robotics Technology Co., Ltd.	Shareholding companies of the Company

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.	Raw materials	8,349,431.04	34,000,000.00	No	9,507,111.27
Shenzhen ORVIBO Technology Co., Ltd.	Raw materials	3,024.00		No	
Jiangsu Donghai Semiconductor Co., Ltd.	Raw materials	36,500.00		No	35,736.27
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Raw materials			No	2,250.40
Dongguan Jujin Plastic Technology Co., Ltd.	Raw materials	18,805,935.54		No	25,557,609.53
Guangdong Huixin Semiconductor Co., Ltd.	Raw materials	214,435.37		No	2,665.70

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.	Sales of commodities	598,329.23	4,481,366.31

(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

□ Applicable ☑ Not applicable

(6) Asset transfer and debt restructuring of related parties

□ Applicable ☑ Not applicable

(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	2,844,206.00	3,369,689.97

(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.	13,366.70	414.37	864,938.63	26,813.10
Financing of accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.			632.62	

(2) Payables

Unit: RMB

Project name	Related party	Ending book balance	Beginning book balance
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	886,220.09	1,507,208.16
Accounts payable	Jiangsu Donghai Semiconductor Co., Ltd.	16,656.20	4,411.52
Accounts payable	Guangdong Huixin Semiconductor Co., Ltd.		7,836.52
Accounts payable	Jiangxi Sarui Microelectronics Technology Co., Ltd.	2,250.40	1,991.50
Accounts payable	Dongguan Jujin Plastic Technology Co., Ltd.	12,250,733.89	14,288,274.50
Other account payable	Dongguan Jujin Plastic Technology Co., Ltd.		208,900.00

7. Commitment of related parties

None.

8. Others

None.

XV. Share-based payment

1. General situation of share-based payments

☑ Applicable □ Not applicable

Unit: RMB

Grant object category	Granted in the current period		Exercised in the current period		Released in the current period		Invalidated in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount

Personnel on key management and technical positions, as well as other business backbones							1,031,100.00	4,219,968.33
Total							1,031,100.00	4,219,968.33

Stock options or other equity instruments outstanding at the end of the period

☑ Applicable □ Not applicable

Grant object category	Stock options outstanding the 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 9.46 per share	6 and 18 months	RMB 9.60/share	6 months

Implementation of the Company's equity incentives for employees

(1) Employee stock ownership plan

On November 6, 2024, the Company held the 15th (Extraordinary) Meeting of the 8th Board of Directors and the 10th (Extraordinary) Meeting of the 8th Board of Supervisors. On November 25, 2024, the Company held the 2nd Extraordinary General Meeting of Shareholders in 2024, in which, the Proposal on the Company's 2024 Employee Stock Ownership Plan (Draft) and its Summary and other relevant motions were deliberated and approved. The actual number of shares subscribed under the Employee Stock Ownership Plan was 5,181,200 shares with the total amount of RMB 49,739,520.00 for the shares actual subscribed. The funds for the Employee Stock Ownership Plan mainly came from the special incentive fund accrued by the Company. After review and approval of the Employee Stock Ownership Plan by the General Meeting of Shareholders of the Company, the shares will be unlocked in two phases 12 months and 24 months after the Company announces the transfer of the underlying shares to the names given in the Employee Stock Ownership Plan respectively, with 40% of the underlying shares to be unlocked in Phase 1 and 60% in Phase 2. On December 23, 2024, the Company received the Letter of Securities Transfer Registration Confirmation issued by the Shenzhen Branch of CSDC, stating that the 5,181,200 shares of the Company (approximately 0.42% of the current total share capital of the Company) held in the special securities buyback account of the Company had been transferred to its account for the 2024 Employee Stock Ownership Plan without trading on December 23, 2024.

Refer to Section IV. III of the Semi-annual Report for details.

(2) Stock option incentive plan

Under the authorization of the 2nd Extraordinary General Meeting of Shareholders in 2024 of the Company, the Company held the 16th (Extraordinary) Meeting of the 8th Board of Directors and the 11th (Extraordinary) Meeting of the 8th Board of Supervisors on December 9, 2024, in which, the Proposal on Granting Stock Options to Incentive Objects was deliberated and adopted. It was determined that the grant date of the stock options under the Incentive Plan shall be December 9, 2024, and 32.9 million stock options shall be granted to 1,050 eligible objects. The waiting periods for the stock options granted under this Incentive Plan are 12 months, 24 months and 36 months respectively from the date of grant, and the percentages of unlocking for the periods are 30%, 30% and 40% respectively.

In 2025, 1.2299 million stock options became invalid due to the departure of incentive recipients, and 9.87 million stock options became invalid due to failure to meet the performance assessment indicators during the first exercise period.

Refer to Section IV. III of the Semi-annual Report for details.

2. Equity-settled share-based payments

☑ Applicable □ Not applicable

Unit: RMB

Method for determining the fair value of equity instruments 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	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.
The accumulated amount of equity-settled share-based payments is included in capital reserves.	94,667,426.66
Total amount of expenses recognized by equity-settled share-based payments in the current period	28,129,086.74

3. Cash-settled share-based payments

□ Applicable ☑ Not applicable

4. Current share-based payments

☑ Applicable □ Not applicable

Unit: RMB

Grant object category	Equity-settled share-based payments	Cash-settled share-based payments
Management personnel	6,740,494.53	
Salesperson	8,486,581.88	
R&D personnel	10,319,249.88	
Production personnel	2,582,760.45	
Total	28,129,086.74	

5. Modification and termination of share-based payments

None.

6. Others

None.

XVI. Commitments and contingencies

1. Important commitments

As of June 30, 2026, the Company had no important commitments to be disclosed.

2. Contingencies

(1) Significant contingencies on the balance sheet date

As of June 30, 2026, the Company had no significant contingencies to be disclosed.

(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	Ending book balance	Beginning book balance
Within 1 year (inclusive)	2,303,874,159.86	1,910,977,642.43
1-2 years	873,140.13	9,503,741.12
2-3 years	121,797.06	1,786,068.33
Above 3 years	56,311.45	2,508,378.98
3-4 years	0.00	506,253.22
4-5 Years	0.00	
Above 5 years	56,311.45	2,002,125.76
Total	2,304,925,408.50	1,924,775,830.86

(2) Disclosure by bad debt provision method

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	474,112.76	0.02%	474,112.76	100.00%		2,288,881.21	0.12%	2,288,881.21	100.00%	
Including:										
Accounts receivable with provision for bad debts by portfolio	2,304,451,295.74	99.98%	54,846,063.65	2.38%	2,249,605,232.09	1,922,486,949.65	99.88%	49,794,682.66	2.59%	1,872,692,266.99
Including:										
(1) Aging portfolio	1,767,390,243.23	76.68%	54,846,063.65	3.10%	1,712,544,179.58	1,569,973,905.54	81.57%	49,794,682.66	3.17%	1,520,179,222.88
2. Related party portfolio within the scope of the consolidation	537,061,052.51	23.30%			537,061,052.51	352,513,044.11	18.31%			352,513,044.11
Total	2,304,925,408.50	100.00%	55,320,176.41	2.40%	2,249,605,232.09	1,924,775,830.86	100.00%	52,083,563.87	2.71%	1,872,692,266.99

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
Single provision for bad debts	2,288,881.21	2,288,881.21	474,112.76	474,112.76	100.00%	Difficult to recover as estimated
Total	2,288,881.21	2,288,881.21	474,112.76	474,112.76		

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	1,767,390,243.23	54,846,063.65	3.10%
Total	1,767,390,243.23	54,846,063.65	

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
Related party portfolio within the scope of the consolidation	537,061,052.51		
Total	537,061,052.51		

(3) Bad debt provision withdrawn, 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	
Single provision for bad debts	2,288,881.21	116,045.86		1,930,814.31		474,112.76
Provision for bad debts by portfolio	49,794,682.66	5,178,206.06		126,825.07		54,846,063.65
Total	52,083,563.87	5,294,251.92		2,057,639.38		55,320,176.41

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

Unit: RMB

Items	Amount of write-off
Accounts receivable actually written off	2,057,639.38

(5) Accounts receivable and contract assets of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Ending balance of accounts	Ending balance of contract assets	Ending balance of accounts	Proportion to total ending balances of	Ending balance of bad debt provision

	receivable		receivables and contract assets	accounts receivable and contract assets	for accounts receivable and provision for impairment of contract assets
No. 1	237,517,298.44		237,517,298.44	10.30%	7,791,358.11
No. 2	213,087,507.00		213,087,507.00	9.24%	6,615,128.61
No. 3	118,844,310.51		118,844,310.51	5.16%	3,692,281.94
No. 4	115,390,187.33		115,390,187.33	5.01%	3,651,170.29
No. 5	79,329,186.63		79,329,186.63	3.44%	2,459,204.79
Total	764,168,489.91		764,168,489.91	33.15%	24,209,143.74

2. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Dividends receivable	10,000,000.00	
Other receivables	754,001,373.47	581,416,476.95
Total	764,001,373.47	581,416,476.95

(1) Interest receivable

□ Applicable ☑ Not applicable

(2) Dividends receivable

1) Classification of dividends receivable

Unit: RMB

Item (or investee)	Ending balance	Beginning balance
Topband (Hong Kong) Co., Ltd.	10,000,000.00	
Total	10,000,000.00	

2) Important dividends receivable with aging of over 1 year

□ Applicable ☑ Not applicable

3) Disclosure by bad debt provision method

☑ Applicable □ Not applicable

Unit: RMB

Category	Ending balance			Beginning balance		
	Book balance	Provision for	Book value	Book	Provision for	Boo

			bad debts			balance		bad debts		k value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts by portfolio	10,000,000.00	100.00%			10,000,000.00					
Including:										
Related party portfolio within the scope of the consolidation	10,000,000.00	100.00%			10,000,000.00					
Total	10,000,000.00	100.00%			10,000,000.00					

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

□ Applicable ☑ Not applicable

5) Dividends receivable actually written off in the current period

□ Applicable ☑ Not applicable

(3) Other receivables

1) Classification of other receivables by nature of amount

Unit: RMB

Nature of payment	Ending book balance	Beginning book balance
Current accounts	749,063,606.68	576,050,233.62
Margin, deposit	6,082,960.06	7,326,116.10
Borrowing and imprest of employees	2,172,042.04	1,977,224.13
Others	746,396.77	1,406.60
Total	758,065,005.55	585,354,980.45

2) Disclosure by aging

Unit: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (inclusive)	752,782,468.93	579,872,866.09
1-2 years	408,356.86	1,136,585.98
2-3 years	795,748.00	810,907.48
Above 3 years	4,078,431.76	3,534,620.90
3-4 years	651,161.80	31,702.32
4-5 Years	616,792.96	641,643.48

Above 5 years	2,810,477.00	2,861,275.10
Total	758,065,005.55	585,354,980.45

3) Disclosure by bad debt provision method

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	
Provision for bad debts by portfolio	758,065,005.55	100.00%	4,063,632.08	0.54%	754,001,373.47	585,354,980.45	100.00%	3,938,503.50	0.67%	581,416,476.95
Including:										
Aging portfolio	9,001,398.87	1.19%	4,063,632.08	45.14%	4,937,766.79	9,304,746.83	1.59%	3,938,503.50	42.33%	5,366,243.33
Related party portfolio within the scope of the consolidation	749,063,606.68	98.81%			749,063,606.68	576,050,233.62	98.41%			576,050,233.62
Total	758,065,005.55	100.00%	4,063,632.08	0.54%	754,001,373.47	585,354,980.45	100.00%	3,938,503.50	0.67%	581,416,476.95

Description of bad-debt provision on combined basis: Provision for impairment by combination of related parties within the scope of consolidation

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for bad debts by related party portfolio within the scope of the consolidation	749,063,606.68	0	
Total	749,063,606.68	0	

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

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Provision for bad debts by aging portfolio	9,001,398.87	4,063,632.08	45.14%

Total	9,001,398.87	4,063,632.08	

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

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, 2026	1,077,228.40		2,861,275.10	3,938,503.50
Balance as of January 1, 2026 in the current period				
Accrual in the current period	125,128.58			125,128.58
Balance as of June 30, 2026	1,202,356.98		2,861,275.10	4,063,632.08

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

□ Applicable ☑ Not applicable

4) Bad debt provision withdrawn, 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	Reversal or write-off	Others	
Provision for bad debts	3,938,503.50	125,128.58				4,063,632.08
Total	3,938,503.50	125,128.58				4,063,632.08

5) Other receivables actually written off in the current period

□ Applicable ☑ Not applicable

6) Other receivables of top five ending balances grouped by debtors

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
Shenzhen Topband Battery Co., Ltd.	Current accounts	300,974,819.91	Within 1 year	39.70%	
Huizhou YAKO Automation Technology Co., Ltd.	Current accounts	156,067,415.87	Within 1 year	20.59%	

Shenzhen YAKO Automation Technology Co., Ltd.	Current accounts	75,938,303.98	Within 1 year	10.02%	
Shenzhen Topband Investment Co., Ltd.	Current accounts	49,128,280.00	Within 1 year	6.48%	
Shenzhen Topband Digital Energy Co., Ltd.	Current accounts	38,671,053.99	Within 1 year	5.10%	
Total		620,779,873.75		81.89%	

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

□ Applicable ☑ Not applicable

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	4,324,287,784.41		4,324,287,784.41	4,319,265,674.29		4,319,265,674.29
Investment in associated enterprises and joint ventures	18,259,203.91	12,433,655.05	5,825,548.86	18,259,203.91	12,433,655.05	5,825,548.86
Total	4,342,546,988.32	12,433,655.05	4,330,113,333.27	4,337,524,878.20	12,433,655.05	4,325,091,223.15

(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
			Additional investment	Decrease in investment	Provision for impairment	Others		
Shenzhen Topband Software Technology Co., Ltd.	27,373,665.61					522,468.94	27,896,134.55	
Shenzhen Topband Battery Co., Ltd.	630,587,688.39					1,023,590.34	631,611,278.73	
Shenzhen Topband Automation Technology Co., Ltd.	36,851,797.55					125,601.51	36,977,399.06	
Chongqing Topband Industrial Co., Ltd.	211,800,622.41					-13,463.89	211,787,158.52	
Topband (Hong Kong) Co., Ltd.	667,071,500.00						667,071,500.00	

Huizhou Topband Electrical Technology Co., Ltd.	1,039,820,975.83					1,723,930.53	1,041,544,906.36	
Ningbo Topband Intelligent Control Co., Ltd.	671,505,657.09					194,673.07	671,700,330.16	
Shenzhen Allied Control System Co., Ltd.	128,885,781.86					221,877.36	129,107,659.22	
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.	515,787,286.35					311,194.93	516,098,481.28	
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.	14,203,853.22					912,237.33	15,116,090.55	
Huizhou Topband Supply Chain Service Co., Ltd.	20,000,000.00						20,000,000.00	
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	4,319,265,674.29					5,022,110.12	4,324,287,784.41	

(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
			Additional investment	Decrease in investment	Profits and losses on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment	Others		
I. Joint venture												
II. Associated enterprises												
Shenzhen Daka Optoelectronics Co., Ltd.	5,825,548.86										5,825,548.86	

Tai'an Yuchengxin Power Technology Co., Ltd.		12,433,655.05										12,433,655.05
Subtotal	5,825,548.86	12,433,655.05									5,825,548.86	12,433,655.05
Total	5,825,548.86	12,433,655.05									5,825,548.86	12,433,655.05

4. Revenue and operating cost

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	3,149,268,301.44	2,566,845,118.88	2,953,034,575.87	2,410,249,787.06
Other business	159,823,655.78	90,418,950.65	77,782,548.41	34,362,423.44
Total	3,309,091,957.22	2,657,264,069.53	3,030,817,124.28	2,444,612,210.50

5. Investment income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted for using the cost method	10,000,000.00	
Gains/losses on foreign exchange derivatives	2,854,268.91	1,239,711.00
Income of wealth management products	7,559,884.48	2,190,350.62
Total	20,414,153.39	3,430,061.62

6、Others

None.

XX. Supplementary information

1. Schedule of current non-recurring profit and loss

☑ Applicable □ Not applicable

Unit: RMB

Items	Amount	Note
Non-current assets disposal profit and loss	-2,596,083.06	
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)	8,986,523.49	
Profits and losses due to fair value changes arising from the financial assets and liabilities held by the non-financial business, as well as the profits and losses arising from the disposal of financial assets and liabilities, except for the effective hedging business related to the normal business of the Company	13,314,372.05	

Other non-operating income and expenses other than those mentioned above	213,563.06	
Minus: amount affected by income tax	2,352,029.98	
Amount affected by minority shareholders' equity (after tax)	896.23	
Total	17,565,449.33	--

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	1.86%	0.10	0.10
Net profit attributable to the ordinary shareholders of the Company after deduction of non-recurring profit and loss	1.60%	0.09	0.09

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 PRC GAAP 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 foreign 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.